



Education  
Funding  
Agency

# **Further education funding factors – academic year 2015 to 2016**

**Explanatory note for further education  
institutions**

**December 2014**

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## Introduction

This explanatory note sets out the background details behind the figures in your funding factors statement for the 2015 to 2016 academic year (2015/16). This is the first step towards calculating your 2015/16 funding allocation, which we will communicate to you by the end of February 2015 where possible. Likely exceptions to this will be any institution where allocations are based on R06 data received by EFA in February. These allocations will be communicated in early March 2015.

## 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](#) of 24th October sets out the main policy for 2015/16.

## Funding formula changes

As in previous years, your funding allocation for 2015/16 will be based on lagged student numbers. We will confirm your lagged student numbers to you in January 2015, 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 2015. This statement includes the other factors which affect your funding for 2015/16. 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

The data on programme size on the funding factor statements shows the split between 16 and 17 year olds (including students aged 18 and over that are high needs) and students aged 18 and over (not high needs).

## Programme cost weightings

The programme cost weightings for 2015/16 are unchanged from those used in allocations for 2014/15.

A list of programme cost weightings is given in the [funding guidance for 2014/15](#) academic year.

## Allocations calculation toolkit

This year the funding factor statements also include a comparison with the equivalent figures for 2014/15, 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 us at the relevant EFA 16 to 19 territory mailbox.

- Northern territory (North West, North East and Yorkshire and Humberside)  
[YPNorthern.efa@education.gsi.gov.uk](mailto:YPNorthern.efa@education.gsi.gov.uk)
- Southern territory (South East, East of England and London)  
[YPSouthern.EFA@education.gsi.gov.uk](mailto:YPSouthern.EFA@education.gsi.gov.uk)
- Central & south west territory (South West, West Midlands and East Midlands)  
[YPCentralSW.EFA@education.gsi.gov.uk](mailto:YPCentralSW.EFA@education.gsi.gov.uk)

However, business cases which relate to the data within this statement should only be made in March 2015, once institutions have received and reviewed their final allocation.

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 of 24<sup>th</sup> October. In particular, for institutions other than CCPs, in January 2015 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 2015, 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.

For CCPs, where we will be reviewing student numbers based on R06 in line with Peter Mucklow's letter of 28 November, we will confirm lagged student numbers and your allocation in early March 2015.

You will then have an opportunity to raise any exceptional issues with us during March, and we will respond to those during April and May.

## Annex A: Funding factor statement detailed notes

**Table 1a: To be confirmed in January 2015**

**Table 1b: Distribution of Students by Funding Band**

Title	Comments
Student numbers in 2013/14	<p>These columns show, by age , the student numbers and funding band from the 2013/14 data.</p> <p>In addition, for students in band 1 (up to 279 hours), row 1.6 shows the total FTEs for the student numbers shown on row 1.5</p>
Proportions for 2015/16 Funding Bands	Proportions of students to be funded in each band based on the total student numbers in 2013/14.

**Table 2: Funding factors**

In each case, the table shows the value used in the 2014/15 allocation (including any business cases, where applicable) and the value calculated from historical data that will be used for the 2015/16 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 2013/14.</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 2013/14.</p>
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>

Title	Comments
Disadvantage block 1: Economic deprivation factor	<p>The student's home postcode and the Index of Multiple Deprivation 2010 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 2013/14.</p>
Disadvantage block 1: Care leavers	<p>This number is taken from 16 to 19 Bursary Fund claims for the 2013 to 2014 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 2012/13.</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 in both counts as 0 instances.</p>



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write to Information Policy Team, The National Archives, Kew, London, TW9 4DU

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