



Education
Funding
Agency

Funding guidance for young people Academic year 2014 to 2015

Funding rates and formula

July 2014

Contents

Summary	4
Programme funding	5
Scope of the model	5
Funding methodology	5
The formula	5
Student numbers	6
Lagged student numbers	6
Student numbers for new institutions	7
National funding rate	7
Table 1: National funding rates for 2014/15	7
Figure 1: Programme size in allocations and outturn	9
Historic data	10
Programmes and core aims	11
Academic programmes	11
Table 2: Core aims in academic programmes	12
Vocational programmes	12
Determining the core aim	12
Students with more than one core aim in a year	12
Definition of a start	13
Table 3: Criteria for counting as a start	13
Retention	14
Table 4: Funding for withdrawing students	15
Retention factor	15
Transfers	15
Withdrawals	16
Programme cost weighting	16
Table 5: Programme weighting factors	16
Specialist land-based programmes	17

Disadvantage funding	17
Block 1: economic deprivation funding	17
Index of Multiple Deprivation (IMD) 2010	17
Block 2: GCSE maths and English	18
Table 6: Funding rates for block 2	18
Disadvantage top-up	19
Area cost uplift	19
Area cost uplift factors for merged institutions and geographically dispersed delivery	19
Table 7: Area costs uplift 2014/15	19
Funding outside the formula	21
High needs student (HNS) funding	21
Care standards: residential accommodation for young people aged under 18	21
Table 8: Funding for institutions with residential accommodation for 2014/15	22
Transitional protection	22
Formula protection funding	22
18 and over rate reduction mitigation	23
Additional guidance on student programmes	24
14 to 16 in further education institutions	24
Pupil premium funding	24
Traineeships	25
Supported internships	25
Annex A: Programme cost weightings by sector subject area (SSA)	26
Table A1: Programme cost weighting by SSA	26
Annex B: Area cost uplifts by region	29
Table B1: Area costs uplift by region	29

Rates and formula funding guidance

Summary

This document is part of a series of booklets providing Education Funding Agency (EFA) Funding guidance for young people for the academic year 2014 to 15 (hereafter, and in the index, academic years will be referred to in the format 2014/15).

- 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 from the [EFA funding guidance webpage](#).¹

These documents outline the main features of the EFA funding arrangements for 2014/15 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 the EFA. All these documents should be read in this context, unless specifically stated otherwise. This is the definitive EFA guidance for 2014/15 and supersedes any previous funding guidance.

The sub-contracting controls guidance is now issued as a separate document as it only needs to be read by institutions either with sub-contractors or considering sub-contracted delivery.

For further information, please contact the appropriate EFA office, or for maintained schools their local authority. Contact details for each EFA office can be found on the [Department for Education website](#).²

¹ 16 to 19 education: funding guidance: www.gov.uk/16-to-19-education-funding-guidance.

² Department for Education: www.gov.uk/government/organisations/department-for-education.

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 a Learning Disability Assessment (LDA) or 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 college.

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. area cost allowance, and
- f. disadvantage.

The formula

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

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 academies: the lagged student numbers are based on the number of funded students recruited into the academic year 2013/14, taken at the autumn 2013 census point.
- b. FE colleges and some other FE institutions: the lagged student numbers are based on the number of students funded in 2013/14 as of 1st November (students must have at least one 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 (2012/13) to find out by what proportion student numbers increased from 1st November to the end of the year. This proportion is used to work out the projected student numbers by the end of 2013/14.
 - In some cases, the number of students funded in February 2014 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. Charitable and commercial providers (CCPs): the number of funded students carrying into the programme in February 2013, plus the number of funded students starting between February 2013 to January 2014.
- d. Independent specialist providers (ISPs): either the funded student numbers in February 2014, or the number of places commissioned by LAs, whichever is higher.
- e. 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 2012/13 (the latest year for which a full year's data is available).

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 March allocations statements: www.gov.uk/16-to-19-education-funding-allocations#allocations-for-the-2014-to-2015-academic-year.

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 the 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 the EFA and the institution.
- d. New institutions with EFA funding for high needs students only: the number of places submitted by the local authority.

6. In all cases, the standard approach may be waived when a case is made based on exceptional circumstances.

National funding rate

7. All full time students are funded at the same basic funding 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 2014/15

Band	Annual timetabled 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 (see paragraph 9)	£3,300
4b	450 to 539 hours	16 and 17 year olds Students aged 18 and over with high needs	

Band	Annual timetabled hours	National funding rate per student
3	360 to 449 hours	£2,700
2	280 to 359 hours	£2,133
1	Up to 279 hours	£4,000/FTE

8. The definitions of the full time and part time bands are based on the annual timetabled 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' for further information on what hours may be included.

9. There is a new funding rate for full time students who are 18 and over who are not high needs students. The rate is in band 4a in the table above. This rate has been reduced following the Spending Review for financial year 2015 to 16, which requires the EFA to make savings in the 16 to 19 participation budget to contribute to reducing the overall public sector budget deficit.

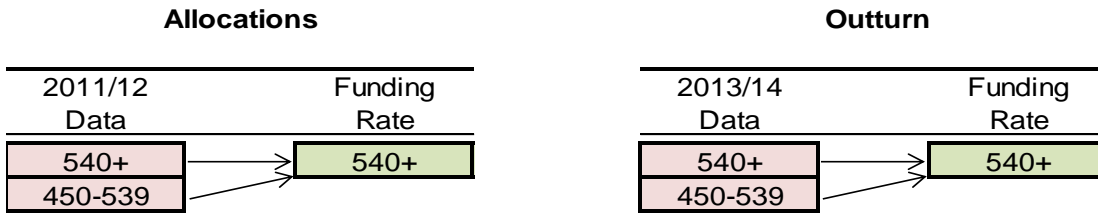
10. The EFA will also make payments in 2014/15 only to mitigate some of the effects of this rate change; see paragraph 91 for information.

11. The allocation calculation for 2014/15 moved 16 and 17 year old students who had programmes in band 4b (450 to 539 hours) in 2012/13 up to band 5 (540+ hours), to reflect the expected increase in the size of full time programmes. However, the calculation of outturn funding (the funding 'earned' in the year as shown in funding reports) will not move these students up a band, meaning that institutions will need to ensure that students have at least 540 planned hours in 2014/15 to generate the same outturn as allocation. Figure 1 shows the movement of students between the bands in diagram for last year (2013/14), this year (2014/15), and next year (2015/16).

12. 18 year olds students without high needs who are on a programme of 450+ hours will all be funded in band 4a (450+ hours) in line with the new funding rate, for the purposes of both 2014/15 allocations and outturn calculations.

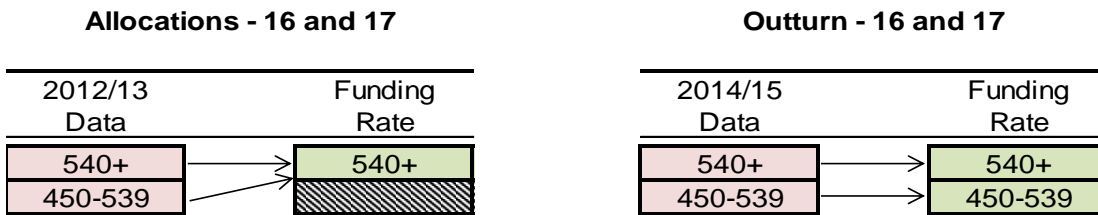
Figure 1: Programme size in allocations and outturn

2013/14 Funding

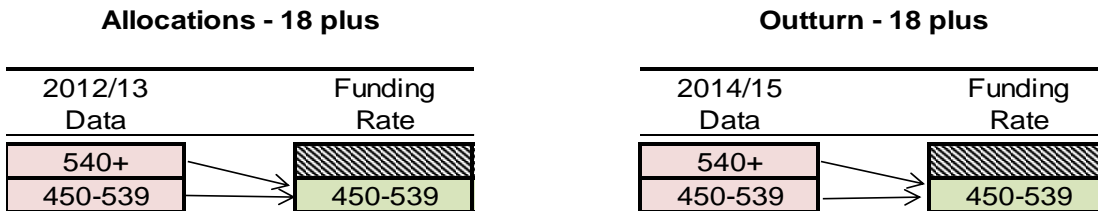


The 450-539 band is treated as 540+ in both allocations and outturn - transitional year

2014/15 Funding

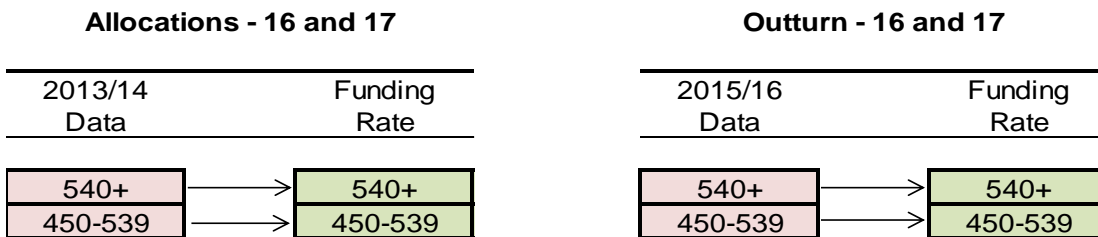


Students with 450-539 hours in 2012/13 are treated as 540+ in **allocations** as these are based on historical data, but will need to increase programme size to 540+ in 2014/15 to generate funding at that level in-year

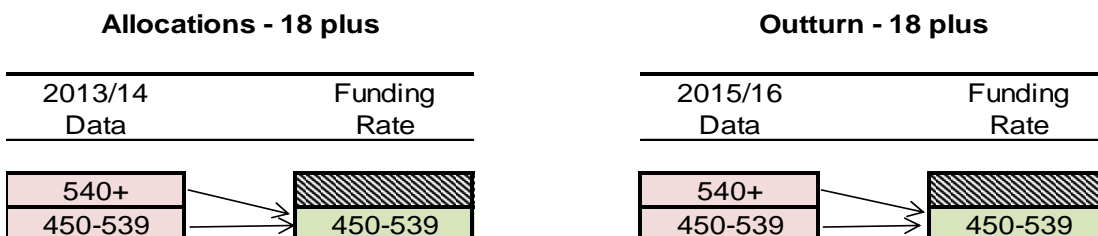


Single rate for all students with 450+ hours in both allocations and outturn

2015/16 Funding



New system fully in place. Now using 2013/14 data in allocations, so no longer make an assumption about increased programme size for 450-539 band



13. 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 full time student programmes will be 600 hours, and the funding rate has been set on this basis.

14. The full time funding rate is intended to fund a student for a programme that lasts the whole of the academic year. Students who start at the beginning of the year and attend a full time programme that ends with the usual external summer examinations are regarded as attending for a whole year.

15. A student can be recorded 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 similar programme at another institution. Institutions must bear in mind that the 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.

16. 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. 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.

17. 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.

18. 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 funded hours representing a full time study programme).

Historic data

19. 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 2014/15 academic year allocations, data from 2012/13 was used when calculating these elements of the funding formula for each institution:

- a. retention factor,

- b. programme cost weighting, and
- c. disadvantage funding (block 2 disadvantage for the academic year 2014/15 is calculated using data on prior attainment 2011/12 from the Young Person's Matched Administrative Dataset).

20. 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

21. 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 Individualised Learner Record (ILR) or school census, but it may be an activity represented by a class code,⁴ such as work experience.⁵ Institutions identify the core aim for each programme in the ILR or school census. In the case of the school census the core aim is only required for students studying vocational or mixed programmes.

22. The core aim is used:

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

Academic programmes

23. 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).

⁴ For more information on class codes, see appendix H to the 2013/14 ILR specification: www.gov.uk/government/publications/ilr-specification-validation-rules-and-appendices-2014-to-2015.

⁵ Further information on work experience is available in 'Delivery and recording of work experience in EFA-funded study programmes from the 2014/2015 academic year', DfE, May 2014: www.gov.uk/government/publications/delivery-and-recording-of-work-experience.

Table 2: 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 two 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).

24. 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

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

Determining the core aim

26. The core aim is the most important element of the programme, which will usually be the component with the largest amount of timetabled activity associated with it.

27. The core aim will determine 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.

28. 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.

Students with more than one core aim in a year

29. A programme can only have one core aim at a time.

30. There are limited circumstances when a student will have more than one core aim identified in an academic year.

- a. When a student on one study programme changes core aims.

- The student withdraws from their core aim and starts another in its place. A replacement core aim must only be recorded when the new core aim 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.

b. When a student has more than one study programme in a year.

- When a student progresses from a traineeship into another FE study programme, the second study programme must have a core aim to meet the study programme criteria.
- When a student returns to learning after completing a study programme (that is, after completing all the activities on their original learning agreement or plan), the second study programme must have a core aim..

31. Although planned hours will not usually be changed during the year, when a student progresses to further subsequent learning in the same year, under the circumstances described in paragraph 31b, the planned hours recorded on the ILR may require changing to reflect the additional hours that are planned for the student.

Definition of a start

32. For funding purposes a student is counted 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. When a student withdraws from a learning aim before the qualifying period for the programme is completed, the hours associated with it should not be included in the planned hours.

33. 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.

Table 3: Criteria for counting as a start

Study programme planned length in-year	Qualifying period
>= 24 weeks	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.

35. Programmes shorter than two weeks planned duration are not funded.

Retention

36. 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.
 - c. Where the core aim is work experience (for example, in a traineeship programme), the following will also be recorded as positive retention:
 - i. progression to an Apprenticeship, when the student has completed the qualifying start period,
 - ii. progression to a full time study programme, when the student has completed the qualifying start period, or
 - iii. progression to a job that meets the RPA requirements and that has been sustained for at least six weeks.

37. The EFA expects that vocational programmes will usually have a substantial core aim – that is, equivalent in size to one A level or making up at least 50% of the programme. 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.

38. 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.

39. The funding formula recognises that there is a cost to institutions in delivering programmes of study to students who do not complete, as shown in the table below.

Table 4: Funding for withdrawing students

Student's completion status	Percentage of annual funding earned
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%

Retention factor

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

41. 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.

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

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

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

Transfers

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

45. 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.

Planned hours and transfers

46. When a student transfers from one aim to another and has completed the qualifying period for the programme, the planned hours for the programme must not be changed. This includes when the student transfers their core aim from one qualification to another.

47. When a student transfers from one aim to another within the qualifying period, the planned hours can be changed. The new value for the planned hours will include:

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

Withdrawals

48. 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

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

Table 5: Programme weighting factors

	Weighting value
Base	1.0
Medium	1.2
High	1.3
Specialist	1.6

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

51. 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.

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

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

Specialist land-based programmes

54. 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 programme cost weighting 1.6.

55. Only institutions that have specialist facilities receive funding for specialist programmes at the higher weighting. When delivered by institutions without specialist facilities, these programmes attract a 1.3 weighting.

56. Institutions eligible for the higher weighting will be identified by the EFA and Skills Funding Agency, advised by Lantra.

Disadvantage funding

57. Disadvantage funding is made up of two 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

58. 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) 2010.

59. 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) 2010

60. IMD 2010 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.

61. The IMD 2010-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 2010.

62. The uplift values for individual postcodes will be published by the Skills Funding Agency.⁶ . The methodology used to determine disadvantage uplift has not changed and is the same used for 2013/14.

Block 2: GCSE maths and English

63. 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).

64. 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.

65. 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.

66. 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.

Table 6: 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

⁶ Uplift factors and postcode files, Skills Funding Agency, www.gov.uk/government/publications/uplift-factors-and-postcode-files.

67. 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.

Disadvantage top-up

68. 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

69. 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.

70. The area cost uplift is normally determined by the geographical location of the institution's headquarters.

71. There is no change to area costs in 2014/15 as shown in Table 7. The detailed area cost uplift factors are listed in annex B to this document.

Area cost uplift factors for merged institutions and geographically dispersed delivery

72. The area cost uplift factor may change when institutions merge, or where provision is delivered across a wide geographical area. Where institutions merge, the area cost uplift will usually be determined by the geographical location of the headquarters of the merged institution. However, each situation will be treated on its merits to ensure that no unanticipated outcome occurs as a consequence of applying the principle.

73. 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 centre with a methodology consistent with the calculation of institution factors.

Table 7: Area costs uplift 2014/15

	Uplift 2014/15
London A (Inner London)	20%
London B (Outer London)	12%
Berkshire (fringe and non-fringe)	12%
Crawley	12%
Surrey	12%

	Uplift 2014/15
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%

Funding outside the formula

High needs student (HNS) funding

74. 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. High needs students are defined as those whose support costs are more than £6,000 over an academic year. High needs students will be identified through discussion with the individual student's home local authority (LA), normally before the student enrolls.

75. High needs students fall into three groups:

- a. 16-19 year olds,
- b. 19-24 year old students who have a Learning Difficulty Assessment (LDA) or an Education, Health and Care Plan (EHCP), and
- c. 14 to 16 year-olds who are directly recruited into eligible FE institutions.

76. HNS funding is split into three parts.

- a. Element 1 – core education funding: programme funding, as described in this document.
- b. Element 2 – additional education support funding: £6,000 per high needs student (student numbers determined by the LA).
- 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).

77. Part time students whose additional support funding would total more than £6,000 if provided over the full academic year are also classed as high needs students. High needs numbers will be moderated by LAs, as they commission the support, so institutions must liaise closely with LAs to ensure that they identify all students who require high needs support.

Care standards: residential accommodation for young people aged under 18

78. 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.

79. 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.

80. 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.

81. 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.

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

Table 8: Funding for institutions with residential accommodation for 2014/15

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

Transitional protection

83. Transitional protection of funding was introduced in 2011/12 on a per student basis for all institutions. It ensured that institutions did not lose more than an agreed amount in cash terms per student compared with the 2010/11 baseline.

84. The academic year 2014/15 is the last year in which transitional protection will be paid.

85. Full information on the calculation of transitional protection is given in the explanatory notes published to accompany [March allocation statements](#).⁷

Formula protection funding

86. Formula protection funding shields institutions from significant decreases in funding per student that result from the changes to the funding formula that were made in

⁷ Allocation explanatory statement, Education Funding Agency, March 2014: www.gov.uk/16-to-19-education-funding-allocations#allocations-for-the-2014-to-2015-academic-year.

2013/14. Only institutions that received formula protection funding in 2013/14 are eligible to receive formula protection funding in 2014/15.

87. Formula protection funding will be paid for at least three academic years from the introduction of the formula changes (that is, up to and including the academic year 2015/16).

88. Formula protection funding does not protect institutions from decreases in funding when these are due to changes in their delivery that alter the factors used in the formula (for example, a decrease in retention).

89. Formula protection funding in 2014/15 will be calculated in the following way.

- a. If an institution's average funding per student calculated through the formula is more than in 2013/14, the amount of formula protection funding per student will be reduced.
- b. If an institution's average funding per student calculated through the formula is less than in 2013/14, the amount of formula protection funding per student will be the same as in 2013/14.

18 and over rate reduction mitigation

90. To mitigate some of the effect of the funding rate change for students who are 18 and over (as set out in table 1), the EFA will allocate additional funding. This will only be done for 2014/15.

91. A mitigating payment will be made so that no institution will lose more than 2% of their programme funding.

92. The mitigating payment will be calculated as follows.

- a. The funding formula calculates programme funding for all of an institution's provision, using the new rate (band 4a).
- b. This value is compared with what the programme funding would be if 18 and over full time students were funded at the band 5 funding rate.
- c. If the difference between the two figures shows programme funding reducing by more than 2%, the value of the reduction over 2% will be allocated as the mitigating payment.

Additional guidance on student programmes

14 to 16 in further education institutions

93. 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 the EFA. 14 to 16 year olds who are in a school or academy continue to be funded through the usual school funding methodologies.

94. Full guidance on 14 to 16 funding is available [online](#).⁸

95. 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.

96. 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

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

⁸ 'Enrolment of 14- to 16-year-olds in full-time further education', June 2013:
www.gov.uk/government/publications/enrolment-of-14-to-16-year-olds-in-full-time-further-education.

- 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

98. For funding purposes a traineeship programme uses the same principles as any other 16-19 study programme.

99. Traineeships last up to six months. Usually programmes of this length would not be considered full time. Please refer to paragraph 16 for guidance about compressed delivery.

100. 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 paragraph 31b. The planned hours must also be updated to include the additional activity planned for the year.

101. The framework for delivery of traineeships is available [online](#).⁹

Supported internships

102. 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.

⁹ 'Traineeships: framework for delivery 2014/15', May 2014:
www.gov.uk/government/publications/supporting-young-people-to-develop-the-skills-for-apprenticeships-and-sustainable-employment-framework-for-delivery.

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 ¹⁰	1.3/1.6
3.1	Agriculture	High/specialist	1.3/1.6
3.2	Horticulture and forestry	High/specialist	1.3/1.6
3.3	Animal care and veterinary science	High/specialist	1.3/1.6
3.4	Environmental conservation	High/specialist	1.3/1.6
4	Engineering and manufacturing technologies	Medium	1.2
4.1	Engineering	High	1.3
4.2	Manufacturing technologies	High	1.3

¹⁰ The high weighting (30%) will include non-specialist agriculture and animal care. The specialist weighting (60%) 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
4.3	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
10.2	Archaeology and archaeological sciences	Base	1

SSA tier 2 code	SSA tier 2 description	Programme cost weighting banding	Programme cost weighting factor
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



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