



Department
for Education

16-19 Funding Formula Programme Cost Weightings Review

Research Report

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ACL Consulting

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Executive Summary

1. This review of 16-19 Funding Formula Programme Cost Weightings was commissioned by the Department for Education in March 2013 and was completed between April and July of the same year.
2. The review is based on:
 - interviews and discussions with national stakeholders and others with a particular interest in 16-19 funding;
 - an online survey, sent to the Head teachers, Principals or Chief Executives of every identifiable institution that receives EFA funding in respect of 16-19 year olds. This amounts to some 2,333 institutions; and
 - visits to, and in-depth discussions with, 22 institutions representative of the variety of providers of EFA funded 16-19 education.
3. The review found general satisfaction with the principle of funding programmes rather than qualifications for the 16-19 age group, and strong endorsement for many aspects of the new arrangements. Participants were also comfortable with the use of programme area weightings based on the Sector Subject Area Tier 2 classification system to reflect differences in expenditure on different areas at institutional level. A few suggestions for refining SSA Tier 2 were made.
4. Interviewees and survey respondents did however raise questions and concerns over the weights assigned to specific programmes, and backed up these concerns by arguments over the differential costs of staff and resources across different programme areas.
5. On the basis of these arguments, the following suggestions are offered for consideration¹:
 - SSA 2.1 Science might be weighted Medium not Base;
 - SSA 5.2 Construction might be weighted High not Medium;
 - SSA 14 Preparation for Life and Work might be weighted Medium not Base;
 - The introduction of an additional band, provisionally entitled “Enhanced” and weighted 1.1, might be considered in order to reflect the costs of programmes that make considerable demands on information technology without necessarily needing (other) major facilities; and
 - GCE A levels, AS and A2, might be weighted according to the SSA Tier 2 bands into which they most naturally fall.
6. These suggestions are made explicitly in a “zero sum” context: that is to say, it is accepted that if the weightings of some areas increase in this way (and none decrease) then the national funding rate will reduce accordingly if expenditure overall is to be kept to the same total as at present.

¹ Other more detailed suggestions will be found in the main report, and summarised in Section 5.

7. It is not within the scope of this paper to discuss the overall quantum of funding allocated to 16-19 education.

Introduction

101. This review of 16-19 Funding Formula Programme Cost Weightings was commissioned by the Department for Education in March 2013 and was completed between April and August of the same year.

Background

102. The Secretary of State for Education announced his intention to review the funding formula for post-16 learning in the *16-19 Funding Statement*, published in December 2010. Prior to the development of the new funding formula, a public consultation ran from October 2011 to January 2012.
103. At the beginning of July 2012, as part of the Government's response to Professor Alison Wolf's review of vocational education, the Secretary of State announced the new funding formula for 16-19 year olds in education and training². The new formula, which will determine the level of EFA funding for providers from August 2013 (though with transitional protection for at least three years, calculated on a per capita basis) differs from its predecessor in a number of ways:
- It funds student programmes rather than qualifications; that is, a student's whole programme receives a single funding allocation, rather than funding being made up of allocations to separate qualifications, added together.
 - Except for academic programmes (see below), weightings are allocated based on the Sector Subject Area Tier 2 [hereafter "SSA Tier 2"] classification of the main learning aim of a student's whole programme. This contrasts with the previous approach, where a database of "approved qualifications" was maintained and a weighting (effectively) assigned to each.
 - It reduces the number of programme weighting bands from seven to four.
 - By convention, all "academic" programmes are weighted 1.0 regardless of content. Thus (for instance) all A level programmes are weighted 1.0 irrespective of the actual A levels concerned. Again this contrasts with the previous approach where A levels were weighted 1.0 or 1.12 depending on the subject content of the A level in question.
 - It compresses the spread of programme weights (highest to lowest) from 1.92 : 1 to 1.6 : 1; if programmes that draw on specialist facilities are excluded, then the change is from 1.72 : 1 to 1.3 : 1.
104. It has been argued that the former, qualification-based funding methodology encouraged institutions to "collect qualifications" on behalf of their students (since each qualification attracted its own funding), and that some of these qualifications were arguably of little

² The new formula also applies up to the age of 24 for those with learning difficulties and/or disabilities and forms an element of the funding package for those with higher level needs (or severe learning difficulties and/or disabilities).

immediate educational or indeed vocational benefit to the students concerned. In contrast, the new funding methodology is designed to fund a student's entire programme: once the *programme* has been allocated a weight, institutions are free to deliver the programme, and choose appropriate qualifications to support it, as they see fit.

105. There has also been an avowed intention to reduce the complexity of the funding formula, and encourage institutions to regard funding as an overall quantum of resource from which they meet each student's needs as they see best, rather than seeing the formula as meeting the costs of each student's individual programme with a high degree of precision.
106. There are a number of other changes, both to how funding is calculated and how it is allocated, and reference can be made to the appropriate DfE and EFA publications³.
107. This review is therefore designed to assess whether:
 - the weightings proposed in the new model were valid (given the changes outlined above) or whether changes need to be made;
 - there have been any inherent changes in costs for particular subjects since the last review that should now be recognised;
 - the application of weightings by sector subject area is the best approach and, if not, to propose alternatives;
 - there is an ability for costs to be reduced over time; and
 - factors such as strategic value and economic benefit of particular subjects can and should be factored into programme weightings alongside the cost of delivery.
108. The following factors were considered during the review:
 - the impact of different types of cost. For example staffing, equipment, consumables, fixed and variable costs, including any areas where scarce staffing results in additional recruitment and retention costs;
 - the level of detail at which weightings will be applied, considered in the context of the objective for the whole funding system to be as simple as possible;
 - links to weightings in other funding arrangements, particularly for post-19 funding in FE; and
 - the fact that institutions will tend to spend the amount of funding they are allocated so any information on costs will tend to be in line with existing weightings (cost endogeneity).

Methodology

109. The following methodological approach was used:

³ In particular see the *Update on the 16-19 Funding Formula 2013/14* http://media.education.gov.uk/assets/files/pdf/u/16-19%20funding%20formula%202013_14%20final.pdf

- interviews and discussions with national stakeholders and others with a particular interest in 16-19 funding;
 - an online survey, sent to the Head teachers, Principals or Chief Executives of every identifiable institution that receives EFA funding in respect of 16-19 year olds. This amounts to some 2,333 institutions; and
 - visits to, and in-depth discussions with, 22 institutions representative of the variety of providers of EFA funded 16-19 education.
110. The questionnaire used for the online survey is in Annex 1; an analysis of the online survey is provided in Annex 2.
111. The questionnaire received a 12% response rate, which is reasonable for a survey of this kind. The survey was returned by just over 6% of schools or academies with sixth forms, but by 60% of specialist colleges (in this context, usually land-based colleges) and by over 30% of sixth form colleges, general FE colleges and commercial and charitable providers. Full details of response rates by constituency are given in Annex 2.
112. To set the project in context, it should be noted that the fieldwork was carried out after the allocations (based on the new formula) for 2013/14 had been announced and communicated to institutions but before the new formula technically comes into operation. The presence of transitional protection, shielding institutions from any adverse effects from the new arrangements for at least three years, has also been referred to. Taken together these mean that respondents to the questionnaire survey and our face-to-face interviewees were being asked to speculate on how the new arrangements might affect them in future, rather than to report on effects that they were experiencing now.

Acknowledgements

113. This report, and the research that underpinned it, would not have been possible without the support, encouragement and cooperation of many people, including:
- heads of institutions and others who took the trouble to complete the online survey, in a number of instances also telephoning to check points with the survey staff;
 - colleagues who welcomed team members into their institutions and spent a great deal of time patiently explaining their institutional context and answering questions;
 - colleagues in national stakeholder organisations who presented the views of those they represent carefully and honestly, whether to their advantage or disadvantage in funding terms; and
 - project clients at DfE and EFA, who supported the team throughout the project.
114. The project team is most grateful to all of them.

2 Weightings in context

Introduction

201. A review of programme weightings needs to be set in the context of understanding their purpose and effects. Briefly, programme weightings have two roles:
- they fund activity; if activities have different unit costs (however defined) then equity suggests their unit funding needs to be different; and
 - they influence activity since they form the basis of an “offer to purchase” provision from the institutions in question.

Weightings to fund activity

202. The simplest and most obvious function of weightings is to help allocate funds to institutions⁴ in a fair manner. If all institutions were the same size, and offered the same mix of programmes from different academic and vocational areas, then funding could simply be divided equally between them. If institutions are of different sizes, but still offering the same range of programmes, then funding could simply be divided *per capita*. But if institutions are of different sizes and also have very different curriculum mixes – e.g. one institution specialises in engineering and another in fine art – and the cost of provision differs significantly between individual subject areas then the costs of these curriculum mixes may be different and simply allocating the same funding to each institution *per capita* may not be adequate.
203. To overcome this, student activity in each institution is “weighted”, so that (for example) equivalent student activity in engineering is given a higher weighting than that in fine art. In this way, the allocation of resources to institutions is “fairer”.
204. Note incidentally that a programme weight based funding formula that just seeks to reflect differences between institutions does not have to be more complex than is necessary to accomplish this. To take a real (and pertinent) example, if all institutions offer broadly the same mix of A levels there is under this argument no need to fund A levels differentially, even if the apparent costs of delivering A levels differs markedly from one subject to another. Since a “weighted” approach to funding A levels and an “unweighted” approach to their funding would deliver the same resources to the same institutions (other things being equal), the latter can be preferred to the former as simpler to operate.⁵

⁴ “Institutions” in this report refers to the full range of organisations who receive funding from EFA.

⁵ This argument appears to have been implicitly made in the design of the new funding formula: as already noted, under the previous arrangement A levels were differentially weighted and under the new arrangement they are not. It has also been suggested that the obvious technical difficulties in giving A levels different weights within a programme weighting model (since many students’ A level programmes might then contain A levels with different “weights”) make

Difficulties over “cost”

205. There is however an important question begged in the use of the term “cost” in the above discussion. What does a student’s education in engineering “cost”? What is the “cost” in fine art? Arguably the more that is spent on a student’s education in any subject, the greater progress the student makes (though with diminishing returns no doubt). Yet of course there is a limit to what the state can afford.
206. So the relative expenditure on engineering and fine art, and therefore their weightings, is not necessarily about “meeting costs” at all (though the level of funding provided may indeed do this), but of deciding how much the state is able to invest in each, taking some account of the relative costs of provision – a rather different question.

Cost endogeneity

207. Matters are further complicated by the presence in many institutions of cost endogeneity.
208. Briefly, cost endogeneity arises in a funding context when institutions allocate resources to particular programmes that match, or shadow, the resources these programmes have generated through the funding formula. Thus in this present survey around half of general further education colleges, who might be expected to offer programmes in the widest range of vocational areas and thus provide valuable cost data for this study, allocate resources obtained from EFA and other funding bodies directly down to departmental and often even course level, having first deducted a standard percentage for institutional overheads. Any review of cost-based weightings drawn from data in these institutions would therefore be entirely circular: it would do no more than confirm that departments were spending the money they were given.
209. A few general FE colleges are however starting to consider zero-based budgeting (or its more modern equivalents), under which departments and faculties do not “receive” any funds but instead “bid” for what they want to deliver and make plain the standard to which they want to deliver it. Others are using variable contribution levels to similar effect. If this trend continues, then there may be some colleges where it would indeed be relevant to review what departments finally succeed in bidding for and compare it with what a programme weight based allocation would have given them. In due course, three or four case studies in institutions committed to this approach would yield relevant data.

Weightings as an “offer to purchase”

210. If there is no absolute standard to be attained in a given programme that can be reliably costed, and (due to cost endogeneity) little reliable information about how much different programmes cost even when delivered to customary standards, then a review of

it unfeasible to weight A level subjects differentially within the new methodology: however we do not share this view. See paragraph 444.

programme weights needs to take a different direction. A programme cost weighting, and therefore the resources that it (and other factors in the funding formula) allocates as income in respect of a particular educational programme, is an “offer to purchase”. Thus for example the state will pay so much for a two-year course in Engineering to level 3 for a 16-19 year old: (1) are institutions prepared to put on such a programme, given the funds available, and (2) what exactly will the state get in return?

211. The two questions in the previous paragraph are also the two things that can go wrong if the funding formula offers too low a “price”:
- Institutions can (progressively or indeed abruptly) withdraw from offering a particular programme.
 - What they offer may have content adjusted (presumably downwards) to reflect the price on offer⁶. A consequence may be that the programme is no longer sufficient to meet the needs of employers, subsequent higher education or the community – or indeed to meet students’ aspirations.
212. Conversely, if the funding formula offers a reasonably high price for a particular programme, it may attract institutions not currently offering the programme to start to do so. This is a particular interest of DfE, and the likelihood of this happening is confirmed in the answers to one of the online survey questions⁷.
213. The attractive feature of thinking in terms of “price”, from Government’s perspective, is that the internal costing structure of institutions is no longer a matter of immediate concern. Providing the price necessary to leverage appropriate levels of activity to an appropriate standard and content can be afforded, there is no need to worry about what provision “costs” or indeed to monitor expenditure. The delivery of an acceptable output is all that is required.

The “price” model and complexity

214. There is however one further important consequence of understanding weightings in terms of a “price”, or an “offer to purchase”, as has just been argued.
215. If it is accepted that institutions make programme planning decisions partly on the basis of the funding offered for the programmes they are considering, then it is likely that these decisions will be taken at a high level of detail. In other words, institutions might well look at the funding available for *individual qualifications and programmes* when deciding whether (as may be relevant) to launch these programmes, expand them, cease to invest in them or even discontinue them entirely.
216. If weightings are assigned to programmes in “bands” then a degree of averaging must necessarily have been carried out. In turn this means that from the providing institution’s

⁶ Quality may also suffer, but that is a different point.

⁷ See Annex 2 paragraph 24, and also paragraphs 444 to 457 below.

perspective some programmes within a band are likely to look “better value for money” than others, and these programmes are more likely (all else being equal) to be favoured by the institution in its forward planning.

217. This difficulty cannot entirely be overcome. But the point in this context is that once it is accepted that a set of programme weightings has a role to play in encouraging and stimulating desired activity, rather than simply reflecting differential expenditure by institutions, then it may need to be more complex if it is to match the decision making within institutions.
218. Put another way, a funding approach that reflects the likelihood that individual institutions will actively seek to understand how their income is calculated, and subsequently seek to maximise it through astute choice of courses provided, may have to be more complex and detailed than an approach which assumes that institutions treat the funding they receive as a “given” that they can do little or nothing about.
219. Although it is acknowledged that funding simplicity was and is a major aim of the new arrangements (and indeed is implied by the Wolf report) *too much* simplicity might therefore lead to a distortion of the pattern of provision.

3 The overall approach to programme weights

Introduction

301. An important task for this project was to gauge institutions' overall level of comfort with the approach to programme weights adopted in the new EFA formula, regardless of how individual programmes were weighted. These considerations form the basis of this section.
302. Conclusions here rely equally on the fieldwork interviews and the online questionnaire analysis.⁸ A full analysis of the questionnaire is provided in Annex 2.

The need for weightings and their basis

303. Almost all interviewees accepted there was indeed a need to weight programmes.
304. It should be noted that at present a numerical majority of institutions funded by EFA are not directly affected by programme weightings, since (to all extents and purposes) their entire programme currently falls within weighting band 1.0/Base. This includes most if not all provision at school and academy sixth forms, and a majority of provision at most sixth form colleges.
305. Interestingly, school sixth forms and sixth form colleges *were* affected by weightings in the immediate past, since (as already noted) A levels in particular were weighted either 1.0 or 1.12 depending on the subject area they covered. It is significant that no interviewees from the sixth form/sixth form college sector mentioned this change. Our interpretation of this is that (to generalise) school sixth forms and sixth form colleges' internal organisation – and in particular the dynamic, centrally controlled model by which they allocate teaching and other staff resources to individual courses and programmes – militates against reviewing or even identifying the “costs” of individual A levels and thereafter comparing them to income they “earn”.
306. These institutions often could only see the need for programme weightings in an academic, logical sense. In general (and this will be relevant later) they did not have as many comments to make on individual weightings either.

The overall acceptability of the new arrangements

307. Given that weightings are widely regarded as necessary, the new funding methodology represents a very different way of applying them. As already noted, it is based around

⁸ In this report “interviewees” refers to information drawn from face-to-face discussions at those institutions visited and/or those stakeholders interviewed; “respondents” refers to information drawn from the on-line survey.

weighting (and indeed funding) whole programmes rather than (as previously) qualifications. It is reasonable to ask whether fieldwork participants support this change.

308. Thus questionnaire respondents were specifically asked to consider a number of ways in which the new funding model might represent an improvement over the old.
309. A total of four such statements were put to questionnaire respondents, who were offered the chance to agree with them; disagree with them, or express no view.
310. The full results are given in Table 16 in Annex 2, but in summary out of the 282 questionnaire respondents:
- 42% of respondents agreed that “the new funding model will enable institutions to provide programmes that better meet individual needs (including non-qualification orientated activity [...]) than was the case under the previous model
 - 21% agreed that the new funding model “will be simpler to understand and administer”
 - 35% agreed that the new funding model “will remove the perverse incentives (e.g. not to “stretch” students)⁹ felt to exist in the previous model
 - 41% agreed that the new funding model represented a positive change from the previous model.
311. In interpreting Table 16 (and indeed Table 17 in due course, see below), it is important to bear in mind that the percentages quoted are of those *agreeing* with the statement made. Those who were neutral simply expressed no view; while those who disagreed with the statement (except in the case of the third bullet point above) were essentially saying that they believed new arrangements were *no better*, not that they were necessarily *worse*. Around a third of respondents in each case took this position.
312. As already mentioned, programme weightings are not equally a concern to all institutions. In particular, under the new arrangements school sixth forms and sixth form colleges are not directly affected by the choice of programme weights since by convention all academic programmes are weighted 1.0. One might therefore expect that institutions more directly affected by weightings – further education colleges, for example – might have different (arguably stronger) views on these topics. Thus Table 16 presents views expressed by the 67 FE college respondents, of whom:
- 78% believed the new funding model “will enable institutions to provide programmes that better meet individual needs ...” [etc]
 - 33% believed it would be “simpler to understand ...”
 - 48% endorsed its ability to “remove perverse incentives ...”
 - 58% regarded it as “a positive change”.

⁹ The suggestion being that if institutions are funded for qualifications successfully gained (as was previously the case) then there might be a tendency to submit students for many low-level qualifications rather than one or two high-level, challenging ones.

313. It is interesting that the proportion of disagreements among FE colleges was not consistent: the proportion disagreeing with the four statements was 13%, 40%, 31%, 21% respectively.
314. These are generally positive endorsements of the new arrangements. Apart from not believing that the new model represents a simplification, respondents (and particularly FE college respondents, who might be judged to have particular expertise in formula funding) show considerable support for what is now proposed.
315. Anecdotally, institutions appear not to regard the number of weighting bands as particularly significant, so will not view their reduction to four as significant either. This may explain why the new funding model is not perceived as a simplification.
316. The suggestions and recommendations made in the remainder of this report should be seen in this context.

The use of SSA Tier 2

317. Institutions who are directly affected by weightings (of whom the general further education colleges are, as noted, the best example) were however happy to engage in discussion on the basis of the weighting allocation, and in particular on the extent to which SSA Tier 2 was fit for purpose as a classification.
318. The use of SSA Tier 2 to classify a student's overall learning aim for weighting purposes, it will be recalled, replaced a system in which individual qualifications were identified, listed, and weighted one by one.
319. The majority of respondents to the online survey (88%) were either happy with SSA Tier 2 as a basis for programme weightings, or were at least indifferent. Face-to-face interviewees were also broadly content; however some criticisms were made.
320. First, it was argued that SSA Tier 2 did not cover the full range of 16-19 provision to the same level of detail, or indeed sufficiently clearly, to be entirely fit for purpose. Points made included:
- The large amount (relatively) of detail in SSA 10, where History, Philosophy, and Theology are all carefully distinguished, regardless of the relatively small numbers of students in the last two of these and the absence (in respondents' opinion) of any differences in costs between them.
 - Correspondingly, the vanishingly small amount of detail in SSA 14, and its non-specificity. A great number of activities fell into this category, by no means all involving students with learning difficulties or disabilities, of which English for Speakers of Other Languages was only one.
 - The suggestion was that if SSA 14 could be "unpicked", strong cases for weighting certain parts of it higher than 1.0 could be made. Indeed, and to anticipate the next section, this may be why 17% of questionnaire respondents believed there was a

case for weighting the *whole* of SSA 14 higher than 1.0/Base (the lack of much sub-division in the current model leaving them no opportunity to be more specific in their request).

- SSA 4.3, “Transportation Operations and Maintenance”, contains a very wide range of subjects, which, it is understood, ranges from airline cabin crew training to certain ground-based roles that are more akin to engineering. Were a more detailed breakdown possible it seems likely that they might warrant different weights if analysed separately.
- Hair and Beauty Therapy, a common subject area in very many colleges, is not highlighted at Tier 2 level, being part of 7.3 Service Enterprises along with a great deal else. The suggestion here was that the SSA Tier 2 classification would be improved if this common GFE vocational area could be readily identified within it.

321. These are specific suggestions on how SSA Tier 2 could be improved. Interviewees also suggested a more general approach for the future. Although the 49 SSA Tier 2 areas are not “constituencies” in the sense that they necessarily have to have approximately the same number of students studying in each, it would be revealing to list the breakdown of students recorded by EFA across each of the Tier 2 areas concerned.
322. The average proportion of students per SSA Tier 2 area is (by definition) $100\% \div 53^{10} \cong 2\%$.
323. Any Tier 2 area with a small number of students – an arbitrary figure might be one quarter of the average or $\frac{1}{2}\%$ - might be considered underpopulated and could be considered for amalgamation with another. Similarly, any Tier 2 area with a large number (say over four times the average or 8%) might equally be reviewed to establish whether it is truly homogenous (which it might be) or whether sub-division might be worthwhile.
324. Self-evidently these suggestions are based on improving SSA Tier 2 as a basis for weighting 16-19 programmes. SSA Tier 2 may well have other uses, and indeed other users, within the vocational education and training community, and it has been no part of the brief of this project to investigate these other uses or consult other users. It may be the case that these suggestions are incompatible with other uses to which the SSA Tier 2 classification system is currently put – though it is hard to see how this could be so. One might instead expect that *all* uses of the SSA Tier 2 system, both actual and potential, might benefit from the suggestions made above.

The relationship between SSA Tier 2 and Tier 1

325. Some respondents were also concerned about the relationship between the weightings assigned to SSA Tier 2 and those also assigned to Tier 1.

¹⁰ 53 rather than 49 because SSA 3.1 to 3.4 are counted twice – different weights apply depending on whether or not provision is in a specialist institution.

326. The difficulty is in explaining where the Tier 1 weighting has come from and its purpose. Where all sub-weightings are the same, then it seems natural that the Tier 1 weighting should be the same too – SSA 2 is an example:

Table 1 SSA Tier 2 weighting

2	Science and Mathematics	Base	1
2.1	Science	Base	1
2.2	Mathematics and Statistics	Base	1

327. But where they differ (as for instance SSA 6 – ICT) the Tier 1 weighting seems to be the mean of the sub-weightings given, rounded to the nearest existing value (and rounded down rather than up in case of a tie):

Table 2 SSA Tier 6 weighting

6	Information and Communication Technology	Base	1
6.1	ICT Practitioners	Medium	1.2
6.2	ICT for Users	Base	1

328. It was not clear to these respondents how SSA Tier 1 weightings are meant to be used. If they are intended to apply to mixed programmes that draw from more than one sub-area, then they contradict another rule in place which implies that “in case of doubt, mixed programmes should be assigned to the SSA class that reflects the majority of the activity”¹¹.
329. To remove this contradiction, it is suggested that (unless a new purpose for them can be established) the allocation of weightings at SSA Tier 1 level should be discontinued.

Factors affecting the internal costs of running programmes

330. Notwithstanding the “price” arguments in Section 2, institutions will necessarily have regard for the factors that (to a greater or lesser extent) affect the internal costs of running programmes when considering how to respond to the funding available.
331. It is therefore important to understand just what factors might influence differences in internal costs between programmes, and in particular any changes in this cost base that

¹¹ By definition, any programme that cannot be classified using SSA Tier 2, but has to be identified at Tier 1, must be a “mixed programme” as far as SSA Tier 2 classifications are concerned. In which case – assuming the programme is not a *precise* 50-50 split between two SSA Tier 2 classifications – the “majority activity” rule can be used.

might impact differentially on programmes (and thus affect programme weights). Accordingly, a list of potential factors was drawn up and discussed with interviewees.

332. The factors are in the left-hand column of the table below, and a summary of responses on the right. The significant responses (over 15%) are in **bold**:

Table 3 Factors affecting the internal costs of running programmes

<i>Potential factor</i>	<i>Comments from interviewees</i>
Pre-learning activities, including marketing, recruitment, initial assessment, induction	<ul style="list-style-type: none"> ▪ These were generally not seen as the cause of any significant differential in costs between programmes. They depend as much on the background of the young person as on the programme to be followed ▪ The principal exception was for land-based colleges¹², which tend to recruit from a wider (up to UK-wide) basis and certainly outside their local area
Class size, and in particular the causes of small class size	<ul style="list-style-type: none"> ▪ Smaller class sizes are a major determinant of increased unit cost ▪ Smaller classes can be due to health and safety constraints, and in particular to limitations on the extent to which one lecturer can supervise potentially dangerous activities ▪ They can also be due to space considerations, particularly in laboratories (though some interviewees refuted this point) ▪ Student demand can also be a factor, and often it is not possible to discontinue a class since that would have knock-on effects elsewhere in the institution. There was no suggestion that this should be addressed by programme weights, except in the case of stimulating new provision – see below ▪ Student need can also be a factor, and there are serious doubts about whether programmes for students seeking to make progress on basic skills can be run on the same general class size as elsewhere in the institution. This doubt remains even when the students do not have identified difficulties or disabilities and do not qualify for any additional support ▪ Exam board requirements were also mentioned in

¹² As will become apparent, responses from land-based colleges differ from more general responses at a number of points in this Report. A summary of why land-based provision might be considered different is therefore included at Annex 3.

<i>Potential factor</i>	<i>Comments from interviewees</i>
	this context in relation to performing arts – any restriction on group size for the purposes of “assessed performance” having an impact on class size
Additional staff	<ul style="list-style-type: none"> ▪ Different vocational areas need very different levels of technician or other support, from none to potentially 0.2 FTE per group ▪ This is a major determinant of differences in costs
Specialist/scarce staff costs	<ul style="list-style-type: none"> ▪ Only one interviewee reported needing to pay at a higher point on the scale to recruit good lecturing staff (in Mathematics): there is some suggestion that the economic downturn is attracting more people into teaching and lecturing and that this may be helping to alleviate any pressures in the market
Equipment and facilities	<ul style="list-style-type: none"> ▪ Again, a source of considerable differentials between programmes in different areas with land-based colleges being particularly challenged by costs in this area
Consumables/materials	<ul style="list-style-type: none"> ▪ Considerable differences between programme areas. However the overall budget for consumables is generally not necessarily that large compared to other factors (particularly staff/class size) – land-based colleges would again be an exception here
Premises and estates	<ul style="list-style-type: none"> ▪ Different programme areas can have very different demands on premises, estates and capital plant. Interviewees stressed this point repeatedly. However it is understood that the 16-19 funding formula is specifically not intended to contribute towards institutions’ capital expenditure (or even the revenue costs of capital) so the point is out of scope of this report
Student reviews/ assessment, and more general student support	<ul style="list-style-type: none"> ▪ Not generally believed to vary by programme area. Variability more likely by background of the student (which may in turn vary with programme area, but that is not the point) ▪ There was some suggestion that pastoral support requirements were steadily increasing as more students with more complex needs stayed on. The abolition of EMA was also mentioned in this context – both in terms of demands on the available funding and due to the need for increased local administration of Student Support

<i>Potential factor</i>	<i>Comments from interviewees</i>
	<ul style="list-style-type: none"> ▪ Again land-based colleges have a particular issue here – their placements can be UK-wide rather than largely local to the college
Where delivery takes place – in institutions or elsewhere	<ul style="list-style-type: none"> ▪ Only relevant if the revenue consequences of capital are taken into account ▪ One institution visited had given up offering outreach in premises where it had to pay any rental, and only now offered outreach provision in premises (e.g. community centres) it could use free of charge
Examination and assessment fees	<ul style="list-style-type: none"> ▪ These do vary by programme area, and also between vocational and academic modes of study ▪ The difference between different programme area costs is not a major concern; the overall cost (and the speed with which it is increasing) is. See below, paragraph 335
Programme development	<ul style="list-style-type: none"> ▪ Largely an equivalent cost across all programmes, and so can be ignored for programme weighting purposes
Quality assurance	<ul style="list-style-type: none"> ▪ Largely an equivalent cost across all programmes, and so can be ignored for programme weighting purposes
Management	<ul style="list-style-type: none"> ▪ Largely an equivalent cost across all programmes, and so can be ignored for programme weighting purposes
The “amount of teaching” needed for programmes in one programme area rather than another	<ul style="list-style-type: none"> ▪ Where it was referred to, this was a “large programmes” issue, and out of scope for this report.
Health and Safety training needed by students	<ul style="list-style-type: none"> ▪ Health and Safety has its greatest impact in the land-based sector, where highly complex and dangerous machinery is frequently used by individuals working unsupervised (after the relevant training) ▪ It is an important justifying factor for the higher weighting given to specialist facilities in SSA 3 ▪ No other programme area was mentioned in this connection

Changes in the cost base

333. Interviewees were also asked how the cost base described above had changed in recent years, and whether increases in particular costs (which might apply differentially across different programme areas) might impact on specific programme weightings.
334. In general, one side effect of the recession is that costs have not moved very much in recent years. Staff salaries, for instance, have progressed only slowly (annual increments notwithstanding) and since the bulk of any internal programme cost (and therefore any programme weighting) relates to staff salary any movement here should not impact on weightings.¹³
335. There have been major increases in examination and assessment costs in recent years, which have put increased pressure on institution budgets, and will continue to do so (particularly in the light of additional qualifications no longer being funded, see above). However these increases are also distributed more or less equally across all programme areas, and should not distort relative weights.
336. One area which may distort weights in due course (as institutions change their perceptions of what is a “fair” price) is the increased use of technology, particularly computers, to support programme areas which previously had not been particularly “technological”. This may in due course require some programmes currently weighted as 1.0/Base to be moved to a higher band: the recommendation made below for a new 1.1/Enhanced band (see paragraph 431) may be useful in due course in this context.

Approaches to learning and teaching

337. Although it is outside the scope of this study, interviewees frequently stated that funding for 16-19 study has been under increasing pressure over recent years, particularly when compared to the level of funding that schools were once used to receiving from their local authorities in respect of sixth form study. It is therefore relevant (and within scope) to ask whether any of the institutions visited are planning changes to their approach to learning and teaching, whether funding driven or for any other reason, if these changes might in turn have an impact on the costs they face.
338. In general, interview respondents were not planning to depart from “classical” approaches to learning and teaching, involving staff supporting student learning through exposition and coaching in real time. In particular, there was little support from anyone for “ultra blended learning” approaches where most of the content delivery is by pre-recorded video and audio, reserving lecturer-student interaction for tutorial and one-to-one coaching. The most usual response was that such an approach “would not be suitable for our students”.

¹³ Increases in staff salaries would only affect providers’ views of weightings if simultaneously (a) staff salaries made up significantly different *proportions* of the costs of different programmes at provider level and (b) these salaries had increased at a significantly different rate (higher or lower) than increases in non-staff costs. Probably neither (a) nor (b) is true. It is therefore very unlikely that both are.

339. However, respondents did talk about:

- Combining classes where both classes needed to study the same area as part of their (different) programmes of study. This has always been possible in theory, but equally has always been complex to arrange and timetable, and perhaps involved some content compromises in practice. These complexities, and compromises, are more worth putting up with as money becomes tighter.
- Identifying when a lecturer is actually “teaching” and when he/she is in fact supervising and supporting students while they undertake a set task. Traditionally, these have always been viewed as indivisible, but theoretically a distinction could be drawn – particularly in Art and Design, say, or any other project based course of study, where the business of explaining the task is over relatively quickly and the supporting tutor is fairly soon into supervisory mode.
- If the distinction can be drawn, then perhaps alternative support staffing can be arranged, and money might be saved. For example, in HE it is common for much practical project support to be given to students by technicians rather than lecturers.
- In GFE substituting assessors for lecturers.

340. As yet there is no evidence of what kinds of savings might be possible from these strategies, and thus no evidence of what if any differential savings might result (and in turn justify weighting changes). The most that could be said is that the second of these three savings might be more possible in higher weighted subject areas (since these tend to make more use of project work, and of technicians who could support it).

The interface with the Skills Funding Agency

341. The change to a new funding methodology has sharpened up the split at 19. The majority of 16-19 year olds are now funded for continuous full time study on a programme basis while adults are funded on a qualification by qualification basis with part-time study in mind.

342. This may reflect an underlying tendency for the two groups to study in this way, but the line is not hard and fast. In particular, 19 year olds (and older students) returning to study, for example after ineffective spells in – or out of – employment, may wish to follow a full-time programme based course. Equally some younger students, in work or with family responsibilities or (as noted above) with a need to retake one or more individual qualifications, may prefer (or require) the more “adult” part-time approach.

343. General FE colleges in particular confirmed that the first of these groups – young people over 19 wanting to follow a full-time programme – would follow exactly the same programme as, and be included in groups with, 16-19 year olds.

344. There is a potential funding misfit where students wish to follow programmes, or to follow programmes in a particular way, intended for the “other” age group. Most institutions simply cope with these students, and if the funding does not fit the provision then the effect is only marginal. However at least one instance where a sixth form college has effectively moved

out of 19+ provision entirely, leaving no 19+ provider of A levels locally, was found during the fieldwork. There may be other cases – following the argument in Section 2 – where providers similarly abandon provision that does not “fit” the funding methodology offered.

Differences between weightings

345. Alongside the differences in approach between the two funding agencies there are also differences in weightings actually used. Although the Skills Funding Agency methodology no longer explicitly lists programme weightings based around 1.0 as such – instead listing actual sums payable for different “sized” qualifications across five bands (Base, Low, Medium, High, and Specialist) – the ratio between funding across these bands is consistent and it is straightforward to work out the underlying weightings that have been used.¹⁴
346. Self-evidently, the spread of weightings under the Skills Funding Agency approach is wider than under the Education Funding Agency’s 16-19 funding formula. None of our interviewees raised any concerns about this. Challenged, they explained that a 16-19 programme contained a wide range of activities alongside the (vocational or academic) qualifications being studied, all of which could notionally be regarded as having a weighting of 1.0; it was therefore understandable that – once a view of the whole programme was taken – the range of *programme* weightings would be smaller than the range of *qualification* weightings.
347. Certainly no interviewee mounted a challenge to a 16-19 *programme* weighting solely or even partly on the basis that the corresponding Skills Funding Agency *qualification* weighting was higher.

14-16 year olds

348. In the context of giving interviewees an opportunity to comment on any aspect of the approach to 16-19 funding that was causing concern, there were no issues raised about the use of a slightly amended version of the 16-19 methodology to fund 14-16 year olds in further education, as is proposed from 2014-15.

¹⁴ See http://readingroom.lsc.gov.uk/SFA/A_New_Streamlined_Funding_System_for_Adult_Skills_FINAL.pdf, paragraph 16. The equivalent weights are {1.0, 1.12, 1.3, 1.6, 1.72}

4 Specific views and recommendations on existing weights

Introduction

401. The previous section concentrated on interviewees' and questionnaire respondents' overall views of the way in which the new funding methodology used programme weights to allocate resources. This section explores their views of individual weights and in particular any "pressure points" in the system.
402. To structure the discussion, respondents were initially asked:
- whether in their view the values for the four bands' weighting factors themselves were correct (i.e. whether the set {1.0, 1.2, 1.3, 1.6} contained the right numbers); and
 - whether the allocation of the 49 SSA Tier 2 programme areas¹⁵ to the four bands was itself correct (i.e. whether every Tier 2 programme was in the right band).
403. It will be appreciated that these questions are not independent: a respondent wishing to increase the resources allocated to a programme weighted 1.2/Medium might argue for the weighting assigned to Medium to increase; might argue that the programme should be moved to 1.3/High; or indeed might argue for both (on the grounds that one or other argument might succeed). As far as possible this "double counting" has been removed from the analysis.
404. The project, for reasons explained in Section 2, did not enforce a rigid financial data collection methodology on colleagues¹⁶. Instead, interviewees were asked to focus their answer on the two questions of paragraph 210, namely:
- are institutions prepared to put on a particular programme, given the funds made available by the funding formula and (in particular) by the programme weighting assigned to it; and
 - what exactly will be provided in return?

¹⁵ Actually 53, since the four "Specialist" weighted land-based areas (SSA 3.1 to 3.4) were regarded as distinct from the same four areas when weighted "High".

¹⁶ Interviewees (though not questionnaire respondents, since the design of the online questionnaire did not permit it) were asked if they could submit any costing sheets or other quantitative evidence specifically to back up any suggestions they had to make about how weights might be changed in future. None were able to do so. This confirms the suggestion made in paragraphs 207 and following to the effect that *either* actual costs incurred within institutions were so influenced by cost endogeneity as to limit the value of such information *or* that institutions did not have mechanisms in place to assess costs at programme level. But see the reference to the potential rise of zero based budgeting in paragraph 209.

Zero sum

405. It was made completely clear to respondents that requests for views on specific weights were made in a zero sum context. Specifically, respondents could not assume that any request made for an increase in weighting for a particular Tier 2 programme area would, either in theory or in practice, lead to increased resource for 16-19 provision overall.
406. On the contrary, if respondents argued that one or more programme weights should be increased (either by moving a particular programme area to a higher band or for that matter by increasing the weight assigned to an entire band) then they needed to accept that other elements of the formula (the national funding rate for example) would reduce accordingly¹⁷.
407. Incidentally, it is neither reasonable nor practicable to require that some weightings be reduced with a view to “balancing” the increase in others and thus artificially preserving the value of the national funding rate. Unless weightings were calculated to many decimal points, the balance would not be sufficiently exact and the national funding rate would still need adjustment if the overall quantum of funding for 16-19 education was not to be changed.

Views of the weightings assigned to the four bands

408. The first question to online questionnaire respondents was indeed whether the weights assigned to the four bands in the new methodology were, in their view, correct: in other words, whether the set {1.0, 1.2, 1.3, 1.6} contained the correct numbers.
409. The full analysis of responses to this question is in Annex 2. But the headline figure is that broadly three-quarters of questionnaire respondents were satisfied with the values intended for the new methodology.
410. This result needs to be approached with some caution. In particular, and as already noted (paragraph 304), very many institutions (school sixth forms, academies and some sixth form colleges, in particular) are hardly affected by weightings at present, and might not be expected to have as strong views on them.
411. A further analysis therefore looked at the views of general FE colleges alone, since these colleges have the greatest exposure to the full range of weights (and indeed SSA Tier 2 areas) on offer. Here the proportion objecting to the current range of weights was higher. Around half of colleges, for instance, believed that the weight currently assigned to the High band (1.3) was too low and similar (though slightly lower) proportions also queried the other bands.

¹⁷ Respondents – despite assurances to the contrary – may not, of course, have fully internalised this point. Previous reviews of programme weights have concluded with the recommendations from the study being referred back to the sector for consultation, and this does provide a check that all are clear about the consequences of changes being made on their recommendation. (Such reviews are built in, for example, to the popular “Delphi” technique.)

412. In summary, where respondents asked for a change in the weightings:
- Medium weighting factor 1.2 was felt to be too low by 13% of respondents (27% of FE Colleges), with 1.3 overwhelmingly the most popular suggestion
 - High weighting factor 1.3 was felt to be too low by 21% of respondents (46% of FE colleges), with 1.4 being the most popular alternative suggestion (but 1.5 also being mentioned, and a counter-suggestion – presumably from those who felt that lower weighted areas were being starved of resources to meet the cost of high weightings – in support of 1.2)
 - A handful of respondents queried the value of specialist weighting factor 1.6, but this handful was equally divided between those who thought it too low (11% of all respondents and 10% of FE colleges) and those who thought it too high (16% of all respondents and 12% of FE colleges).
413. The last point here perhaps bears some further comment – the additional weighting for specialist facilities in land-based colleges has always been a bone of contention with some general FE colleges who believe they offer similar provision at a much lower funding rate. Land-based colleges do not share this view, and argue that the provision is very different. (Annex 3 to this report returns to this issue in more detail.)
414. More generally, deciding on programme weightings is not a democratic process, and changes are not “voted for” in any crude way. Nevertheless it is significant that nearly half our questionnaire respondents from FE colleges queried the current value used for the High weighting factor (1.3), and suggested it might be raised. We have argued in Section 2 that perceptions on whether particular programmes are adequately funded may affect institutions’ responses to those programmes, and will discuss later in the next Section (paragraph 501 and following) how programme weights may influence activity. To anticipate that discussion, if programme weights *can* influence activity then under-weighting programmes may influence activity in the “wrong” direction, and there may be some danger of this if the High weighting value is “too low”.
415. Of course, any upward adjustment to the value of the High weighting factor calculated on a zero sum basis would require a reduction in the unit of resource, and thus move funds from institutions that did not offer High weighted programmes to those that did.¹⁸

Views of the “membership” of the four bands

416. As noted, the next question put to respondents concerned whether SSA Tier 2 areas were assigned to the wrong bands. This question allowed respondents to express concern about individual weightings without jeopardising the current four-band model. For each SSA Tier

¹⁸ It would be possible to analyse all suggestions made in this Report to see whether they “moved money from schools to FE” or indeed “moved money from FE to schools” (as some later ones arguably will). Politically this may be an important consideration. In pure (and slightly cold) logic it is the function of a funding methodology to reflect policy and (in theory at least) any institution could offer any programme; so the impact of particular changes on individual institutions or classes of institution is not necessarily relevant.

2 area, respondents were asked whether the current weighting band was correct, or if not which of the weighting bands currently available the area should move into.

417. Conservatively, where respondents did not express an opinion this was taken as an endorsement of the present arrangement.
418. On the same basis as in paragraph 411, responses from general FE colleges were again looked at separately.
419. The outcomes from this exercise are set out in full in Tables 19 and 20 in Annex 2 and can be summarised (this table is also taken from Annex 2) as follows. Use of the word “significant” in the table implies that at least 15% of respondents (whole population or GFE population, as the case may be), raised the suggestion in question. For completeness the table includes all SSA Tier 1 areas, even those with “nil returns”:

Table 4 Comments on individual weightings

<i>SSA Tier 1 area</i>	<i>General comments from whole population</i>	<i>General comments from GFE colleges</i>
1 Health etc.	Significant (i.e. >15%) concerns about the allocation of Medicine and Dentistry; Nursing etc.; Health and Social Care; and Child Development etc. in band 1/Base. In each instance a majority of those objecting suggested band 1.2/Medium, but there was also support for band 1.3/High, especially for Medicine and Dentistry	The same points, but much higher proportions expressing concern and across almost all aspects of SSA group 1. Nearly a half recommended an uplift for Medicine and Dentistry
2 Science	Almost two thirds of respondents believed Science was in the wrong band. Almost a half of respondents believed it should be weighted 1.2/Medium, and a significant proportion of respondents argued for 1.3/High. A handful suggested 1.6/Specialist. This was the highest rate of objection to an existing classification. Mathematics and Statistics was regarded as correctly weighted by most: objectors were just under the 15% threshold	The same points, in similar proportions
3 Agriculture (non-	Exactly 15% of respondents believed Environmental	No significant objections, though a small proportion (<10% in

<i>SSA Tier 1 area</i>	<i>General comments from whole population</i>	<i>General comments from GFE colleges</i>
specialist)	Conservation was over-weighted, and should be 1.0/Base. There were no other significant objections	each case) would transfer all these to 1.6/Specialist
3 Agriculture (specialist facilities)	No significant objections here, not even to Environmental Conservation. Presumably if specialist facilities are needed then they are needed, so to speak	No significant objections
4 Engineering and Manufacturing Technologies	No significant objections	A significant proportion (18%) would uplift Transportation etc. to 1.3/High and a similar proportion (21%) would lift Engineering to 1.6 (currently reserved for specialist provision in agricultural colleges)
5 Construction, Planning and the Built Environment	Nearly a quarter of respondents believed Building and Construction was in the wrong band, and should be weighted 1.3/High. No other significant objections	Two thirds of respondents believed Building and Construction was in the wrong band, and should be 1.3/High
6 ICT	Over a quarter of respondents believed that ICT for users should be weighted 1.2/Medium	Same point, slightly higher proportion
7 Retail and Commercial Enterprise	Just over 15% argued for Hospitality and Catering to move to 1.3/High (or higher)	Same point, nearly a half of respondents made it
8 Leisure, Travel and Tourism	A third of respondents wanted to move Sport Leisure and Recreation to 1.2/Medium or higher	Same point, much higher proportion (45%)
9 Arts, Media and Publishing	A quarter of respondents would rate Media and Communication higher than 1.0/Base	Same point, proportion one third
10 History, Philosophy, Theology	No objections	No objections
11 Social	No objections	No objections

<i>SSA Tier 1 area</i>	<i>General comments from whole population</i>	<i>General comments from GFE colleges</i>
Sciences		
12 Languages, Literature and Culture	No objections	No objections
13 Education and Training	A significant proportion of respondents (16%) doubted whether Teaching and Lecturing needed to be 1.2/Medium, and suggested 1.0/Base	Same point, same proportion
14 Preparation for Life and Work	A significant proportion of respondents (17%) would rate both areas of 14 at 1.2/Medium, or higher	Same point, higher proportions (around a quarter)
15 Business, Administration and Law	No objections	No objections

420. Interviewees (in general) reinforced these views, and also made a number of additional points, including:

- the growing importance of technology in music education, which is not reflected in its current weighting for A level provision (“vocational” Music programmes are weighted 1.2/Medium under SSA 9.1 – Performing Arts); and
- a similar comment in respect of audio technology in modern foreign language teaching.

Interpreting these views

421. The point has already been made that deciding on programme weightings is not a democratic process, and the mere fact that a proportion of respondents to an online questionnaire (backed up, as it may be, with views collected in interview) is not of itself sufficient grounds for amending a weighting without any further thought. It should also be borne in mind (a) that a majority of questionnaire respondents (and interviewees) had expressed some level of satisfaction with the new arrangements being introduced and (b) that given the presence of transitional protection there is no need to act quickly.

422. Nevertheless, questions about weightings have been put to a broadly representative sample of institutions both online and face-to-face and the responses deserve consideration, particularly where these responses coincide with good professional judgement (as generally expressed) and evidence from other funding methodologies and approaches.
423. We therefore make the following suggestions, in broadly priority order, which we propose should be borne in mind the next time that the 16-19 funding formula and associated programme weightings are reviewed. Against each suggestion we give a summary of the supporting evidence.
424. It should also be noted that these suggestions are not strictly independent. For example, moving Science to 1.2/Medium arguably strengthens the case for moving Construction to 1.3/High: at least, if the argument for Science is resisted then the argument for Construction has less force.

Table 5 Suggestions for possible changes to individual weightings

<i>SSA Tier 2 area</i>	<i>Suggestion (and summary of supporting evidence)</i>
2.1 Science	<p>Move to 1.2/Medium</p> <p>Science satisfies most of the cost driver criteria in the table in Section 3 (paragraph 332)</p> <p>In particular, it requires additional equipment, smaller group sizes, technician support, additional resources, and facilities for practical work</p> <p>A significant proportion of respondents recommended 1.3/High, so 1.2/Medium is a conservative interpretation of the opinion base</p>
5.2 Construction	<p>Move to 1.3/High</p> <p>Construction again satisfies most of the cost driver criteria in the table in paragraph 332, and to a greater extent than its current weighting of 1.2/Medium implies</p> <p>A specific comparison was drawn with 5.1 Engineering (already weighted 1.3/High)</p>
14 Preparation for Life and Work	<p>Move to 1.2/Medium</p> <p>Under the former qualification-based funding formula, qualifications in this area used to be weighted 1.4 to reflect smaller group sizes and the need for increased support for the students concerned; they are also often quite “intensive” in order to maximise these students’ capacity to learn and retain what they have learned</p>

SSA Tier 2 area	Suggestion (and summary of supporting evidence)
	<p>The nature of the programme has not changed</p> <p>There is the potential for overlap here with students who qualify for additional learning support through the “high needs” route, but it was strongly argued that the majority of students following these programmes are not in this group</p> <p>The relationship between programmes in 14.1 or 14.2 and the funding allocated through the two “disadvantage funding blocks” also needs to be considered. Arguably programmes in these two SSA 2 areas are likely to attract young people who qualify for one or both of the disadvantage funding blocks, respectively because their home postcode is in one of the 27% most deprived lower super output areas or because they will lack one or both of GCSE English and Mathematics at grade C. There is thus in theory a possibility of “double funding”.</p> <p>However, our professional opinion would be that:</p> <p>Disadvantage funding block 1 is designed to “provide additional funds to recognise the additional costs associated with engaging, recruiting and retaining young people from disadvantaged backgrounds.” These costs are distinct from the programme the young person may be following</p> <p>Disadvantage block 2 (and to an extent block 1 also) is primarily intended as a “proxy” to give institutions a fund from which to meet the additional learning needs of students whose needs fall below the “high needs” classification (which is separately funded). For this approach to be effective, institutions must be encouraged not to identify the funds concerned with the specific students that “earn” them. This principle is contradicted if these funds are taken into account when determining programme weights (which are student-specific).</p> <p>In our view, therefore, SSA Tier 2 areas and their programmes should be weighted on their merits irrespective of whether individual participants are likely to qualify for either or both blocks of disadvantage funding. We can however see that views may differ on this.</p> <p>Note also the previous recommendation (paragraph 320, second bullet) concerning SSA 14. The argument for weighting (parts of) SSA 14 at 1.2 is made stronger if SSA 14.1 and 14.2 could be “unpicked” and those areas that perhaps do not justify a higher weighting put to one side.</p> <p>See also the discussion of the Prince’s Trust Team programme (paragraphs 454 and following below) for a specific example of a programme potentially disadvantaged by a 1.0 weighting.</p>

SSA Tier 2 area	Suggestion (and summary of supporting evidence)
1.1 Medicine and Dentistry	<p>Move to 1.2/Medium</p> <p>Whatever is done at Level 3 and below in medicine and dentistry will almost certainly involve significant practical work and probably small group work</p> <p>A base weighting would not sustain this provision</p> <p>Base weighting looks strange in comparison with (say) higher education, where medicine and dentistry commands the (equivalent of) the highest weighting available</p> <p>1.2 Nursing should also be reviewed, for similar reasons¹⁹</p>

425. Two SSA areas are identified in Table 4 and not specifically referred to in Table 5. Here the evidence is less strong, but the potential for change might be considered at some future date:

- Whether the additional practical costs of delivering Sport, Leisure and Recreation (which of course involves far more than just classroom-based work) might eventually justify its receiving a higher weighting than Base/1.0.
- Whether in due course – and specifically in the light of any future policy to encourage greater take-up of engineering courses by students and indeed by institutions – some engineering programmes might deserve to be weighed Specialist/1.6.

426. Of course the last of these suggestions – identifying some high-cost engineering programmes rather than others – might require a refinement of SSA Tier 2 so that these programmes can be identified separately.

A possible new band

427. Finally, there were, as Table 4 shows, small lobbies in favour of (a) removing the distinction between ICT for practitioners and ICT for users and weighting both 1.2; (b) upgrading Media and Communications to 1.2.

428. When explored with interview participants, the arguments for 6.2 ICT for users and 9.3 Media and Communications were similar, and both revolved around the need for intensive access to computing facilities.

429. It is suggested that the arguments for ICT/users and Media/Communications have validity, but that support for them is insufficient to justify these two programme areas being

¹⁹ Interestingly, there are vanishingly few students currently recorded as following a programme classified within SSA 1.1. For example, most dentistry students are currently classified under 1.2 (Nursing) or 2.1 (Science).

transferred to the Medium category. This does not however mean that they are currently correctly weighted.

430. Leaving agriculture with specialist facilities to one side, the current structure offers only two alternatives to Base – a band for programmes requiring dedicated, purpose-equipped facilities and a further band for major “heavy” programmes which require exceptional facilities, small groups for Health and Safety, etc. There is no band for programmes which, while not requiring dedicated facilities as such, require every student to sit in front of an individual computer (and be supported in its use) rather than use the generally available computers in the resource centre once the lesson has finished. There are increasing numbers of such programmes, including the two referred to above and also potentially modern foreign languages (see paragraph 420 second bullet).
431. One way to address this concern would be to consider creating a new band, provisionally entitled “Enhanced” and provisionally weighted 1.1, for these programme areas and others like them.
432. It is acknowledged that the suggestion of creating a further new band, when indeed the banding system has just been simplified as part of the new methodology, may seem unreasonable or perverse. Certainly it represents a (small) step back towards the previous funding methodology²⁰. But there is a danger that if programmes are perceived as under-funded then institutions will not invest in them. (Alternatively, institutions may switch into other programmes that are more appropriately weighted – this may be an issue for A levels, as we shall see.) Conversely, announcing that certain programmes like these (if they are regarded as sufficiently important) will in future be weighted 1.1, and that institutions will be expected to increase their investment in delivering them, would send a powerful signal.

These recommendations in context

433. To repeat the point at the start of this section, these recommendations – the band changes in paragraph 421 and the new band in paragraph 431 – are explicitly made in the context of a “zero sum”.
434. With reference to the discussion in Section 2 above, it should also be explicitly pointed out that these changes are suggested on the basis that (in the view of institutions surveyed both by online questionnaire and face-to-face interview) current weightings do not properly reflect perceived relative differences. However there is no evidence to suggest that institutions are on the point of discontinuing the provision concerned in the short term on the grounds that the “price” offered for it is too low. The perceived risk is more likely to be to institutions’ willingness to invest *further* in these programme areas, or of an increased mismatch between what is expected of students “graduating” from these programme areas and what institutions can afford to provide.

²⁰ Under which there was indeed a band weighted 1.12.

435. Either of these – reductions in investment, or a mismatch between students’ skills and employer expectations – could be unhelpful.

Other specific areas

436. A number of specific programme weighting concerns had been raised with DfE and EFA in advance of this study.

The weighting for A level programmes (including those involving STEM)

437. Queries have been raised as to how the new formula should treat the weighting of A level programmes that included a Science, Technology, Engineering or Mathematics component.
438. There are two issues here:
- The weightings for Science, Technology, Engineering and Mathematics
 - Whether or not these weightings should apply to A level programmes.
439. In respect of the first issue, it has already been suggested that the weighting for Science should change from 1.0/Base to 1.2/Medium. No recommendations for weighting changes have been made for the other three elements of STEM.
440. This leaves the question of how A level programmes including STEM should be weighted. This is a subset of a larger question – whether A level programmes that fall clearly into vocational areas should be weighted according to the vocational areas in which they lie, or whether all A level programmes should continue to be weighted 1.0 as at present.²¹
441. Interviewees’ responses fall into three clear groups:
- Many school/academy sixth forms and sixth form colleges appear not to have suffered any ill effects from the ending of differential funding for A levels²². More precisely, perhaps, the precise details of how their funding allocation is worked out programme-by-programme are not a matter of great concern to them (though other aspects of the funding formula, and certainly the overall quantum of funding, are certainly of concern). They do not have strong views on whether differential funding for year 12 and 13 students based on their subject of study should be (re-) introduced, and might potentially not welcome it, not least for the complexity involved in tracking different students’ programmes for funding purposes.
 - General FE colleges, on the other hand, are well used to running complex methodologies. Moreover, they often teach A level subjects alongside vocational

²¹ There is a third possibility – namely that A level programmes should all receive the same weighting and that this should be higher than 1.0 to recognise the spread of subjects typically found in a mixed A level programme. This possibility was not suggested by any interviewees.

²² Which, as already noted, was present in the previous qualification-based system but is not present in the programme funding system now implemented.

subjects with similarities in content. One example pointed out was photography, where the hourly cost of the BTEC Photography course was (in the view of the interviewee) identical to that of the A level Photography course – the same lecturer, the same equipment, similar approaches, similar group sizes – yet one was “weighted” and one was not²³.

- Sixth form colleges and school sixth forms with particularly strong Science traditions – some of whom may previously have been “specialist schools” – argued that their disproportionate number of science and technology A levels resulted in additional expense in running their sixth form programmes that other more general sixth forms/colleges did not incur, and that was not covered by the funding formula. (There is also some evidence to suggest that more students in years 12 and 13 are opting for Science – in part this is felt to be a reflection of the message that STEM subjects offer the best chance of good progression. To the extent that Science is under-weighted, the fact that more are opting for it amplifies the problem²⁴.)

442. In addition, the arguments of Section 2 have relevance. If it is wished to promote the development and take-up of STEM subjects throughout 16-19 provision, then funding them²⁵ at the standard rate when they occur in A level form is unlikely to have the desired effect. Arguments to institutions to deliver more STEM A levels are therefore likely to founder on the perceived additional (and unmet) costs of these subjects.
443. The issue is therefore finely balanced. If the majority of institutions offering A level programmes offer broadly the same mix, then (other things being equal) introducing a higher weighting for science A levels will by definition not move money from institution to institution, and will represent complexity introduced for no purpose. However if it is wished to encourage a greater investment in STEM provision within A level programmes – greater both in terms of the number of students supported to follow these programmes and the greater level of resource available for them – then offering a higher weighting for these programmes would be a relatively straightforward way to do so.
444. There is as previously noted, a minor technical difficulty: that of deciding how to weight a student’s A level programme if it contains A levels of different “weights”.²⁶ However there is a ready solution enshrined in the existing principle (already referred to in paragraph 328) that “in case of doubt, mixed programmes should be assigned to the SSA class that reflects the majority of the activity”. Clearly a three A level programme that contains two or more A levels weighted 1.2 would bear an overall 1.2 weight; while a programme that contains one or none would be weighted 1.0.

²³ In similar vein another interviewee operated an all A level sixth form apart from a BTEC in Music Technology (weighted at 1.2 as a vocational qualification). In part, the choice of BTEC rather than A level music was said to be a consequence of the weighting.

²⁴ To an extent, and where sixth forms are small, there may be economies of scale as STEM numbers rise. But once group size capacity is reached – for example, when group sizes exceed those prescribed by Health and Safety or laboratory space considerations – economies of scale no longer apply.

²⁵ Apart from Mathematics, where respondents argued (if partly by default) that 1.0 was the correct weighting.

²⁶ E.g. Maths (1.0), Physics (1.2), Chemistry (1.2).

445. It only remains to dispose of the cases of a two A level programme (which can be weighted 1.0 on the grounds that it is “light”) and a four A level programme (where it is suggested that any three of the four A levels may be used for deciding on “the majority of the activity” while the fourth is simply ignored. Which A level is ignored can be left to the discretion of the institution).²⁷
446. It is therefore suggested that consideration be given to extending the programme weighting methodology to reflect differential costs in delivering A level programmes in different subject areas, and that – failing strong arguments to the contrary – on grounds of equity an A level subject should be notionally “weighted” according to the SSA Tier 2 programme area in which its nearest technical or vocational equivalent would fall. A level subjects that do not have any close technical or vocational equivalent can continue to be weighted 1.0.

Multiple A levels and the International Baccalaureate

447. It is convenient here to discuss further the issues raised by students taking either more or less than three A levels.
448. No justification was offered by interviewees for seeking additional funding for “four A level students”, or (a special case of this) for students studying Further Mathematics. This was on two grounds: (a) almost certainly a four A level student would be undertaking fewer enrichment or additional activities during the week, and this represents a notional saving (b) almost equally certainly, at least one of the four A levels being taken will be in a popular subject and the cost of the student concerned “slipping in at the back” will be marginal.²⁸
449. Accordingly, this report will not recommend that any change in weighting is made to support “four A level” students.
450. Equally, if a full time student is following just two A levels then by definition the institution will have to make a considerable input to that student’s enrichment or other additional activities in order to meet the 540 hour minimum threshold, particularly in the A2 year. If this input is made (and independently verified as appropriate) then there is no reason to withhold full funding.
451. Similar points were made (though admittedly by a small minority of interviewees) about the International Baccalaureate. Given that this qualification fitted – indeed had to fit – within a school week that was no longer than normal, the case for additional funding for it over and above an A level programme was not believed to have been made.

²⁷ To anticipate a (very small) objection, it is conceivable that (if at any stage a new band weighted 1.1 is introduced) then an individual student might end up following one A level weighted 1.0, one weighted 1.1 and one weighted 1.2. Naturally such a programme should receive an overall weight of 1.1. There are no other anomalous or ambiguous cases to which the rule of paragraph 444 would not directly apply.

²⁸ The *fully absorbed* cost of following 4 A levels may indeed approach in theory four-thirds times the fully absorbed cost of following three (other things being equal). However the *marginal* cost of adding an additional A level to a fully-enrolled and counselled (etc.) 3 A level student is very much less.

Foundation Learning in Agriculture

452. The view expressed here by respondents is that foundation learning in agriculture – indeed, in any vocational area – should follow the SSA Tier 2 weighting for that vocational area, unless the approach is so totally different (i.e. studied exclusively through an entirely different medium, such as computer simulation) as to make this seem unreasonable. In this event, the programme concerned should be transferred to a different Tier 2 classification.
453. It would however be logical to weight foundation courses in Agriculture offered at land-based colleges at 1.3, even if much of the other provision at the college concerned is weighted 1.6. The “specialist facilities” point of the 1.6/Specialist Facilities weighting is that the programme concerned *uses* the specialist facilities available, not that they are otherwise available. It is unlikely that a Foundation course would use them, or would use them with sufficient intensity to warrant a 1.6/Specialist weighting. By drawing this distinction EFA would help to demonstrate that it is still plainly funding programmes, and not funding some institutions on a higher rate than others because of the facilities that they have.

The Prince’s Trust Team Programme

454. We were specifically asked to review the way in which the Prince’s Trust Team Programme is treated by the new funding methodology; we raised the question during face-to-face discussions with two of our institutional interviewees and have since carried out three further consultations by telephone.
455. The Prince’s Trust Team Programme is an intensive, twelve-week personal development course involving work experience, qualifications, practical skills, community projects and a residential week. It is designed to offer young people the opportunity to gain skills needed to equip them for the world of work, and indeed a high proportion of Programme participants go on to employment within a short time of leaving the Programme. Although the Programme is open to all 16-25 year olds, particular priority is given to “target groups” including people leaving care, young offenders, educational underachievers and the long term unemployed.²⁹
456. Since the Programme covers both 16-19 and 19-25 year olds, it falls under both the Education Funding Agency and the Skills Funding Agency. For Skills Funding Agency purposes, it is funded on the basis of the qualifications it delivers: specifically the awards or certificates that participants achieve in employment, teamwork and community skills (QCF) at entry level 3, level 1 and level 2.
457. Within the Education Funding Agency funding regime, however, it is treated as a full or part time course (depending on the planned hours it is intended to deliver during the Programme) with a programme cost weighting of 1.0. (The programme cost weighting derives from the Programme’s position within SSA 14.)

²⁹ This description is taken from the Programme’s website http://www.princes-trust.org.uk/about_the_trust/what_we_do/programmes/teamprogramme.aspx, where further details can also be found.

458. Two questions were proposed for this study: was this funding, as provided by EFA, adequate to support the programme, and if not could anything be done through the mechanism of programme weighting to remedy matters?
459. The headline response from interviewees was that – at present, at any rate – the funding available for the Team Programme was adequate to deliver the course. It was perceived as broadly similar to the previous level of funding for the Programme. However, two of the three telephone interviewees were concerned about how proposed future changes to the EFA funding methodology would affect the Programme within a very few years.
460. These two interviewees’ major concern was over the number of planned hours that the Programme requires, and how this links to the funding that will be allocated to it.
461. Under the former funding methodology, the Team Programme was assessed as requiring 420 [guided learning] hours, and this number of hours has been incorporated in the “worked example” provided by the EFA to Prince’s Trust Delivery Partners in June 2013³⁰. Respondents felt that the funding generated by this number of hours (Band 3 in the new funding methodology) would not be sufficient to fund the Programme adequately.
462. However, it is accepted by DfE and EFA that under the new definition of “planned hours” – specifically, taking into account the ability to include “enrichment activities” within the calculation of these planned hours – it is likely that programme lengths will increase. Interviewees were aware of this, and foresaw little difficulty in demonstrating that the number of planned hours under the EFA definition required to deliver the Team Programme would be at least 450, and arguably more.
463. A 450-539 hour programme falls into Band 4, and EFA has announced that for 2013/14 Band 4 will be funded at the “full time” rate. It was on this basis – specifically, therefore, on the understanding that Prince’s Trust Team Programme participants would be funded at the same level as full-time students – that interviewees judged the current funding adequate.
464. However, the use of the “full-time” rate is an interim position reflecting the change to the new funding system, and the EFA will review the position for 2014/15 delivery. Students recorded in the 450-539 band in 2013/14 will attract part-time funding in allocations for 2015/16. Thus at some point Band 4 programmes are likely to “revert” to being funded at the mid-point rate implied by the band limits. This would represent around a 17.5% reduction in the funding available for the Programme.³¹ At this point, interviewees argued, the funding would become inadequate.
465. In justifying this conclusion, interviewees argued that the Team Programme needed a more than usual share of:

³⁰ See <http://www.princes-trust.org.uk/pdf/EFA%20Princes%20Trust%20June%202013.pdf> .

³¹ The calculation is difficult to do exactly since “prior attainment” disadvantage funding (as appropriate) would not reduce strictly *pro rata*.

- Small group work, specifically in groups of 1:10 or less, with multiple staffing where appropriate
 - Support for work placement activity, which may require intensive 1:1 staff intervention
 - Support for literacy and numeracy within the context of the vocational qualifications mentioned above.
466. Interviewees were proposing to address the anticipated shortfall in funding for the Programme by looking again at the planned hours it requires, and at least one interviewee believed it should be possible to increase these hours to 540 or above (thus reinstating full-time funding)³² by including other, purposive activity – perhaps at the expense of lengthening the programme a little from its present 12 weeks. However this is not a “no cost” solution as many of the additional hours would require staffing, at additional cost.
467. Thus although funding is adequate (in interviewees’ view) at the moment, it will not remain so. The second question of paragraph 458 was whether anything could be done through the mechanism of programme weighting to address this. An obvious solution is to review the weighting attached to the Team Programme so that – when in 2015/16 (or earlier) Band 4 programme funding is recalculated on the basis of Band 4 hours – some, or all, of the proposed reduction in funding is mitigated.
468. To judge from interview responses, institutions and their senior staff are committed to delivering the Programme adequately and effectively, so the cost endogeneity arguments earlier in this Report may not apply. It would be practicable, therefore, to carry out a detailed cost study of Team Programme delivery across (say) the ten largest institutional programmes and see what weighting – based, say, on Band 4 programme funding – is objectively justified. Such detailed work is outside the scope of this report. In its absence, we note that a programme weighting of 1.2 for the Team Programme – when Band 4 funding is normalised, *but not before* – would effectively return the funding of the Programme to its present levels.
469. In addition, 1.2 is one of the weightings already in use within the new funding methodology; there is no need to create a further additional weight for one programme only.
470. Accordingly, it is suggested that consideration be given to weighting the Team Programme at 1.2 at this future time.
471. Note that in an earlier part of this Section we have suggested that consideration be given to increasing the weighting of SSA 14 in general to 1.2. Were this to be done, then the weighting of the Team Programme would increase to 1.2 automatically. However if the

³² This would however introduce a further difficulty. Students who “drop out” of a full-time EFA programme after the qualifying date are not entitled to further EFA funding in the academic year in question (or, rather, any institution that enrolls them is not). This restriction – which is in place to safeguard public funds and ensure value for money – does not apply to part-time programmes (even to Band 4 programmes funded at full-time rates). One interviewee argued that a significant number of Team Programme students “took two goes”, often with different providers, to become established on the Programme and complete it successfully. Increasing the hours of a Team Programme beyond 540 would, in this case, solve one problem but create another.

decision is taken not to increase the weighting of SSA 14 then it is still suggested that the weighting of the Team Programme be reviewed and increased.

472. One question remains to be addressed³³. The Team Programme, it is argued, is likely to attract young people who qualify for one or both of the disadvantage funding blocks, respectively because their home postcode is in one of the 27% most deprived lower super output areas or because they will lack one or both of GCSE English and Mathematics at grade C. The former of these is likely to add between 8.4% and 33.6% to the existing funding that a particular institution can claim in respect of an individual student, and the latter either £480 or £960³⁴ depending on whether one or both grade Cs is absent.
473. Taken together, these two blocks represent a significant uplift to the funding available in respect of an individual student. In suggesting a weighting of 1.2 for the Team Programme based on its additional costs, is there a danger we are recommending double funding?
474. This is a complex question, and not easy to cover in a survey-based project such as this. However, our professional opinion would be that:
- Disadvantage funding block 1 is designed to “provide additional funds to recognise the additional costs associated with engaging, recruiting and retaining young people from disadvantaged backgrounds.” Such young people may be over-represented on the Team Programme but are not unique to it: similar costs fall on other programmes – indeed, to a lesser or greater extent, all programmes – within an institution. The intensive nature of the Team Programme, as identified in paragraph 465, is we would suggest over and above these engagement, recruitment and retention costs (though we admit the argument is at its weakest for retention).
 - Disadvantage block 2 (and to an extent block 1 also) is primarily intended as a “proxy”, that is to give institutions a fund from which to meet the additional learning needs of students whose needs fall below the “high needs” classification (which is separately funded). Indeed, it replaces the previous arrangements made for lower level Additional Learning Support. For this approach to be effective, institutions must be encouraged not to identify the funds concerned with the specific students that “earn” them. This principle is contradicted if these funds are taken into account when determining programme weights (which *are* student-specific).
475. In our view, therefore, SSA Tier 2 areas and their programmes (including the Prince’s Trust programme) should be weighted on their merits irrespective of whether individual participants are likely to qualify for either or both blocks of disadvantage funding. However, we accept that views may differ on this, which is why the additional work suggested in paragraph 468 would be of value.

³³ This subsection (to paragraph 474) is a recapitulation and expansion of an argument already made in the table in Figure 2 (paragraph 424) in the context of SSA 14 programmes generally.

³⁴ These are the rates for full-time students, and also for Band 4 (while it is treated as full-time). The rates to be adopted for Band 4 when it is funded on the basis of its upper and lower hour limits are not yet set.

5 Promotion of activity through programme weights more generally

Funding as a driver of activity

501. The discussion in the previous section – and particularly paragraph 442 – raises a more general question. If (as has been argued) the funding for an individual programme influences the way that an institution views it within its portfolio, does it follow that Government can promote the expansion of certain programmes or programme areas – STEM being a case in point – by providing additional funding for them, either through programme weights or through some other mechanism?

502. Both the online survey and the interview programme offered an opportunity to test this hypothesis. The online survey question was quite explicit:

It is possible that in the future some subjects might attract "premium weighting", possibly for a limited time, for example to reflect national priorities or skill shortages or the potential to make a particular economic contribution. Which of the following sentences best describes your organisation's likely response, should this situation occur in the future?

503. The responses to the online survey question, which (as will be noted) were based on respondents choosing between a specified range of options, are described in Annex 1 (paragraph 25). The face-to-face discussions were more wide-ranging, and allowed interviewees to address the question in a more nuanced way. However, the overall consensus is quite clear, and can be summarised as follows:

- Institutions (particularly further education colleges) do take note of local and national labour market needs, and attempt to ensure that their programmes meet potential employer³⁵ demand as well as demand from students.
- Individual programmes may be more geared to local or to national needs, often depending on their level, with lower level or more immediately vocational programmes often keyed in more strongly to local labour demand through placements with local employers (and in other ways).
- Institutions do also take note of national priorities or “special initiatives”, particularly when supported through additional funding, and most colleges try to respond sympathetically to government priorities whether they are expressed directly by government or through government agencies such as the Local Enterprise Partnerships (LEPs).

504. All this suggests that there is indeed potential to influence provision through additional programme funding. However, some caveats were expressed.

³⁵ “Employer” is being used here in a general sense, to include all student destinations.

Long or short term additional funding?

505. First, interviewees drew a distinction between additional funding for particular programme areas (say) that was designed to be permanent – in other words, a re-appraisal of what programmes in those areas might reasonably cost, based on new information or additional requirements on the programmes concerned – and temporary additional funding intended to persuade institutions to try out a new area of provision. Both have their place. However the way in which institutions react will be different.
506. If the additional funding is “permanent”, then long-term plans can be made on the basis of the funding allocated. If it is “temporary”, then the early priority is much more about launching the new provision, building up student numbers and staff expertise, and aiming to have the new provision running at “regular” (i.e. unenhanced) cost by the time the additional funding is withdrawn – or ideally some time before.
507. In particular, temporary additional funding may suggest the use of short-term staff contracts (either to deliver the provision, or more likely to “back-fill” while core staff are allocated to design and set up the provision in question) whereas long-term additional funding enables experienced permanent staff to be recruited and employed.
508. Thus self-evidently it is important that the permanent or temporary nature of any additional funding be made clear from the outset.
509. There was also the suggestion that, while permanent adjustments to funding should be delivered through the programme weightings mechanism, temporary adjustments should be made in other ways. Otherwise the “pure purpose” of programme weightings – to reflect the relative costs of provision, as perceived by institutions – might become blurred.

Capital

510. Secondly, and depending on the nature of the provision to be supported, institutions starting the provision from new may require capital investment (premises refurbishment for a new laboratory, or capital equipment) as much as a supplement to revenue costs. Indeed if a sufficient *capital* grant is provided enhanced *revenue* funding may not be necessary. Programme weights can (by definition) only cover the revenue element of any additional funding; a separate capital route must be found.
511. Note that “capital” in this context is shorthand for any one-off funding needed to kick-start the new provision, regardless of whether it is subsequently classified as capital or revenue expenditure under accountancy conventions.

Other views

512. Paragraph 503 talks of a “consensus”. However, there were a minority of differing views, and one view – from a sixth form college – is worth quoting:

“Our job is to prepare young people for higher education and indeed 60% do go on to higher education³⁶. We do not consult or reflect the labour market, either locally or nationally. It is quite unreasonable to ask a young person to take such factors into account when considering A level choices. Instead we ask the young person to consider (a) what they enjoy and (b) what they are good at. To ask young people to sacrifice either or both of these in pursuance of government policy is simply not how we see our job.”

513. It is hard to assess how widespread this view might be³⁷ – some institutions might be wary of expressing it as forcefully – but to the extent that the view is widespread it does provide a counter to the argument above.

A role for programme funding in promoting activity?

514. To summarise, programme funding – and programme weights in particular – does have a role in stimulating activity to meet national and local economic priorities, providing:

- Short- and long-term additional funding is clearly distinguished from the outset
- Provision is made for additional *capital* as well as revenue funding where this is critical to the development of the activity concerned.

515. Moreover, as the last bullet point of paragraph 441 implies, an additional (or alternative) way to increase activity in programme areas relevant to economic development is to ensure that students or prospective students are aware that these areas offer significant job and career progression opportunities. Demand for these programme areas should then increase and – providing the programme weightings are regarded by institutions as appropriate for the costs involved – supply will evolve to meet this increased demand without the need for any incentive payment.

A proposed approach

516. Government might therefore usefully adopt the following approach – or something similar – if it wishes to encourage particular programmes through the use of a programme weights mechanism.

³⁶ Challenging the implicit question raised by this interviewee – “is this approach valid for the 40% who do not go into higher education?” – is outside the brief for this project.

³⁷ The fieldwork suggests that the more “academic” the institution the more prevalent this view is likely to be.

517. First, it should identify the vocational areas in which activity is to be encouraged. These may be entire SSA Tier 2 areas (for greatest consistency with EFA 16-19 funding policy) or, if exceptions to this policy are allowed, could be individual learning aims or sets of learning aims – perhaps even defined down to the level of individual qualifications³⁸
518. Then it should assess, by surveying a representative sample of institutional providers or potential providers, why there is currently a shortfall between the numbers of students gaining the relevant learning aim(s) and the perceived economic or social need for qualified individuals. This may be due to:
- The programmes concerned being “under-weighted”, that is to say institutions believe that it is not feasible to develop or run a programme to the requisite standard within the funds currently available for it
 - Prospective students not viewing the programmes concerned as attractive, for any one of a number of reasons
 - Prospective students not appreciating the jobs or other destinations that will be available to those who complete the programmes, or viewing these jobs/destinations as unattractive in themselves or potentially other factors
519. Self-evidently, it is only the first of these factors that an increased programme weighting can be expected to address; other factors will need to be addressed by other routes.
520. When Government is convinced that any other factors identified have been addressed – this may for instance involve redesigning the vocational qualifications concerned, working with employers to identify labour market intelligence that can be communicated to young people, or even working with employer confederations to improve the attractiveness of employment in the sectors concerned – the same sample of potential institutional providers can be asked two questions:
- What, given the current value of the national funding rate, is an appropriate programme weighting that will allow institutions to meet employers’ and other bodies’ expectations and offer a programme that will be attractive to young people.
 - Whether there is a need for a one-off “capital” payment (calculated on a per-place basis) to kick-start a certain number of students on the programmes of study concerned.
521. Thereafter, Government can:
- Announce that the programme weighting for the programme(s) concerned – whether an entire SSA Tier 2 or (if this is acceptable) a set of particular learning aims/qualifications – will change to its new value, from a specified “launch date.”
 - Launch a “bidding process” where individual institutions can bid for a specified number of capital allocations in order to prepare the new programmes in advance of the launch date.

³⁸ This would of course represent a reversal of the move away from qualification-based funding, but could be justified if the economic need for the programmes/qualifications in question was sufficiently pressing.

522. It should be noted that:

- The new programme weighting for the programme(s) concerned can be a different value from the existing set {1.0, 1.2, 1.3, 1.6} or indeed a new value (e.g. 1.4). Although there may be no wish to complicate the EFA formula by introducing a “fifth band”, increasing a weighting from (say) 1.3 to 1.6 purely on the grounds that there is no intermediate value available may be wasteful.
- The choice of programmes to receive a revised weighting can be wider than the list of those programmes where new places are eligible for capital grant. Thus for instance an entire SSA Tier 2 could be re-weighted but capital grants only available for a very specific list of learning aims or indeed qualifications. There is no inherent contradiction in this.

523. As noted above, there is also the question of how long any new arrangements should last. There are various ways of addressing this; our recommended approach is that the role of the revised programme weight is to fund the programmes concerned *appropriately*, so they may be delivered to the required standard, but not to over-fund them in order to act as an incentive. Any incentive element for institutions should be provided through the capital bidding process, which helps minimise the risk to an institution in launching or extending the programme(s) concerned.

524. It follows, therefore, that the revision to the programme weight should be seen as “permanent” and not time limited. Of course economic and employment demand for learning aims and qualifications changes over time, as does best practice in learning delivery, so *any* programme’s weight may change at some time in the future. But the point is that these new programme weights should be no more (even if no less) likely to change in future than any others.

525. It is in any case good practice (in our view) always to give at least two years’ notice of any programme weight change – indeed any funding change at all – or (as at present) to protect those adversely affected by such change from its consequences.

19+ provision

526. It is worth pointing out that in most cases Government will want simultaneously to be taking similar steps to revise the funding for equivalent specific qualifications within the Skills Funding Agency’s adult funding methodology, so as not to send contradictory messages to the two sectors.

6 Summary and Recommendations

A summary of this report

601. This review of programme weights in the new 16-19 funding formula has been undertaken in the context of cost endogeneity and also – as Section 2 has explained – taking into account the tendency of the programme weight (indeed the overall funding offered for a programme) to act as a “price” in determining both what is offered by institutions and indeed whether they choose to offer it.
602. As outlined in Section 2, interpreting the function of programme weights in this way tends to lead to more complex weightings systems, reflecting the need to encourage institutions to offer a wide range of provision and not simply to hone in on the “least expensive” programmes in each (broad) weighting band.
603. Nevertheless, the recommendations here are within the spirit of the new formula and have not invoked additional complexity where it is not absolutely necessary.

Table of conclusions

604. The table below presents all conclusions and suggestions in the order they appear in the report:

Table 6 Conclusions and Suggestions

<i>Recommendation</i>	<i>Paragraph reference</i>
The SSA Tier 2 classification might be revised to take account of anomalies in the “size” of individual programme areas	321
Weightings should not necessarily be issued for Tier 1 SSAs	329
The following specific re-weighting suggestions are made: 1.1 Medicine and Dentistry to Medium if not High 2.1 Science to Medium 5.2 Construction to High 14.1 Foundation for Learning and Life and 14.2 Preparation for Work to Medium	421

<i>Recommendation</i>	<i>Paragraph reference</i>
A new band between Base and Medium (provisionally titled “Enhanced”) might be created for subjects requiring enhanced access to IT but no other “dedicated” facilities	431
A level subjects might be weighted according to the band in which their programme content falls, and not just at 1.0. A straightforward methodology for dealing with “mixed programmes” is suggested	437 to 446
It is suggested there is no need for additional funding, or any special arrangements, for Programmes including more than three A levels, including Further Mathematics programmes The International Baccalaureate	447 to 451
Foundation learning in Agriculture should be weighted according to its vocational content, but at 1.3 rather than 1.6 even if carried out in a specialist institution – unless it is avowedly Preparation for Work (see above)	452 to 453
Consideration should be given to assigning the Prince’s Trust Team Programme a weight of 1.2. However this should not be implemented until the allocation of funding to part-time study Band 4 is revised to conform to the mid-point of Band 4 hours, so as to avoid double-funding. This recommendation is independent of the recommendation above concerning the weighting of SSA 14.1 and 14.2, and should be considered even if this previous recommendation is not adopted.	454 to 475
Consideration should be given to the use of programme weights, together with contributions to capital expenditure as appropriate, to encourage new programme developments in areas of importance to the national economy. A proposed approach is suggested	514 to 524

A need for change?

605. Two points in conclusion. First, and as we have made clear through the report, there is a great deal of support for the new funding arrangements – and (particularly given the transitional protection) no strong demand for further change to the new arrangements now. The suggestions made in this report, and summarised above, should be seen in the context of a “suggestions list” for future action: it would be wrong to form the impression that anything needs to be done urgently.

606. Secondly and more importantly, however, our suggestions are all grounded in the theory (explored in Section 2) that funding methodologies, once understood by institutions, influence institutional behaviour. Under this theory the funding available for a programme, when compared at institutional level to the perceived costs of delivering it, is a signal of the importance that Government places on the programme concerned. “Averaging” – that is, paying an average price for a basket of programmes some of which are perceived to cost more to deliver than others – may therefore allocate resources appropriately as far as the numbers are concerned but runs the risk of sending false signals and (even if imperceptibly and unconsciously) influencing their behaviour in unwanted ways.
607. Thus it may be that the suggestions made in this report, even if all implemented faithfully, might not actually move any money between institutions – or might only move insignificant amounts – on the day the change is made. In our view, this does not matter. What matters is that the funding methodology sends the right “signals” – signals consistent with other Government policies and indeed with the best interests of the UK economy – in order to maximise the contribution that the 16-19 sector can make. Our suggestions are made with this aim in mind.

Annex 1

The online questionnaire

A copy of the online questionnaire is supplied overleaf.

S1. Please provide your estimated total headcount for your student population (i.e. Year 7 to Year 13) as at the beginning of September 2013.

16-19 Allocation for 2013/14:

S2. What percentage of your institutional income does 16-19 income from the EFA represent?
(must be between 0 and 100)

S3. Please provide your name

S4. What is your job role?

Section 1: Views on the programme weights element of the new funding model

Q1. In your opinion, are the values of the four programme weighting factors broadly correct for the range of subjects they cover? If not how would you modify them? Please bear in mind that the allocation is zero sum, therefore increases in one area will likely mean decreases elsewhere?

	Should be higher	Broadly correct	Should be lower
Base weighting factor 1.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Medium weighting factor 1.2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
High weighting factor 1.3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Specialist weighting factor 1.6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q1b. If you think the weightings should change, what do you feel they should be?

	Q1b. What do you feel would be an appropriate weighting for?	Q1. Why do you say that?
Base weighting factor 1.0	<input type="text"/>	<input type="text"/>
Medium weighting factor 1.2	<input type="text"/>	<input type="text"/>

High weighting factor 1.3

Specialist weighting factor 1.6

Q2a. The following table lists each Sector Subject Area [SSA] Tier 2 Subject that will be assigned the 'Base' weighting band under the new proposals.

Please indicate whether you feel any subjects are currently in the 'wrong band', by selecting the appropriate band you feel the subject should fall into.

If you feel the subject is currently in the correct band please leave blank.

	Medium weighting factor (1.2)	High weighting factor (1.3)	Specialist weighting factor (1.6)
1.1 Medicine and Dentistry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.2 Nursing and Subjects and Vocations Allied to Medicine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.3 Health and Social Care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.4 Public Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.5 Child Development and Well Being	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.1 Science	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2 Mathematics and Statistics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2 ICT for Users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.2 Warehousing and Distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.1 Sport, Leisure and Recreation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.2 Travel and Tourism	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.3 Media and Communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.4 Publishing and Information Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.1 History	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.2 Archaeology and Archaeological Sciences	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.3 Philosophy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.4 Theology and Religious Studies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.1 Geography	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.2 Sociology and Social Policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.3 Politics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.4 Economics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.5 Anthropology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.1 Languages, Literature and Culture of the British Isles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.2 Other Languages, Literature and Culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.3 Linguistics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.1 Foundations for Learning and Life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.2 Preparation for Work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.1 Accounting and Finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.2 Administration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.3 Business Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.4 Marketing and Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.5 Law and Legal Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q3a. If you indicated you disagreed with the proposed weights for at least one of the subject areas. Can you provide a brief explanation for the changes you are suggesting?

Q2b. The following table lists each Sector Subject Area [SSA] Tier 2 Subject that will be assigned the 'Medium' weighting band under the new proposals.

Please indicate whether you feel any subjects are currently in the 'wrong band', by selecting the appropriate band you feel the subject should fall into.

If you feel the subject is currently in the correct band please leave blank.

	Base weighting factor (1.0)	High weighting factor (1.3)	Specialist weighting factor (1.6)
4.3 Transportation Operations and Maintenance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.1 Architecture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2 Building and Construction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.1 ICT Practitioners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.1 Retailing and Wholesaling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.3 Service Enterprises	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.4 Hospitality and Catering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.1 Performing Arts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.2 Crafts, Creative Arts and Design	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.1 Teaching and Lecturing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.2 Direct Learning Support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q3b. If you indicated you disagreed with the proposed weights for at least one of the subject areas. Can you provide a brief explanation for the changes you are suggesting?

Q2c. The following table lists each Sector Subject Area [SSA] Tier 2 Subject that will be assigned the 'High' weighting band under the new proposals.

Please indicate whether you feel any subjects are currently in the 'wrong band', by selecting the appropriate band you feel the subject should fall into.

If you feel the subject is currently in the correct band please leave blank.

	Base weighting factor (1.0)	Medium weighting factor (1.2)	Specialist weighting factor (1.6)
3.1 Agriculture with no specialist facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2 Horticulture and Forestry with no specialist facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.3 Animal Care and Veterinary Science with no specialist facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.4 Environmental Conservation with no specialist facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.1 Engineering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2 Manufacturing Technologies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q3c. If you indicated you disagreed with the proposed weights for at least one of the subject areas. Can you provide a brief explanation for the changes you are suggesting?

Q2d. The following table lists each Sector Subject Area [SSA] Tier 2 Subject that will be assigned the 'Specialist' weighting band under the new proposals.

Please indicate whether you feel any subjects are currently in the 'wrong band', by selecting the appropriate band you feel the subject should fall into.

If you feel the subject is currently in the correct band please leave blank.

	Base weighting factor (1.0)	Medium weighting factor (1.2)	High weighting factor (1.3)
3.1 Agriculture with specialist facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2 Horticulture and Forestry with specialist facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.3 Animal Care and Veterinary Science with specialist facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.4 Environmental Conservation with specialist facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q3d. If you indicated you disagreed with the proposed weights for at least one of the subject areas. Can you provide a brief explanation for the changes you are suggesting?

Q4. To what extent do you support the SSA Tier 2 as a classification system for programme weighting? Please give your answer on the following scale

- Strongly in favour of
- In favour of
- Neither in favour of nor against
- Against
- Strongly against

Q5. If you are against the SSA Tier 2 classification system, what alternative system would you prefer and why?

Section 2: Views on specific issues that have been brought to our attention

Q6. A number of issues have been brought to our attention with regards to the proposed weightings. For each of the following issues please tell us if you have any particular concerns about the proposed changes.

i. The weighting for STEM [Science, Technology, Engineering and Mathematics] subjects (SSA 2.1, 2.2, 4.1)

ii. The treatment of double mathematics "A" level (2.2)

iii. More generally, the ability of learners to study four or more 'A' levels or equivalent qualifications

iv. The weighting for Construction (5.2)

v. The International Baccalaureate

Q7. Are there any other areas in addition to those covered above where you want to raise concerns about weighting-related issues? If so please tell us in the space provided

Q8. In the new model, part-time students' programmes use the same programme weighting factors [1.0, 1.2, 1.3, 1.6] as full time students. Do you agree with this?

- Yes
- Does not affect my institution
- No

Q9. If no, what should be done instead?

Q10. It is possible that in the future some subjects might attract "premium weighting", possibly for a limited time, for example to reflect national priorities or skill shortages or the potential to make a particular economic contribution. Which of the following sentences best describes your organisations likely response, should this situation occur in the future?

- We see our role as meeting local needs as presented by students and employers and would probably not respond
- If start-up costs were met, we would be prepared to design and run a course to meet national priorities
- We would need start-up costs to be met together with a premium over the "regular" funding we would normally receive for that subject area
- We would be happy to develop new programmes without incentive if doing so would boost the economy
- None of the above

Q11. If 'none of the above', what would your response be?

Section 3: Approach to internal costings and resource allocation

Q12. How, if at all, do you relate the income you receive to the costs of delivering programmes?

Please select all that apply

(5 maximum responses)

- We use the programme weighting factors for internal resource allocation purposes
- We allocate our income from 16-19 funding to 16-19 programme areas based on our own assessment of costs
- We consider institutional income as a whole and allocate a proportion of it to 16-19 programme areas on a 'as required/needed' basis
- We are not particularly focused on income and costs at a programme area level
- None of the above

Q13. If 'none of the above', in your own words, how do you relate the income you receive to the costs of delivering programmes?

Q14. Can you quantify (as a percentage) the proportion of your 16-19 income that is spent on direct costs of course delivery (e.g. staff, consumables, exam fees), as opposed to institutional costs and overheads? If unsure of the exact figure, please provide your best estimate.

Section 4: Impact on the curriculum

Q15. To what extent are the changes in the setting and application of weightings under the new formula likely to have an impact on the curriculum you are able to offer?

- No impact
- Some impact
- Significant impact

Q16. If 'some impact' or 'significant impact', can you briefly outline what you think the impact will be?

Section 5: Key principles behind the new funding model

Q17. To what extent do you agree or disagree with the following statements?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
The new funding model will enable institutions to	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

provide programmes that better meet individual needs (including non-qualification-orientated activity such as work experience and enrichment) than was the case under the previous model

The new funding model will be simpler to understand and administer than the previous model

The new funding model will remove the perverse incentives (e.g. not to "stretch" students) felt to exist in the previous model

The new funding model represents a positive change from the previous model

Q18. Finally, are there any further comments you would like to make on the new programme weighting factors (or the funding model overall)?

Q19. We may want to contact a number of people who have participated in the research for a more in-depth discussion around some of the issues raised in this survey. Would you be happy for a member of the research team to get in contact with you should we have any queries about your responses, or to talk about your answers in more detail?

- Yes
- No

Please provide your contact details:

Telephone

Email (if different to the one in which you received the link to the survey)

This is the end of the survey. If you would like to go back and review your answers please do so now.

Otherwise please press the 'next' button to submit your survey.

Once you have submitted your response you will be unable to go back and make any changes. Therefore, if you are expecting anyone else within your institution to contribute to the survey do not click 'Next'. You can exit this survey by closing the browser and your responses will be remembered.

Annex 2

Analysis of the online survey

Introduction

1. The questionnaire in Annex 1 was issued as an online survey, with separate secure login available to all potential respondents. A total of 2,333 emails with login details were sent to institutions on the EFA database.
2. In the first instance, the email was directed to the Principal, Head teacher or Chief Executive, but recipients were encouraged to forward it within their institutions as appropriate.
3. The survey opened on Monday 29 April and closed on Friday 7 June. This was a more extended period than originally envisaged. During this time, two further reminders were sent after the original link-and-password email, and a copy of the original email was also sent to Directors of Finance within non-responding institutions where these individuals appeared in the EFA database.³⁹
4. By the closing date, 284 completed responses had been returned. The breakdown of responses by subgroup is as shown in Table 7 below.

Table 7 Responses to the questionnaire

<i>Constituency</i>	<i>Population</i>	<i>Responses</i>	<i>%</i>
Provider - Academy	1086	83	7.64%
Provider - General FE College	214	67	31.31%
Provider - Higher Education Institution	12	2	16.67%
Provider - Independent Specialist Provider (LLDD)	50	8	16.00%
Provider - LA Provider	20	3	15.00%

³⁹ This last email was not sent to academies since protocol requires that all DfE and EFA communications to academies are addressed to the Principal or Head teacher without exception.

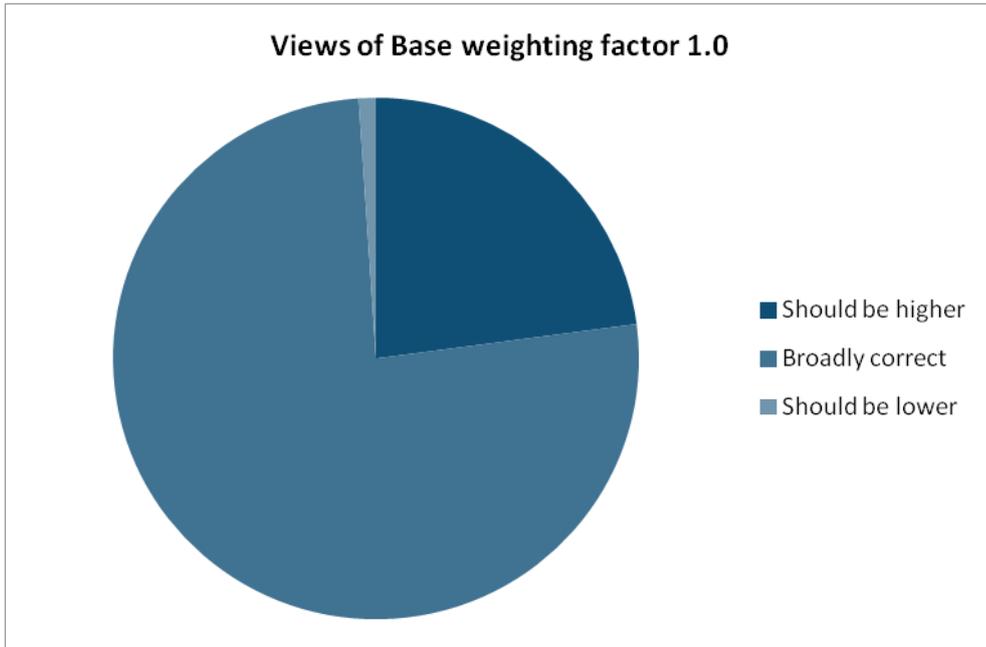
<i>Constituency</i>	<i>Population</i>	<i>Responses</i>	<i>%</i>
Provider - Private Training Provider	74	27	36.49%
Provider - School Sixth Form	765	48	6.27%
Provider - Sixth Form College	93	34	36.56%
Provider - Specialist College	15	9	60.00%
Provider - Specialist Designated Institution	4	1	25.00%
Total	2333	282	12.09%

5. The question numbers used below correspond to those in Annex 1.

Overall views of the weighting factors

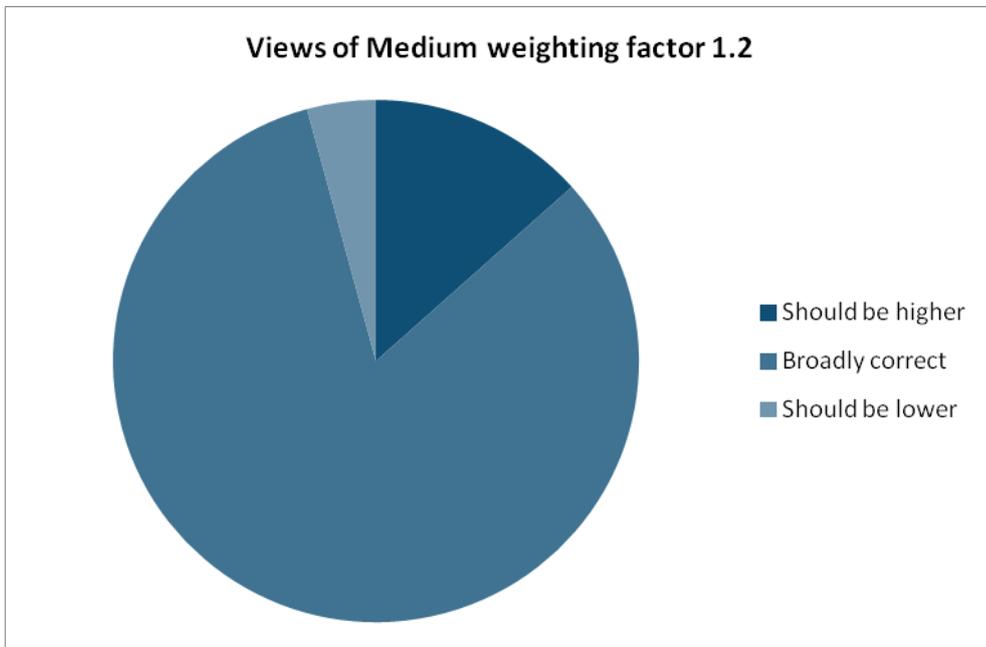
6. Question 1 asked for overall views of the four weighting factors (Base, medium, high, specialist), as opposed to weightings of individual subjects (which will come later). Respondents were given the opportunity to say that the weighting factor was broadly correct; should be higher; or should be lower.
7. The results are shown in Figures 1 to 4.

Figure 1 Views of the four weighting factors: base



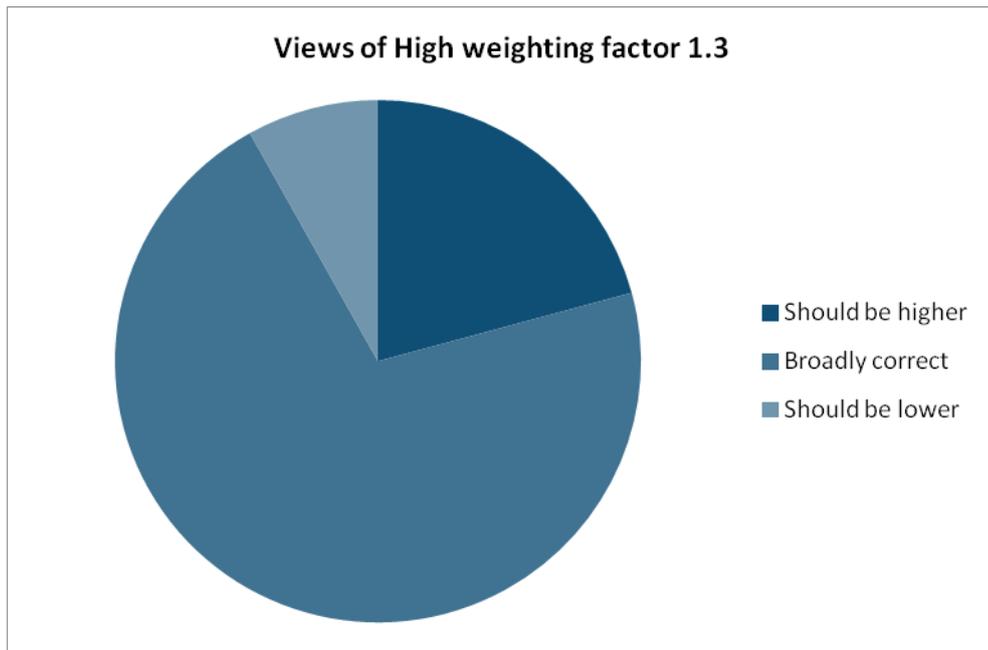
All institutions: N=282

Figure 2. Views of the four weighting factors: medium



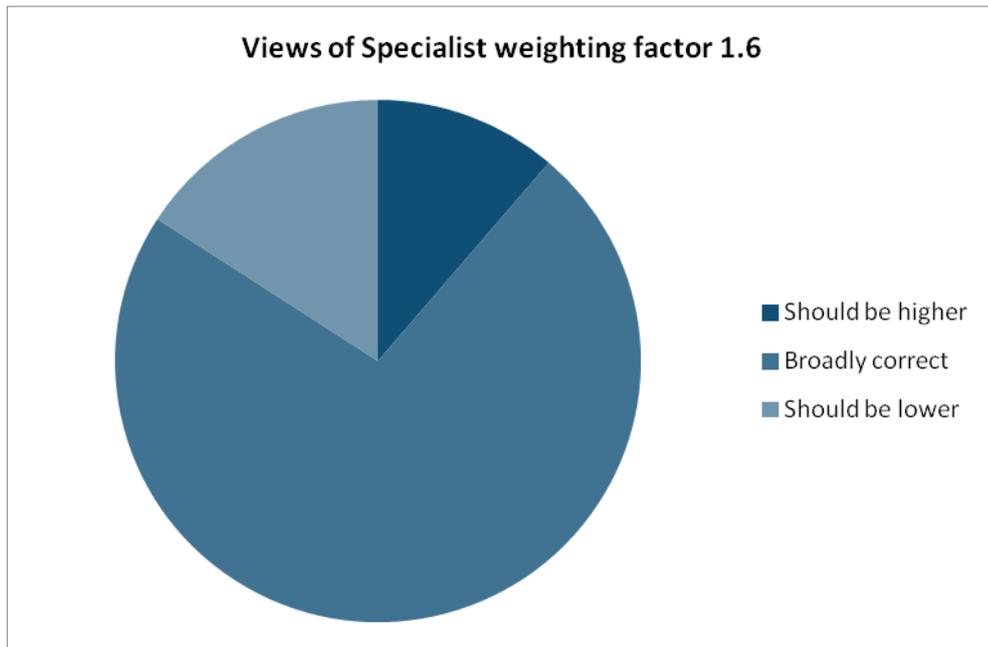
All institutions: N=282

Figure 3. Views of the four weighting factors: high



All institutions: N=282

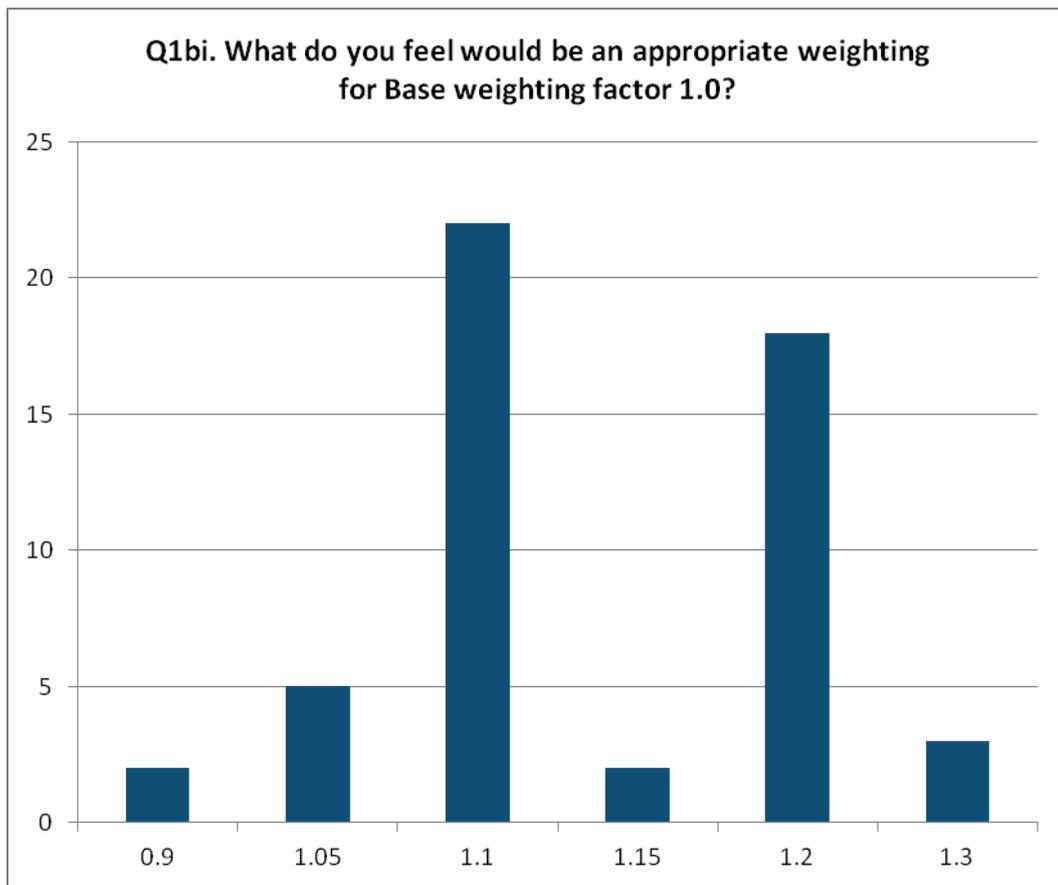
Figure 4. Views of the four weighting factors: specialist



All institutions: N=282

8. Question 1 then asked respondents who felt that the current weighting was inappropriate what a more reasonable value for the weight in each case would be; and why respondents argued for it.
9. Responses were as shown in Figures 5 to 8 and Tables 8 to 11. To keep the graphs and tables compact, only responses made by two or more respondents are included in the analysis. The number of “singleton responses” is given at the foot of each table:

Figure 5 Appropriate weighting for Base



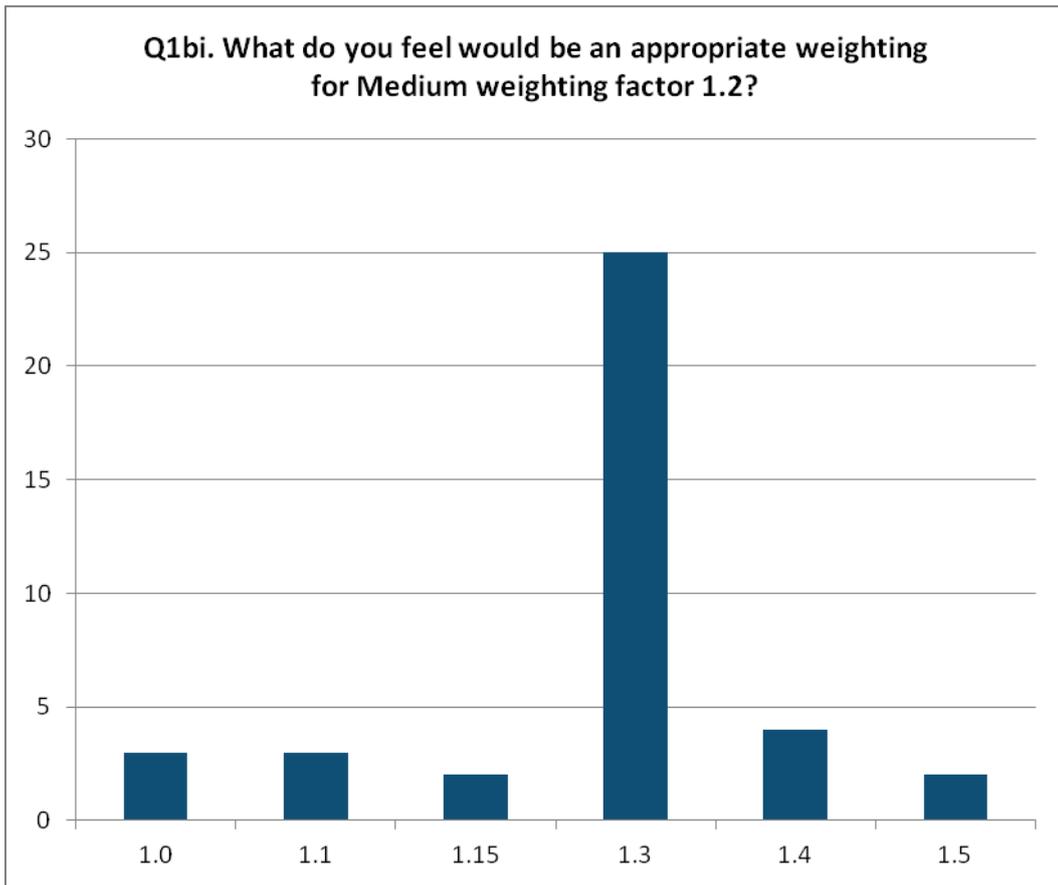
All institutions: N=282. 52 responses in total

Table 8 Reasons given for change (Base)

<i>Reason given for change</i>	<i>Fr eq .</i>
Need to address the disparity in the requirement for funding of subjects in the same weight category	21
The current weighting provides insufficient funding for the subjects it covers	19
STEM subjects require more funding than they currently receive	11
Need to reflect the greater equipment costs of delivering certain courses	10
Need to reflect the greater equipment costs of delivering science courses	7
Need to reflect the greater equipment costs of delivering creative arts courses	4
Need to reflect the greater equipment costs of delivering media courses	2
The weighting of this band is in excess of what is realistically required	2
<i>13 singleton responses omitted from graph; 3 singleton or nil responses omitted from table⁴⁰</i>	

⁴⁰ Not every respondent who suggested a changed weighting gave a reason, and some gave more than one: hence the numbers and nature of responses in the graph and the table do not match exactly.

Figure 6 Appropriate weighting for Medium

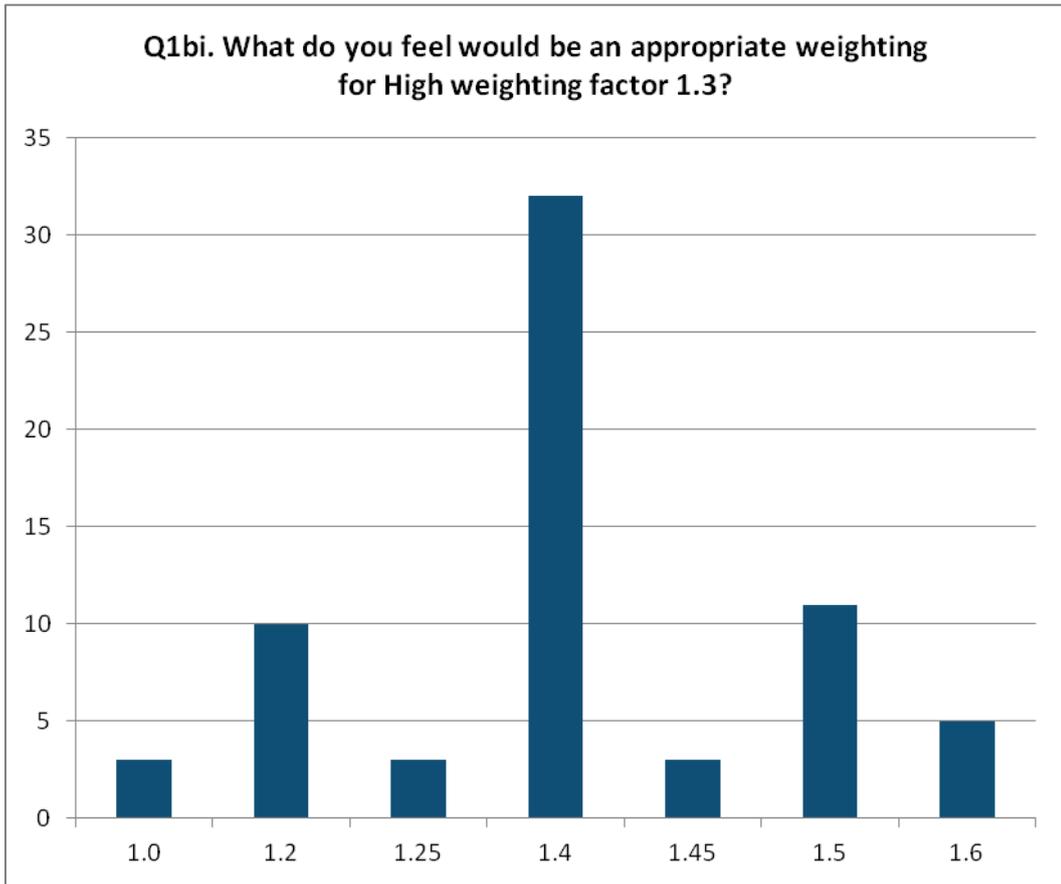


All institutions: N=282. 39 responses in total

Table 9 Reasons given for change (Medium)

<i>Reason given for change</i>	<i>Frequency</i>
The new weighting provides insufficient funding for the subjects it covers	21
Need to address the disparity in the requirement for funding of subjects in the same weight category	6
There is insufficient differential between the weightings	4
The weighting of this band is in excess of what is realistically required	4
STEM subjects require more funding than they currently receive	3
<i>11 singleton responses omitted from graph; 11 singleton or nil responses omitted from table</i>	

Figure 7 Appropriate weighting for High

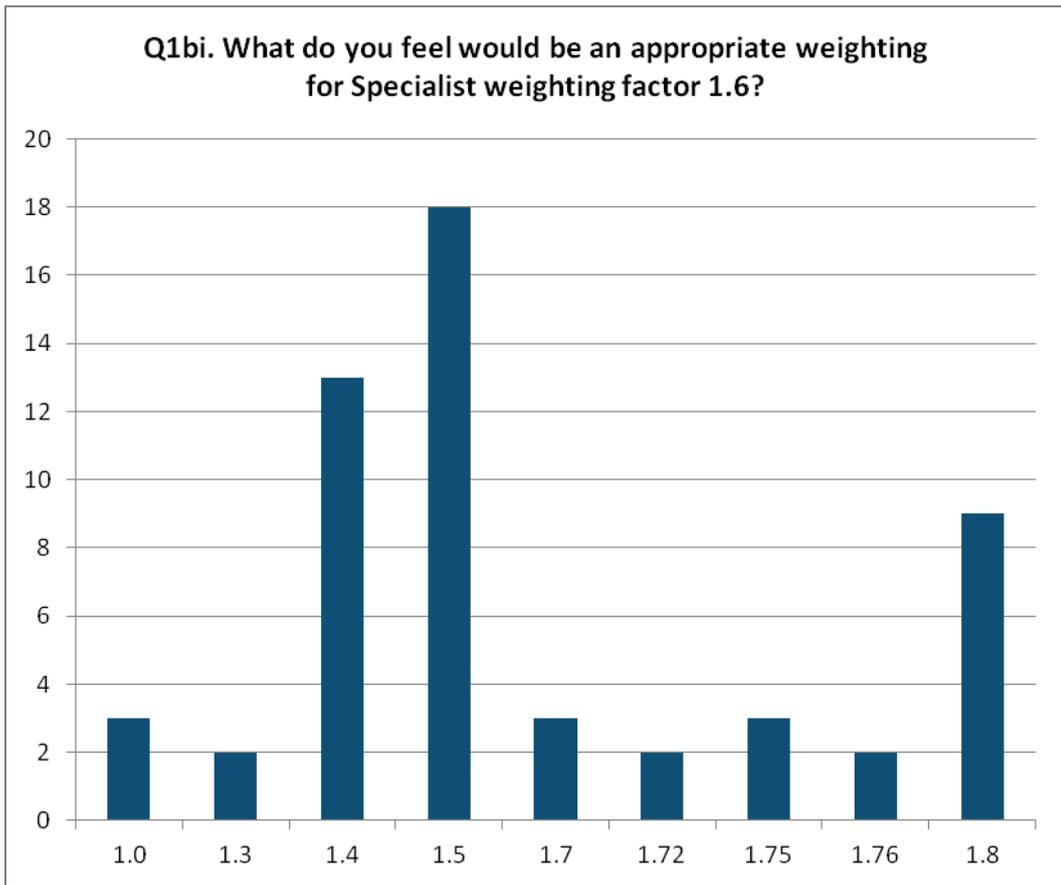


All institutions: N=282. 67 responses in total

Table 10 Reasons given for change (High)

<i>Reason given for change</i>	<i>Fr eq .</i>
The current weighting provides insufficient funding for the subjects it covers	26
There is insufficient differential between the weightings	14
The weighting of this band is in excess of what is realistically required	10
STEM subjects require more funding than they currently receive	8
Need to reflect the greater equipment costs of delivering certain courses	7
Need to address the disparity in the requirement for funding of subjects in the same weight category	6
Higher weightings should decrease to compensate for an increase in the base rate	6
Need to reflect the greater equipment costs of engineering courses	4
Vocational subjects require more funding than they currently receive	3
Specialist colleges have much higher costs to contend with due to the nature of the courses they run	2
<i>12 singleton responses omitted from graph; 9 singleton or nil responses omitted from table</i>	

Figure 8 Appropriate weighting for Specialist



All institutions: N=282. 55 responses in total

Table 11 Reasons given for change (Specialist)

<i>Reason given for change</i>	<i>Fr eq .</i>
The weighting of this band is in excess of what is realistically required	30
The current weighting provides insufficient funding for the subjects it covers	17
Higher weightings should decrease to compensate for an increase in the base rate	8
Specialist colleges have much higher costs to contend with due to the nature of the courses they run	5
Need to reflect the greater equipment costs of delivering certain courses	4
Vocational subjects require more funding than they currently receive	3
Need to reflect the greater equipment costs of animal based courses	2
<i>15 singleton responses omitted from graph; 8 singleton responses omitted from table</i>	

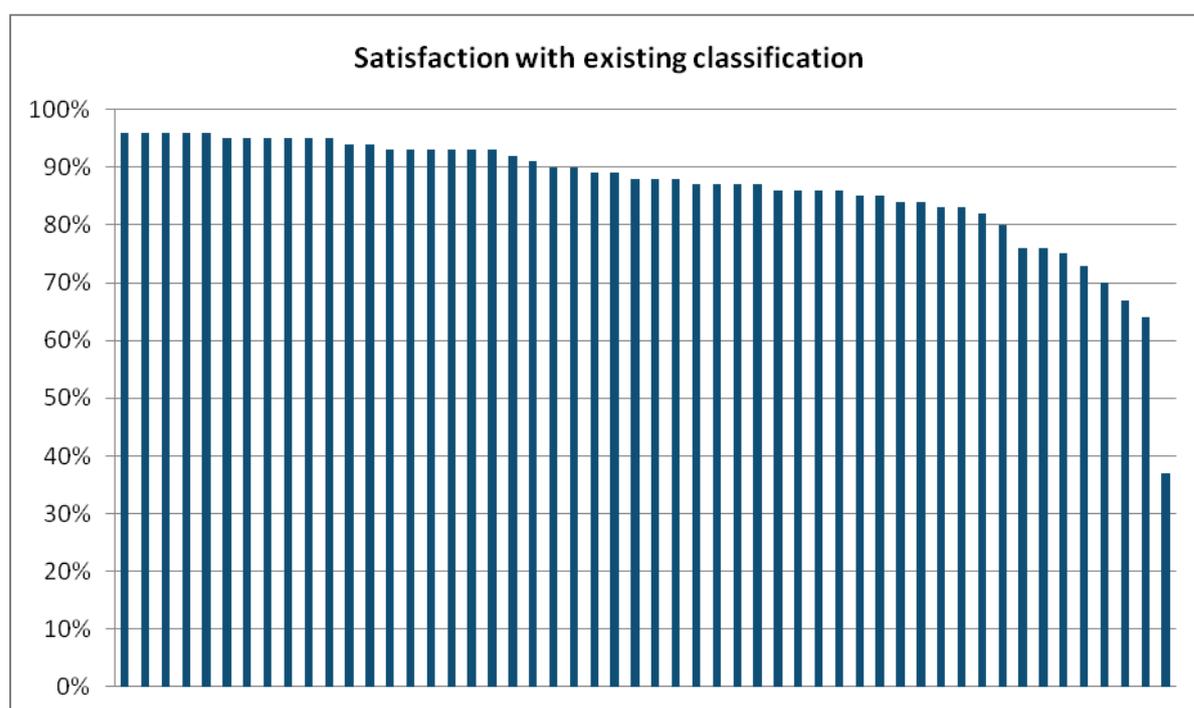
10. It was, in retrospect and with the full benefit of hindsight, perhaps not entirely wise to ask respondents for their view of whether Base weighting 1.0 was “correct”. The intention was to see whether (in respondents’ opinion) whether any programmes had been included within this band that should arguably be included in other, higher bands, and the statements in Table 8 are clearly from respondents who took the question this way. However it would also be possible (indeed logical) to argue that Base weighting should be 1.0 by definition and therefore this question is unsound. We have therefore not based any analysis on the overall view taken of the Base weight (as represented in Figure 1).

Views on individual weighting factors

11. Question 2 on the questionnaire asked about whether individual SSA Tier 2 areas were placed in the correct band. The question was asked on a Tier 2 area by area basis. The responses to the question are shown in the table at Table 19 at the end of this Annex.

12. As will be seen from the table, the proportion of respondents content with the existing classification varied between 96% and 37%. The Pareto chart in Figure 9 analyses the results graphically. There is one bar for each of the 53 Tier 2 programme areas, and the height of the bar shows the percentage satisfaction with the weighting assigned to that area.
13. From the graph, it can be seen that there was one instance (in point of fact Science) where less than half the respondents were content with the current allocation of a given area to a weighting band. (There were five areas – Medicine & Dentistry; Nursing etc.; ICT for Users; Sport, Leisure & Recreation; and Science – where less than three quarters of respondents were content.)

Figure 9 Satisfaction with existing classification (All institutions)

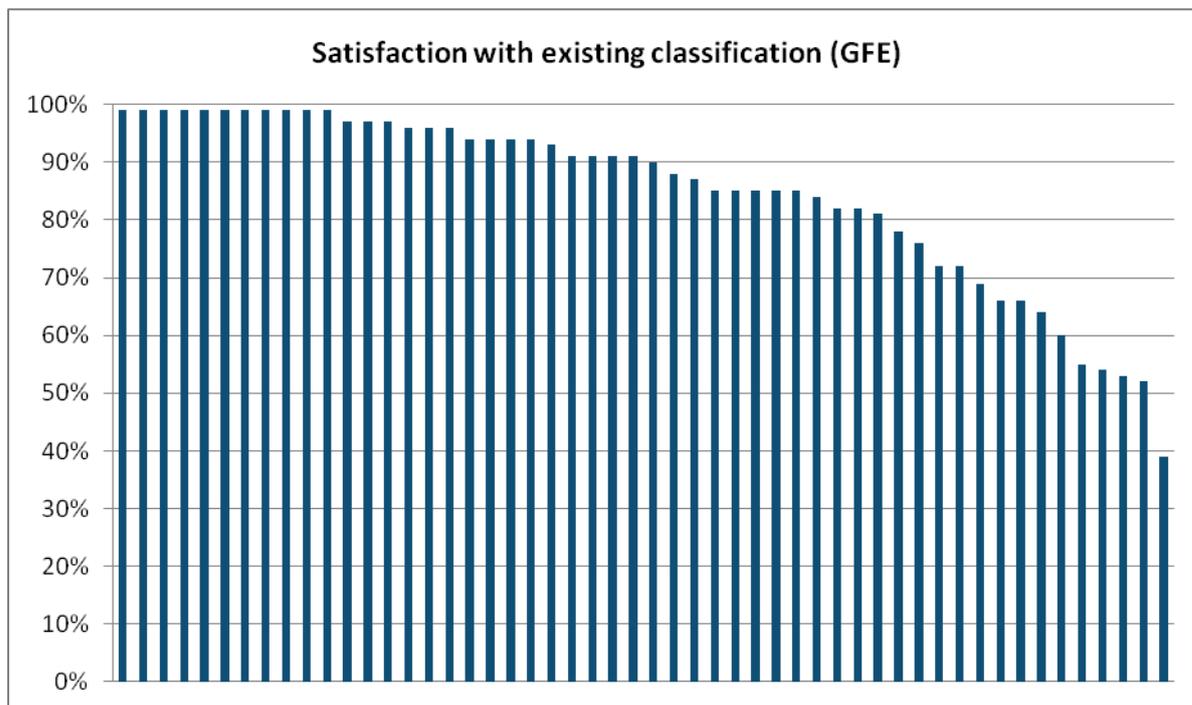


N=282. One bar for each of the 53 SSA Tier 2 areas

14. For reasons identified in the main text of this Report (paragraph 411) a similar analysis was carried out for responses from general FE colleges only. The corresponding Pareto chart is at Figure 10, and the full table is at Table 19.
15. Here it will be seen that (although there is still only one instance where over half the GFE respondents were unhappy with a particular classification – it is

again Science) the number of instances where a quarter or more were unhappy has now climbed to 12⁴¹.

Figure 10 Satisfaction with existing classification (GFE institutions)



GFE institutions: N=67. One bar for each of the 53 SSA Tier 2 areas

16. Table 12 below summarises the instances where (either for all respondents, or for respondents from GFE colleges) 15% or more of respondents had suggested a revision *in the same direction* (either up or down). This table also appears in the main report as Table 4 (after paragraph 419) where its significance is further discussed.

⁴¹ In addition to the five already listed above: Health & Social Care; Child Development & Well-Being; Building & Construction; Hospitality & Catering; Media & Communications; and both aspects of Preparation for Life & Work. Dissatisfaction among GFEs is particularly high re. Building & Construction (only 39% of GFEs thought that the current weighting was correct).

Table 12 General comments about allocation of areas to weighting bands

<i>SSA Tier 1 area</i>	<i>General comments from whole population</i>	<i>General comments from GFE colleges</i>
1 Health etc.	Significant (i.e. >15%) concerns about the allocation of Medicine and Dentistry; Nursing etc.; Health and Social Care; and Child Development etc. in band 1/Base. In each instance a majority of those objecting suggested band 1.2/Medium, but there was also support for band 1.3/High, especially for Medicine and Dentistry.	The same points, but much higher proportions expressing concern and across almost all aspects of SSA group 1. Nearly a half recommended an uplift for Medicine and Dentistry.
2 Science	<p>Almost two thirds of respondents believed Science was in the wrong band. Almost a half of respondents believed it should be weighted 1.2/Medium, and significant proportions of respondents argued for 1.3/High. A handful suggested 1.6/Specialist. This was the highest rate of objection to an existing classification, and is represented by the right outlier on the graph above.</p> <p>Mathematics and Statistics was regarded as correctly weighted by most: objectors were just under the 15% threshold.</p>	The same points, in similar proportions.
3 Agriculture (non-specialist)	Exactly 15% of respondents believed Environmental Conservation was over-weighted, and should be 1.0/Base. There were no other significant objections.	No significant objections, though a small proportion (<10% in each case) would transfer all these to 1.6/Specialist.
3 Agriculture (specialist facilities)	No significant objections here, not even to Environmental Conservation. Presumably if specialist facilities are needed then they are needed, so to speak.	No significant objections.
4 Engineering	No significant objections.	A significant proportion (18%) would uplift Transportation etc.

<i>SSA Tier 1 area</i>	<i>General comments from whole population</i>	<i>General comments from GFE colleges</i>
and Manufacturing Technologies		to 1.3/High and a similar proportion (21%) would lift Engineering to 1.6 (currently reserved for specialist provision in agricultural colleges)
5 Construction, Planning and the Built Environment	Nearly a quarter of respondents believed Building and Construction was in the wrong band, and should be weighted 1.3/High. No other significant objections.	Two thirds of respondents believed Building and Construction was in the wrong band, and should be 1.3/High.
6 ICT	Over a quarter of respondents believed that ICT for users should be weighted 1.2/Medium.	Same point, slightly higher proportion.
7 Retail and Commercial Enterprise	Just over 15% argued for Hospitality and Catering to move to 1.3/High (or higher).	Same point, nearly a half of respondents made it.
8 Leisure, Travel and Tourism	A third of respondents wanted to move Sport Leisure and Recreation to 1.2/Medium or higher.	Same point, much higher proportion (45%).
9 Arts, Media and Publishing	A quarter of respondents would rate Media and Communication higher than 1.0/Base.	Same point, proportion one third.
10 History, Philosophy, Theology	No objections.	No objections.
11 Social Sciences	No objections.	No objections.
12 Languages, Literature and Culture	No objections.	No objections.
13 Education and Training	A significant proportion of respondents (16%) doubted whether Teaching and Lecturing needed to be 1.2/Medium, and	Same point, same proportion.

<i>SSA Tier 1 area</i>	<i>General comments from whole population</i>	<i>General comments from GFE colleges</i>
	suggested 1.0/Base.	
14 Preparation for Life and Work	A significant proportion of respondents (17%) would rate both areas of 14 at 1.2/Medium, or higher.	Same point, higher proportions (around a quarter)
15 Business, Administration and Law	No objections.	No objections.

17. Respondents were asked why, in general, they made the suggestions for change that they had (Question 3). Their responses can be summarised as in Table 13 below. They were in effect asked this question four times, once in respect of the amendments they proposed to each group of weightings⁴². This explains the relatively large number of entries in the table compared to the sample size of 284 returned questionnaires.

Table 13 Reasons given for recommending changes

<i>Reason for change</i>	<i>No of times mentioned</i>
Equipment required increases the cost of delivery ⁴³	142
Cost of delivery means it needs higher weighting	95
The need for consumables (chemicals etc.) increases the cost of delivery	72
Specialist staff required increases the cost of delivery	60
Smaller class sizes increase the cost of delivery	28
Answer is based on assessment of the costs	14

⁴² I.e. those currently in Base; currently in Medium; currently in High; currently in Specialist. See the questionnaire printout in Annex 1.

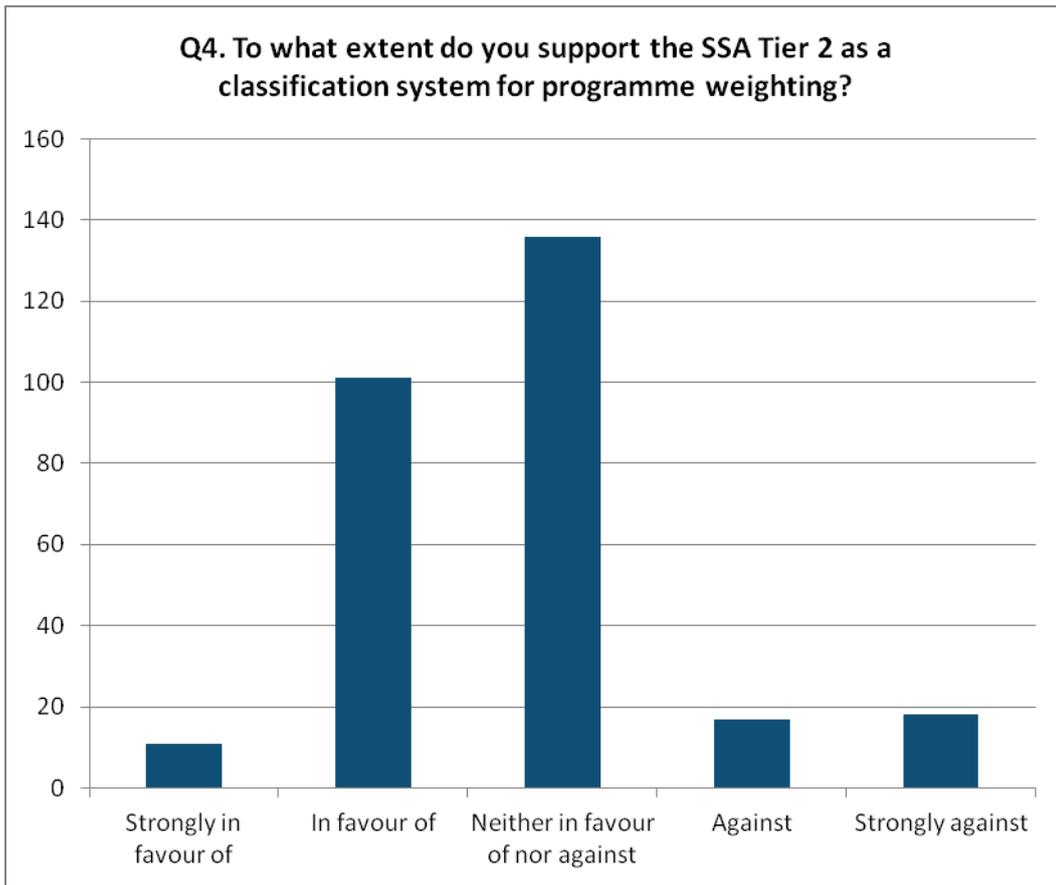
⁴³ Similar responses have been grouped together, even if respondents used slightly different words.

<i>Reason for change</i>	<i>No of times mentioned</i>
Subjects with a low take up should have higher weightings	4
Cannot see why this subject should be weighted higher than base	34
This subject should be weighted lower	32
This subject is not specialist or does not require special equipment	30
This subject is delivered in a normal classroom environment and does not need extra weighting	6
Specialist subjects tend to attract their own funding and should not be weighted higher	6

General support for SSA Tier 2 as a classification method

18. Respondents were next asked (Question 4) what their view was of SSA Tier 2 as a basis of classifying vocational areas for weighting purposes. Their responses are as shown in Figure 11:

Figure 11 Support for SSA Tier 2



All institutions: N=282.

19. There were no responses to Question 5 – suggestions for an alternative means of classification.

Specific concerns

20. Question 6 asked for views on a number of specific concerns that had been raised with DfE or EFA during the launch phase of the new methodology.
21. In each case the concerns expressed are presented in tabular form, and can be accurately compared with a sample size of 284.

Table 14 Particular concerns about weighting

Q6. Have you had any particular concerns about the proposed changes in the following?	No of times mentioned
<i>i. The weighting for STEM subjects</i>	
General concerns that these subject areas will be underfunded and should be given higher priority	55
Concerns of high cost of delivering re-equipment or specialist environment	47
Banding too low for Science	31
Concerns re high cost, more intensive staff time or technician support needed per student, high cost of delivering	30
Concerns regarding high priority UK need for growth not recognised if weighted at base level	26
Concerns that this does not reflect the actual cost of delivering these subjects	11
Concerns re high cost of delivering re recruiting or retaining specialist staff	9
Concerns re variation of cost across differing subjects	9
Banding too low for Technology	9
Concerns over future development or enrichment of these subjects	7
Concerns that fewer institutions will offer these subjects	6
Banding too low for Engineering	6
Concerns that Mathematics does not cost as much as Science, Technology or Engineering	6
Concerns that base level weighting is a funding cut	5
Concerns that lower resources will not attract or restrict access students	4
Concerns over potentially lower quality teaching or learning experience	4

Q6. Have you had any particular concerns about the proposed changes in the following?	No of times mentioned
Concerns that lower weighting may mean larger class sizes	3
Concerns that other subject areas may suffer cuts to make up extra cost of these subjects	2
Concerns over reduced funding where institutions have a high take up of these subjects	2
Concerns related to Health and Safety requirements	2
<i>ii. The treatment of double mathematics A level</i>	
Should be treated as two subjects for funding purposes	14
General concerns that it is under-funded or the weighting should be higher	8
Concerns of higher staff costs generally	5
Concerns of small class sizes being less efficient	3
Concerns re recruitment or retention cost of appropriate teaching staff	3
Concerns re not covering funding for 4 or 5 A levels where brighter students take these including 2 sciences	3
Concerns that students will not have their needs met	2
Concerns re negative impact on quality of teaching	1
<i>iii. The ability of students to study four or more A levels or equivalent</i>	
Concerns re lower funding where students take 4 or more A levels	28
Concerns about ability of students to study four A levels or more	22
May discourage institutions offering students 4 or more A levels	15
Concerns about funding generally	14

<i>Q6. Have you had any particular concerns about the proposed changes in the following?</i>	<i>No of times mentioned</i>
Concerns that study programme hours are insufficient or inappropriate	12
Concerns about ensuring students needs are met	12
Concerns about 3 A levels being more appropriate for various reasons	9
Concerns that state sector students or schools will be denied the opportunity to study 4 or more	9
Concerns re students or schools choices being reduced because of funding implications	8
Concerns that this may lead to lower quality in more subjects	8
Concerns re a lack of breadth of subjects taken or offered	8
Concerns re students ability to gain access to top universities without 4 A levels	6
Concerns re students ability to gain access to universities with only 3 A levels	4
Concerns re timetabling problems	2
<i>iv. The weighting for Construction</i>	
Concerns about the general cost of provision or that it is more resource intensive	30
General concerns that it is underfunded or should be in a higher band	29
Concerns about the cost of specialist materials and equipment	16
Concerns about the cost with regard to Health and Safety	4
Concerns that class sizes make this more expensive to deliver	4
Concerns about the cost of staff	3
Concerns that it may be over funded	3

<i>Q6. Have you had any particular concerns about the proposed changes in the following?</i>	<i>No of times mentioned</i>
Concerns that providers may withdraw from this course	2
<i>v. The International Baccalaureate</i>	
The weighting should be increased	12
Concerns that IB should not be treated in a more positive way to other provision	12
Concerns about the cost of delivery	10
Concerns that the costs are not covered by the weighting	7
General concerns about the overall need for or appropriateness of the IB	6
Concerns that the state sector will not be able to afford to deliver this	5
General positive comments about the IB	4

22. Question 7 asked for general concerns about weighting-related issues not already covered. As previously, any comment made by only one respondent is discarded:

Table 15 Other general concerns

<i>Q7. Are there any other areas in addition to those covered above where you want to raise concerns about weighting-related issues?</i>	<i>No of times mentioned</i>
Concerns about practical subjects not being weighted highly enough	16
The new system will reduce opportunities and diversity	5
Specified subject is weighted incorrectly	4
Performing arts, practical media or art	4
Concerns about the funding of LLDD students	4

Q7. Are there any other areas in addition to those covered above where you want to raise concerns about weighting-related issues?	No of times mentioned
The new system will be open to manipulation	4
Concerns about the overall funding of 16-19	3
New system does not fully account for differences in class size	3
Sciences	2
The new system ignores specific circumstances too much	2
New system will leave smaller institutions struggling to provide	2
Base rates for core or STEM subjects are too low	2
<i>Seven singleton comments discarded</i>	

Part time students

23. Question 8 asked whether part-time students should be weighted according to the same system as full-time students. The point behind this question was the idea that in some subject areas part-time students might follow an intensive programme of “workshop” or “laboratory” learning with less “classroom” theory compared to their full-time equivalents.
24. If this is indeed the case, it was not a concern to respondents. 69% saw no reason for different weightings for part-time students and most of the rest (29%) said it did not apply to them. Only 2% objected to the proposition. There were no responses to Question 9.

Responding to national priorities

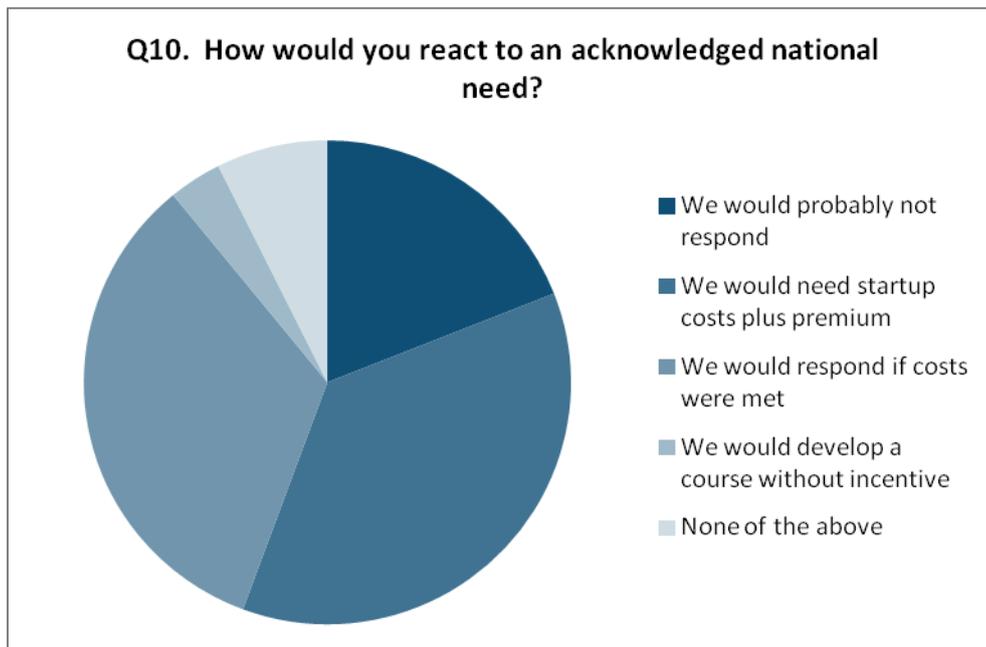
25. Question 10 asked how institutions might respond to premium funding for national priorities. This was a particular interest of DfE. The full text of the question is given below.

Q10. It is possible that in the future some subjects might attract "premium weighting", possibly for a limited time, for example to reflect national priorities or skill shortages or the potential to make a particular economic contribution. Which of the following sentences best describes your organisation's likely response, should this situation occur in the future?

26. Available responses, broadly in increasing order of "helpfulness", were:
- We see our role as meeting local needs as presented by students and employers and would probably not respond
 - We would need start-up costs to be met together with a premium over the "regular" funding we would normally receive for that subject area
 - If start-up costs were met, we would be prepared to design and run a course to meet national priorities
 - We would be happy to develop new programmes without incentive if doing so would boost the economy
 - None of the above

27. The outcomes of this question are presented graphically below in Figure 12:

Figure 12 Reacting to an acknowledged national need



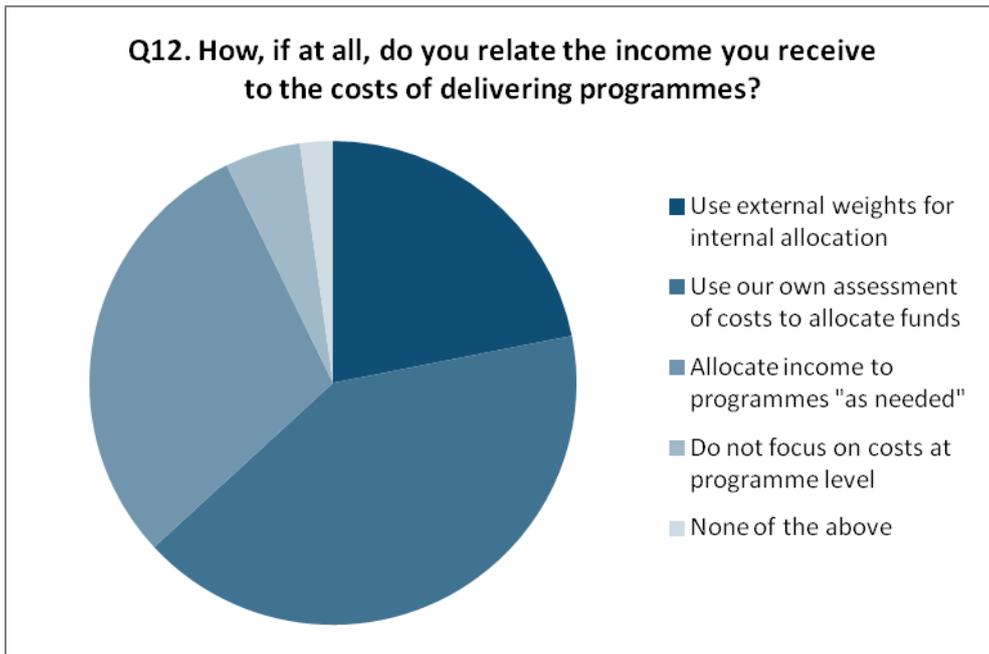
All institutions: N=282

28. There were no responses to Question 11.

Relating income to costs (and the danger of cost endogeneity)

29. It was believed that a number of institutions, particularly GFE colleges, actually use elements of their funding methodologies internally, as part of their internal allocation process. In other words, the income earned by a particular department (or even individual course) is ascribed to that course, after appropriate deductions for overhead, and the course is (to a greater or lesser extent) expected to operate within that income.
30. Question 12 therefore asked how institutions relate the income they receive to the costs of delivering programmes. Again, a range of answers was given from which respondents could choose:
 - We use the programme weighting factors for internal resource allocation purposes
 - We allocate our income from 16-19 funding to 16-19 programme areas based on our own assessment of costs
 - We consider institutional income as a whole and allocate a proportion of it to 16-19 programme areas on an 'as required/needed' basis
 - We are not particularly focused on income and costs at a programme area level
 - None of the above
31. Responses were as shown in Figure 13 below.

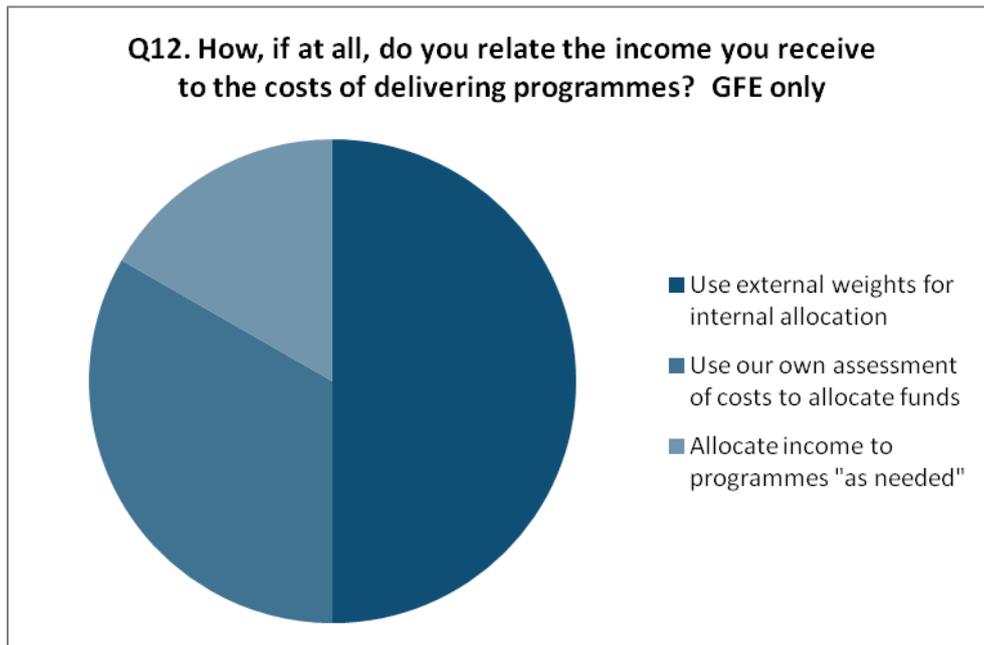
Figure 13 Relating income to costs



All institutions: N=282

32. For GFE colleges, the response was as in Figure 14 below:

Figure 14. Relating income to costs (GFE only)

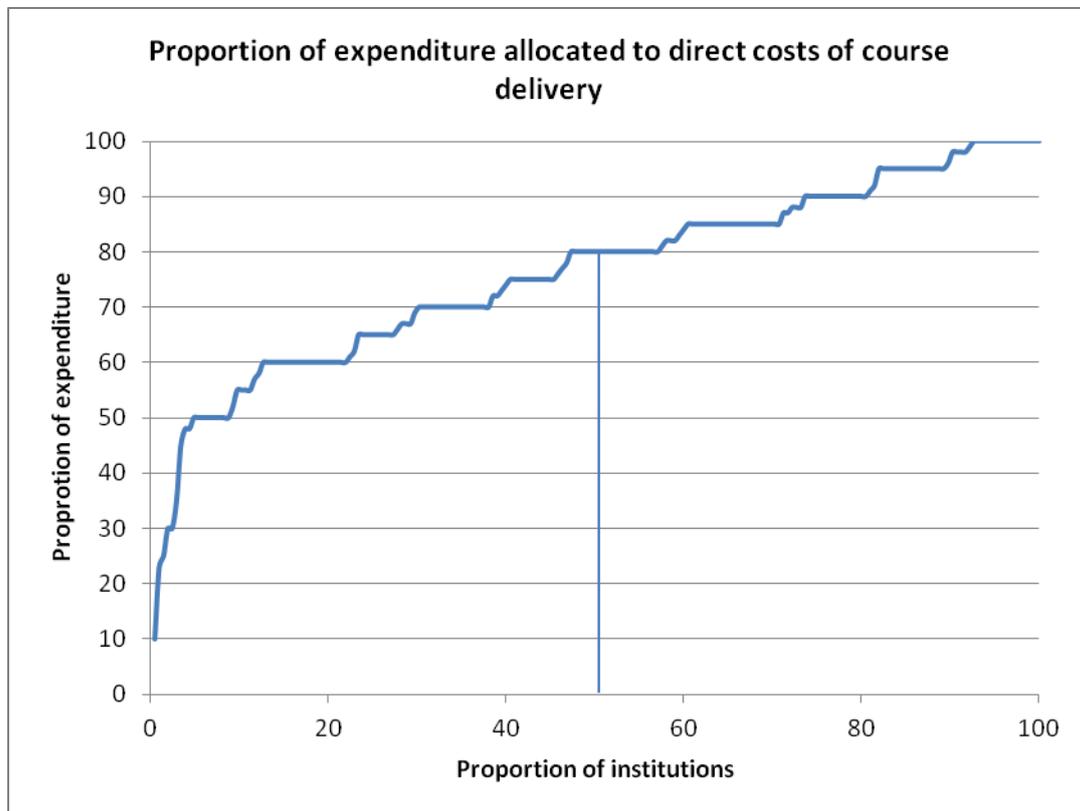


GFE institutions: N=67

Note that only the first three sectors are common to both charts.

33. There were no responses to Question 13.
34. Question 14 asked what proportion of respondents' 16-19 income is spent on direct costs of course delivery (e.g. staff, consumables, exam fees), as opposed to institutional costs and overheads. Responses are shown in cumulative frequency form in Figure 15 below.
35. The way to interpret this graph is as follows: the vertical line (up from the 50% point on the horizontal axis) shows the median proportion of expenditure allocated: that is to say half the institutions claim to allocate 80% or less of their expenditure against direct course delivery (rather than overheads). Similar vertical lines can be drawn from the 25% point (a quarter of institutions allocate 65% or less of income to direct costs of course delivery) and the 75% point (three quarters of institutions allocate 90% or less).

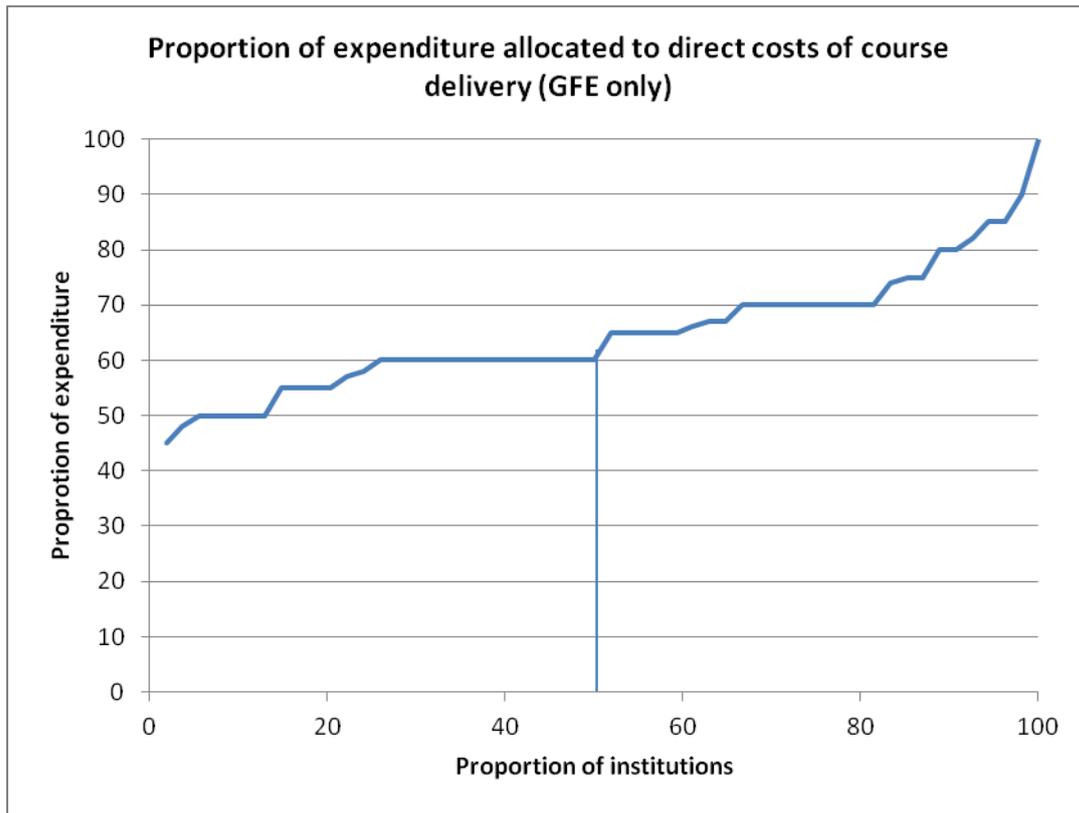
Figure 15 Proportion of expenditure allocated to costs



All institutions: N=282

36. For comparison, Figure 16 gives the values for general FE colleges alone:

Figure 16 Proportion of expenditure allocated to costs (GFE only)



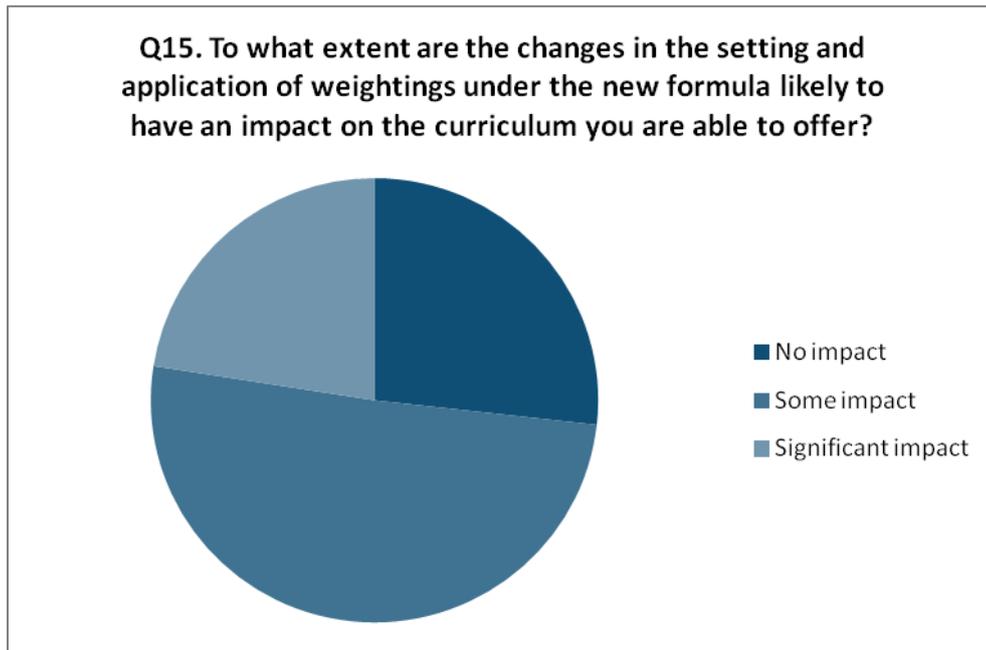
GFE institutions: N=67

37. Again the median line (representing just slightly over 60% of expenditure allocated to direct costs of course delivery) is shown on the graph.

The impact of programme weightings (and the new arrangements generally) on activity

38. Question 15 asked the extent to which changes in the setting and application of weightings under the new formula were likely to have an impact on the curriculum institutions are able to offer. The overall response is as shown in Figure 17 below.

Figure 17 Impact on the curriculum (general)



All institutions: N=282

39. Asked what impacts there would be (Question 16), respondents stated the following:

Table 16 Impact on the curriculum (particular)

<i>Q16. Can you briefly outline what you think the impact will be?</i>	<i>No of times mentioned</i>
The provision of certain courses may have to end	68
There will be an increase in class sizes	34
There will be a reduction in the availability of resources and equipment	28
The will be a need to evaluate the viability of the elements of the curriculum	26
The provision of courses with high associated costs may have to end	18
Less funding (general comment)	15
There will be a move away from the more expensive STEM courses	10

Q16. Can you briefly outline what you think the impact will be?	No of times mentioned
The changes to the weights means that they no longer reflect the cost of running the courses	9
The provision of foreign language courses may have to end	9
The provision of music courses may have to end	7
There will be a need to reduce the number of teaching staff	7
It will become prohibitive for institutions to offer more than three A-levels per student	7
There will be a need to cap numbers for certain courses	5
There will have to be minimum numbers to run some courses	4
There will be no impact or a positive impact	4
The provision of courses with low student numbers may have to end	3
<i>15 singleton responses omitted.</i>	

40. Having been asked for their general views on impact, respondents were then given a set of statements and asked if they wished to agree or disagree with them. (They were also given the option to remain neutral). A five point scale was used, condensed to three for the purposes of this analysis. Table 16 is for all institutions, and Table 17 for GFE colleges:

Table 17 Summary statements (all institutions)

<i>Q17. To what extent to you agree or disagree with the following statements?</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>
The new funding model will enable institutions to provide programmes that better meet individual needs (including non-qualification-orientated activity such as work experience and enrichment) than was the case under the previous model	35%	23%	42%
The new funding model will be simpler to understand and administer than the previous model	33%	46%	21%
The new funding model will remove the perverse incentives (e.g. not to "stretch" students) felt to exist in the previous model	38%	27%	35%
The new funding model represents a positive change from the previous model	33%	26%	41%

Table 18 Summary statements (GFE colleges)

<i>Q17. To what extent to you agree or disagree with the following statements? GFE Colleges only</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>
The new funding model will enable institutions to provide programmes that better meet individual needs (including non-qualification-orientated activity such as work experience and enrichment) than was the case under the previous model	13%	9%	78%
The new funding model will be simpler to understand and administer than the previous model	40%	27%	33%
The new funding model will remove the perverse incentives (e.g. not to "stretch" students) felt to exist in the previous model	31%	21%	48%
The new funding model represents a positive change from the previous model	21%	21%	58%

Final views

41. Question 18 asked for any final views that respondents wished to express about the new funding arrangements. The following comments were made:

Table 19 Final views

<i>Q18. Finally, are there any further comments you would like to make on the new programme weighting factors (or the funding model overall)?</i>	<i>No of times mentioned</i>
The new funding model discriminates against certain types of education institution	13
The new funding model discriminates against high achieving students and institutions	12
The cuts in funding are going to be detrimental to student opportunities and outcomes	11
The cuts in funding are going to be detrimental to programme provision	11
The new funding model will create further or new perverse incentives	10
There needs to be more clarity in information provided about the new funding model	10
There needs to be more stability in funding, not constant changes	8
The administrative changes will lead to an unnecessary bureaucratic strain on institutions	8
The funding rate of £4000 is insufficient	4
The 600 hour maximum (for funding purposes) is of significant concern	4
The changes are not compatible with mixed age group classes	3
The changes will have positive effects	7

This table shows the proportion of respondents suggesting changes to the allocation of programme weights to specific bands. Respondents content with the current weighting (i.e. making no comment) are shown in **bold**. Thus for example, in the first line,

- 64% of respondents made no comment about the allocation of Medicine and Dentistry, and are presumably content it should remain in the Base band
- 15% believed it should move to the Medium band
- 10% believed it should move to the High band
- 12% believed it should move to the Specialist band.

SSA 3 (“Agriculture, Horticulture and Animal Care”) appears in the table twice, without and then with “specialist facilities”.

Table 20 Detailed responses to Question 2 (all institutions)

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
1	Health, Public Services and Care					
1.1	Medicine and Dentistry	1	64%	15%	10%	12%
1.2	Nursing and Subjects and Vocations Allied to Medicine	1	70%	18%	7%	4%
1.3	Health and Social Care	1	76%	19%	5%	
1.4	Public Services	1	88%	9%	3%	

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
1.5	Child Development and Well Being	1	82%	15%	2%	
2	Science and Mathematics					
2.1	Science	1	37%	43%	14%	6%
2.2	Mathematics and Statistics	1	86%	8%	5%	1%
3	Agriculture, Horticulture and Animal Care (no specialist facilities)					
3.1	Agriculture	1.3	4%	8%	86%	2%
3.2	Horticulture and Forestry	1.3	4%	8%	86%	2%
3.3	Animal Care and Veterinary Science	1.3	3%	7%	87%	3%
3.4	Environmental Conservation	1.3	5%	10%	84%	1%
3	Agriculture, Horticulture and Animal Care (specialist facilities)					
3.1	Agriculture	1.6	1%	1%	4%	93%
3.2	Horticulture and Forestry	1.6	1%	1%	5%	93%
3.3	Animal Care and Veterinary Science	1.6	1%	1%	4%	94%
3.4	Environmental Conservation	1.6	2%	1%	4%	93%

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
4	Engineering and Manufacturing Technologies					
4.1	Engineering	1.3	1%	4%	85%	10%
4.2	Manufacturing Technologies	1.3	2%	3%	90%	6%
4.3	Transportation Operations and Maintenance	1.2	6%	87%	7%	
5	Construction, Planning and the Built Environment					
5.1	Architecture	1.2	8%	88%	4%	
5.2	Building and Construction	1.2	3%	76%	17%	5%
6	Information and Communication Technology					
6.1	ICT Practitioners	1.2	7%	88%	5%	
6.2	ICT for Users	1	73%	20%	7%	1%
7	Retail and Commercial Enterprise					
7.1	Retailing and Wholesaling	1.2	15%	85%		
7.2	Warehousing and Distribution	1	91%	8%	1%	
7.3	Service Enterprises	1.2	12%	86%	1%	1%

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
7.4	Hospitality and Catering	1.2	5%	80%	12%	4%
8	Leisure, Travel and Tourism					
8.1	Sport, Leisure and Recreation	1	67%	27%	4%	1%
8.2	Travel and Tourism	1	93%	6%	1%	
9	Arts, Media and Publishing					
9.1	Performing Arts	1.2	9%	84%	5%	1%
9.2	Crafts, Creative Arts and Design	1.2	6%	87%	7%	
9.3	Media and Communication	1	75%	19%	5%	1%
9.4	Publishing and Information Services	1	92%	6%	2%	
10	History, Philosophy and Theology					
10.1	History	1	95%	4%	1%	
10.2	Archaeology and Archaeological Sciences	1	89%	7%	3%	1%
10.3	Philosophy	1	96%	4%		
10.4	Theology and Religious Studies	1	95%	5%		

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
11	Social Sciences					
11.1	Geography	1	89%	9%	1%	
11.2	Sociology and Social Policy	1	96%	4%		
11.3	Politics	1	96%	4%		
11.4	Economics	1	95%	5%		
11.5	Anthropology	1	96%	4%	1%	
12	Languages, Literature and Culture					
12.1	Languages, Literature and Culture of the British Isles	1	93%	5%	2%	
12.2	Other Languages, Literature and Culture	1	90%	8%	2%	
12.3	Linguistics	1	93%	6%	1%	
13	Education and Training					
13.1	Teaching and Lecturing	1.2	16%	83%	1%	
13.2	Direct Learning Support	1.2	11%	87%	1%	

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
14	Preparation for Life and Work					
14.1	Foundations for Learning and Life	1	83%	10%	5%	2%
14.2	Preparation for Work	1	83%	11%	5%	2%
15	Business, Administration and Law					
15.1	Accounting and Finance	1	95%	4%	1%	
15.2	Administration	1	96%	4%		
15.3	Business Management	1	95%	4%	1%	
15.4	Marketing and Sales	1	95%	5%		
15.5	Law and Legal Services	1	94%	5%	1%	

This table is a repeat of Table 19 but draws only on GFE data.

Table 21 Detailed responses to Question 2 (GFE colleges only)

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
1	Health, Public Services and Care					
1.1	Medicine and Dentistry	1	52%	21%	15%	13%
1.2	Nursing and Subjects and Vocations Allied to Medicine	1	60%	24%	12%	4%
1.3	Health and Social Care	1	64%	27%	9%	
1.4	Public Services	1	76%	15%	9%	
1.5	Child Development and Well Being	1	72%	24%	4%	
2	Science and Mathematics					
2.1	Science	1	36%	46%	16%	1%
2.2	Mathematics and Statistics	1	91%	7%	1%	
3	Agriculture, Horticulture and Animal Care (no specialist facilities)					
3.1	Agriculture	1.3	1%	6%	85%	7%

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
3.2	Horticulture and Forestry	1.3	1%	6%	85%	7%
3.3	Animal Care and Veterinary Science	1.3	1%	4%	85%	9%
3.4	Environmental Conservation	1.3	1%	10%	82%	6%
3	Agriculture, Horticulture and Animal Care (specialist facilities)					
3.1	Agriculture	1.6			4%	96%
3.2	Horticulture and Forestry	1.6			4%	96%
3.3	Animal Care and Veterinary Science	1.6			4%	96%
3.4	Environmental Conservation	1.6		1%	4%	94%
4	Engineering and Manufacturing Technologies					
4.1	Engineering	1.3		1%	78%	21%
4.2	Manufacturing Technologies	1.3		1%	87%	12%
4.3	Transportation Operations and Maintenance	1.2	1%	79%	18%	1%
5	Construction, Planning and the Built Environment					
5.1	Architecture	1.2	4%	85%	10%	

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
5.2	Building and Construction	1.2		39%	46%	15%
6	Information and Communication Technology					
6.1	ICT Practitioners	1.2		93%	6%	1%
6.2	ICT for Users	1	69%	22%	7%	1%
7	Retail and Commercial Enterprise					
7.1	Retailing and Wholesaling	1.2	4%	94%	1%	
7.2	Warehousing and Distribution	1	81%	18%	1%	
7.3	Service Enterprises	1.2	4%	90%	3%	3%
7.4	Hospitality and Catering	1.2	1%	54%	34%	12%
8	Leisure, Travel and Tourism					
8.1	Sport, Leisure and Recreation	1	55%	37%	4%	3%
8.2	Travel and Tourism	1	91%	7%	1%	
9	Arts, Media and Publishing					
9.1	Performing Arts	1.2		85%	10%	4%

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
9.2	Crafts, Creative Arts and Design	1.2		88%	10%	1%
9.3	Media and Communication	1	66%	25%	6%	3%
9.4	Publishing and Information Services	1	84%	9%	6%	1%
10	History, Philosophy and Theology					
10.1	History	1	99%	1%		
10.2	Archaeology and Archaeological Sciences	1	91%	3%	4%	1%
10.3	Philosophy	1	99%	1%		
10.4	Theology and Religious Studies	1	99%	1%		
11	Social Sciences					
11.1	Geography	1	94%	3%	3%	
11.2	Sociology and Social Policy	1	99%	1%		
11.3	Politics	1	99%	1%		
11.4	Economics	1	97%	3%		
11.5	Anthropology	1	99%	1%		

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
12	Languages, Literature and Culture					
12.1	Languages, Literature and Culture of the British Isles	1	97%	1%	1%	
12.2	Other Languages, Literature and Culture	1	99%	1%		
12.3	Linguistics	1	94%	4%	1%	
13	Education and Training					
13.1	Teaching and Lecturing	1.2	18%	82%		
13.2	Direct Learning Support	1.2	6%	91%	3%	
14	Preparation for Life and Work					
14.1	Foundations for Learning and Life	1	66%	25%	7%	1%
14.2	Preparation for Work	1	72%	21%	6%	1%
15	Business, Administration and Law					
15.1	Accounting and Finance	1	99%	1%		
15.2	Administration	1	99%	1%		

SSA tier 2 code	SSA tier 2 description	Current factor	Proportion of interviewees suggesting:			
			Base/1.0	Medium/1.2	High/1.3	Specialist/1.6
15.3	Business Management	1	99%	1%		
15.4	Marketing and Sales	1	99%	1%		
15.5	Law and Legal Services	1	97%	1%	1%	

Annex 3

The operation of the “specialist” weighting factor within Land Based Colleges

1. Land-based colleges broadly welcome the principles behind the new funding model but have two causes for concern: the high cost of the physical resources (in the widest sense) required to deliver programmes and the number of hours required to deliver an appropriate programme of learning for students with ambitions to work in the sector.
2. The number of hours required to deliver a programme that will adequately prepare students for work in the industry is a “large programmes” issue, and as such outside the scope of this report⁴⁴. However, in addition to the number of hours, there are other factors that combine to make land-based programmes more expensive than those of many other providers. These include:
 - Recruitment – land-based colleges are invariably pan-regional and often national institutions
 - Student support – additional costs are driven by a variety of factors: a proportion of the students having to be residential; out of hours duties (which have knock-on implications for staff; for college facilities; etc.); and work placements at some distance from college and often largely unsupervised by the employer etc.
 - Utility and other running costs – land-based equipment and facilities are expensive to run and to maintain
 - Class size – health and safety issues and the amount of practical, hands-on, content in many programmes mean that classes of no more than a dozen are common and as few as four not out of the ordinary
 - Year-round operations – in particular for animal-based programme areas, with implications for staffing and most other direct costs and some overheads
 - Equipment. The land-based sector is a high tech sector; whilst basic principles can, to some extent, be learnt on older equipment at some point students will need to be exposed to the sort of kit that they will be encountering in the workplace if they are to be credible. Whilst manufacturers offer some help, some of this equipment will have to be bought and is usually expensive to acquire and to maintain
 - Facilities – these need to be of an appropriate type, scale and range to support the curriculum and to be credible in the eyes of employers.

⁴⁴ At the time of writing the Minister is considering recommendations from the ministerial working group looking at funding for larger programmes of learning.

3. An example from a college visited for this project – which could have been drawn from an agriculturally related curriculum area but has deliberately not been in order to emphasise the fact that class size, additional costs and investment issues pervade land-based provision – may help to illustrate the point.

Equine Studies

Class observed: 12 students exercising 12 horses on the outdoor ménage; one member of staff. Horses being exercised ranged from riding school ponies to international eventers.

Additional student support costs incurred: early morning return of horses to the stable from an event – students up to receive the horses (some required an overnight stay to enable them to do this); one member of staff present to supervise this work.

Related facilities: competition standard indoor arena; range of boxes; outdoor ménage; various yard areas.

Related specialist equipment: a “mechanical horse” which helps riders improve their technique so that they are able to ride high performance horses.

Commentary: the students were up early in the morning to receive horses back from competition because some international riders stable their horses at the college. International riders stable their horses at the college because they know they will be properly cared for and ridden – in part this is facilities-related; in part it is because the students are taught properly how to ride high performance horses.

Whilst it would be possible for the college to run an equine programme at a lower level this would restrict the employment opportunities open to their students (effectively to relatively low level work in local riding schools) and would mean that they were not producing the workforce that other, higher profile and better paying, parts of the industry require. Professional stables and riders would withdraw their support from the programme, which would fall into (possibly terminal) decline as a result.

4. Similar examples could be worked up for a range of land-based programmes (e.g. dairy; pig breeding; arable) and associated activities (e.g. bio-mass fuel production; food manufacture).
5. The key point is that to run land-based provision properly (i.e. to a standard and in a way that it enables the college to produce potential employees who are of the standard the industry expects and capable of working in that industry from “day 1” often on their own and unsupervised) carries with it a level of additional costs that are not generally there for other sectors.

6. The higher costs associated with providing the physical resources to support appropriate land-based education and training (and in particular the smaller class sizes that are required, as noted above) are intended to be recognised by the “specialist” programme cost weighting (1.6). Whether this is sufficient is as yet untested.
7. The implications of the new funding model for land-based provision are thus currently unclear. The concern from the sector is that the funding is not sufficient to support the programmes they need to deliver. If this proves to be the case then colleges may have to cut back on the quality and/or content of programmes to make them financially viable. If this happens, amongst other things it may put students at risk in the workplace and devalue the product in the eyes of employers⁴⁵.
8. Ultimately if employers come to view provision less favourably they will be less inclined to engage with it; both the individual and the industry will suffer. This would be unfortunate since the sector has an ageing workforce (an average age of 58 for farmers) and it is said requires an additional 60,000 workers over the next decade (almost 20% of which will need to be at managerial level) simply to replace those leaving the industry.
9. It is suggested that the impact of the new funding model on the land-based sector should be kept under review for any sign of the negative effects mentioned above.

⁴⁵ Notice that “quality” and “content” are entirely distinct. Given the risks associated with compromising quality, it is most likely that in these circumstances content would be cut back so that quality could be maintained.



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