



Education
Funding
Agency

Funding guidance for young people academic year 2016 to 2017

Funding rates and formula

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Summary

This document is part of a series of booklets providing Education Funding Agency (EFA) Funding guidance for young people for the academic year 2016 to 2017 (hereafter academic years will be referred to in the format 2016/17).

- funding regulations
- funding rates and formula (this booklet)
- ILR funding returns
- sub-contracting controls

This summary applies to all these booklets and as they are published they will be available on [GOV.UK](https://www.gov.uk).¹

These documents outline the main features of the EFA funding arrangements for 2016/17 and are an integral part of the EFA's funding agreements for young people aged 16 to 19 and those aged 19 to 24 funded by EFA. All these documents should be read in this context, unless specifically stated otherwise. This is the definitive EFA guidance for 2016/17 and supersedes any previous funding guidance.

For further information, please use the [online form](#) to contact us.²

¹ [16 to 19 education: funding guidance](#)

² [EFA enquiry form](#)

Programme funding

Scope of the model

1. The 16 to 19 model covers all provision for any student aged 16 to 19 (other than apprenticeships) in colleges of further education, higher education institutions, independent specialist providers, commercial and charitable providers (CCPs), and maintained school and academy sixth-forms. It also covers the following groups of young people.

- a. Students up to the age of 24, when they have an Education, Health and Care Plan (EHCP).
- b. 14 to 16 year olds who are directly recruited into eligible FE institutions. Allocations for this delivery use modified elements of the standard formula.
- c. Electively home educated (EHE) students of compulsory school age who are enrolled at any further education institution.

Funding methodology

2. The funding methodology is used to provide a nationally consistent method of calculating funding for all institutions delivering 16 to 19 provision based on:

- a. The number of students,
- b. A national funding rate per student,
- c. Retention factor,
- d. Programme cost weighting,
- e. Disadvantage,
- f. Large programme funding, and
- g. Area cost allowance.

The formula

$$\left(\text{Student numbers} \times \text{National funding rate per student} \times \text{Retention factor} \times \text{Programme cost weighting} + \text{Disadvantage funding} + \text{Large programme uplift} \right) \times \text{Area cost uplift} = \text{Total programme funding}$$

Student numbers

3. The funding formula measures the volume of delivery through student numbers and the size of their programme. Funding allocations use a lagged approach, and take student numbers from the number of young people participating in the previous year and programme size from year before that (that is, the last full year's data return).

Lagged student numbers

4. Lagged student numbers are calculated in different ways for different types of institutions.³

- a. School sixth-forms and most academies: we base the lagged student numbers on the number of funded students recruited into the academic year 2015/16, taken at the autumn 2015 census point. For a small number of academies we base student numbers on estimates provided by the institution, if this is specified in their funding agreement.
- b. FE colleges and some other FE institutions: we base the lagged student numbers on the number of students funded in 2015/16 as of 1 November (students must have at least one EFA-funded aim that starts on or before this date to count). As the student numbers are taken partway through the year, we look at the previous full year's data (2014/15) to find out by what proportion student numbers increased from 1 November to the end of the year. This proportion is used to work out the projected student numbers by the end of 2015/16.
 - in some cases, the number of students funded in February 2016 will be higher than the number calculated by the above method, when this happens, the number of funded students in February will normally be used as the lagged student number, subject to affordability
- c. Some charitable and commercial providers (CCPs): the number of funded students carrying into the programme in February 2015, plus the number of funded students starting between February 2015 and January 2016.
- d. Special post-16 institutions (SPIs): we will base the lagged student numbers on the individualised learner record (ILR) data and 16 to 19 average funding factors, with high needs place numbers (element 2) taken from the 2014/15 R14 ILR return and lagged student numbers (element 1) from the 2015/16 R04 ILR return.

³ Full details of the calculation of lagged student numbers, including the ILR data used, is given in the [explanatory notes](#) that were published alongside the allocations statements (see 'Resources' section).

- e. Non-maintained special schools: the pre and post-16 pupil number data from the January 2015 school census.
- f. For some other institutions (mainly smaller ones), the above approaches may not be appropriate. In these cases, we use the number of funded students from 2014/15 (the latest year for which a full year's data is available).

Student numbers for new institutions

5. Student numbers for new institutions are also derived in different ways for different types of institutions.

- a. New school sixth-forms: one-third of the sixth-form's full capacity. In the second year, student numbers will be double the first year's actual recruitment, and in the third year we will use lagged student numbers.
- b. New academy sixth-forms: as for school sixth-forms. In a small number of cases the number will be based on the estimated number of students to be recruited in the first year, as agreed between EFA and the institution.
- c. New free schools, university technical colleges (UTCs), and studio schools with sixth-forms: the estimated number of students to be recruited in the first year, as agreed between EFA and the institution.
- d. New institutions with EFA funding for high needs students only: the number of places commissioned by the local authority.
- e. New SPIs: we will base student and high needs place numbers on the either 2015/16 allocated numbers or their 2015/16 R04 ILR data, whichever is higher.

6. In all cases, we may waive the standard approach when an institution makes a case based on exceptional circumstances.

Student numbers for closing institutions

7. When an institution closes, or stops EFA-funded provision, we will reduce the lagged numbers to reflect the planned decline in student numbers. A typical trajectory for the reduction is likely to be half the lagged numbers in the first year and no funding in the second.

National funding rate

8. All full time students are funded at the same basic rate per student, per year. The funding rates for part time students are derived from the full time rate, proportioned according to the midpoint of the hours range.

Table 1: National funding rates for 2016/17

Band	Annual planned hours		National funding rate per student
5	540+ hours	16 and 17 year olds Students aged 18 and over with high needs	£4,000
4a	450+ hours	Students aged 18 and over who are not high needs	£3,300
4b	450 to 539 hours	16 and 17 year olds Students aged 18 and over with high needs	
3	360 to 449 hours		£2,700
2	280 to 359 hours		£2,133
1	Up to 279 hours		£4,000 per full time equivalent (FTE)

9. For funding purposes the minimum threshold for a full time programme for 16 and 17 year olds is set at 540 planned hours. The average for a full time study programme is 600 planned hours per academic year, and EFA set the funding rate on this basis.

10. Band 1, the smallest part time band, is funded on full time equivalents (FTEs). FTEs are calculated as the total planned hours for the student as a proportion of 600 hours (the average hours for a full time study programme).

11. The definitions of the full time and part time bands are based on the annual planned hours that are planned for a student. These hours are defined differently to guided learning hours, and institutions should refer to the companion document '[Funding regulations](#)'⁴ for further information on what hours may be included.

12. The full time funding rate is generally intended to fund a student for a programme that lasts the whole of the academic year. The EFA regards students who start at the beginning of the year and attend a full time programme as attending for a whole year.

⁴ '[Funding regulations](#)' guidance, EFA

13. Institutions can record a student on a full time programme even though it does not cover the whole delivery year in some circumstances. For example, a student who starts a programme in November after withdrawing from a programme at another institution. Institutions must bear in mind that EFA does not expect to fund students to take more than one full time programme (or the equivalent in multiple part time programmes) in one institution in one funding year.

14. In some cases, institutions will plan compressed programmes to allow students to complete a significant number of hours in a short period of time where this best meets the assessed needs of the students and/or is strictly necessary to prepare them for their progression outcome. These programmes will be funded at the standard funding rates based on the planned hours. In 2015/16, EFA introduced a longer qualifying period (6 weeks) for programmes that have 450 or more planned hours. The EFA expects this sort of compressed delivery to lead to excellent results, as demonstrated through qualification success rates and positive destinations. The EFA is monitoring the delivery and value for money of compressed programmes, and will decide whether to apply a funding cap to such provision in future accordingly.

15. Some students will have programmes planned in twelve month blocks that do not match the funding year (August to July). The funding band for these students is determined by the number of planned hours assigned to them in the funding year. Therefore it is possible for a learner to be funded as full time in one year and part time in the next, or part time in both years, even though their attendance pattern and timetable is the same as students on full time programmes.

Large programme uplift

16. We have introduced additional funding for large programmes this year,⁵ to support students who take much larger study programmes in order to prepare for work and university. It gives institutions the ability to stretch their most able students by offering a broad range of qualifications.

17. The uplift provides increased funding above the national rate for students that successfully study either 4 or 5 A levels, a TechBacc or a full International Baccalaureate.

18. 16 to 17 year olds and 18 to 24 year olds with an EHCP are eligible for the uplift when they successfully complete one of the study programmes shown in the table below. We will only pay the uplift for an individual student for 2 years.

⁵ More [information on the large programme uplift](#) is available on GOV.UK,

Table 2: Study programmes eligible for the large programme uplift

Study programme	Uplift
4 A2 or full linear A Levels achieved at grade B or above	10%
5 A2 or full linear A Levels achieved at grade B or above	20%
Full level 3 International Baccalaureate Diploma achieved at 28 points or above	20%
Large TechBacc programme equivalent to 4 A levels where all qualifications are passed	10%
Large TechBacc programme equivalent to full level 3 International Baccalaureate where all qualifications are passed	20%

19. We have used the last full year's attainment data (from the 2013/14 Young Peoples Matched Administrative Database, YPMAD) for the 2016/17 allocations.

20. The value of the funding uplift will be calculated as a separate amount and added to the funding allocation before the area cost factor is applied.

Historic data

21. In line with the lagged approach used for student numbers, historic information from the latest full year's data is used to determine funding factors. For the 2016/17 academic year allocations, data from 2014/15 was used when calculating these elements of the funding formula for each institution:

- a. Retention factor,
- b. Programme cost weighting, and
- c. Block 1 disadvantage funding (block 2 disadvantage for the academic year 2016/17 is calculated using data on prior attainment 2013/14 from YPMAD).

22. Where historic data is not available (often due to the institution being new and therefore not having submitted any data), national or local authority averages for the relevant institution type are used.

Programmes and core aims

23. The core aim is the principal or core activity in a student's programme. It must be a learning aim so that it can be recorded in the ILR or school census, but it may be an activity represented by a class code,⁶ such as work experience.⁷ Institutions identify the core aim for each programme in the ILR or school census. For the school census, institutions must return the core aim for all students studying vocational or mixed programmes. Academic programmes do not need a core aim.

24. The core aim is used:

- a. To determine whether the programme is academic or vocational,
- b. To determine whether a student is retained on the programme or not, and
- c. To calculate programme cost weighting.

Determining the core aim

25. The core aim is the most important or central element of the programme, around which the rest of the programme is built. It will usually be the component with the largest amount of timetabled activity associated with it.

26. The core aim determines whether a programme is academic or vocational. Any programme with an academic qualification (as set out in table 2) as the core aim is an academic programme. When any other type of qualification is selected, the programme is vocational.

27. Traineeships must always have work experience as the core aim. Study programmes that are not traineeships may also have work experience as the core aim.

Academic programmes

28. The table below indicates the qualification types that are academic. If the student's core aim in the ILR is not one of the listed types, the student's programme is vocational. For the school census the same rule applies, with the additional criterion that if the core aim is not returned for a student their programme will be deemed academic (the core aim is not mandatory in the school census).

⁶ For more information on class codes, [see appendix H to the 2016/17 ILR specification](#), Skills Funding Agency

⁷ [Further information on work experience](#) is available in '16 to 19 funding study programmes: work experience', Department for Education

Table 3: Core aims in academic programmes

Level	Qualification types
3	<ul style="list-style-type: none"> ▪ GCEs: AS, A2, A with AS levels; double awards count as 2 academic qualifications (General Studies and Critical Thinking are excluded). ▪ IB Diploma. ▪ IB Certificates. ▪ Cambridge Pre-U Diploma. ▪ Access to HE Diploma.
2	<ul style="list-style-type: none"> ▪ GCSEs – including vocational. ▪ GCSE short courses. ▪ Free standing maths qualifications (FSMQs).

29. A levels in Critical Thinking and General Studies must not be core aims. However, the planned hours associated with them should be included in the total for the purposes of determining the planned programme hours.

Vocational programmes

30. Students who are not on an academic programme are, for funding purposes, on a vocational programme.

Definition of a start

31. For funding purposes, we count a student as having started a study programme once they have remained on that programme within the current funding year for a defined period of time, as set out in table 3.

32. For programmes that span more than one funding year, a student has to re-qualify as a start at the beginning of each funding year.

33. We do not fund any programmes that are shorter than 2 weeks.

Table 4: Criteria to count as a start

Study programme planned hours and planned length in-year		Qualifying period
450 hours or more		6 weeks (42 days)
Fewer than 450 hours	24 weeks or longer	6 weeks (42 days)
	2 to 24 weeks	2 weeks (14 days)

34. The planned programme length is determined using the earliest start date and latest planned end date of all aims within a study programme. Similarly, the actual length used to determine whether or not the student has met the qualifying period uses the earliest start date and latest actual/planned end date of all aims within a study programme.

Qualifying periods and changes to planned hours

35. Institutions must only change the planned hours recorded for a student in certain circumstances. If an institution makes an error in recording the planned hours, they can change the planned hours at any point.

Changes within the qualifying period

36. Institutions may change a student's planned hours within the qualifying period.

37. When a student transfers from one aim to another within the qualifying period, institutions calculate the new planned hours value to include:

- a. The timetabled hours for any new aims and for continuing or completed aims, and
- b. The hours delivered for the aim that the student has transferred off.

38. When a student withdraws from an aim before completing the qualifying period for the programme, the hours associated with it should not be included in the planned hours. If excluding the hours already delivered within the qualifying period would make a material difference to the student's funding band, institutions can include the hours already delivered in the planned hours.

Changes after the qualifying period

39. Institutions may change a student's planned hours when they do more than one programme in a year.

40. Students doing more than one programme in a year will have completed all the activities on their first learning agreement or plan. The student may then start a second study programme. The institution must:

- a. Record a new core aim, and
- b. Change the planned hours to reflect the additional delivery.

41. Students are allowed to do more than one programme in a year, but institutions must remember that EFA does not expect to fund students to take more than one full time programme (or the equivalent in multiple part time programmes) in one institution in one funding year.

Retention

42. Retention criteria differ according to programme type.
- a. Academic programmes: a student must stay on or complete at least one of the academic aims in their programme (not necessarily the core aim) in the funding year.
 - b. Vocational programmes: a student must stay on or complete their core aim in the funding year to count as retained.
43. Traineeships have different retention criteria. A student must stay on or complete the programme aim to count as retained. Alternatively, within 6 months of leaving a traineeship, the student must have met one of the following criteria.
- a. They must have had 8 consecutive weeks of employment, or 8 consecutive weeks of self-employment of 16 hours a week or more. If they are 16 or 17 years old, they must have also have sufficient training to meet the requirements of the raised participation age.⁸
 - b. They must have started on an apprenticeship by passing the qualifying period to count for funding.
 - c. They must have started on another programme at level 2 or level 3 and have passed the qualifying period to count for funding. The programme should include a substantial qualification recognised in the [performance tables](#).⁹
44. The EFA expects that vocational programmes will usually have a substantial core aim. When students have a short core aim within a larger programme and withdraw from their programme after completing that aim, this can lead to the retention rate being distorted as the student is counted as retained for the whole programme even though they have only completed a small part of their programme.
45. The EFA will monitor the position with regard to short core aims and retention, and will consider adjusting the retention rate for individual institutions if there is evidence that cohorts of students are entered for programmes that distort the retention rate in this way. The EFA would only apply such an adjustment to institutions whose data returns showed material non-compliance with the spirit and intention of the funding methodology.

⁸ More [information on the training required for 16 and 17 year olds](#) who are employment is available in 'Participation of young people in education, employment or training: Statutory guidance for local authorities' (annex, 1 paragraph 13), Department for Education, September 2014

⁹ [16 to 19 vocational qualifications: technical guidance](#), Department for Education

Retention factor

46. The funding formula recognises that there is a cost to institutions in delivering programmes of study to students who do not complete. This is done through the retention factor, and the effect on funding is shown in the table below.

Table 5: Funding for withdrawing students

Student's completion status	Percentage of annual funding earned
Student leaves before qualifying period	0%
Student leaves and is not recorded as completed	50%
Student retained and is recorded as completed	100%

47. To reflect the funding reduction for withdrawing students, the funding formula uses a retention factor that is based on the retention rate.

48. The retention rate is the number of students retained (the student's completion status is continuing, completed or on a planned break in learning) divided by the total number of fundable students.

49. The retention factor is halfway between the retention rate and 100 per cent. It is calculated using the following formula.

$$\text{Retention factor} = 50\% + \frac{\text{retention rate}}{2}$$

50. A retention factor of 1 is used in calculating the allocations for direct funded 14 to 16 students.

Transfers

51. A transfer is when a student stops studying one qualification and takes up another in its place, while staying at the same institution.

52. When a student transfers between qualifications or other programme components (such as work experience or personal development activity), retention is not affected as long as the student continues to meet the retention criteria.

53. When a student changes core aims, that is when they stop studying for and do not complete their core aim, the institution must only record a replacement core aim when it

is a substantial and core component of the study programme. If an alternative aim that meets these criteria cannot be identified, the withdrawn aim must remain as the core aim.

Withdrawals

54. When a student withdraws from the whole of their programme at one institution and enrolls at another within the same funding year, the first institution will receive funding (as long as the student has completed the programme qualification period), adjusted by the retention factor. The second institution should record the student on a full time or part time programme, according to the number of hours that their programme holds for the remainder of the year.

Programme cost weighting

55. Programme weightings are used to recognise that some programmes are more costly to deliver than others. There are 4 programme weighting factors in the 16 to 19 model.

Table 6: Programme weighting factors

	Weighting value
Base	1.0
Medium	1.2
High	1.3
Specialist	1.75

56. All academic and some vocational programmes are weighted at the base rate.

57. For vocational programmes, the weighting is determined by the core aim's sector subject area (SSA) tier 2 classification. The weighting is applied to the student's whole programme.

58. For direct funded 14 to 16 students, a weighting of 1.04 is applied to the student funding rate.

59. We give the Prince's Trust Team Programme the medium weighting. In order to be recognised as the Team Programme, institutions must record one of the Prince's Trust

Team Programme qualifications as the core aim as well as the Prince's Trust learning delivery monitoring (LDM) code in the ILR.¹⁰

60. The SSA classifications and weightings are shown in annex A.

Specialist land-based programmes

61. Certain programmes in the land-based sector, when delivered in certain contexts, are particularly costly to deliver. The higher costs are reflected by the use of the specialist programme cost weighting 1.75.

62. Institutions eligible for the specialist weighting will be identified by EFA and Skills Funding Agency, advised by Lantra. We publish the criteria to qualify as a specialist institution in [annex C](#) to this guidance.

63. When delivered by other institutions, these programmes attract a 1.3 weighting.

Disadvantage funding

64. Disadvantage funding is made up of 2 blocks: one to account for students' economic deprivation, and one to account for low prior attainment in English and maths. Disadvantage funding is not ring fenced and institutions are free to choose the best ways for them to attract, retain and support disadvantaged students and those with learning difficulties and disabilities.

Block 1: economic deprivation funding

65. Block 1 funding recognises that there are additional costs incurred in engaging, recruiting, and retaining young people from economically disadvantaged backgrounds. Whether a learner is eligible for block 1 funding is determined by their home postcode and the level of deprivation recorded for that area in the Index of Multiple Deprivation (IMD) 2015.

66. Block 1 also provides an additional amount of funding for students who are in care or who have recently left care (£480 per student). The same amount is paid regardless of whether the student is full or part time.

Index of Multiple Deprivation (IMD) 2015

67. We use the 2015 version of the IMD, in line with the updated indices of deprivation published by the Department of Communities and Local Government.

¹⁰ A [full list of LDM codes](#) is available online alongside the ILR specification

68. IMD 2015 gives a value of relative deprivation for every lower layer super output area (LSOA) in the country, and is widely used in government. It is based on income deprivation, employment deprivation, health deprivation and disability, education, skills and training deprivation, barriers to housing and services, crime and living environment deprivation.

69. The IMD 2015-based disadvantage uplift will mean the following.

- a. Funding for students living in the 27 percent most deprived super output areas of the country will be increased for disadvantage.
- b. The funding uplift for these students ranges from 8.4 to 33.6 per cent, depending on the level of deprivation recorded in IMD 2015.

70. The uplift values for individual postcodes will be published by the Skills Funding Agency.¹¹ Other than the change from IMD 2010 to IMD 2015, the methodology used to determine disadvantage uplift has not changed and is the same as used for 2015/16.

Block 2: GCSE maths and English

71. Block 2 funding accounts for the additional costs incurred for teaching students who have low prior attainment, as indicated by not achieving English and/or maths GCSEs at grade C or above by the end of year 11 (typically age 16).

72. The low prior attainment measure we use for block 2 funding uses similar criteria to the condition of funding for maths and English.¹² For the purposes of calculating block 2 funding, we will also count qualifications equivalent to GCSEs (such as IGCSEs) and level 3 qualifications in maths and English (such as AS/A levels in these subjects) as having completed GCSE-level study, and students with these qualifications will not attract block 2 funding. You should return data according to these principles in disadvantage block 2 prior attainment fields in the ILR (learner funding and monitoring type 'EDF') and census (maths/English GCSE prior attainment year group), as we may use these to calculate disadvantage block 2 funding in future years. However, for 2016/17 allocations we have used YPMAD data for calculating block 2 funding.

73. Block 2 funding is not intended to fund maths and English qualifications, but to fund support for all students to achieve their learning goals. This includes support for low cost, high incidence learning difficulties and disabilities.

¹¹ [Uplift factors and postcode files](#), Skills Funding Agency

¹² [More information on the condition of funding](#) is available online, '16 to 19 funding: maths and English condition of funding', Department for Education

74. Each instance of a student not having achieved a maths or English GCSE at grade C or above is counted. This means that a student who does not have either GCSE will be counted twice for the block 2 uplift.

Table 7: Funding rates for block 2

Band	Annual hours	Block 2 funding rate per subject
5	540+ hours	£480
4a and 4b	450 to 539 hours	£480
3	360 to 449 hours	£292
2	280 to 359 hours	£292
1	Up to 279 hours	£480/FTE

75. Block 2 funding for those higher education institutions (HEIs) that do not return the ILR is not calculated in the same way as for other institutions, as equivalent data is not available. In the absence of student data, block 2 funding is calculated on averages for further education students in HEIs.

76. The principles of block 2 funding cannot be applied to 14 to 16 year-olds: most students in this age group will only just be starting GCSE study, and therefore non-achievement of GCSE maths and English cannot be used as a proxy for low prior achievement. Therefore any 14 to 16 student who is eligible for block 1 funding will also receive funding in place of block 2 funding at the rate of £960 per student.

Disadvantage top-up

77. Every institution will receive at least £6,000 of disadvantage funding. If an institution's total calculated disadvantage funding (block 1 plus block 2) is less than £6,000, the amount will be topped up to this value.

Area cost uplift

78. Research has shown that there is a clearly marked difference in the relative costs of delivery between London and the South East, and the rest of England.

79. The area cost uplift is normally determined by the geographical location of the institution's head office.

80. There is no change to area costs in 2016/17 as shown in Table 8. The detailed area cost uplift factors are listed in annex B to this document.

Table 8: Area costs uplift 2016/17

	Uplift 2016/17
London A (Inner London)	20%
London B (Outer London)	12%
Berkshire (fringe and non-fringe)	12%
Crawley	12%
Surrey	12%
Buckinghamshire fringe	10%
Hertfordshire fringe	10%
Buckinghamshire non-fringe	7%
Oxfordshire	7%
Essex fringe	6%
Kent fringe	6%
Bedfordshire	3%
Hertfordshire non-fringe	3%
Cambridgeshire	2%
Hampshire and Isle of Wight	2%
West Sussex non-fringe	1%
Rest of England	0%

Area cost uplift factors for merged institutions and geographically dispersed delivery

81. The area cost uplift factor may change when institutions merge, or where provision is delivered across a wide geographical area.

82. For some institutions who deliver across a wide geographical area, the area cost uplift will be calculated as a weighted average of the area costs uplift for each delivery postcode.

83. We review the area cost factors for institutions that return ILR data every year. This review identifies institutions that have dispersed delivery and/or an area cost factor, based on delivery postcodes, that is significantly different from the agreed factor in the previous year.

83.1. We review institutions that have 10% or more of their provision in a weighted area.

- 83.2. For institutions where the agreed approach is to calculate the area costs based on delivery each year, we update the calculation accordingly
- 83.3. For institutions where the area cost is based on a standard figure (the head office's postcode or another agreed figure), we will not make a change if the calculated area cost based on delivery postcode is within 1% of the figure used in the previous year's allocation.
- 83.4. For local authorities we use the head office postcode unless the authority itself has different fringe/non-fringe values (for example, Hertfordshire). This is due to low student numbers and potential year-on-year fluctuations.
- 83.5. For other institutions where there is a difference of more than 1% between the area cost factor based on the head office's location and the calculated area cost factor, we will consider which is the most appropriate factor to use.

84. When institutions merge, we will review the area cost uplift. We will take into account the delivery locations of the provision for the merging institutions and the merged institution's head office's geographical location. We will treat each situation on its merits to ensure that there are no unanticipated outcomes as a result of applying the principle.

Funding outside the formula

High needs student (HNS) funding

85. High needs students (HNS) are those who require support over and above that which is normally provided in a standard programme, in order to gain access to, progress towards, and successfully achieve their learning goals. We define high needs students as:

- a. Pupils aged 16 to 18 with high levels of SEN in schools and academies, FE institutions, SPIs, or other kinds of institution who receive top-up funding from the high needs budget. Most, but not all, of these pupils will have either statements of SEN or EHC plans, or
- b. Those aged 19 to 25 in FE institutions and SPIs who have an EHC plan and require additional support costing over £6,000.¹³

86. Post-16 places in special schools, special academies and non-maintained special schools are funded at £10,000 per place. Post-16 high needs students in mainstream schools and academies, FE institutions, CCPs and SPIs are funded on the basis of elements 1 and 2.

- a. Element 1 – core education funding: programme funding, as described in this document. Institutions must not seek funds from local authorities for shortfalls in element 1 in 2016/17. Any shortfall will be rectified in the allocation for 2017/18.
- b. Element 2 – additional education support funding: £6,000 per high needs student (student numbers determined by local authorities).
- c. Element 3 – top-up funding: additional funding above the core education funding and the additional education support funding provided on a per-student basis by the relevant LA (based on the student's home location).

87. We also consider young people to be high needs students when they are part time and their additional support funding would total more than £6,000 if provided over the full academic year.

¹³ Only students who meet the above definition are high needs students. Schools must not use money from the schools budget to fund places, or incur other expenditure (such as top-up funding), for 19- to 25-year-olds in schools. (In this context, 'schools' means maintained mainstream, maintained special, mainstream academy, special academy, non-maintained special and special academies.) The rules are set out in regulation 14 and paragraph 18 of schedule 2 to the [School and Early Years Finance \(England\) Regulations 2015](#). The EFA does not fund students aged 19 and over who do not meet the high needs definition; they are funded by the Skills Funding Agency at adult rates.

88. In all instances, a high needs student’s placement must be commissioned by the local authority and include the top-up funding (element 3) to be paid to an institution. An agreement must be in place between the 2 parties to that effect. If the local authority does not agree a placement and top-up funding, these students can’t be counted as high needs for funding purposes even when the institution has assessed a student as requiring additional support or has offered the student a place. We [publish information on the 2016/17 high needs funding system](#) on GOV.UK.¹⁴

Care standards: residential accommodation for young people aged under 18

89. The Care Standards Act 2000, and related regulations from 2002, placed further responsibilities on institutions that offer residential accommodation for students under the age of 18.

90. Higher costs are associated with complying with the Care Standards regulations. These extra costs apply to young people aged under 18 who are living away from home and where the institution is considered in loco parentis.

91. Care Standards funding is available to specialist colleges and other individual institutions where students are in residence primarily because similar provision is not available locally.

92. To be eligible for Care Standards funding an institution must:

- a. Be registered with Ofsted or the Care Quality Commission (CQC) for inspection under the Care Standards regulations; and
- b. Have a minimum of 12 EFA-funded students aged under 18 in residential accommodation on campus, as recorded in the ILR.

93. Care Standards funding will be calculated based on the amounts in the table below and applied to provision for the appropriate year.

Table 9: Funding for institutions with residential accommodation for 2016/17

Funding per student aged under 18	£817
Funding per institution	£12,252

¹⁴ [‘High needs funding arrangements: 2016 to 2017’](#) Education Funding Agency

Formula protection funding

94. We introduced formula protection funding in 2013/14 to shield institutions from significant decreases in funding per student resulting from the changes to the funding formula.
95. We will phase out formula protection funding over the next 6 years. The final year of formula protection funding will be 2020/21.
96. In 2016/17, we will pay formula protection funding according to the following principles:
- a. Only institutions who received formula protection funding in 2015/16 are eligible for formula protection funding in 2016/17.
 - b. We will calculate formula protection funding to include all 2016/17 funding formula changes (the large programme uplift, programme cost weighting changes, and using IMD 2015) and changes to institutions' allocations due to their delivery.
 - c. Baseline formula protection funding is the difference between funding per student in 2016/17 and funding per student in 2015/16. Baseline formula protection funding can never be greater than formula protection funding in 2015/16.
 - d. We will not pay formula protection funding when an institution's baseline formula protection funding is less than 2% of their total programme funding plus baseline formula protection funding.
 - e. We will reduce formula protection funding by either one-sixth of the baseline, or 2% of 2016/17 total programme funding, whichever is higher.
 - f. We will not pay formula protection funding for more students than we did in 2015/16.
 - g. We will review the formula protection funding calculation each year.
97. More information on [formula protection funding](#) is available GOV.UK.¹⁵

¹⁵ ['Formula protection funding: detailed guidance'](#), Education Funding Agency

Additional guidance on student programmes

14 to 16 in further education institutions

98. The EFA funds 14 to 16 year olds when they are enrolled in eligible sixth-form or FE colleges that meet the criteria to permit direct recruitment and that have been approved by EFA. 14 to 16 year olds who are in a school or academy continue to be funded through the usual school funding methodologies.

99. Full guidance on [14 to 16 funding](#) is available GOV.UK.¹⁶

100. The funding formula for directly recruited 14 to 16 students is very similar to the formula for all other EFA-funded provision. Where there are exceptions, these have been noted in the relevant sections:

- a. Retention factor,
- b. Programme weighting,
- c. Block 2 funding, and
- d. Pupil Premium funding.

101. The EFA also funds the following groups of 14 to 16 year olds through the standard 16 to 19 funding formula. Institutions do not need to meet the direct recruitment criteria to enrol and record funding for these students.

- a. Students under 16 who hold qualifications that are at least equivalent to a full level 2 (achieved at an earlier age than normal) who wish to enrol on a full level 3 course.
- b. Electively home educated students (EHE). These students can only be enrolled and funded for part time courses – if an institution recruits them for full time courses, then they are no longer home educated and the institution will need to meet the criteria for direct recruitment.

Pupil premium funding

102. Some 14 to 16 students will also be eligible for the pupil premium. When institutions have directly recruited 14 to 16 students, pupil premium funding will be

¹⁶ [Enrolment of 14- to 16-year-olds in full-time further education](#), Department for Education, 27 November 2014

calculated outside the formula and in addition to the total programme funding. The eligible groups are:

- a. Students who are entitled to free school meals,
- b. Children of service personnel, and
- c. Children in care and those who have recently left care.

Traineeships

103. For funding purposes a traineeship programme uses the same principles as any other 16 to 19 study programme, apart from some additional situations in which we count students as retained.

104. Traineeships last at least 6 weeks and up to 6 months. Usually programmes of this length would not be considered full time. Please refer to paragraph 14 for guidance about compressed delivery.

105. When a student progresses from a traineeship to another 16 to 19 study programme, the second programme must have a new core aim of its own as set out in the section [‘Changes after the qualifying period’ \(paragraph 39\)](#). The planned hours must also be updated to include the additional activity planned for the year.

106. Institutions must record a programme aim in the ILR for all traineeships. We will use the programme aim to calculate retention for students on traineeships.

107. This year we have introduced an indicator in the school census to identify learning aims that contribute towards a traineeship. Institutions must use this indicator for all traineeship aims.¹⁷

108. We have published more information on [delivering traineeships](#) on GOV.UK.¹⁸

Supported internships

109. Supported internships are study programmes planned by a post-16 institution that are delivered mainly on an employer's premises, for young people aged 16 to 24 who have learning difficulties and/or disabilities. They are funded in the same way as any other study programme.

¹⁷ [Guidance on completing the census](#) is available on GOV.UK.

¹⁸ [‘Delivering traineeships through EFA funding’](#), Education Funding Agency, January 2016

Annex A: Programme cost weightings by sector subject area (SSA)

Table A1: Programme cost weighting by SSA

SSA tier 2 code	SSA tier 2 description	Programme cost weighting banding	Programme cost weighting factor
1	Health, public services and care	Base	1
1.1	Medicine and dentistry	Base	1
1.2	Nursing and subjects and vocations allied to medicine	Base	1
1.3	Health and social care	Base	1
1.4	Public services	Base	1
1.5	Child development and wellbeing	Base	1
2	Science and mathematics	Base	1
2.1	Science	Base	1
2.2	Mathematics and statistics	Base	1
3	Agriculture, horticulture, and animal care	High/specialist ¹⁹	1.3/1.75
3.1	Agriculture	High/specialist	1.3/1.75
3.2	Horticulture and forestry	High/specialist	1.3/1.75
3.3	Animal care and veterinary science	High/specialist	1.3/1.75
3.4	Environmental conservation	High/specialist	1.3/1.75
4	Engineering and manufacturing technologies	Medium	1.2
4.1	Engineering	High	1.3

¹⁹ The high weighting (30%) will include non-specialist agriculture and animal care. The specialist weighting (75%) will apply where there is a requirement to maintain specialist facilities such as a farm or equine stables.

SSA tier 2 code	SSA tier 2 description	Programme cost weighting banding	Programme cost weighting factor
4.2	Manufacturing technologies	High	1.3
4.3	Transportation operations and maintenance	Medium	1.2
5	Construction, planning and the built environment	Medium	1.2
5.1	Architecture	Medium	1.2
5.2	Building and construction	Medium	1.2
6	Information and communication technology	Base	1
6.1	ICT practitioners	Medium	1.2
6.2	ICT for users	Base	1
7	Retail and commercial enterprise	Medium	1.2
7.1	Retailing and wholesaling	Medium	1.2
7.2	Warehousing and distribution	Base	1
7.3	Service enterprises	Medium	1.2
7.4	Hospitality and catering	Medium	1.2
8	Leisure, travel and tourism	Base	1
8.1	Sport, leisure and recreation	Base	1
8.2	Travel and tourism	Base	1
9	Arts, media and publishing	Base	1
9.1	Performing arts	Medium	1.2
9.2	Crafts, creative arts and design	Medium	1.2
9.3	Media and communication	Base	1
9.4	Publishing and information services	Base	1
10	History, philosophy and theology	Base	1
10.1	History	Base	1

SSA tier 2 code	SSA tier 2 description	Programme cost weighting banding	Programme cost weighting factor
10.2	Archaeology and archaeological sciences	Base	1
10.3	Philosophy	Base	1
10.4	Theology and religious studies	Base	1
11	Social Sciences	Base	1
11.1	Geography	Base	1
11.2	Sociology and social policy	Base	1
11.3	Politics	Base	1
11.4	Economics	Base	1
11.5	Anthropology	Base	1
12	Languages, literature and culture	Base	1
12.1	Languages, literature and culture of the British Isles	Base	1
12.2	Other languages, literature and culture	Base	1
12.3	Linguistics	Base	1
13	Education and training	Medium	1.2
13.1	Teaching and lecturing	Medium	1.2
13.2	Direct learning support	Medium	1.2
14	Preparation for life and work	Base	1
14.1	Foundations for learning and life	Base	1
14.2	Preparation for work	Base	1
15	Business, administration and law	Base	1
15.1	Accounting and finance	Base	1
15.2	Administration	Base	1
15.3	Business management	Base	1
15.4	Marketing and sales	Base	1
15.5	Law and legal services	Base	1

Annex B: Area cost uplifts by region

Table B1: Area costs uplift by region

London A – 1.20	London B – 1.12
Camden	Barking and Dagenham
City of London	Barnet
Fulham	Bexley
Greenwich	Brent
Hackney	Bromley
Hammersmith	Croydon
Haringey	Ealing
Islington	Enfield
Kensington and Chelsea	Harrow
Lambeth	Havering
Lewisham	Hillingdon
Newham	Hounslow
Southwark	Kingston upon Thames
Tower Hamlets	Merton
Wandsworth	Redbridge
Westminster	Richmond upon Thames
	Sutton
	Waltham Forest
Bedfordshire and Hertfordshire non-fringe – 1.03	
Bedford	North Hertfordshire
Central Bedfordshire	Stevenage
Luton	

Berkshire, Surrey, and West Sussex fringe – 1.12	
Bracknell Forest	Slough
Crawley	Spelthorne
Elmbridge	Surrey County Council
Epsom and Ewell	Surrey Heath
Guildford	Tandridge
Mole Valley	Waverley
Reigate and Banstead	Windsor and Maidenhead
Runnymede	Woking

Berkshire non-fringe – 1.12	
Reading	Wokingham
West Berkshire	

Buckinghamshire non-fringe – 1.07	
Aylesbury Vale	Wycombe
Milton Keynes	

Cambridgeshire – 1.02	
Cambridge	Huntingdonshire
East Cambridgeshire	Peterborough
Fenland	South Cambridgeshire

Hampshire and Isle of Wight – 1.02	
Basingstoke and Deane	Isle of Wight
East Hampshire	New Forest
Eastleigh	Portsmouth
Fareham	Rushmoor
Gosport	Southampton
Hampshire County Council	Test Valley

Hampshire and Isle of Wight – 1.02	
Hart	Winchester
Havant	

Hertfordshire and Buckinghamshire fringe – 1.10	
Broxbourne	South Buckinghamshire
Chiltern	St Albans
Dacorum	Three Rivers
East Hertfordshire	Watford
Hertsmere	Welwyn Hatfield

Kent and Essex fringe – 1.06	
Basildon	Harlow
Brentwood	Sevenoaks
Dartford	Thurrock
Epping Forest	

Oxfordshire – 1.07	
Cherwell	South Oxfordshire
Oxford	Vale of White Horse
Oxfordshire County Council	West Oxfordshire

West Sussex non-fringe – 1.01	
Adur	Horsham
Arun	Mid-Sussex
Chichester	Worthing

Annex C: Criteria to identify specialist land-based institutions

1. Eligible institutions offer provision that includes significant volumes of full time students that require the operation of credible land based enterprises, operated to industry standards through 365 days per year, needing cover for 24 hours per day. This specialist provision involves plant and/or animal production and management that will normally entail using a significant area of land, estates and gardens. An additional higher cost feature associated with this type of specialist provision is the need to recruit from and manage widely and thinly dispersed catchments.

Screening criteria

2. Institutions must meet these criteria.
 - a. An offer in at least 6 of the 12 land-based occupational areas, at least one of which will be agriculture or horticulture.
 - b. A minimum of 200 full-time, full year learners in land-based subjects (all modes). Figures include FE and taught HE. Full-time programmes must last at least 30 weeks.
 - c. Funded provision with progression routes up to and including level 3 or above in at least 4 of the occupational areas.
 - d. Clear progression pathways to HE.
 - e. Evidence of substantial involvement of representatives (leaders) of local land based industries in the institution's activity.
 - f. Levels of investment in physical resources consistent with the vocational levels and range of provision.
 - g. Existence of commercial enterprises in either agriculture or horticulture that are controlled or managed by the provider and supports a realistic working environment for learners to experience in acquiring an appropriate range of industrially relevant skills.

Occupational areas

3. These are the land-based occupational areas:
 - a. Agriculture, crops and livestock,
 - b. Animal care,
 - c. Aquaculture,
 - d. Equine,
 - e. Food manufacture and processing,
 - f. Game and wildlife management,
 - g. Landscape,
 - h. Land-based engineering,
 - i. Production horticulture,
 - j. Professions allied to veterinary trade,
 - k. Trees and timber,
 - l. Viticulture.



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