



Education
Funding
Agency

Further education funding factors – academic year 2016 to 2017

**Explanatory note for further education
institutions**

January 2016

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Introduction

This explanatory note sets out the background details behind the figures in your funding factors statement for the 2016 to 2017 academic year (2016/17). This is the first step towards calculating your 2016/17 funding allocation, which we will communicate to you by the end of February 2016 where possible. Likely exceptions to this will be any institution where allocations are based on R06 data received by EFA in February 2016. These allocations will be communicated in March 2016.

Purpose

We are providing this information now so that you have an opportunity to check and comment on it, or raise any queries you may have. The information in the statement will also give you an initial basis on which to plan.

Policy implementation

[Peter Mucklow's letter](#) sets out the main policy changes for 2016/17.

Funding formula changes

As in previous years, your funding allocation for 2016/17 will be based on lagged student numbers. We will confirm your lagged student numbers to you later in January 2016, except for commercial and charitable providers (CCPs) who are funded using a different approach for calculating student numbers. For CCPs, we will confirm lagged student numbers in March 2016. This statement includes the other factors which affect your funding for 2016/17. A box-by-box explanation of the numbers in the statement is given in annex A.

Student funding bands

We fund at different rates depending on the size of the programme your students are studying. The categories are:

Band	Annual timetabled hours	Category
5	540+ hours	16 and 17 year olds Students aged 18 and over with high needs
4a	450+ hours	Students aged 18 and over who are not high needs
4b	450 to 539 hours	16 and 17 year olds Students aged 18 and over with high needs
3	360 to 449 hours	All students
2	280 to 359 hours	All students
1	Up to 279 hours	All students

Programme cost weightings

Most programme cost weightings for 2016/17 are unchanged from those used in allocations for 2015/16. A list of programme cost weightings for 2015/16 is given in the [funding guidance for that year](#).

The exception to this is the specialist weighting for land based programmes in sector subject area 3 (agriculture, horticulture, and animal care) delivered by institutions recognised as having specialist resources. This has increased from 1.6 to 1.75.

Disadvantage block 1 economic deprivation

We look at where your students live in order to determine whether disadvantage funding should be allocated. To do this we look up their home postcode in the Index of Multiple Deprivation (IMD). This year we are using IMD 2015 which is a change from the previous year where we used IMD 2010. IMD 2015 is the latest version of this index, released in September 2015. IMD is an official government index that tells us how deprived areas are based on official education, crime, health, employment, and income statistics. We then assign an uplift to those students that live in the most deprived areas of the country.

Condition of funding adjustment

Any student that does not have a maths and/or English GCSE at grades A*-C and is not enrolled on either maths and English GCSE or stepping stone in academic year 2014 to 2015, and is not recorded as exempt will have an impact on your 2016/17 allocation. The [details](#) of how this will be applied (including mitigation arrangements) can be found on GOV.UK.

Allocations calculation toolkit

The funding factor statements also include a comparison with the equivalent figures for 2015/16, to allow you to see whether there are any significant changes year-on-year. As for 2015/16, we have produced an allocations calculation toolkit (ACT). This explains how we have used your data to arrive at some of the key figures in the statement. It does not include data on area cost, care leavers or disadvantage block 2. This toolkit is available on the [document exchange](#).

Next steps

If you have any queries on any of the figures or calculations in your funding factor statement, please email them to the EFA enquiry email address:

enquiries.EFA@education.gsi.gov.uk

Business cases including those that relate to the data within the funding factor statement should only be made once institutions have received and reviewed their final allocation. We will confirm the deadline for submitting cases when we send out those allocations, but we currently expect that the deadline in most or all cases will be 8 April 2016.

The next steps in the allocation process and the procedures for handling business cases will follow the timeline set out in Peter Mucklow's letter. In particular, for institutions other than CCPs, in January 2016 we will re-issue this statement updated with your lagged student numbers derived from the R04 return. We will then confirm the allocations for these institutions in February 2016, unless there are any changes for an institution resulting from the R06 data received that month in which case the allocation will be confirmed in early March.

You will then have an opportunity to raise any exceptional issues with us during April, and we will respond to those by early June 2016.

Annex A: Funding factor statement detailed notes

Table 1a: To be confirmed later in January 2016

Table 1b: Distribution of students by funding band

Title	Comments
Student numbers in 2014/15	<p>These columns show the student numbers for each funding band from the 2014/15 data.</p> <p>Band 5 students are all students with annual timetabled hours of 540 and over, except students aged 18+ who are not high needs.</p> <p>Band 4 students are shown split in 2 categories.</p> <ul style="list-style-type: none"> • 4a is those students who are aged 18+, not high needs and timetabled for over 450 hours per year. • 4b is 16 and 17 year olds plus 18+ with high needs who are timetabled for between 450 and 540 hours per year. <p>Bands 1-3 show all post 16 EFA funded students with timetabled hours falling in that band.</p> <p>In addition, for students in band 1 (up to 279 hours), row 1.7b shows the total FTEs for the student numbers shown on row 1.6b</p>
Proportions for 2016/17 funding bands	Proportions of students to be funded in each band based on the total student numbers in 2014/15.

Table 2: Funding factors

In each case, the table shows the value used in the 2015/16 allocation (including any business cases, where applicable) and the value calculated from historical data that will be used for the 2016/17 allocation.

Title	Comments
Retention factor	<p>Retention rate = retained students ÷ all students</p> <p>Retention factor = (retention rate ÷ 2) + 0.5</p> <p>Calculated from R14 data for 2014/15.</p>
Programme cost weighting	<p>The programme cost weighting used is the average for your institution, and has been weighted by the hours for each student.</p> <p>Programme cost weighting is based on the sector subject area (SSA) classification for each student's core aim.</p> <p>Calculated from R14 data for 2014/15.</p>

Title	Comments
Area cost	<p>Some areas of the country are more expensive to teach in than others, and the area cost weights the allocation to reflect this.</p> <p>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.</p>
Disadvantage block 1: Economic deprivation factor	<p>The student's home postcode and the new Index of Multiple Deprivation 2015 are used.</p> <p>The factor is an average across the whole institution, weighted by the hours for each student.</p> <p>Calculated from R14 data for 2014/15.</p>
Disadvantage block 1: Care leavers	<p>This number is taken from 16 to 19 Bursary Fund claims for the 2014 to 2015 academic year; for vulnerable students who were 'In Care' or 'Care Leavers'.</p>
Disadvantage block 2: Instances attracting funding per student	<p>The ratio of students that did not have GCSE maths and/or English based on the young people's matched administrative database for 2013/14.</p> <p>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 C or above in both counts as 0 instances.</p>

Table 3: Condition of Funding

Title	Comments
Total student numbers in 2014/15	<p>The total student numbers for each funding band from the 2014/15 data as in table 1b.</p> <p>Band 4 students are shown here as the sum of Band 4a and Band 4b.</p>
Students not meeting CoF in 2014/15	<p>The number of 2014/15 students not meeting the condition of funding criteria.</p> <p>In addition for Band 1 the number of FTEs not meeting the condition of funding is shown on row 3.6.</p>



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