**GUIDANCE ON SCHOOL SIXTH FORM FUNDING**

**BRIEFING NOTE 6**

**FUTURE ADJUSTMENTS TO 2002/03 SCHOOL SIXTH FORM ALLOCATIONS**

**Introduction**

The underlying policy has been that the allocations for school sixth forms as published on 7 March are final for 2002/03. It should not therefore be assumed that the LSC will make changes to those allocations - particularly in relation to actual school performance, as that will be for later reconciliation.

But there are some circumstances which justify our amending the allocations - again, these should not be seen as an in-year reconciliation to take account of school performance. A recent Ministerial decision relating to the transfer of funds from local Government to the LSC now allows us to make in-year changes and receive additional Government funding for pupil growth where necessary.

There are two general circumstances for which we will make adjustments to the allocations - a significant change in sixth form pupil numbers following the September 2002 intake; and significant errors in the base data on which the allocations were made.

We are also aware of a number of opening and closing sixth forms.

This note details those circumstances and the LSC policy.

**The Real Terms Guarantee**

Other than for new school sixth forms, these policies relate to the LSC’s formula allocation only. We are discussing with the DfES what their policy intentions are over the Real Terms Guarantee (RTG) either for pupil number increases or decreases following the September 2002 intake. A school’s RTG allocation will always be triggered if any adjustment to its formula allocation brings it to below the RTG level.

**Adjusting for significant pupil number changes**

With data from the September 2002 pupil count form, we will be able to compare pupil numbers with the September 2001 data on which the allocations for the 16-month funding cycle from April 2002 to July 2003 were based.

We do not intend to use the qualification data in the September pupil count to adjust the 2002/03 allocations.

***Pupil number increase in September 2002***

We have consistently maintained that we would reflect in a school’s funding any “significant” increase in pupil numbers following the September 2002 intake. We need to define:

* what constitutes “significant”;
* what level of allocated funding such changes would attract;
* when the funding for any adjusted allocations would start to flow.

As a starting point, we will for each school divide its 12-month LSC allocation by its September 2001 pupil number to give an *average per pupil funding allocation* for that school sixth form.

Defining “significant”

We intend that there should be three bands. They are where the September 2002 pupil count shows an increase over the September 2001 pupil count in a school’s sixth form pupil numbers of:

(i) 10% or fewer than 15 pupils, whichever is the lower;

(ii) more than 10% (or 15 pupils) but less than 25%;

(iii) 25% or more.

Allocated funding levels

The action we will take over the allocations for each of those bands is:

(i) we make no adjustment to the allocation;

(ii) for each pupil above the 10% or 15 pupil threshold, we add 60% of the school’s average per pupil allocation;

(iii) for each pupil above the 10% or 15 pupil threshold but below the 25% threshold, we add 60% of the school’s average per pupil allocation. For each pupil above the 25% threshold, we add 100% of the average per pupil allocation.

This ‘sliding scale’ is designed to reflect planning needs by recognising that a few pupils are likely to produce only marginal additional costs but that higher additional numbers will attract more significant costs. It also aims to avoid a steep step in funding allocation levels between thresholds.

These measures are for allocations purposes only. Subject to affordability, we expect that following end of year reconciliation, we would pay fund at national rates for additional pupils. For future years, we will consider how to move school and FE allocation and funding arrangements closer to each other. Paragraphs 294-299 of the 15 March final draft of the LSC’s Funding Guidance for FE in 2002/03 cover the arrangements for ‘responsive’ and ‘planned’ growth, which we expect to be funded respectively at 60% and 100% of the national rates.

When the additional funds will flow

To give time to assess the September 2002 pupil count data and to make the necessary calculations, we expect to re-profile our payments to LEAs with effect from January 2003.

***Pupil number reduction in September 2002***

As with pupil number increases, we intend to reflect in a school’s funding allocation any “significant” decrease in pupil numbers following the September 2002 intake. It should be stressed that a school’s RTG allocation will be triggered if any downwards adjustment to its formula allocation brings it below the RTG level.

We need to define:

* what constitutes “significant”;
* what reduction in the allocated funding such changes would attract;
* when the reduction for any adjusted allocations would be implemented.

As a starting point, we will for each school divide its 12-month LSC allocation by its September 2001 pupil number to give an *average per pupil funding allocation* for that school sixth form.

Defining “significant”

We intend that there should be three bands. They are where the September 2002 pupil count shows a decrease on the September 2001 pupil count in a school’s sixth form pupil numbers of:

(i) 10% or less, or fewer than 15 pupils, whichever is the higher;

(ii) more than 10% but less than 25%;

(iii) 25% or more.

Allocated funding levels

The action we will take over the allocations for each of those bands is:

(i) we make no adjustment to the allocation;

(ii) for each pupil above the 10% or 15 pupil threshold, we deduct 60% of the school’s average per pupil allocation;

(iii) for each pupil above the 10% or 15 pupil threshold but below the 25% threshold, we deduct 60% of the school’s average per pupil allocation. For each pupil above the 25% threshold, we deduct 100% of the average per pupil allocation.

This ‘sliding scale’ is designed to reflect planning needs by recognising that a few pupils are likely to produce only marginal savings but that very significant reduced numbers are likely to mean significant cost reductions. It also aims to avoid a steep step between thresholds.

When the reduced allocation will take effect

To give time to assess the September 2002 pupil count data and to make the necessary calculations, we expect to re-profile our payments to LEAs with effect from January 2003.

**New and closing school sixth forms**

Because the allocations data were based on the September 2001 pupil count, we have not yet made allocations for school sixth forms that are planned to open in September 2002; the allocations for school sixth forms that opened in September 2001 included only the first year of the sixth form; and the allocations for school sixth forms closing in July 2003 assume a full two year cohort in the sixth form, even though it would not be recruiting Year 12 pupils in September 2002.

The timing of the allocations is different for new sixth forms as the funding will begin in August 2002 - rather than in April 2002.

These schools need both full formula and RTG allocations adjustments.

***Sixth forms opening in September 2002***

We are collecting the data for these school sixth forms using a modified version of the DfES’ pupil count form (similar to a revised one which we are intending to pilot for general use in September 2002). The difference, of course, is that this form for new sixth forms will rely on estimates. We are therefore asking for supporting information to validate those estimates. That information could be details of where the additional students are expected to come from and/or why the current pattern of where learners go for their provision is expected to change. The validation of this information will be made at local level. Local LSCs will be asked for their view on how realistic the estimates are on the basis of knowledge of the local situation.

The data collected will enable us to calculate formula funding and RTG allocation figures for a new sixth form. The school would receive the full allocation due - either the formula or the RTG. The formula allocation would be subject to subsequent adjustment for pupil numbers following the September 2002 pupil count as for existing sixth forms.

The RTG would be calculated on the basis of the average RTG funding per pupil within the LEA area multiplied by the number of pupils in the new sixth form. We are not aware of any proposed new sixth forms in LEA areas without sixth forms.

The funding for these schools would start to flow from us to LEAs in August 2002. Any adjustments from the September 2002 pupil count would take effect from January 2003 as with existing school sixth forms.

***Sixth forms opened in September 2001***

These currently have allocations based on one year only. We are doing a similar exercise as for sixth forms opening in 2002 in order to produce formula and RTG allocations for the whole sixth form. Again, the LSC funding for the full sixth form will start from August 2002; the LSC funding for the first year starts, of course, in April 2001.

***Sixth forms closing in July 2003***

We will be conducting a similar exercise as for new school sixth forms to determine the reduction in allocation due to no new Year 12 pupils starting in September 2002.

**Base data errors**

There have been some serious problems with the qualification returns in the DfES’ September 2001 pupil count, particularly over vocational qualifications. Many Local LSCs and LEAs have been working hard with schools to ensure that the data is ultimately correct, although we are not certain that all errors have now been accommodated.

We will be asking all Local LSCs to confirm finally with their LEAs and schools the correct qualifications data on which the allocations are based - probably by the end of April 2002. Where the results indicate a significant correction to the allocation, we shall amend that allocation, with a consequent re-profiling of the payments to LEAs from August 2002.

By significant, we mean a 5% difference between the “corrected” allocation and the published allocation.

After this adjustment, no more corrections will be made: it will be a matter for subsequent reconciliation. It is therefore in the school’s interest to work to ensure that it does not receive either an overly high or an overly low allocation.

We are planning to run a pilot of a redesigned qualification section of the pupil count form to eliminate the problems with last year’s form.