

# Young People's Education and Skills Operational Sub-Group

**Related consultations - 16-19 funding formula review;  
Study programmes for 16-19 year olds**      Item no: 4(b)

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## Summary

This paper informs OSG members about two related Department for Education consultations *16-19 funding formula review* and *Study programmes for 16-19 year olds*. Both consultations will close on 4 January 2012.

A key driver behind the Department's case for change to the 16-19 funding formula is the need to ensure that all young people study the best qualifications for progression to further study and work. The formula review seeks to strip out perverse incentives linked to the current 'payment per qualification' system and introduce funding at learner level to support the delivery of coherent study programmes that recognise English and maths as 'vital foundations for employment' and are responsive to young people's circumstances and interests.

At the heart of the relationship between the two consultations is how learner funding drives the behaviour of teaching institutions. The Department makes clear that changes to the funding system should support the policy objectives that stem from key recommendations from Professor Wolf's review of vocational education.

## Recommendations

OSG members are asked to discuss the consultations and the emerging issues for London.

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## **1 Background**

- 1.1 In December 2010 the Secretary of State for Education announced the intention to review the 16-19 funding formula to look at how the formula could better support the Government's aims of transparency and fairness and how targeted support for young people could be aligned with the pre-16 pupil premium and the National Scholarship Scheme for Higher Education. It was noted at the time that the review would also take account of the recommendations from Professor Alison Wolf's review of vocational qualifications.
- 1.2 Professor Wolf's Review of Vocational Education, published the following March, made 27 recommendations including that, in order to meet the needs of the modern labour market, the overall study programmes of all full time students following largely vocational programmes in state-funded provision should be governed by a set of general principles; and that, subject to meeting this set of general principles, institutions should be free to offer any qualifications they deemed appropriate for their learners from recognised awarding bodies. The Government response, published in May 2011, accepted Professor Wolf's recommendations in full.
- 1.3 This paper sets out the key proposals contained in the consultations *16-19 funding formula review* and *Study programmes for 16-19 year olds*, published in October 2011, and highlights some of the implications of these proposals for London.

## **2 16-19 funding formula review**

- 2.1 This consultation is limited to 16-19 learner responsive provision in general and specialist further education (FE) colleges, sixth form colleges, maintained school and Academy sixth forms (SSFs), and commercial and charitable providers. It includes some aspects of 16-18 Apprenticeship funding where issues of consistency are regarded as important, principally disadvantage, additional learning support and programme weighting.
- 2.2 The consultation does not consider changes for funding for young people with high-level support needs as the high needs strand of the schools funding consultation considered children and young people aged 0-25 with special educational needs (SEN) and disability.
- 2.3 The proposals in the consultation cover:
  - reforming disadvantage funding and aligning it more closely with the principles of the pre-16 pupil premium;
  - simplifying participation funding to move away from funding an aggregation of qualifications a young person studies and allocate funding to full and part time learners;
  - streamlining the way the additional costs of delivery of certain provision is addressed, and applying these factors to programmes of study rather than individual qualifications;
  - 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;
  - simplifying minority and highly technical aspects of the formula (the residential care standards uplift the short programme modifier);
  - using transitional protection and/or phased implementation to support a smooth transition to the simpler funding formula.

- 2.4 A series of options are presented against each of the proposed changes (under the broad headings of disadvantage, participation, success and simplification), highlighting the advantages and disadvantages of those options. It is clear throughout that any new approach will need to be based on better use of existing funds and that changes will need to be cost neutral at a total budget level.
- 2.5 As we anticipate detailed responses to the technical aspects in the consultation from learning institutions and their representative organisations (e.g. Association of Colleges, Association of Employment and Learning Providers etc.), the focus of our response will be on the potential impact of some of the proposed changes to the resources available for London's young people (covered further in section 4).

### **3 Study programmes for 16-19 year olds**

- 3.1 This consultation paper proposes to implement five of the recommendations from the Wolf Review (recommendations 5, 6, 9, 11 and 21) within a set of principles for a single study programme for 16-19 year olds.
- 3.2 In summary, it purports that "a good programme" for a 16 and 17 year old in full time vocational study should include:
  - at least one qualification of substantial size and challenge;
  - non-qualifications activity such as tutorial time;
  - internships where appropriate;
  - English and maths for all those who do not have the GCSE at C or above.
- 3.3 Within this framework colleges and providers will be free to tailor programmes to meet the needs of their students, including the ability to adapt the English and Maths offer e.g. an immediate, focussed intervention to turn a near miss into a GCSE pass; intensive help over a longer period with other qualifications en route to act as stepping stones to the GCSE; for those whom GCSE success is a long way off, other qualifications or programmes (functional skills and free standing maths qualifications).
- 3.4 Internships and workplace experience are seen as an important part of the study programme. The consultation seeks views on how best to simplify the landscape around workplace opportunities for young people (e.g. health and safety) and notes that providers will be able to use their programme funding to compensate employers for supporting a placement where appropriate.
- 3.5 The Department will make it an expectation of the new funding system that the 16-19 study programme principles are followed, but there are no plans to make this an auditable condition of funding. Monitoring and 'incentives' to bring about change will be built into inspection and performance indicators i.e. inspectors will have a good understanding of the principles of a good study programme and where provision does not meet the principles, Ofsted will be able to report on this; providers will be judged on their performance table results, which are likely to include measures of level 2 and 3 attainment (including in English and maths), progress and destinations measures. The aim is to place a strong emphasis on progress and destinations.
- 3.6 Section 4 focuses on study programmes for students studying below Level 2 (previously Foundation Learning) and for students with Learning Difficulties and/or Disabilities.
- 3.7 The consultation notes that many students following Foundation Learning programmes often pursue sets of small qualifications, with relatively poor progression opportunities and a move away from a centrally defined programme will enable greater flexibility for providers to design programmes more closely aligned with the specific needs of low attaining students.

- 3.8 English and maths, and experience of the workplace remain important components of a study programme. A qualification of substantial size is also noted, although providers will have the flexibility to build programmes that better support positive outcomes that are right for the young people e.g. a job, the ability to live independently, progress in the ability to communicate, where appropriate. Personal and social development is highlighted as an important element of any programme of study, but particularly for vulnerable students.

#### **4 Emerging issues for London**

- 4.1 Proposals in both consultations will lead to greater freedoms and flexibilities for providers – within specific frameworks. The freedom for providers to tailor programmes of learning for students, supported by a learner centred (as opposed to a qualification centred) funding formula, presents the opportunity to address in particular the needs and interests of young people who need something other than, or who have no interest in, a diet of A levels.
- 4.2 Providers can create individual programmes of study in the current system - and many do, with great innovation - but the existing funding formula effectively penalises non-qualification bearing activity. A system that recognises a broad base of activity for progression (in addition to and, when appropriate, alternate to qualifications) is more likely to lead to programmes that really do meet the needs of those who are engaged but have very limited choice, and those who are disengaged at all levels of previous attainment.
- 4.3 There are however, some initial concerns that will need to be teased out over the coming months to ensure a well-thought-through response to the consultations (please note, the detailed allocations information needed to undertake modelling of the funding options was not available at the time of writing this paper):
- for work experience to work, employers must be actively engaged in responding particularly to the study programme consultation;
  - the move towards funding 16-18 learners in a similar way to pre-16 learners is likely to significantly simplify matters for school sixth forms, but far less so for colleges and other providers;
  - aligning disadvantage funding more closely with the principles of the pre-16 pupil premium is likely to shift considerable amounts of funding away from London (London fares better with models that recognise more sophisticated patterns of deprivation, other than income/benefits) ;
  - aligning the post-16 area cost uplift with those applied pre-16 through the DSG can only remove significant amounts of funding out of London at a time when costs are escalating;
  - it is likely to be unhelpful and give the wrong message to remove the success factor, or separate achievement and retention at a time when all post-16 institutions will be performance measured against a single consistent success rate;
  - striking the right balance between 'simple' and 'simplistic' will be crucial - an uncomplicated approach to funding may bring about greater transparency and fairness, but an overly simplistic approach will likely create a blunt instrument that cannot cater for the needs of a diverse 16-18 population and will stifle a dynamic post-16 environment that can gear itself to the minority as well as the majority;
  - the proposed changes will be introduced during a period of extraordinary change for education - raising of the participation age, the introduction of a single Education, Health and Care Plan, far greater use of personal budgets, a very different labour market, a (hopefully) improved and improving global economy. 'Future proofing'

funding systems is always challenging but must be considered to avoid the need to constantly change the system which adds to complexity and lack of transparency.

## **5 Responding to the consultations**

- 5.1 We anticipate a strong response from the education sector to much of the detail in the consultations and from local authorities to those aspects of the consultations that support greater responsiveness to local need. To ensure the key issues for London are captured we propose to engage with our networks of local contacts, principally through the planned 14-19 Local Authority Leads event in December, but also through dialogue with key stakeholders.
- 5.2 Additionally, the impact to the region from proposed changes to certain factors within the funding formula will be modelled by London Councils to ascertain the scale of shift to resources that may be available to London. Any changes that disproportionately impact London's young people will be argued against.
- 5.3 This approach has been ratified by the Young People's Education and Skills Board at its meeting of 8 November 2011. Draft responses will need to be circulated to Board members for comment and approved by the Board Chair for submission by the due date of 4 January 2012.

## **6 Recommendation**

- 6.1 OSG members are asked to discuss the consultations and the emerging issues for London.