



Education
Funding
Agency

Guidance for local authorities: Funding 16–19 education and training

This document has been prepared by the Education Funding Agency, on behalf of the Secretary of State for Education, as guidance under the Education Act 1996 for the 2013/14 academic year.

It sets out how local authorities should discharge their leadership role including their key statutory duty to secure suitable education and training for young people.

For guidance

July 2012

1. This guidance is issued by the Education Funding Agency (EFA) on behalf of the Secretary of State for Education under section 15ZD of the Education Act 1996. It sets out guidance for local authorities about the performance of their duties under sections 15ZA(1), 15ZB, 15ZC(1)(b) and 18(A)(1) to secure enough suitable education and training to meet the reasonable needs of young people and to cooperate with other local authorities. It covers the funding of education and training for young people in England for the academic year 2013/14
2. The young people covered by this guidance are those who at 31 August 2013:
 - have reached the age of 16 (statutory school leaving age) but have not reached the age of 19; or
 - are aged 19-24, have a learning difficulty and/or disability and are the subject of a learning difficulty assessment.
3. These young people learn in a variety of settings, including local authority maintained schools, academies (sponsored, converter, City Technology Colleges, Free Schools, University Technology Colleges and Studio Schools), colleges and independent providers.
4. The key changes for local authorities for 2013/14 are:
 - The EFA's funding for institutions supports the Government's desire to see all 16- and 17-year-olds continuing in education or training by 2013 and 2015 respectively. This commitment to full participation sits alongside a wider package of vocational education reforms designed to ensure all young people are undertaking high quality qualifications. When raising the participation age (RPA) comes into effect from 2013, local authorities will have new duties to promote participation and to make arrangements to identify young people not participating. These complement the existing duty to encourage, enable and assist young people to participate. To provide further support the EFA will fund a Youth Contract provider in each area to ensure that the hardest to reach 16- and 17-year-olds (those who are not in education, employment or training (NEET) and have no GCSEs at grade C or above) are helped into education, training or work with training. More details can be found at <http://www.education.gov.uk/childrenandyoungpeople/youngpeople/participation/rpa/a00210946/consultation-response>
 - The EFA will simplify the 16-19 funding system so providers are paid per learner rather than qualification. This will reduce complexity and undue audit costs, and give institutions freedom to offer young people programmes of study that have breadth, are challenging, enable progression to work or higher education, address shortfalls in their English and maths attainment, and offer valuable non-qualification provision including work experience where applicable. This should improve the quantity and quality of local education and training. More details can be found at <http://www.education.gov.uk/childrenandyoungpeople/youngpeople/studentssupport/funding/a00210682/funding-formula-review>
 - In connection with the reform of high needs funding from 2013, local authorities will receive a high needs cash budget for 16-24-year-olds (which will be combined with their pre-16 high needs budget to create an all age budget) for the 2013-14 financial year. This will cover the final period of the SEN block grant (April to July 2013) and top-up funding for all 16-24 high needs students over the period August 2013 to March 2014. Local authorities will, in autumn 2012 have an opportunity to influence the number of high needs places allocated to each institution for the academic year 2013/14. They will need to work with post-16 institutions to implement the new top-up system from August 2013. More detail can be found at <https://www.education.gov.uk/publications/eOrderingDownload/school%20funding%20reform%20-%20next%20steps%20towards%20a%20fairer%20system.pdf>
5. The key elements of the funding system are:
 - funding follows student choice, and student volumes drive funding in the following year;
 - local authorities have a statutory responsibility to secure sufficient education and training places in their areas, taking into account quality and other factors. They have a key leadership role to champion the interests of all young people in their area;

- autonomous institutions and providers are accountable for student performance and their own improvement, planning what they deliver, within the context of the priorities for young people in their area; and
 - bureaucracy is reduced through the simplification and automation of data, management information (MI) and funding systems.
6. The Secretary of State funds the provision of education, through the EFA, pursuant to Section 14 of the Education Act 2002. The Framework Document agreed by the Secretary of State and the Chief Executive of the EFA sets out arrangements for, amongst other things, the operation of the EFA. Allocations made by the EFA will be based on the new simplified national funding formula and will reflect the delivery of student numbers in the preceding year (e.g. 2012/13 for 2013/14) – this is the lagged student number approach.
 7. In fulfilling their statutory duties, local authorities should champion the education and training needs of young people in their area by:
 - influencing and shaping the provision on offer and helping to develop and improve the education and training market;
 - promoting any necessary structural change in the local education and training system;
 - supporting the improvement of the quality of the education and training of young people aged 16-19;
 - supporting employer needs, economic growth and community development working with Local Enterprise Partnerships (LEPs) as appropriate; and
 - supporting the development of provider and stakeholder networks that help to deliver the RPA targets.
 8. To make information on needs of young people and gaps in provision transparent and relevant to institutions, local authorities, either individually or jointly, may develop with their partners a statement outlining their strategic overview. Maintained schools, academies, colleges and other providers (including Apprenticeship providers) are expected to be involved in the development of those statements.
 9. Local authorities and institutions may agree to re-shape provision in an area by re-allocating numbers from one institution to another where that best meets the needs and demand of students and addresses local or regional priorities for improvement and participation. The allocation of student numbers may be changed by agreement of the local authority and all institutions concerned, as long as there is no overall increase in places or funding and the EFA is notified.
 10. The EFA will support local authorities and institutions in fulfilling their respective roles through the provision of data on 16-19 provision, including student participation and attainment and the young people in their area. Local authorities are required to co-operate with each other to ensure that student needs are met across travel to learn areas. The EFA will support (e.g. in the provision of data) local authorities who have chosen to work together, in order that they can each deliver their statutory duties.
 11. All maintained schools, academies, colleges and providers (including charitable and third sector providers), as autonomous and independent bodies, have a responsibility to meet the needs of young people in their area and for designing and delivering learning programmes in line with EFA conditions of funding. They will also want to consider how their provisions will assist young people to participate and meet RPA requirements.
 12. With autonomy comes accountability: maintained schools, academies, colleges and other providers are also responsible for their own improvement, within a context of structures and processes which will challenge and support them to improve. As part of their accountability to students, they are also responsible for securing independent and impartial careers guidance for young people.

13. As part of the minimum bureaucracy brought by the system of lagged student number funding, it is expected that institutions will respond to demand from young people by taking on additional students during the year. The funding in the next year will be based on the student number, which will include these additional students.
14. Through a new nationally determined and consistent funding process, and within the budgets made available by Government, the EFA will allocate to institutions funds for young people's learning. The EFA will ensure that funds transfer to institutions either directly, through local authorities or through the Chief Executive of Skills Funding. Performance against national minimum performance standards and satisfactory Office for Standards in Education, Children's Services and Skills (Ofsted) (or other inspectorate) inspection outcomes will be considered as a condition of funding, as will adequate financial health and control. The EFA may take action, pursuant to the Contract, if performance falls below these standards.
15. The lagged student number approach will meet the needs of the vast majority of young people because autonomous institutions, which are already funded, can be expected to innovate to make provision available, incentivised by the funding system. However, there may be circumstances where further action is needed. Local authorities and their partners will identify these circumstances, which may arise from, for example:
 - infrastructure changes such as new or closing institutions, including new sixth forms or provision secured through competitions;
 - re-distribution of provision that falls below national minimum performance standards and Ofsted (or other inspectorate) minimum standards and where insufficient improvement is in hand;
 - re-distribution of provision where the local authority and all partners consider it best meets the needs of young people;
 - the need for new provision that will help support young people who would otherwise not be in education, employment or training; or
 - the need to support employer needs, economic growth and community development.
16. In the specific and exceptional circumstances where the lagged approach is not possible because the scale of the additional identified needs is of such significance, the local authority or authorities will be able to encourage the market to fill the gaps. This may include consideration of innovative proposals such as University Technical Colleges, a new sixth form college, a Free School or a response to support young people who are NEET. Where externally commissioned institutions are working to support young people to participate (e.g. through the nationally commissioned Youth Contract), institutions and providers are expected to work closely with local authorities to ensure that this support is complementary to existing local authority commissioned programmes.
17. Where a local authority and institutions identify a gap in provision that cannot be met by changing existing provision and the EFA have agreed the gap can be funded, procurement of new education and training may be required. The local authority and EFA will work together to agree the specification for the gap and the EFA will then contract for and fund that provision.
18. Where provision falls below any national minimum performance standards and fails to improve, it will not be funded. If there are significant, formally notified issues relating to an institution's performance against such standards, assessment of financial health and control or inspection outcomes, the allocation of student numbers may need to be changed, to protect students and public money. Proposals will be discussed with the institution and the LA, taking account of the nature of the under-performance and the LA's strategic overview of provision in the area. In the case of general further education colleges, any action required will be undertaken working with the Skills Funding Agency.

Main Elements of the Process

Timeline	
May – August 2012	<p>The EFA releases data to local authorities (available to all parties) who use this and other local data to develop a strategic overview for education and training provision for their residents.</p> <p>Informed by this data, local authorities engage with neighbouring local authorities and with maintained schools, academies, colleges and other providers to establish key changes to priorities and infrastructure, gaps in provision and the need for new institutions where required.</p>
September – November 2012	<p>Local authorities will inform all institutions and the EFA of the needs identified in their area and potential new provision (including evidence of identified gaps), infrastructure changes and agreed re-distribution of student numbers by the end of November.</p> <p>Review of performance against national minimum performance standards by EFA and local authorities.</p>
January 2013	The EFA confirms national budgets and student volumes.
January – February 2013	<p>The EFA uses data alongside information provided by local authorities to satisfy itself that the institution is fit to receive continued funding and calculate provisional institution allocations. The first step will be an allocation of student numbers and the final funding rate will be set later in the process.</p> <p>The EFA exchanges information with institutions. Local authorities receive information on provisional allocations of student numbers to institutions.</p>
March 2013	The EFA confirms the final funding rate and final allocations to institutions.
May – August 2013	The EFA issues funding agreements/contracts to organisations either directly or through the lead contact, which are required to be signed and returned by the funded organisation.
August 2013	Payment commences for the academic year through the lead contract organisation where applicable.

Further Information

Funding guidance - 2012/13

<http://www.education.gov.uk/childrenandyoungpeople/youngpeople/studentsupport/funding/a00209794/fundingguidance2012to13>

Funding Formula Review – 2013/14 academic year

<http://www.education.gov.uk/childrenandyoungpeople/youngpeople/studentsupport/funding/a00210682/funding-formula-review>

16-19 Programmes of Study - 2013/14 academic year

<http://www.education.gov.uk/schools/teachingandlearning/curriculum/a00210755/16-19-study-programmes>

Funding for High Needs Pupils - 2013/14 academic year

<https://www.education.gov.uk/publications/eOrderingDownload/school%20funding%20reform%20-%20next%20steps%20towards%20a%20fairer%20system.pdf>

Raising Participation Age

<http://www.education.gov.uk/childrenandyoungpeople/youngpeople/participation/rpa/a00210946/consultation-response>

School Funding Reform: Final arrangements for 2013-14

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/a00205567/school-funding-reform-final-arrangements-for-2013-14>

Capital

<http://www.education.gov.uk/aboutdfe/armslengthbodies/b00199952/the-education-funding-agency/efa-capital>

Youth Contract

<http://www.education.gov.uk/childrenandyoungpeople/youngpeople/participation/a00203664/youthcontractprov>

European Social Fund

<http://www.education.gov.uk/childrenandyoungpeople/youngpeople/studentsupport/funding/a00203317/esf>

Young Offenders

<http://www.education.gov.uk/childrenandyoungpeople/youngpeople/studentsupport/funding/a00203505/offender-learning>

Apprenticeships

<http://www.education.gov.uk/childrenandyoungpeople/youngpeople/qandlearning/apprenticeships>

About the EFA

<http://www.education.gov.uk/aboutdfe/armslengthbodies/b00199952/the-education-funding-agency>

Complaints Process

<http://www.education.gov.uk/aboutdfe/complaintsprocedure>

16-19 Bursary Fund

<http://www.education.gov.uk/childrenandyoungpeople/youngpeople/studentsupport/funding/a00203061/16-19-bursaries>

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This document is also available from our website at

<http://www.education.gov.uk/childrenandyoungpeople/youngpeople/studentsupport/funding/a00203196/16-19-funding>