

# Circular 00/07

## Funding

### Widening Participation: Allocating Funds for 16–18 Year Olds

#### Summary

This circular proposes a method of allocating widening participation funds for 16–18 year olds according to previous educational achievement from 2001-02. This circular is of interest to principals of colleges, heads of external institutions, heads of higher education institutions receiving Council funds and chief education officers.

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#### Further information

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Coventry CV1 2WT.

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# Widening Participation: Allocating Funds for 16–18 Year Olds

## Introduction and Background

1 This circular consults on a proposal to allocate widening participation funds for 16–18 year olds according to previous educational achievement, rather than using an index of local conditions, from 2001-02. It also reports work done to refine the allocation method based on the index, which will continue to apply to adult students.

2 The current method of allocating widening participation funding uses a modified version of the Department for Environment, Transport and the Regions (DETR) index of local conditions at ward level to identify relatively deprived areas. The 15% most deprived wards are given a funding uplift ranging from 3% to 12% according to the relative deprivation of the ward as measured by the index. This uplift will increase in 2000-01 and in 2001-02 in line with the secretary of state's policy of increasing the average widening participation uplift from 6% to 10% by 2001-02.<sup>1</sup>

3 Institutions are able to claim the funding uplift for those students whose postcode identifies them as coming from a ward qualifying for a widening participation funding uplift.

4 The current method is applied to students of all ages. It is the method which the widening participation committee, chaired by Baroness Helena Kennedy recommended should be used

for adults.<sup>2</sup> The committee recommended that a method based on previous educational achievement should be used for 16–18 year olds. The Council decided to use the method based on the index of local conditions for all students from 1998-99, until an alternative method based on previous educational achievement could be introduced for 16–18 year olds.

5 The stage 2 funding review group supported the introduction of a postcode-based widening participation uplift to the funding methodology for all students, subject to a commitment by the Council to review this method for 16–18 year olds and to move to one based on previous educational achievement for 16–18 year olds if this proved feasible.

6 Circular 99/42, *Extension of the Widening Participation Factor for 1999-2000*, gave details of additional categories of students who would be eligible for the widening participation uplift from 1999-2000. That circular also confirmed that the Council would publish proposals to allocate widening participation funds for 16–18 year olds on the basis of previous educational achievement.

## Results of Further Analyses

7 The Council has undertaken further analysis to establish the feasibility of using previous educational achievement as the basis for allocating widening participation funding for 16–18 year olds, and the possible effects on institutions' funding allocations of doing so.

8 For the purposes of this analysis, the 16–18 year-old age-group covers students aged 16, 17 or 18 at the start of the teaching year. However, it is likely that a revised approach to funding widening participation for 16–18 year olds would apply to students based on their age at

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<sup>1</sup> Letter from secretary of state to Lord Bryan Davies on 23 November 1999 re Further Education Funding for 2000-01 and 2001-02

<sup>2</sup> Learning Works, June 1997

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the start of their programme. A student who was eligible for widening participation funding because of their previous educational achievement at the start of their programme would continue to be eligible for their whole programme. This is currently the case with eligibility for fee remission for this age-group.

## Availability of Data

9 Figure 1 in annex A shows the percentage of full-time 16 year olds for whom colleges reported qualifications on entry data. The analysis is based on 1996-97 data, but 1997-98 shows a similar pattern.

10 Some colleges reported qualifications on entry for almost none of their full-time 16 year olds, whilst at the other extreme some provided the data for all their full-time 16 year olds. A majority provided the data for 80% or more of their students.

11 A particular difficulty arises with students who have no recorded qualifications on entry. One option would be that all such students would receive a funding uplift, but figure 1 clearly shows that in some cases the qualifications on entry data are missing.

12 An alternative approach would be to exclude all students without qualifications on entry data, on the assumption that the information was missing. This would discriminate against those students who genuinely have no qualifications on entry.

13 Neither approach is robust, and depending on the extent of under-recording they can give very different outcomes. A specific example is provided at annex B.

14 It is clear therefore that any funding allocation method must be based on knowing accurately what proportion of students genuinely have no qualifications on entry. Accordingly from 1999-2000 institutions have been asked to record whether a lack of recorded qualifications on entry genuinely reflects that the student has none, or whether the institution has been unable to record them.

15 This enhancement to the data will allow modelling in autumn 2000 of a funding allocation for 2001-02 for 16–18 year olds including a widening participation uplift based on previous educational achievement.

## Possible Effect of Changing the Allocation Method

16 Analysis has been done to calculate in broad terms the effect of changing the allocation of widening participation funds for 16–18 year olds from the current method, based on the index of local conditions, to one based on previous educational achievement. For the purpose of this analysis, only students with recorded qualifications are used in the calculation of the percentage of students eligible for widening participation.

17 Whilst this will not be accurate for some colleges, it is judged adequate to make a first estimate of the overall effect of a change.

18 For each college, the percentage of students eligible for widening participation under the current method based on the index of local conditions has been compared with the percentage using a composite measure consisting of:

- proportion of 16–18 year-old full-time students based on qualifications on entry, with national foundation target 1 (5 GCSEs at grades A to C) being the threshold below which students are eligible
- proportion of other students, using the current measure based on the index of local conditions.

This approach results in approximately the same proportion of students overall being eligible for widening participation funding. The overall results are shown in figure 2 in annex A.

19 The horizontal scale gives the percentage of students in a college eligible under the current method. The vertical scale gives the percentage using the composite measure. The diagonal line indicates no change. A college lying below the

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line has fewer eligible students under the composite measure, other things being equal, whilst one lying above the line has more eligible students and so benefits from the change to the composite measure.

20 Two factors are readily apparent:

- a number of colleges lie well below the line and so have a lower percentage of students eligible for widening participation funding using the composite measure (bottom right hand corner of figure 2)
- the bulk of colleges are clustered towards the left hand bottom corner of figure 2. These colleges generally lie a little above the 'no change' line, suggesting that in general colleges currently with a fairly low percentage of eligible students will have a higher percentage of eligible students under the composite measure.

21 In interpreting figure 2, and the others that follow, it should be borne in mind that the composite measure is approximate and individual college results may be unreliable.

22 Figure 3 in annex A repeats the analysis for sixth form colleges. This shows that as a college family they would have fewer eligible students, if the composite measure were introduced. The effect is large because the majority of their students are 16–18 year-old full-time and of those students a large majority have achieved foundation target 1 and so would not be eligible for widening participation funding under the new method.

23 Figures 4 and 5 of annex A show the effects for general FE and for tertiary colleges respectively. The effect is muted for general FE colleges because the great majority of their students are adults for whom the current allocation method would continue to apply. However, colleges with relatively low percentages of eligible students under the current method tend to have slightly higher percentages under the new method, as shown by the concentration of colleges above the 'no change' line at the left hand side. The effect for tertiary colleges is similar to that for general FE colleges.

24 The effect for agriculture and horticulture colleges is shown in figure 6 in annex A. They all have higher percentages of eligible students using the composite measure.

25 The analysis for art and design colleges is not shown, as it is inconclusive, given the small number of colleges.

### **Comparison of the two methods by region**

26 In order to examine the effect by region the comparison is based solely on 16 year olds.

Using 16 year olds only gives a direct comparison of the effects of the two approaches to allocating widening participation funding, one based on the index of local conditions, the other based on qualifications on entry. This comparison base amplifies the difference between the two approaches for the purposes of analysis. The analysis by college type has shown that, at whole-college level, the current method and the new composite measure are little different for most colleges.

27 Some colleges argue that the current method of allocating widening participation funding using the index of local conditions disadvantages colleges serving rural areas because the index understates rural deprivation, which is more evenly spread than in urban areas.

28 Figures showing the effect by region are shown on the Council's website ([www.fefc.ac.uk](http://www.fefc.ac.uk)). In summary:

- colleges in the Eastern Region and South West region tend to have higher percentages of eligible students using qualifications on entry than using the index of local conditions
- colleges in the East Midlands and South East regions also tend to have higher percentages of eligible students using qualifications on entry, although the effect is less significant
- colleges in the Greater London region tend to have lower percentages of eligible students using qualifications on entry.

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29 The regional analysis suggests that the current widening participation allocation method may discriminate to some degree against rural areas but on the evidence available the situation is more complex and requires further analysis.

## Updating the Analysis

30 The Council will be updating the analysis set out in this circular. This will provide the basis for a more detailed assessment of the likely effect at college level of a move to a composite method of allocating widening participation funds, using previous education achievement for 16–18 year-old students and the index of local conditions for adults.

31 This analysis will be based on ISR data for 1999-2000 from ISR17 (31 July 2000; 1999-2000) and firm proposals for a method to be used for 2001-02 will be based upon it.

## Learning and Skills Council

32 Any decision on implementation of the proposals discussed in this circular would be made by the Learning and Skills Council (LSC). The Council will provide advice to the LSC based on the response to this circular and the results of further modelling work.

## Consultation

33 Institutions are invited to comment on the analysis set out in this circular. Comments are particularly requested on:

- the likely pattern of previous educational achievement for those 16–18 year-old students for whom data are not currently provided (paragraphs 11 to 14)
- the threshold for eligibility for a widening participation uplift using previous educational achievement (paragraph 18)
- the distribution of college results in figures 1 to 6.

34 Responses should be sent by 31 May 2000 to David Craig at:

**The Further Education Funding Council  
Cheylesmore House  
Quinton Road  
Coventry  
CV1 2WT.**



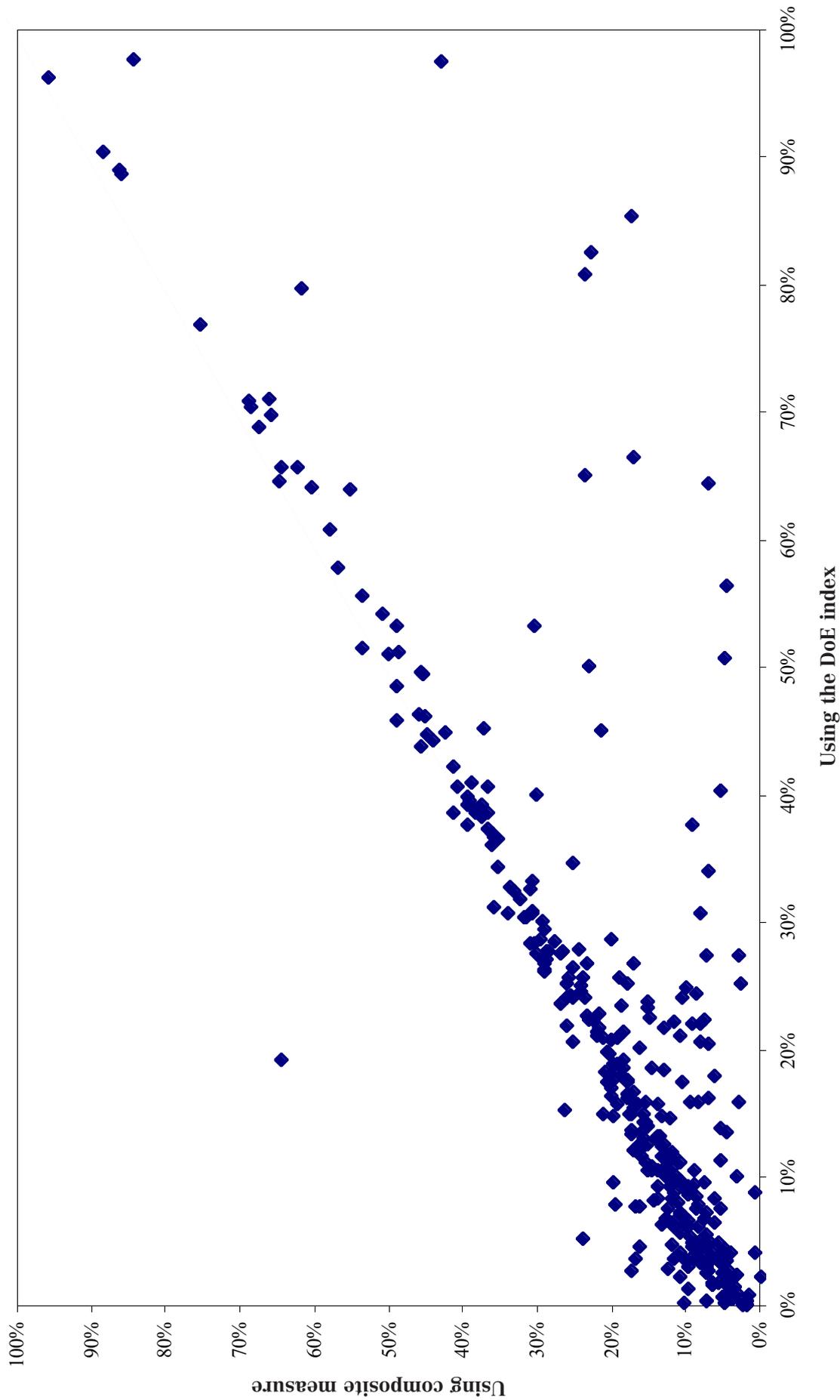
# Analyses of Qualifications on Entry Data

Figure 1. Percentage of full-time full-year students aged 16 years with qualifications on entry data



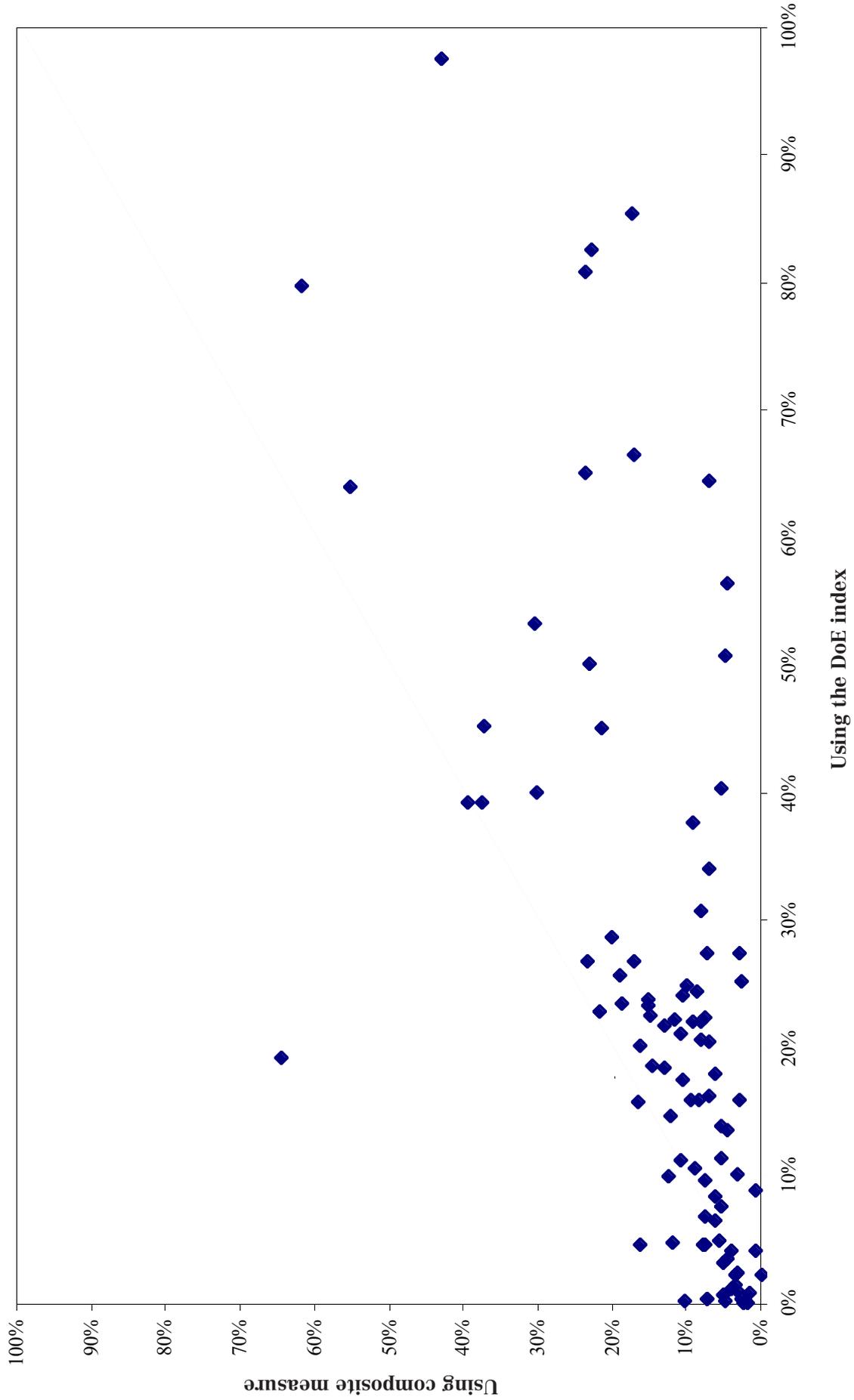
Source: Individualised student record (ISR) 1996-97

Figure 2. Percentage of students eligible for widening participation funding



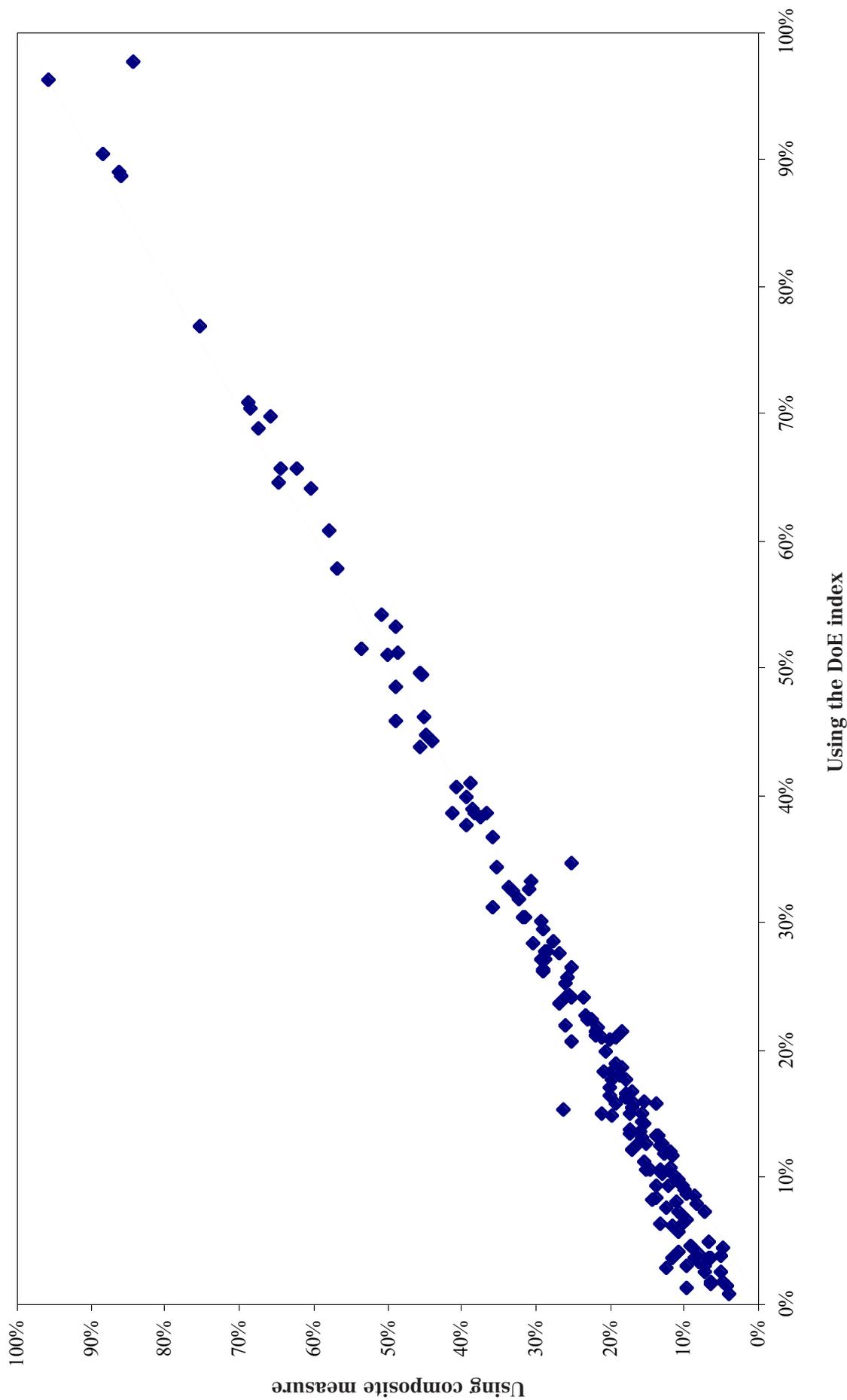
Source: Individualised student record (ISR) 1996-97 and Department of Environment index

Figure 3. Percentage of students eligible for widening participation funding: Sixth form colleges



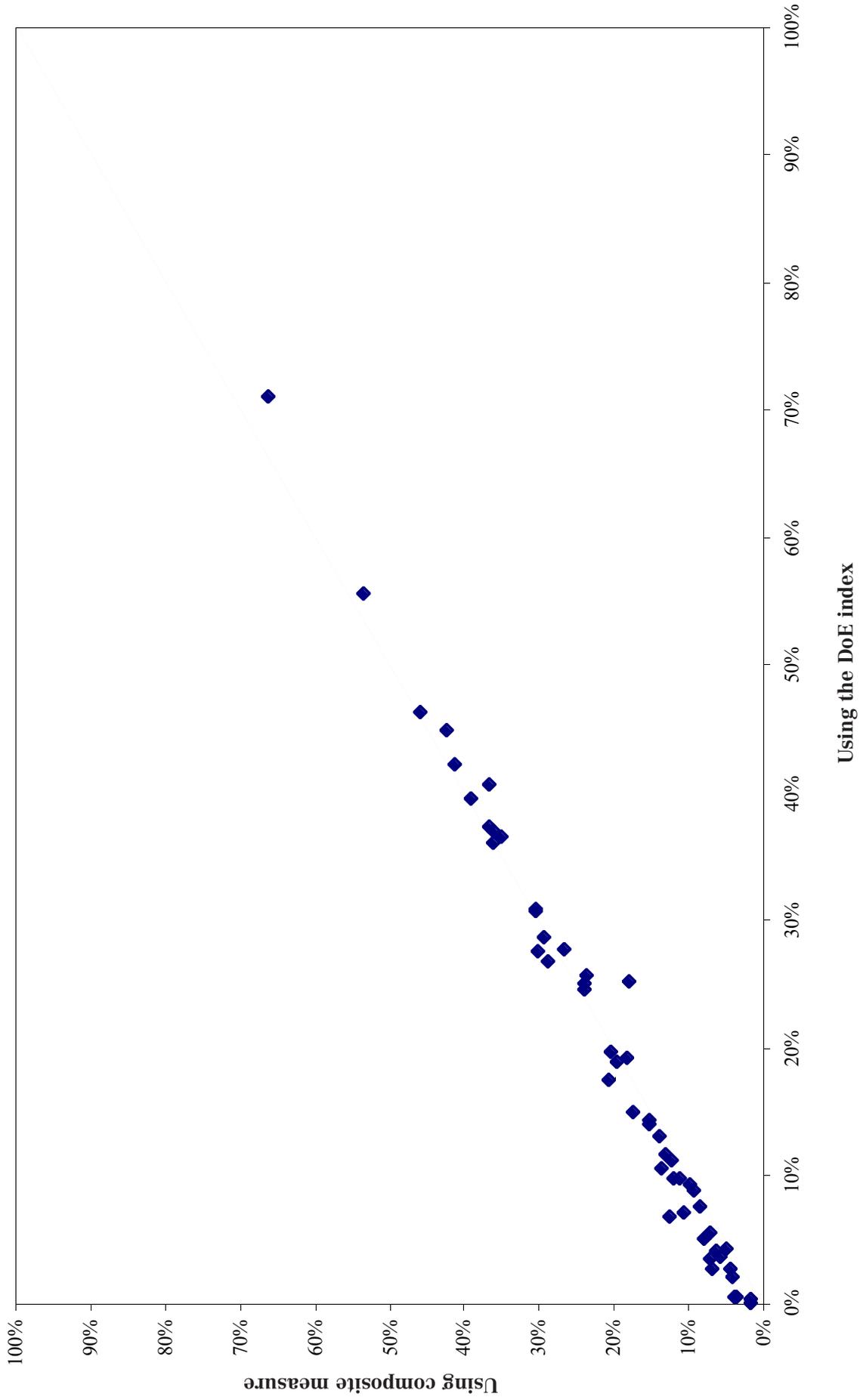
Source: Individualised student record (ISR) 1996-97 and Department of Environment index

Figure 4. Percentage of students eligible for widening participation funding: General further education colleges



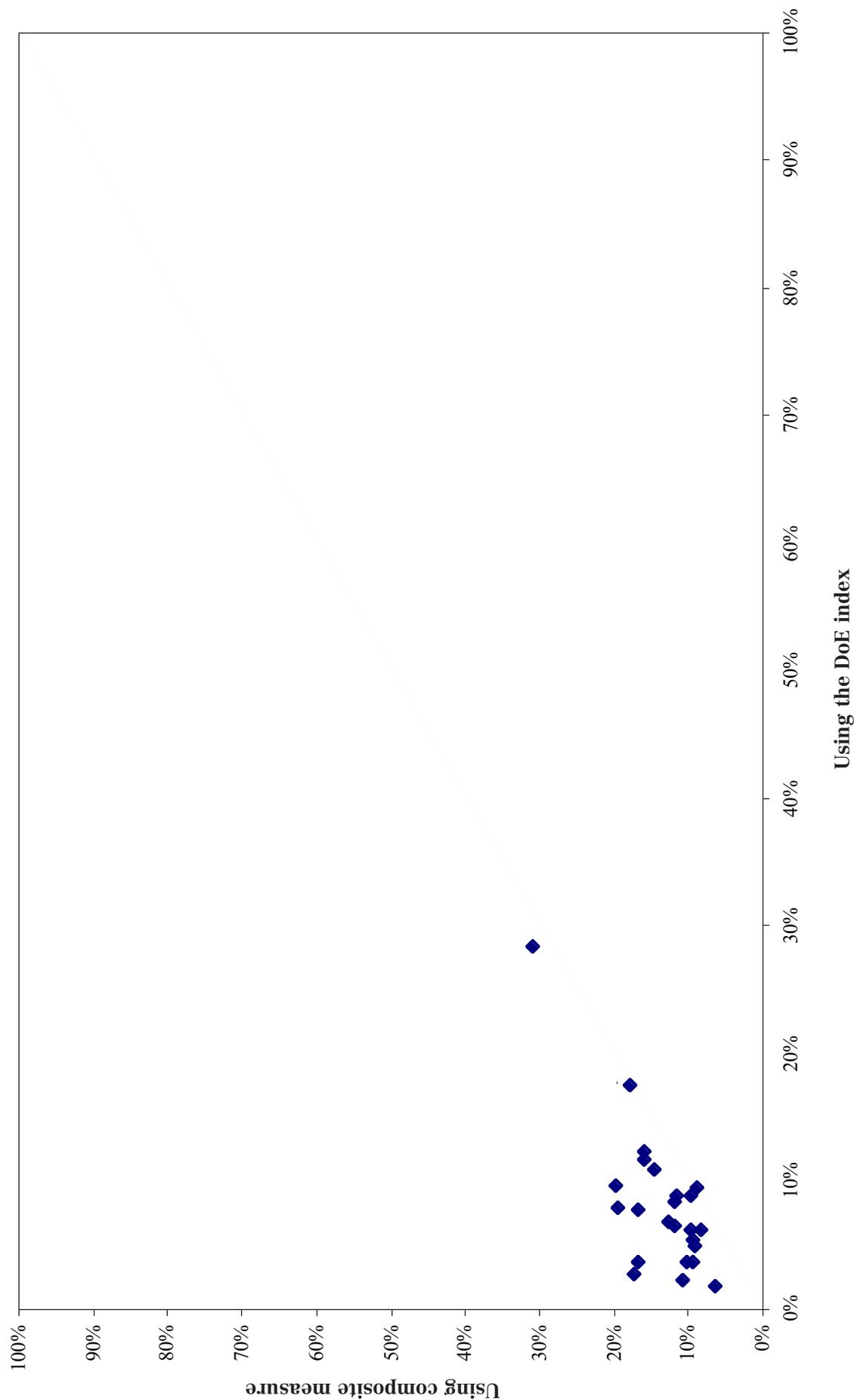
Source: Individualised student record (ISR) 1996-97 and Department of Environment index

Figure 5. Percentage of students eligible for widening participation funding: Tertiary colleges



Source: Individualised student record (ISR) 1996-97 and Department of Environment index

**Figure 6. Percentage of students eligible for widening participation funding: Agriculture and horticulture colleges**



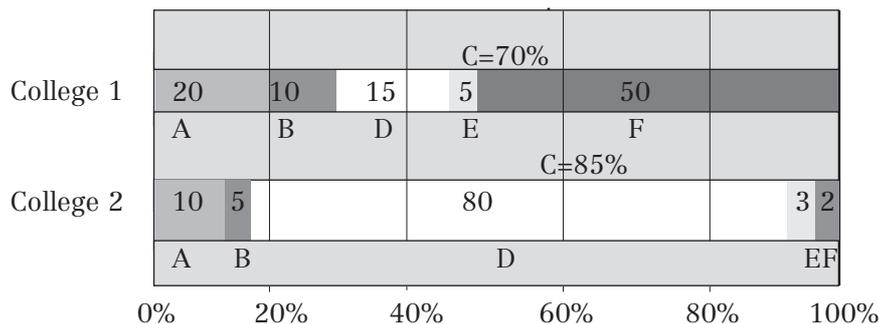
Source: Individualised student record (ISR) 1996-97 and Department of Environment index

## Worked Example

### Different Approaches for Dealing with Students with No Qualification on Entry Data

1 Figure 1 shows two colleges and the distribution of the qualifications on entry of their students.

**Figure 1. Distribution of qualification on entry for two example colleges**



#### Key

- A: students with qualifications on entry: not eligible for widening participation funding
- B: student with qualifications on entry: eligible for widening participation funding
- C: students with no recorded qualifications on entry
- D: qualifications on entry should have been recorded: not eligible for widening participation funding
- E: qualifications on entry should have been recorded: eligible for widening participation funding
- F: no qualifications on entry: eligible for widening participation funding

2 College 1 has a high proportion of students without recorded qualifications on entry (C = 70%). If the college had provided complete and accurate data then the proportion of students eligible for widening participation funding would be:

$$B + E + F = 10 + 5 + 50 = 65\%$$

3 In contrast, College 2 has an even higher proportion of students without recorded qualifications on entry (C = 85%), but the correct proportion of students eligible for widening participation funding is:

$$B + E + F = 5 + 3 + 2 = 10\%$$

4 The effects of assuming either that students without recorded qualifications have none, or that they all have qualifications, are shown in table 1.

**Table 1. The effects of different assumptions about students without recorded qualifications on entry**

<i>Percentage of students eligible for widening participation funding</i>				
	<i>Correct %</i>	<i>Assume none recorded means none, so student is WP eligible</i>	<i>Assume none recorded means missing, so student is not WP eligible</i>	<i>Calculate % based on those students with recorded qualifications on entry</i>
College 1	65	80	10	33
College 2	10	85	5	33

5 Assuming that all students with no recorded qualifications on entry have none generates very high percentages for both colleges. College 2 actually gets a higher percentage of eligible students despite the true percentage being much lower than College 1.

6 Assuming that students with no recorded qualifications on entry in fact have some and are not eligible for a widening participation uplift produces very low percentages of eligible students, although College 1 now has a higher percentage eligible than College 2.

7 An alternative to the above approaches is to base the calculation solely on those students with recorded qualifications on entry. Thus  $10/30 = 33\%$  for College 1 and  $5/15 = 33\%$  for College 2.

# Response to Consultation

(Reference Circular 00/07)

Please return to David Craig by 31 May 2000 at the Council's Coventry office.

**THE  
FURTHER  
EDUCATION  
FUNDING  
COUNCIL**

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Contact name (*please print*)

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- 1 The likely pattern of previous educational achievement for those 16–18 year-old students for whom data are not currently provided (paragraphs 11 to 14).

Comments

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- 2 The threshold for eligibility for a widening participation uplift using previous educational achievement (paragraph 18).

Comments

- 
- 3 The distribution of college results in figures 1 to 6 of annex A.

Comments

**General comments**

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