16-19 Funding Formula 2013/14

A field guide to Shadow Allocations

October 2012

Contents

Introduction

In 2013/14 your 16-19 funding will be calculated in a new way. We will still use the data that you record to calculate your future funding, but the formula that we use to calculate your funding has changed. You can find full details of the changes on our website at:

www.education.gov.uk/efa

To help you understand the changes and how they may affect your organisation we have produced a *shadow allocation*. This shows you how the new methodology is calculated against data used in your 2012/13 allocation.

This field guide aims to explain the practical detail of how we have used your data to calculate your *shadow allocation*.

The *shadow allocation* has two parts:

- **shadow allocation statement** – this is a summary of your *shadow allocation*. It shows how the new methodology is calculated against data used in your 2012/13 allocation. It also gives a breakdown of the individual elements of the new formula. This is a similar document to the actual 2012/13 final funding statement that you would have received in Spring 2012.

- **shadow allocation calculation toolkit** –this is a spreadsheet that demonstrates how we have used your data to calculate your *shadow allocation*.

The *shadow allocation* is intended to be a learning tool only. It does not affect your existing 2012/13 funding allocation and it is not a guarantee of funding in 2013/14. You should also note that we may change the way in which we use your data within the new funding formula for the final 2013/14 funding allocation (which you will receive in Spring 2013).

This document is issued solely to aid understanding of the new system and how allocations may be calculated – it is designed to highlight the differences between the existing system and how allocations may be calculated for 2013/14; it is not intended to suggest in any way an indication of future funding. Whilst every care has been taken to replicate the system that will be in place for 2013/14 as far as we can at the moment, there may well be differences because of data changes that may occur and because there are still areas that are not fully confirmed at the time of issue of this document and areas that may change before the actual 2013/14 calculations are made

If you have any feedback about your shadow allocation, please let us know by 16th November 2012.

What's staying the same?

- Your 16-19 funding allocation will continue to be based on your data - what you are delivering in your institution now, forms the basis of your funding in future years.
- All 16-19 students will be funded at the same national funding rate.
- In 2011/12 we put in place transitional protection to support institutions with the reduction in entitlement and the equalisation of the national funding rate between schools and colleges. It is unaffected by the new formula for 2013/14 and is shown separately

What's changing?

- The funding formula is changing in the following way:
    - We now measure the volume of learning delivered by your institution in a different way. We now count the number of students that you teach (at full or part time), not the number of courses that you teach.
    - We no longer use your success rate in the funding calculation; instead we now use your retention rate.
    - There are fewer programme cost weighting categories which are used with the student's core programme aim only
    - The new disadvantage funding element combines two former elements: how deprived your student's home area is; and their prior attainment in English and maths.
- There is now a new way of paying for high needs students. In broad terms, students identified as high need attract programme funding based on the formula plus £6,000 from the EFA, and with any top up being commissioned by Local Authorities. High needs students are those 16-19 year old students that previously attracted more than £5,500 High Cost ALS funding, and those 19-24 year old students that have a Learning Difficulty Assessment (LDA) or an Education, Health and Care Plan (EHCP).
- We are introducing Formula Protection Funding for 3 years to protect funding where the move to a basic funding rate per student would otherwise result in a reduction in funding per student. Depending on affordability we may also cap increases. The shadow allocation has had a cap of 10% applied

For full details about the changes to 16-19 funding please see our website at:
www.education.gov.uk/efa

Shadow Allocation

To help you understand the changes to the 16-19 funding formula and how they may affect your institution when they are introduced for the 2013/14 funding allocation, we have produced a *shadow allocation*. This shows you how the new methodology is calculated against data used in your 2012/13 allocation.

Shadow Allocation Statement

We have produced a Shadow Allocation Statement for every 16-19 education provider. This is a summary of your *shadow allocation*.

You can find an explanation of the fields that are used in the statement in Annex B of this document.

Shadow Allocation Calculation Toolkit

We have also produced a Shadow Allocation Calculation Toolkit for institutions where we have data. This will show you how we have used your data to calculate your *shadow allocation*. The toolkit includes six separate tabs:

- **Shadow allocation statement** – this will match the information in your Shadow Allocation Statement
- **201213 allocation** – this shows elements of your actual 2012/13 funding allocation which we've used to calculate your shadow allocation
- **Aims sheet** – this shows all the individual learning aims from your 2010/11 data return and how they have contributed to the shadow allocation
- **Programme sheet** – this illustrates how individual learning aims contribute to a student's complete programme and shows the core programme aim.
- **Glossary** – a technical description of each column with both the Aims and Programme sheets of the workbook. It also details the data sources for each column
- **Student names** – a facility for institutions to insert individual student names into the workbook to aid with interpretation.

If we don't have a full set of 2010/11 data for your organisation, then we have not produced a Shadow Allocation Calculation Toolkit for you. In this case you can still see how the calculations are made by reviewing our anonymised example toolkit which is available on our website (**www.education.gov.uk/efa)**.

You should note that there may be small differences between the statement and the toolkit. This is due to rounding differences.

Please note that no reliance whatsoever should be placed in any way on either the toolkit or the Shadow Allocation and the EFA takes no responsibility whatsoever for any decision, action or strategy any reader may take or pursue, either in full or in part, based in any way on this guidance.

Features of the *shadow allocation*

Who counts?

      a. The initial criteria upon which students aims have been considered in scope for the *shadow allocation calculation toolkit* are as follows**For ILR returns** – Any aims that generate guided learning hours for all 16-19 students within the learner responsive funding model, 19-24 learners in receipt of high cost ALS and any 19+ continuing learners within a sixth form college.

      b. **For school census returns** – The 'Main' or 'Current Main' aim for a student in National Curriculum Year 12,13,14 or 15, or in an unspecified National Curriculum Year where the student is aged over 15.

      c. **For HESA returns** – Any aims that generate guided learning hours (GLH) for all 16-18 students within the learner responsive funding model and 19-24 learners in receipt of high cost ALS.

Core programme aim

Each student will now have a core programme aim.

This is used in two ways:
- To calculate programme cost weighting
- To calculate retention.

The core aim is calculated at present based on your existing data. In future the core programme aim will be recorded by your organisation in your data return. You'll find more information about how we use the core aim in the programme cost weighting and retention sections of this guide.

What data have we used?

We've used the same data to calculate your *shadow allocation* as your actual 2012/13 funding allocation. This will allow you to look at the figures on a similar basis.

ILR returns: 2010/11 LR05 data
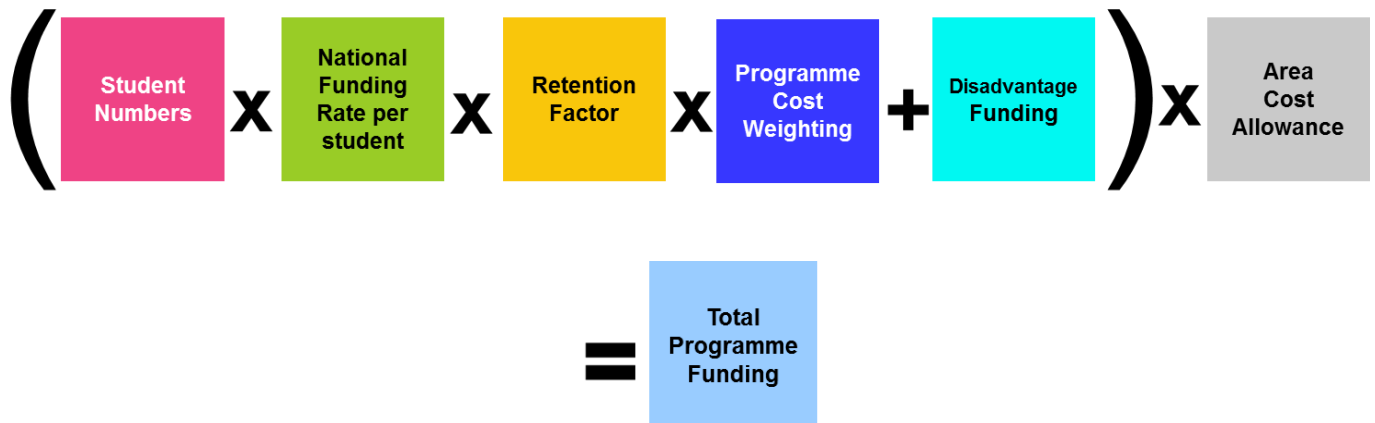
School Census returns: 2010/11 summer census data (S04)

The only exception to this is that for schools we used a later set of **2010/11 data (S05)** to calculate retention because this is a more complete data set about the retention of your students.

You can find a detailed description of data sources in your Shadow Allocation Calculation Toolkit in the glossary section.

The new 16-19 funding formula

All institutions are funded in the same way to teach 16-19 year olds (and 19-24 year old students with learning difficulties and/or disabilities). Funding allocations for 2013/14 will be calculated using a new funding formula.

There are also several additional funding elements that may or may not be relevant to your institution….

You can find full details of the new 16-19 funding formula on our website at:
www.education.gov.uk/efa

Student numbers

We now measure the volume of learning delivered by your institution in a different way. We now count the number of full-time and part-time students rather than the number of qualifications studied per student.

Student numbers are categorised into five bands:

Band	Category	Annual hours	Comment
	Full time	540+ hours	
4	Part time	450 to 539 hours	
3	Part time	360 to 449 hours	
2	Part time	280 to 359 hours	
1	Part time	Up to 279 hours	Hours are aggregated and divided by 600 to arrive at a full time equivalent figure

Table 1 in the **Shadow Allocation Statement** shows the breakdown for your institution with the total number of students shown in cells I34 and C22. Columns T and U on the programmes page will give you the details around which students fall into which category.

The students have been categorised into each band in column T on the **Programme** sheet based on the total hours studied in your 2010/11 data. A summary of this breakdown into the different bands can be seen in Table 1 in the **Shadow Allocation Statement** in column E. This breakdown has been applied to your student numbers in cells I34 and C22 to calculate the 2012/13 band breakdown.

The normal lagged student number rules for arriving at the total student number apply to this shadow allocation, namely the shadow allocation includes the same student number count that was used in the actual 2012/13 funding allocation:

a) Institutions that return the school census are funded based on the student count at the autumn 2011 return.
b) FE Institutions that return the Individualised Learner Record (ILR) are funded on a projected 2011/12 outturn based on the R04 data return in December 2011, projected forward by using the LR01 to LR05 ratio from 2010/11.
c) Independent Private Providers that return the ILR are funded on a rolling February 2011 to January 2012 student number count.
d) Some institutions that return the ILR are funded based on their 2010/11 outturn student count.

The normal qualifying period as far as a student being counted as a start to be included in the funding calculation applies, namely:

Planned length of programme in-year	Start period
24 weeks and longer	6 weeks
2 to 23 weeks	2 weeks

Please note that programmes of less than two weeks will no longer be funded under the new methodology. Within the *shadow allocation*, students falling within this category have been excluded from the calculation to arrive at the part-time ratios and, at the same time, remain within the total number of students as per the 2012/13 allocation. This means that for institutions with significant numbers of students on programmes of less than two weeks the figures will not necessarily be representative of the amount you will be allocated in future.

National funding rate per student

All 16-19 students will be funded at the same national funding rate.

The funding rates for the five categories of full time and part time students are the same for every type of institution. For shadow allocations the rate for full-time students is £3900 and the rates for part-time are reduced accordingly.

Band	Category	Annual hours	Rate
	Full time	540+ hours	£3900
4	Part time	450 to 539 hours	£3900
3	Part time	360 to 449 hours	£2633
2	Part time	280 to 359 hours	£2080
1	Part time	Up to 279 hours	£3900/fte

 This is not necessarily the rate which will be used for 2013/14 allocations.

You will note that for the purposes of Shadow Allocations the rate for Part Time band 4 (450 to 539 hours) is the same as the Full Time rate; this is because 450 is the current minimum for full-time and we expect these students to participate for over 540 hours in the future.

These are shown in Column J, Rows 28 to 34 of the **Shadow Allocation Statement**. These rates are fixed according to the available funds available.

Retention factor

We no longer use your success rate in the funding calculation; instead we now use your retention rate.

The retention rate is calculated at student level, not qualification level. For students on a vocational programme, we calculate the retention rate based on the student's core aim. For students on an academic programme we calculate the retention rate based on the student continuing to study at least one of their academic aims. It is calculated on the basis of retention for a full academic year.

Student's completion status	Percentage of funding
Student leaves before qualifying period	0%
Student leaves before planned end date and not recorded as completed	50%
Student retained to planned end date and recorded as completed	100%
Student leaves before planned end date and recorded as completed	100%

We convert your retention rate to a retention factor. This is because we recognise that there is a cost to your institution and an inherent value to educating young people – even if they don't complete their course. Therefore we fix your *retention factor* at a higher point than your *retention rate*.

To calculate your retention factor: **Retention Factor = (Retention Rate ÷ 2) + 0.5**

Your retention factor is derived from your 2010/11 data returns rather than your 2009/10 data returns which we used to calculate the success factor used in your the actual 2012/13 funding allocation, and is calculated somewhat differently. Therefore there is no direct comparison to be made between the success factor used in the actual 2012/13 allocation and the retention factor used in the Shadow Allocation statement.

> The core aim can be seen on the **Aims** sheet, Column R (for FE institutions) and Column S (for Schools and Academies) and the **Programme** sheet, Columns L to O.
>
> You will find the retention factor at Column G, Row 20 of the **Shadow Allocation Statement** and Column E of the **Programme** sheet.
>
> Calculation: On the **Programme** sheet, it is the sum of student retained (column E) divided by sum of Student start (column D), only where student start = 1 (i.e. meets the start criteria),

For institutions that return the ILR, retention is derived from 2010/11 LR05 ILR or 2010/11 annual HESA data collections and is calculated as stated above.

For institutions that return census data collections, retention has been calculated using a data return (S05) that is different to that used in the **Aims** and **Programme** tabs (S04)[1]. S04 data is the summer census collected in 10/11; the S05 is a version of the summer census with the achievement data matched.

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[1] Where institutions return census data collections, retention has been taken from 2010/11 S05 (autumn census) data collection and matched into 2010/11 S04 (summer census) data collection, which is fed directly into the **Shadow Allocation Statement**. However 2010/11 S04 has been used to populate the **Aims** and **Programme** sheets within the Toolkit. This was to ensure consistency with the 12/13 allocations. However no achievement data was included in the S04, so the retention factor was not accurate, and so S05 data has been used instead as it has the matched achievement data included. The retention methodology is still applied to the S04 data within the Toolkit calculations, however, when determining the overall retention factor at provider level the S05 data has been matched into the calculation, as this was considered to be more reflective of institutional behaviour.

Programme cost weighting

Programme Cost Weighting is applied to all programmes; it reflects the different costs of teaching different subjects. The Programme Cost Weighting replaces the old Programme Weighting Factor. The new measure is based only on the student's core programme aim and applied to the whole programme. Therefore your programme cost weighting will be different from your historical programme weighting.

All academic and some vocational programmes will be funded at the base rate. In addition there will be three weightings which have provisionally been set at 20%, 50%, and 60% above the new base rate. The base rate would include for example ICT user, business administration and travel and tourism, the medium weighting (20%) construction, engineering and catering and the high weighting (50%) agriculture and animal care. Annex A shows a full list of which sectors fit against each weighting. The specialist weighting (60%) would apply where there is a requirement to run specialist facilities such as a farm or equine stables.

These programme cost weightings may change in 2014/15.

The first stage of calculation is to determine whether the student's programme is academic or vocational.

The following qualifications are deemed to form the core of an academic programme.

Level	Qualification types
3	▪ GCEs – AS, A2, A with AS Levels. Double awards count as 2 academic qualifications ▪ IB Diploma – counts as 3 academic qualifications ▪ IB Certificates ▪ Cambridge Pre-U Diploma – counts as 3 qualifications ▪ Access to HE Diploma – counts as 3 academic qualifications
2	▪ GCSEs – including vocational ▪ GCSE Short Courses – count as half an academic qualification ▪ Free standing maths qualification

Students are deemed to be on an academic programme where they are enrolled on the specified number of academic qualifications below:

Level	Number of academic qualifications	Non-academic qualifications
3	3 or more	
	2	No single aim with 300 or more planned guided learning hours (GLH)
	1	No single aim with 150 or more planned GLH
2	3 or more	No single aim with 300 or more planned GLH
	At least 2 and less than 3	No single aim with 200 or more planned GLH
	At least 1 and less than 2	No single aim with 100 or more planned GLH

For vocational programmes the programme cost weighting is based on the Sector Subject Area Tier 2 of the substantial aim. For academic programmes a single weighting has been used. A provisional list of sector subject areas and the relevant programme cost weightings is given in Annex A.

The programme cost weightings are different from those used in the 2012/13 funding methodology and the weightings used in the *shadow allocation* may change in the future.

The provisional values used in the in the *shadow allocation* are shown below:

Programme Type	Average programme weighting using 2012/13 factors	Programme Cost Weighting Factor
Base	1.075	1.00
Medium	1.276	1.20
High	1.598	1.50
Specialist	1.718	1.60

We have reduced the number of programme cost weighting bands to simplify the calculation. All academic and some vocational programmes are funded at the base rate. These weightings have been calculated based on the average weightings of the programmes currently undertaken by young people in each subject area using the current programme weightings. These have been rebased, and the resulting change in weightings is reflected in an increase to the national rate

You can see your institution's Programme Cost Weighting on the **Shadow Allocation Statement** (I20), and on the P**rogramme** sheet (Columns P to R).

The calculation of the Programme Cost Weighting factor is as follows.

  a. **Funded Student Count** (column U) on the **Programme** sheet indicates students that are eligible for funding, where they meet the start criteria. For students studying less than 280 hours this will show the Full Time Equivalent (FTE).

  b. These are multiplied by the respective rate for the band. The result of this calculation can be found in National Funding Rate (column V) for the student. The cost weighting factor (column Q) is multiplied by the National Funding Rate (column V) to give Cost Weighting Factor Value weighted by National Funding Rate (column X).

  c. The **Programme** sheet contains totals for key columns. The final step in the calculation of the Programme Cost Weighting Factor is:

Programme Cost Weighting Factor = Total in column X divided by Total in column V, and can be found in I22 in the **Shadow Allocation Statement** (please note that the 'Totals' are conditional upon the student being funded as indicated by a "1" in Column D).

Disadvantage funding

The new disadvantage funding element combines two former elements: how deprived your student's home area is; and their prior attainment in English and maths.

Disadvantage Funding

Within the formula, Disadvantage Funding is divided into two blocks.

    a.   Block 1: Economic Deprivation Funding

    b.   Block 2: Prior attainment of those students below Grade C in GCSE English and/or GCSE maths.

Table 2 on the **Shadow Allocation Statement** gives a breakdown of both blocks of the Disadvantage Funding.

Block 1 is calculated using the Index of Multiple Deprivation 2010 and applying it to the post code of the student. Whilst the additional categories previously recognised are no longer eligible, it will recognise care leavers in the actual 2013/14 allocation, when the data is available. Additional funding for care leavers is not included in the shadow allocation as data will not be available until November 2012.

> The calculation of the Block 1 factor is as follows:
>
> Funded Student Count (column U) on the **Programme** sheet indicates students that are eligible for funding. For students studying less than 280 hours this will show the Full Time Equivalent (FTE).
>
> These are multiplied by the respective rate for the band. The result of this calculation can be found in National Funding Rate (column V) for the student. The Disadvantage Uplift Factor (column C) is multiplied by the National Funding Rate (column V) to give Disadvantage weighted by National Funding Rate (column W).
>
> The **Programme** sheet contains totals for key columns. The final step in the calculation of the Block 1 Factor is:
>
> **Block 1 Factor** = Total in column W divided by Total in column V minus 1, and can be found in F40 in the **Shadow Allocation Statement**.

Block 2 is based on the proportion of students within an institution who have below grade C in GCSE English and/or GCSE maths.

Block 2 rates for students that do not have a grade C in English and/or maths

Example	English below GCSE A*-C	maths below GCSE A*-C	Block two funding attracted per student
Student 1	Yes		Rate x 1
Student 2		Yes	Rate x 1
Student 3	Yes	Yes	Rate x 2

GCSE English and maths grades are sourced from the 2009/10 Young Peoples Matched Administrative Dataset (YPMAD). These data are not included in the supporting sheets.

Each instance of English or maths below grade C is assigned a value of one (thus, if a student has grades below C for Maths and English they will have a value of 2), this value is then summed at

institution level and divided by the total number of students from the YPMAD, producing an institution level factor.

This factor is then multiplied by the number of funded students in 12/13 to obtain a total number of instances to be funded for Disadvantage Block 2. These instances are then split out into 3 bands – those that attract the full time rate (see Table 2, item 2.5), those that attract the part time (see Table 2, item 2.6) and full time equivalent (FTE) rates (see Table 2, item 2.7). For the purposes of the shadow allocation, the full-time rate is £450 and the part-time rates Is £274; the FTE band is paid at the relevant percentage of the full-time rate. These are not necessarily the rates which will be used for the 2013/14 allocations.

The Disadvantage top-up is applicable if the total disadvantage funding (Block 1 plus Block 2) is below the prescribed minimum of £6,000 per institution (see Table 2, item 2.10 of the **Shadow Allocation Statement**).

Area cost allowance

Some areas of the country are more expensive to teach in; the Area Cost Allowance reflects this, and is based on the delivery location of the institution.

Area	Uplift 2012/13	Factor
London A (Inner London)	20%	1.2
London B (Outer London)	12%	1.12
Berkshire (fringe and non-fringe)	12%	1.12
Crawley	12%	1.12
Surrey	12%	1.12
Buckinghamshire fringe	10%	1.1
Hertfordshire fringe	10%	1.1
Buckinghamshire non-fringe	7%	1.07
Oxfordshire	7%	1.07
Essex fringe	6%	1.06
Kent fringe	6%	1.06
Bedfordshire	3%	1.03
Hertfordshire non-fringe	3%	1.03
Cambridgeshire	2%	1.02
Hampshire and Isle of Wight	2%	1.02
West Sussex non-fringe	1%	1.01
Rest of England	0%	1

The Area Cost Allowance can be found on the **Shadow Allocation Statement** and is the value used in the 2012/13 allocation (N20).

Other funding

The following categories of funding are applied where appropriate:

Formula protection funding

Formula Protection Funding will be paid for at least three academic years until and including 2015/16, where the move to a basic funding rate per student would otherwise result in a reduction in funding per student. It is calculated by comparing the funding per student generated by the new methodology to the funding per student from the existing 2012/13 allocation. The 2012/13 funding per student includes:

Formula Protection Funding

    a.   Programme Funding

    b.   Low Cost ALS

    c.   Additional ALS and disadvantage[2]

Where the funding per student in the *shadow allocation* is greater than the funding per student in the 2012/13 allocation, the increase has been capped at 10%.

You can see how your Formula Protection Funding has been calculated in Table 3 of the **Shadow Allocation Statement**.

There are a range of curriculum developments in the pipeline for the next three years (e.g. a review of A-levels and the work of the Ministerial Working Group) and these will affect funding from 2015/16 onwards. Ministers will need to decide what happens after that.

High needs student (HNS) funding

High needs students are those 16-19 year old students that previously attracted more than £5,500 High Cost ALS funding, and those 19-24 year old students that have a Learning Difficulty Assessment (LDA) or an Education, Health and Care Plan (EHCP). Funding for high needs students will be treated in three elements:

High Needs Students

    a. **Element 1: Core Education Funding** - funding calculated in line with the programme funding described above
    b. **Element 2: Additional education support funding** - an allocation of £6,000 per high needs student. For the purpose of the shadow allocations this is taken from the 2012/13 allocation, in future the number of element 2 payments per institution will be decided by the local authority. This is shown in Table 4 of **Shadow Allocation Statement**.
    c. **Element 3: Top-up Funding** – additional funding above the core education funding and the additional education support funding will be provided on a per-student basis by the local authority that has responsibility for the student (i.e. based on the residency of the student). This is not shown on the Shadow Allocation Statement, but instead the notional historic level of this funding can be seen in cell F/G70 in the **Shadow Allocation Statement**. This has been calculated as follows:
    d. **Top-up Funding** = 16-18 HC ALS (12/13 statement) + 19-24 HC ALS (12/13 statement) - High Needs Funding (cell J/K66). High Needs Students that are funded through the SEN block grant and or the specialist placement funds have been omitted.

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[2] For clarity – High Cost ALS is not included

Student support funding

Student Support Funding is not included in the Shadow allocation as it is not covered by the funding formula review; it will be included in 2013/14 allocations. You will find the requisite amounts for both Bursary funding and Residential Bursary funding from your 2012/13 allocation statement in rows 70, 71 of the **Shadow Allocation Statement.**

Student Support Funding

Transitional protection

In 2011/12 we put in place transitional protection to support organisations with the reduction in entitlement funding and the equalisation of the national funding rate between schools and colleges. You will continue to receive this if eligible. The transitional protection amount shown in the summary table of the **Shadow Allocation Statement** is a direct lift from your 2012/13 allocation.

TP from 11/12

For 2013/14, the current transitional protection (TP) for the reduction in entitlement funding and achievement of fair funding will continue to be reduced by 3% of funding per student per year or in 4 equal instalments, whichever is the greater until 2014/15. For clarity, this protection ceases in 2014/15 and none will be paid in 2015/16.

Annex A

Shadow allocation: technical notes

1. Definition of the core aim

Where a student's individual learning aims are either wholly vocational or a mixture of academic and vocational and their programme is defined as vocational, **only** those aims classified as vocational are utilised in the hierarchy to calculate the core/substantial aim –

    a. Most in year guided learning hours (GLH)

    b. Where GLH is equal, then only the retained vocational aim

    c. Where retention is equal, then the aim with the highest programme cost weighting

    d. Where all of the above are equal, the aim with the lowest aim sequence number is picked.

2. Definition and calculation of disadvantage block 2 factor (see page 13)

Disadvantage block 2 is based on the proportion of learners within an institution who have below grade C in GCSE English and/or GCSE maths.

GCSE English and maths grades are sourced from the 2009/10 Young Peoples Matched Administrative Dataset (YPMAD).

Each instance of English or maths below grade C is assigned a value of one (thus, if a student has grades below C for maths and English they will have a value of 2), this value is then summed at institution level and divided by the total number of students from the YPMAD, producing an institution level factor.

This factor is then multiplied by the number of funded learners in 2012/13 to obtain a total number of instances to be funded for Disadvantage Block 2. These instances are then split out into 3 bands - Full Time, Part Time and Full Time Equivalent (FTE).

- The full time instances have been calculated by using the proportion of 10/11 learners falling into either the 450 – 539 band or the >=540 band and multiplying this by the total number of instances. The full time rate of £450 is multiplied by each of these instances.
- The part time instances have been calculated using the proportion of 10/11 learners falling into either the 360 – 449 band or the 280-359 band and multiplying this by the total number of instances. The part time rate of £274 is then multiplied by each of these instances.
- The instances for the lowest band are calculated using the proportion of 2010/11 learners falling into the lowest band (0 to 279 hours) multiplied by the total instances. These are then turned into FTEs by applying the ratio of 2010/11 Students to FTEs. The full time rate of £450 is then multiplied by each of these instances.

The total funding for Block 2 is then the sum of the three funding amounts calculated above.

Example

	Inputs	
A	Disadvantage Block 2 Instances per student	0.682
B	2012/13 Funded Students	350
C	2010/11 Students Full Time	200
D	2010/11 Students Part Time	80
E	2010/11 Students (up to 279 hours band)	55
F	2010/11 Students Total	335
G	FTEs (up to 279 hours band)	10.06
H	Disadvantage Block 2 Full Time Rate	£ 450
J	Disadvantage Block 2 Part Time Rate	£ 274

	Calculated Elements	
K	Total Instances (A*B)	238.70
M	Full Time Instances ([C/F]*K)	142.5075
N	Part Time Instances ([D/F]*K)	57.003
O	FTE Instances ([E/F]*K)	39.1896

	Outputs	
1	Full Time Block 2 Funding (M*H)	£ 64,128.36
2	Part Time Block 2 Funding (N*J)	£ 15,619
3	FTE Block 2 Funding (O*[G/E]*H)	£ 3,226

3. Care standards funding

The calculation of Care Standards funding works as follows:

  a. Institutions registered with Ofsted for inspection under the Care Standards regulations are eligible,

  b. The institution will have at least 12 learners from the 10/11 ILR who have any of the fields L34a, L34b, L34c or L34d set to 49, Learner living on campus (accommodation owned or managed by provider) and who are aged 16 or 17 as of the 31st August 2010.

  c. Provided both criteria set out in point a or b are met then funding is set at a block value of £12,252 with a further £817 per learner.

4. Programme Cost Weightings by Sector Subject Area Tier 2

SSA Tier 2 Code	SSA Tier 2 Description	Programme Cost Weight 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 Well Being	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[3]	1.5/1.6
3.1	Agriculture	High/Specialist	1.5/1.6
3.2	Horticulture and Forestry	High/Specialist	1.5/1.6
3.3	Animal Care and Veterinary Science	High/Specialist	1.5/1.6
3.4	Environmental Conservation	High/Specialist	1.5/1.6
4	Engineering and Manufacturing Technologies	Medium	1.2
4.1	Engineering	Medium	1.2
4.2	Manufacturing Technologies	Medium	1.2
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

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[3] The high weighting (50%) will include agriculture and animal care. The specialist weighting (60%) will apply where there is a requirement to run specialist facilities such as a farm or equine stables.

SSA Tier 2 Code	SSA Tier 2 Description	Programme Cost Weight Banding	Programme Cost Weighting Factor
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
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
NA	Not Applicable/ Not Known	Default	1
U	Unknown	Default	1
X	Not Applicable	Default	1

Annex B

Shadow allocation statement: technical notes

Summary of 12/13 shadow allocation funding

Title	Data source	Comments
Total programme funding		Calculated from the programme funding formula.
Care standards funding	As set out in 4.2.	
Formula protection funding	As calculated in table 3.	
Transitional protection	As in your 2012/13 allocation statement.	
High needs student funding	As calculated in 4.1.	
Total shadow funding allocation	Total of above five figures.	

Table 1: Breakdown of funding for full time and part time bands

Title		Data source/calculation	Comments
1.1, 1.2, 1.3, 1.4, 1.5, 1.6	Student numbers (2010/11 data)	Total student numbers in each band based on your 2010/11 data (ILR or school census) Full time equivalent (FTE) calculation for students in 1.5: aggregated hours for students in band ÷ 600 = FTEs	New providers (with no historical data available) will see zeroes in this column and the next three: proportion of students in each band, and 2012/13 number of funded students by band (16-18 and 19-24). Figures will only be shown in the all students column, the national funding rate column, and the student funding column.
	Proportion of students in each band	students in the band ÷ total number of students	
	2012/13 number of funded students by band	proportion of students in the band × student numbers from 2012/13 allocation	Note that the *number* of students is taken from the total allocated number shown in your 2012/13 allocation statement, but the *proportions* are taken from ILR or school census data 2010/11. The 16-19 and 19-24 figures are for information only and not used in the calculation of your shadow allocation. The split for all students is the number to which the funding rate has been applied. The total in the all students column is the total of the two cells (16-19 and 19-24 students) to the left. It will not be the total of the banded number of students shown above, because the smallest part time band shows full time equivalents and is therefore smaller than the number of individual students. Where an institution is new there is no data available for the institution to determine the banding of learners: - for schools and academies, it is assumed that 100% of students are in the top full time band, - for other institutions, it is assumed that 100% of students are in the 280-359 hours part time band.

| | National funding rate | Full time (at least 540 hours) = £3900
Part time (450 to 539 hours) = £3900
Part time (360 to 449 hours = £2633
Part time (280 to 359 hours = £2080
Part time (up to 279 hours) £3900 per FTE
(note that the number of FTEs is used when calculating the funding in this band, therefore the full time rate is applied) | Part time rates use the band's midpoint. For example, the midpoint of the 360 to 449 part time band is 405:
(405 ÷ 600) × £3,900 = £2,633
The full time rate is used for the largest part time band, as these students counted as full time in 2012/13.
The national funding rate shown here is used only for the purpose of the shadow allocation. It may change for the real 2013/14 allocation |
| | Student funding | number of students × national funding rate | The total funding shown here is what has been used in the rest of the funding formula. |

Table 2: Breakdown of disadvantage funding

Title		Data source/calculation	Comments
Block 1			
2.1	Economic disadvantage funding		Accounts for the additional costs associated with engaging, retaining, and teaching students from economically disadvantaged areas. Funding is uplifted for students living in the 27 per cent most deprived lower super output areas (LSOAs) of the country and some other circumstances. Additional funding ranges from 8.4 to 33.6 per cent.
	Block 1 factor	The student's home postcode and the Index of Multiple Deprivation (IMD) 2010 are used.	The factor is an average across the whole institution, weighted by the national rate for each student's core aim.
	Funding including programme costs	As shown in main statement of programme funding formula, above: student numbers × national funding rate × retention factor × programme cost weighting	Funding calculated on the programme funding formula to this stage.
	Block 1 funding	block 1 factor × programme funding	
2.2	*Care leavers*		*Not included in the shadow allocation. Care leavers funding will be included in the 2013/14 allocation.*
	Number of qualifying students		
	Rate per qualifying student		
2.3	Total block 1	economic disadvantage funding + care leavers funding	
Block 2			
2.4	Instances attracting funding per student	Young People's Matched Administrative Database (YPMAD)	A factor to represent the ratio of students that did not have GCSE maths and/or English. The factor is based on the number of instances when a student does not have at least a C grade in GCSE maths or English. These students attract additional funding.
	Number of funded instances (2012/13)	The above factor is multiplied by the learner numbers taken from the 12/13 allocation statement. This gives the total number of instances attracting funding.	

Title		Data source/calculation	Comments
2.5, 2.6, 2.7, 2.8	Number of students attracting the full time and part time rate		The number of students is grouped: - bands 1.1 and 1.2 (receiving the full time), - bands 1.3 and 1.4 (receiving the part time rate) - band 1.5 (note that the number of students is converted to FTEs, and therefore the full time rate is used).
	Proportions of students in each band	As shown in table 1.	
	Number of funded instances in each band	proportion of students in the band ✕ 2012/13 instances attracting funding	
	Block 2 funding rates	Students counted as full time: 450 to 539 hours and at least 540 hours — £450 Part time: 280 to 359 hours and 360 to 449 hours — £274 Part time (counted as FTEs): up to 279 hours — £450 per FTE	As with the national funding rate, the rates for the part time bands are calculated on the midpoint of the hours that each spans. For example, the midpoint for students in the 280 to 359 and 360 to 449 bands is 365: $(365 \div 600) \times £450 = £274$
	Block 2 funding	number of funded instances in each band ✕ block 2 funding rates	
2.9	Total block 2 funding		
2.10	Minimum top-up (if applicable)		When a student's total disadvantage funding (the sum of block 1 and block 2) is less than £6,000, the value is topped up to £6,000.
2.11	Total disadvantage funding	total block 1 funding + total block 2 funding + minimum top-up	

Table 3: Breakdown of formula protection funding and increase capping

Title		Data source/calculation	Comments
3.1, 3.2	Total funding	Actual funding: as in your 2012/13 allocation statement/programme funding formula. Shadow funding: as in this statement	This is made up of your total allocation (16-18 and 19-24) less transitional protection less high cost ALS (16-18 and 19-24). It does not include special educational needs (SEN) or specialist placement funding.
	Total students	As in your 2012/13 allocation statement.	
	Funding per student	total funding ÷ total students	
3.3	Funding formula protection funding per student	2012/13 actual funding per student minus 2012/13 shadow funding per student	If your funding per student in the shadow allocation is less than the funding per student in your actual 2012/13 allocation, funding formula protection protects your institution from the effect of moving to funding per student.
3.4	Funding formula increase cap per student	Where the 2012/13 shadow funding per student is greater than 10% above the 2012/13 allocation funding per student, the shadow allocation is capped at a 10% increase.	
	Total formula protection funding	student numbers ✕ (funding formula protection funding per student + funding formula increase cap per student)	

Table 4: Other funding

	Title	Data source/calculation	Comments
4.1	Student numbers (high needs)	Number of 16-18 and 19-24 high cost ALS students in your 2012/13 allocation statement = high needs students	This does not include special educational needs (SEN) and specialist placement students.
	Rate per student applied		High needs students are funded at a minimum of £6,000 each.
	Funding	student numbers × rate per student applied	
4.2	Student numbers (care standards)	2010/11 actual data (ILR or school census).	The number of students eligible to earn care standards funding for the provider.
	Funding		Care standards funding is only available to providers with more than 12 students in residence. Students are funded at £817 each, plus a single payment per provider of £12,252.

Funding not included in the shadow allocation

High cost ALS

High needs student (HNS) funding replaces high cost ALS and its associated programme funding. Students identified as having high needs attract programme funding plus £6,000 from the EFA, with any top-up funded through local authorities. The figures in this table represent element 3 of high needs funding. This is high cost ALS (16-18 and 19-24), minus the calculated high needs funding found in table 4.

Bursary funding

Bursary funding is separate from programme funding, and is not part of the funding formula review. Guidance on the bursaries is available on the DfE website:
www.education.gov.uk/childrenandyoungpeople/youngpeople/studentsupport/funding/a00203061/16-19-bursaries.

Residential bursary funding

Funding for residential bursaries under the residential support scheme will be calculated and allocated separately.

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