

16 -19 Funding Formula Review Consultation

1. Purpose of the Report

The Department for Education (DfE) and the Young Peoples Learning Agency (YPLA) have issued a consultation document on the operation of the national funding formula for 16 – 19 years olds. This report summarises the main issues and gives details of the working group that has been set up to consider the consultation document.

2. Recommendation

- The Forum notes the report
- The Chair of the working group agrees the final response with the Chair of the School Forum

3. Background

3.1 The Secretary of State announced the intention to review the 16-19 Funding Formula in the Young People's Learning Agency's *16-19 Funding Statement* published in December 2010. The consultation document was launched on 6 October 2011 and closes on the 4 January 2012.

3.2 The current funding formula operates across maintained schools and Academy sixth forms, colleges and other providers to ensure a consistent basis for funding.

3.3 The government believe it has two significant weaknesses. First, the funding formula is not always transparent and straightforward and secondly that the arrangements encourage providers to run courses for financial returns rather than the needs of the market.

3.3.1 Firstly, the funding formula is not always transparent and straightforward

The government feel providers and funding bodies need to have significant data and audit systems to ensure the funding formula operates well. They feel the opacity and complexity of the formula means that young people do not have a standard funding allocation that follows them. The total amount a provider receives depends on the details of each learner's separate qualifications, characteristics, and achievements. At the same time, the various elements of the current approach, which provide the additional funding for disadvantaged learners, are resource-intensive to maintain and not easy to understand. They want to ensure that the funding formula is as transparent and simple as possible, while also ensuring that it continues to distribute public money in a fair and appropriate way.

3.3.2 Secondly, the government feels that too many young people currently do not progress into secure employment or further and higher education

(HE) and training. So they need to ensure that all learners study the best qualifications that ensure they can progress to further study or into a job. They feel too many learners are without a solid grounding in the basics are being allowed to drop the study of English and Maths and believe the current system

- forces institutions to steer a high proportion of learners into courses they are likely to pass easily, if they are to remain solvent
- gives institutions strong incentives to choose qualifications that pay well, that is, qualifications that are well-funded but require less teaching time in practice than their value implies,
- gives institutions no incentive to offer coherent study programmes, and
- gives institutions no real powers or incentives to respond directly to the labour market.

3.4 The Government has set the following principles for the funding system

- To support policy objectives
- Be fair
- Be clear and transparent
- Enable data simplification
- Be clear what additional funds are being targeted at young people from disadvantaged backgrounds
- Avoid financially destabilising good quality provision

3.5 The consultation does not consider changes for funding for young people with “high needs.” The high needs strand of the schools funding consultation looks at children and young people aged 0-25 with special educational needs (SEN) and disability in a consistent manner and in accordance with the green paper on SEN and disability.

3.6 The main proposals in this consultation cover the following areas.

- Reforming disadvantage funding and aligning it more closely with the principles of the pre-16 pupil premium. The DFE are seeking views on the scope and distribution of the disadvantage funding.
- Simplifying participation funding, and how to move away from funding an aggregation of the qualifications a young person is studying, and fairly allocate funding to full and part time learners.
- Streamlining the way additional costs of delivery of certain provision, and how these can apply these to the programme of study rather than the individual qualification.

- Revising area costs by potentially introducing consistency, and possibly aligning area cost uplift with those applied pre-16 through the Dedicated Schools Grant (DSG).
- The potential removal of the success factor from the formula, or treating achievement and retention separately.
- Using transitional protection and/or phased implementation to support a smooth transition to the simpler funding formula. The proposals are built around starting to introduce a new formula for the 2013/14 academic year.

3.7 The full document can be found in Appendix A

4. **Our Approach**

The Lewisham post-16 Policy and Programme Steering Group met to discuss the consultation on the 8th November 2011. The intention is to set up a sub-working group to review the consultation document.

The working group will comprise of Local Authority representation from the 14-19 Strategic Team, Head of Resources (CYP), Lewisham Finance and volunteers from post-19 providers who have an appropriate finance background and willingness to contribute. The aim of the working group is to ensure the input of post-16 funding expertise, consider the implications for the Programmes of Study 16-19 consultation and encourage a Lewisham wide response to the consultation. The group are likely meet on two to three occasions, coordinated by 14-19 Strategic Team with the view to submit a response by the 4th January 2012.

5. **Conclusion**

As we saw with the Dedicated Schools Grant funding formula consultation, this is a major change to the way the post 16 funding systems work. We need to ensure that needs of our young people in Lewisham are adequately recognised and met and that interests of post 16 school providers are represented. The document is long and complex and not discussed in detail in this report, these discussions are best held in a working group. There are themes and arguments that are consistent with our responses to the DSG funding formula that need to be brought into this consultation. The officers involved in the working group will enable this to happen.

Dave Richards

Group Finance Manager – Children and Young People

Contact on 0208 3149 442 or by e-mail at Dave.Richards@Lewisham.gov.uk