



Department
for Education

Government response to the 2013 consultation on allocating discretionary 16-19 Bursary Funds

March 2014

Government Decision

1. The government has decided not to proceed with the changes proposed in the consultation¹. The level of volatility demonstrated in the impact assessment, where some institutions would see their 16-19 Bursary allocation increase by several hundred per cent, while others would lose almost all of their allocation, was too high and risked destabilising financial support for students.

2. The Government recognises that the current method of allocation discretionary 16-19 Bursary funds is out of date, and that it needs reform. We remain determined to identify a sustainable and equitable approach that has the support of the post-16 sector. The independent evaluation of the 16-19 Bursary Fund will report in early 2015. We will study the findings carefully, assess whether the bursary is delivering its aims and consider how best to proceed to move the discretionary bursary allocations to a sustainable basis. We will work with stakeholders in these considerations via our Student Support Consultative Forum. For 2014 to 2015 and 2015 to 2016 academic years there will be no change to the allocations methodology, giving stability for schools and colleges.

3. The Government is introducing in 2014/15 some £45 million of additional, funds for colleges to provide Free Meals to qualifying students; this could release some bursary funds that would otherwise be spent on providing meals for students.

¹ The 'Consultation on the method used to allocate the discretionary element of the 16-19 Bursary Fund to providers' was held on the Department for Education e-consultation website between May and July 2013.

Background

4. The 16-19 Bursary Fund was introduced in 2011 and replaced the Education Maintenance Allowance² (EMA). The fund comprises two elements: the most vulnerable³ young people receive yearly bursaries of £1,200; schools and colleges allocate the rest of the fund on a discretionary⁴ basis. This assessment focuses on the method used to set discretionary bursary allocations for individual institutions.

5. The Government ran a consultation⁵ in 2013 to determine a sustainable method of allocating the discretionary element of the 16-19 Bursary Fund to institutions from 2014/15. The main proposal in the consultation was to use Pupil Premium eligibility to distribute funds, to direct more funding towards institutions that teach the most disadvantaged students, and there was also a proposal to apply an additional uplift to rural students to reflect their higher travelling costs.

6. This report sets out the Government's response to the consultation results based on an assessment of the modelled impact of the proposed changes in academic year 2014 to 2015 (2014/15). The impact assessment draws on detailed analysis of Individual Learner Record (ILR) and School Census data and the matched administrative database that contains data on young people receiving free school meals.

Summary of Consultation Responses

Main findings from the consultation

- 40 of all 69 respondents favoured the Pupil Premium option
- 52 of the 67 who answered the relevant question supported a rurality factor
- 38 of the 67 who answered the relevant question supported phasing in the changes

² Independent evaluation of the EMA commissioned by the previous Government had indicated that only around one in ten of those who received it relied on EMA to participate.

³ Young people in care, care leavers, those on income support (or the new Universal Credits) and disabled young people in receipt of both Employment Support Allowance and Disability Living Allowance (or the new Personal Independence Payments).

⁴ [Guidance for institutions on the administration of bursary funds is published on the DfE website: http://www.education.gov.uk/childrenandyoungpeople/youngpeople/studentsupport/a00203061/16-to-19-bursaries](http://www.education.gov.uk/childrenandyoungpeople/youngpeople/studentsupport/a00203061/16-to-19-bursaries)

⁵ In 2011 the Government decided, following consultation, to base initial individual institution discretionary bursary allocations on the number of young people who had previously received EMA at the £30 per week level at the institution in 2009/10. However, the 2011 consultation was clear that historical EMA data would become out of date and a new method would be needed to reflect the changing needs of students at institutions. The most recent consultation focused on this and was run online between May and July 2013.

7. The majority of respondents to the consultation (58%) agreed with the proposal to use Pupil Premium data as the basis for allocation for the discretionary element of the 16-19 Bursary Fund, and there was even stronger support for the introduction of a rurality factor into the formula. See annex for a list of all those who responded and a breakdown of responses by organisation type.

Modelled Impact of Proposed Changes

8. Initial modelling carried out for ministers was followed by more detailed modelling to produce 'shadow' allocations which set out the impact for individual institutions of making the proposed changes. This assessment is based on the more detailed shadow allocations modelling.

9. The overall funding available for discretionary bursaries remains the same, at £152⁶m; the modelling examined changes to the distribution of the funds. Basing allocations on the number of students eligible for Pupil Premium shifted the distribution of funding significantly and towards urban institutions with large concentrations of disadvantaged young people. The scale of this re-distribution meant that a disproportionately high weighting was needed to provide any additional resource over current levels to institutions with students who live in rural areas and meet our objective of responding to sector concerns about the high travel costs faced by students. The formula modelled for ministers and shadow allocations was:

**Number of Pupil Premium students,
of whom students resident in Town and Fringe areas⁷ attract an uplift of x 2.5 and
students resident in Rural areas a x5 uplift**

x

Base rate⁸ (£)

⁶ There is also £28m for vulnerable bursaries, making the total fund £180m annually.

⁷ The ONS has a number of different rurality classifications for the various geographical boundaries in the UK. At lower super output area (LSOA - LSOAs contain between 1,000 and 3,000 people or between 400 and 1,200 households) level, the 2005 ONS methodology determines three main morphologies, and for each of these, one of two contexts, giving six categories :

- Urban > 10k – sparse
- Urban > 10k – less sparse
- Town & fringe – sparse
- Town & fringe – less sparse
- Village, hamlet & isolated dwellings – sparse
- Village, hamlet & isolated dwellings – less sparse

ONS recently issued a 2011 set of classifications. It contains 8 categories and results in very minor changes - for example, there were about 80% of LSOAs in Urban, now it's about 82%. This modelling uses the 2005 classifications.

10. Both the initial modelling and the shadow allocations showed that institutions of all types would see reductions in discretionary bursary allocations. In particular there would be:

- Significant changes to many individual institutions' allocations, resulting in extreme volatility across the post-16 sector:
 - More than one⁹ in ten institutions would lose at least half of their allocation and more than one in five would lose at least a quarter;
 - 31 institutions would receive an increase of more than £100k in their allocation and another 30 would lose at least £100k;
- Significant change in allocations for virtually all institutions. Only one in ten institutions would see a minimal 0-5% change either way in their discretionary bursary allocation.

11. The proposed changes would affect different types of institution as shown in Figure 1 below.

Figure 1: Modelled changes to 16-19 Bursary allocations by type of institution

Institution type	Number	Change from EMA based method to Pupil Premium x rurality method		
		Gain or no change	Lose 20-49%	Lose 50%+
FE Institutions¹⁰	596	49%	24%	10%
Academies / Free Schools¹¹	1,364	45%	26%	12%
Maintained Schools	743	49%	25%	9%
Local Authorities¹²	96	35%	25%	28%
Special Schools and Colleges¹³	527	56%	17%	7%
Totals	3,326	48%	24%	11%

Source: EFA administrative data

⁸ The model determines the base rate – the rate required to stay within the funding envelope of £152m.

⁹ The Education Funding Agency funds around 3,300 institutions.

¹⁰ Includes General FE Colleges, Sixth Form Colleges, charitable and commercial providers and others.

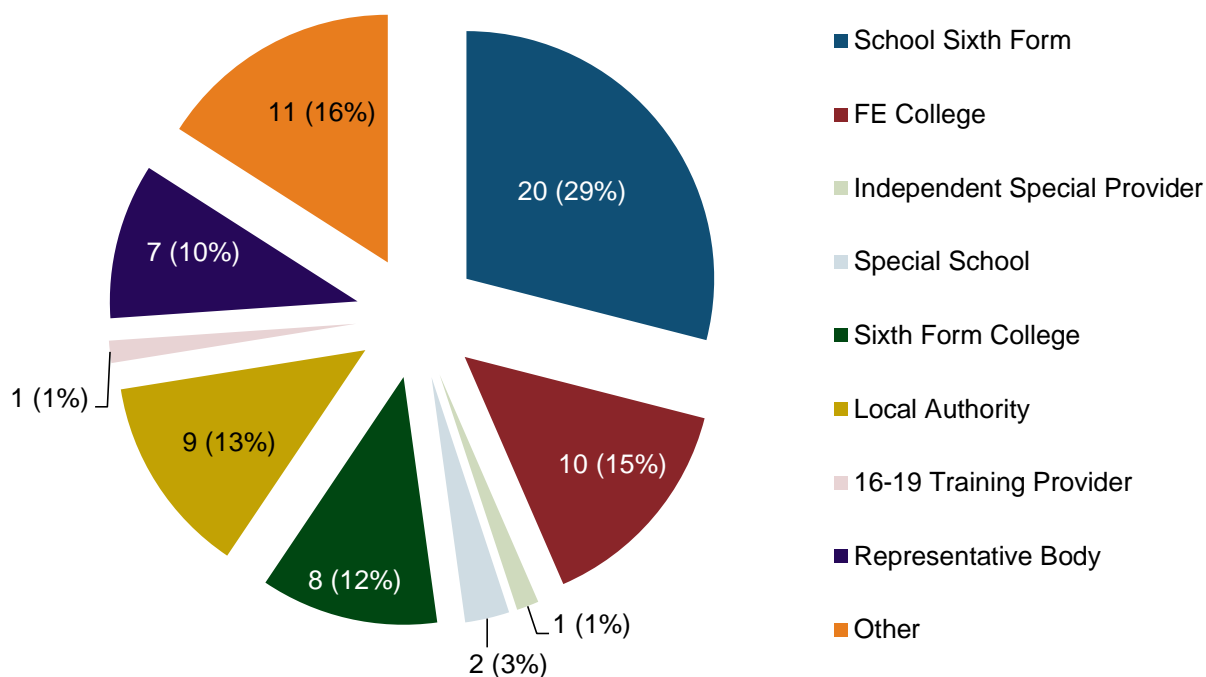
¹¹ Includes Studio Schools, UTCs and Academy Special Schools.

¹² This refers to local authorities that are also education providers in their own right.

¹³ Includes Independent Specialist Providers, Maintained Special Schools, non-Maintained Special Schools, Specialist Designated Colleges

Annex

Figure 2: Summary of responses by organisation type



List of organisations that responded to the consultation¹⁴

- Accrington Academy
- Age UK Training
- Arts University Bournemouth
- Association of Colleges
- Association of School and College Leaders
- Association of Teachers and Lecturers (ATL)
- Backwell School
- Bacup and Rawtenstall Grammar School
- Barnardo's
- Bishop Burton College
- Bishop Vesey's Grammar School
- Carlisle College
- Catholic Education Service

¹⁴ Some organisations have asked for anonymity.

- Centrepoint
- Christ's College Guildford
- City College Plymouth
- College of West Anglia
- Comprehensive School with 6th Form
- Cordeaux Academy
- Cornwall College
- Carmel College
- Doubletrees School
- Durham County Council
- Essex County Council
- Hereford Sixth Form College
- Kirk Hallam Community Technology & Sports College
- Kirkham Pear Tree School
- Leeds College of Music -subsidiary of Leeds City College
- Leventhorpe Trust
- Lincolnshire County Council
- Moulton College
- Myerscough College
- NASUWT
- National Association of Headteachers
- National Union of Teachers
- New College Stamford
- North Yorkshire County Council
- Notre Dame Catholic Sixth Form College
- Oldham Sixth Form College
- Peterborough Local Authority
- Reaseheath College
- Roma Support Group
- Saint Benedict CVA
- Saint Francis Xavier College
- School sixth form in performing arts

- Sheffield City Council, on behalf of a partnership
- Shrewsbury Sixth Form College
- St Anne's academy
- Staffordshire County Council
- Strode College
- Teesdale School
- The Harefield Academy
- The Henley College
- The Judd School
- Thomas Alleyne's High School
- Thomas Rotherham College
- Tunbridge Wells Grammar School for Boys
- Turnford School
- Warwickshire County Council
- WBA (work based learning provider network for Lincolnshire and Rutland)
- West Suffolk College
- Weston College
- Wolverhampton City Council
- Wyggeston & QE1 College



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