



Education
Funding
Agency

16 to 19 allocation statement – academic year 2015 to 2016

**Explanatory note for further education
institutions**

February 2015

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Introduction

This explanatory note sets out the background details behind the figures in your 16 to 19 allocation statement for the 2015 to 2016 academic year (2015/2016).

Purpose

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

The Education Funding Agency (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 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, please raise them with us as soon as possible and no later than 31 March 2015 by emailing:

- 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

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. 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 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.

Where a combination of data errors has a combined overall funding impact of 5% on total funding or £250,000, whichever is lower, the EFA will take this into consideration. Business cases will be reviewed during March/April and you will receive a response to your case by 31 May.

Overall approach

[Peter Mucklow's letter](#) of 24 October sets out the main policy for 2015/2016 and his [recent letter](#) of 6 February 2015 sets out the final funding rate for 2015/2016.

In December 2014 and January 2015 we issued statements which confirmed the key funding elements and student numbers to be used to calculate the 2015/2016 allocations. Any issues or concerns raised following this will be considered in March/April 2015.

As in previous years, your funding allocation for 2015/2016 will be based on lagged student numbers plus any agreed exceptions where relevant. This statement includes student numbers and other factors which affect your funding for 2015/2016. A box by box explanation of the numbers in the statement is given in annex A.

In relation to delivery for 2015/2016, institutions should also refer to the EFA funding guidance for 2015/2016, which will be published on our website before the start of the academic year.

National funding rates

The national funding rates have been confirmed as:

Band	Category	Planned hours	National funding rate per student	Block 2 disadvantaged rate (per instance)
5	- 16 and 17 year olds - Students aged 18 and over with high needs	540+ hours	£4,000	£480
4	Students aged 18 and over who are not high needs	450+ hours	£3,300 (see below)	£480
	- 16 and 17 year olds - Students aged 18 and over with high needs	450 to 539 hours		
3		360 to 449 hours	£2,700	£292
2		280 to 359 hours	£2,133	£292
1		Up to 279 hours	£4,000/FTE	£480/FTE

In a similar way to last year, we have used 2013/2014 full-year data to determine the number of students to be funded in each band in the 2015/2016 allocations. The

maximum funding rate for 18 year-olds without high needs in 2015/2016 has been set as £3,300, so any 18 year-olds without high needs in bands 4 and 5 have been funded in band 4.

Formula protection funding

Formula protection funding (FPF) shields institutions from significant decreases in funding per student resulting from the changes to the funding formula in 2013/2014. The way this will apply in 2015/2016 is as follows.

Where an institution's average funding per student earned through the formula has increased for 2015/2016 compared with 2013/2014, FPF will reduce to maintain the overall funding per student at the 2012/2013 level. This means an institution sees funding transferred from FPF to formula funding and reduces the institution's reliance on FPF.

Where an institution's average funding per student earned through the formula has reduced for 2015/2016 compared with 2013/2014, FPF will be paid at the same level per student as in 2013/2014.

High needs students

The high needs place allocation process has been delivered earlier for 2015/2016 and is distinct from the mainstream allocations process.

We completed the assessment and moderation of all high needs exceptional cases and communicated the outcome of the process on the 17 December 2014. The details of this are available on GOV.UK.

On 23 January 2015 we sent further feedback on our assessment to all local authorities that made an exceptional case, copying in institutions that were represented in those cases.

There then followed a period, up to the 27 February 2015, during which local authorities could send us any enquiries regarding the exceptions process.

We are now considering a number of these enquiries and will confirm any final revisions to place allocations by the 31 March 2015.

If you have any questions about the outcome of the high needs process for your institution, please contact the local authority in which your institution is based.

Your high needs place number allocation, where appropriate, is described in table 5 of your funding statement which shows the number of high needs places funded at the element 2 rate of £6,000.

For further information regarding the [high needs funding system](#) can be found on [GOV.UK](#).

16 to 19 Bursary Fund

In 2015/2016, institutions will receive 16 to 19 Bursary Fund allocations for discretionary bursaries only, just as in 2014/2015. The funding for vulnerable student bursaries will be held centrally by the student support service. Institutions should draw down this funding on demand, whenever they need it, throughout the academic year. This enables institutions to plan their discretionary schemes with much greater confidence, because bursary allocations will not come under pressure to pay unforeseen vulnerable student bursaries later in the year.

Only 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 to 19 Bursary Fund. Students' individual needs should be assessed on this basis for discretionary bursaries and awarded an appropriate level of financial support

16 to 19 Bursary Fund – discretionary bursaries only

For the majority of institutions, the 16 to 19 Bursary Fund allocations for discretionary bursaries in 2015/2016 have been calculated based on the number of students in 2009/2010 who were in receipt of Education Maintenance Allowance (EMA) at £30 per week as a percentage of the 2010/2011 allocated student numbers. This percentage has been applied to institutions' 2015/2016 student numbers and multiplied by the rate of £298 (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 2009/2010 or where the provision was new in 2011/2012 or later, allocations have been based on 36% of the institution's 2015/2016 allocated student numbers.

A minimum allocation amount of £500 has been applied.

Residential Bursaries

Where appropriate, a residential bursary fund (RBF) or residential support scheme (RSS) allocation will be made to institutions for the 2015/2016 academic year.

The same methodology has been used to generate RBF allocations for the 2015/2016 academic year as was applied the previous year; analysing actual expenditure and trends over a two year period to best reflect actual activity at each institution and offset in year anomalies as far as possible. Any institutions that the EFA has identified as not

meeting the RBF definition of 'specialist' or which reported zero spend against their RBF allocation in the previous academic year have not been made an allocation.

In generating residential support scheme (RSS) allocations the EFA used whichever is the highest value of each institution's RSS awards in the 2012/2013, 2013 /2014 and 2014/2015 academic years, i.e. the methodology takes account of the number of students receiving RSS support and the amount of award each one has been assessed as eligible to receive. Only institutions with RSS supported in the 2014/2015 academic year have been given a funding allocation. As part of the allocations methodology, data from RSS application forms was matched against ILR data. Where this indicated the student's substantial Level 2 or 3 qualification was widely available, in other words it did not meet the RSS criterion that the provision must not be available within daily travelling distance; the student has been removed from the total numbers used to generate the allocation.

Free meals

The number of students accessing free meals (FM) funding as recorded on the R06 data return (at November 2014) will be used to determine the proportion of students attracting free meals funding.

To generate the funding, the full-time/part-time (FT/PT) bandings, which are already used as part of the 2015/2016 allocations, will be applied to the number of fundable FM students to determine the FT/PT split. The funding rates of £358 (higher rate) and £179 (lower rate) will then be applied to each of these groups of students to achieve a total FM allocation.

Annex A: Allocation statement 2015/2016 – detailed notes

Programme funding formula

This section shows the various elements of the funding formula and the resulting funding from the application of each.

Title	Comments
Student numbers for 2015/2016	As set out in table 1a.
National funding rate per student	As set out in table 1b.
Retention factor	<p><i>Retention rate = retained students ÷ total funded students</i></p> <p><i>Retention factor = (retention rate ÷ 2) + 0.5</i></p> <p>Calculated from ILR return R14 for 2013/2014.</p>
Programme cost weighting	<p>The programme cost weighting used is the average for your institution, and has been weighted by the funded 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 ILR return R14 for 2013/2014.</p>
Disadvantage funding	As set out in table 2.
Area cost allowance	<p>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.</p>

Table 1a: Student numbers

Title	Comments
1.1a 2014/15 R04 total students	<p>For FE colleges and some other FE institutions, this is the student number count as recorded on the 2014/2015 R04 return, with a reference data of 1 November.</p> <p>This box is not completed for some commercial and charitable providers (CCPs) and most other institutions other than colleges, where a different methodology is used (see box 1.3a below).</p>
1.2a 2013/14 R46-R14 student ratio	<p>The ratio between R46 (R06 with a reference date of 1 November) and R14 from 2013/2014.</p> <p>This box is not completed for some commercial and charitable providers (CCPs) and for most other institutions other than colleges, where a different methodology is used (see box 1.3a below).</p>
1.3a Total lagged student number	<p><u>For FE colleges and some other FE institutions</u>, this figure is derived by uprating the 2014/2015 R04 numbers to a full year estimate by applying the R46 to R14 ratio (box 1.1a × 1.2a).</p> <p><u>For some CCPs</u> a variant of the lagged approach will be applied taking a simple student number count:</p> <p style="text-align: center;"><i>number of students carrying into the programme in February 2014 plus number of starts from February 2014 to January 2015.</i></p> <p><u>For some small institutions</u> where the above approaches are not appropriate, all year 2013/2014 student numbers are used.</p>
1.4a Exceptional variations to lagged student number	<p>An increase or decrease to be applied to the lagged student numbers. This is where an exceptional case has been agreed or where there have been any changes resulting from reviewing college student numbers based on the R06 return.</p>
1.5a Total student numbers for 2015/2016	<p>This is the total of lagged students plus exceptional variations (box 1.3a + 1.4a).</p>

Table 1b: Breakdown of funding by funding band

Title	Comments
1.1b - 1.6b Proportions for 2015/2016 allocation	Proportions of students to be funded in each band based on the total student numbers in 2013/2014. The detail behind these proportions can be found on your student number statement.
1.1b - 1.6b Number of students allocated in 2015/2016	<p>The percentages in each band applied to the total student numbers for 2015/2016 (box 1.5a).</p> <p>The values in this column have been rounded to whole numbers and this may result in a slight difference to the total in box 1.5a.</p>
1.1b - 1.6b National funding rate	The base amount of funding for each student in the band. The funding rates for Bands 2, 3 and 4 are derived from the Band 5 rate, proportioned according to the midpoint of the hours range.
1.1b - 1.6b Student funding	<i>Number of students (or the number of FTEs in 1.6b) x national funding rate.</i>
1.7b - Total student funding	<p>The total student funding for all bands.</p> <p><i>(1.1b+1.2b+1.3b+1.4b+1.6b)</i></p>

Table 2: Distribution of disadvantage funding

Title	Comments
Disadvantage block 1	
2.1 Economic deprivation funding	<p>The student's home postcode and the Index of Multiple Deprivation (IMD) 2010 are used.</p> <p>The factor is shown as a percentage and is an average across the whole institution, weighted by the funded hours for each student.</p> <p>Calculated from ILR return R14 for 2013/2014.</p> <p>This block 1 factor is applied to the programme funding total as shown above up to and including programme cost weighting but before area costs.</p>

Title	Comments
2.2 Care leavers	The number of successful 16 to 19 Bursary Fund claims for 2013/2014; for vulnerable students who were 'in care' or 'care leavers', at a rate of £480 per student.
2.3 Total block 1 funding	The total of funding for economic deprivation and care leavers.
Disadvantage block 2	
2.4 Total 2015/2016 instances attracting funding per student	<p>The proportion of students that did not have GCSE maths and/or English based on the Young People's Matched Administrative Dataset (YPMAD).</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 Cs (or above) in both counts as 0 instances. <i>Number of funded instances (2015/16) = instances attracting funding per student (2.4) × total student numbers (1.5a)</i></p>
2.5 to 2.8 Instances attracting the full time/part-time/FTE rate	<p>The total number of instances in box 2.4 is then split between the full-time and part-time bands according to the proportions in table 1b.</p> <p><i>Number of funded instances in each band × block 2 funding rate = block 2 funding</i></p>
2.9 Total block 2 funding	Total of block 2 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 if applicable.

Table 3: Care standards

Title	Comments
3.1 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 4: Breakdown of formula protection funding

Title	Comments
4.1 2013/14 Formula protection funding per student	<i>From the 2013/2014 allocation box 3.3</i>
4.2 2013/2014 Total funding per student	<i>From the 2013/2014 allocation boxes 3.2 + 3.3. Includes programme funding and formula protection funding, but not transitional protection.</i> <i>If box 4.1 is zero, this will be shown as not applicable (N/A).</i>
4.3 2015/16 Programme funding per student	<i>Total formula funding ÷ Total students</i> <i>(Total students is the 2015/16 funded number of students, as in 1.5a).</i>
4.4 Difference per student	<i>This is calculated as box 4.2 minus box 4.3</i> <i>If box 4.1 is zero, this will be shown as not applicable (N/A).</i>
4.5 2015/2016 Formula protection funding per student (lower of 4.1 and 4.4)	<i>This is the lower of box 4.1 and box 4.4</i>
4.6 2015/2016 Total formula protection funding	<i>Total number of students (1.5a) × Formula Protection Funding per student (4.5)</i>

Table 5: Other funding

Title	Comments
5.1 High needs element 2	<i>Total number of high needs students × rate per student (£6,000) = funding</i>

Table 6: Student support funding

Title	Comments
6.1 Discretionary Bursary Fund – 2015/2016 number of funded students	This number of students is based on the 2015/2016 funded student numbers as in box 1.5a.
6.1 Percentage applied	<p>The percentage applied is the number of students in 2009/2010 in receipt of EMA at £30 per week as a percentage of 2010/2011 funded numbers.</p> <p>Where the provision was new in 2011/2012 or later, the percentage used is 36% (the national average percentage of students claiming £30 per week in 2009/2010).</p> <p>This percentage is multiplied by the 2015/2016 student numbers to determine the number of bursary funded students attracting the standard funding rate.</p>
6.1 Standard funding rate	This is the unit cost that has been used to calculate the total funding. The rate for 2015/2016 is £298.
6.1 Funding	<p><i>2015/16 student numbers x percentage applied x funding rate</i></p> <p>The standard funding rate is multiplied by the number of bursary funded students (rounded to the nearest pound).</p> <p>A minimum allocation of £500 has been applied.</p>

Title	Comments
6.2a Residential bursary fund	This is the total funding allocation for the residential bursary fund.
6.2b Residential support scheme	This is the total funding allocation for the residential support scheme.
6.3 Total students (R46)	This is the total number of 16 to 19 year olds recorded on the 2014/2015 ILR R46 (R06 with a reference date of 1 November).
6.3 Free meals students (R46)	This is the number of students recorded on R46 as accessing free meals.
6.3 Proportion of students on free meals	<i>Free meals students (R46) divided by Total Students (R46)</i>
6.3 Number of students in 2015/2016 funded for free meals	This is the total number of students that will attract free meals funding in 2015/2016.
6.4 – 6.6 Free meals higher rate, lower rate and FTE rate	<p>The total number of 2015/2016 free meals students in box 6.3 is then split between the higher rate, lower rate and FTE rates according to the proportions in table 1b.</p> <p>For each of the three rates <i>Number of free meals students × free meals funding rate = free meals funding</i></p>
6.7 Total free meals funding	Total of free meals funding for all rates
6.8 Total student support funding	<p>Total student support funding. The sum of all student support funding.</p> <p><i>6.1 + 6.2a + 6.2b + 6.7</i></p>

Note that the values on your statement are shown rounded to various numbers of decimal places. The calculation of your funding however is done using un-rounded values. This may result in some slight differences when you work through the calculation yourselves.



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