

Post 16 funding formula review

Response of the Association of School and College Leaders

Introduction

- 1 The Association of School and College Leaders (ASCL) represents over 16,000 members of the leadership teams of maintained and independent schools and colleges throughout the UK. This places the association in a unique position to consider this issue from the viewpoint of the leaders of both secondary schools and colleges.

ASCL welcomes the opportunity to respond to the consultation and would make the general points given in the next nine paragraphs (paragraphs 3 to 11 below) before responding to the questions in detail. The association feels strongly about these issues and would be willing to discuss them in detail if this is considered helpful.

- 2 ASCL is concerned that this initiative will produce turbulence for the sake of system over simplification. We note the political imperative to make change which seems to be predicated on a view that the current system is too complex. We do not wholly agree with that view. Some simplifications could be made to the current system; but it has significant strengths, is sophisticated, and reflects real costs. The complex nature of post-16 education and training means that any system which fairly reflects the cost of provision will also be complex.
- 3 The introduction of the consultation document makes a case for change. But the root weaknesses it cites as the basis for the case are not truly significant. There are issues with data systems, but we believe this is a price worth paying. The problems should be considered within the context of the current activity-led formula which works to the benefit of learners. The second point, “...*young people do not have a standard funding allocation that follows them.*” Lacks substance: young people in the post-16 system have a wide variety of needs and follow many combinations of subjects in a range of differing institutions.
- 4 The concept of a standard funding allocation beyond the idea of the learner rate in the current system is inappropriate. In itself the underlying assumption behind this statement, that a “*standard funding allocation*” is a good thing *per se*, is an unnecessary restriction on the solution opportunities to any difficulty in post-16 funding.
- 5 ASCL notes however that simplification is a government objective and the remainder of this document sets out responses in the light of that aim. However, also note the quote attributed to Albert Einstein: “Things should be as

simple as possible, but no simpler". The simplest possible approach is to be preferred, provided it is fit for purpose. The rejection of the current activity led approach is a retrograde step when measured against this criterion.

- 6 We note that the consultation concerns redistribution of the current quantum. Whether under a new approach or the current system, the key issue for any institution is whether the base line funding is sufficient. This essentially depends upon the size of total funding and its distribution. ASCL understands that in the current period of economic restraint it is difficult to argue for an increase in total 16-19 funding other than for increased participation rates. It is therefore essential that best value is achieved from the available funds.
- 7 ASCL is concerned that the rapid development of University Technical Colleges (UTC's), free schools, studio schools and academies providing new post-16 provision will in itself have a negative impact on the efficient use of scarce resources notwithstanding redistribution due to formula revision. In our view it is indefensible to fund the opening of new provision in areas where there is no demographic requirement, which can only be at the expense of the rest of the system. In particular, when only the reductions already planned under the current formula are considered it is difficult to see how an individual school sixth form with fewer than 200 students can be financially maintained. In the light of Raising of the Participation Age (RPA) this may well be a major issue beyond the remit of any response to this consultation.
- 8 ASCL believes that there is a contradiction between the stated principle "*Avoid financially destabilising good quality provision*" and the facts shown in Chart B4. The simplification of participation funding alone results in significant funding reductions for around 20% of all providers. In a fixed quantum situation these providers cannot be protected at, or near, their current rates whilst those gaining funding and receive uplift as there is not any additional funding. Some good quality provision will be destabilised
- 9 It also seems clear and somewhat ironic that state schools and colleges offering large programmes aimed at potential Oxbridge and Russell Group University applicants will be in the cohort of 'significant losers'. We have strong concerns about unexpected consequences following this proposed system revision. The association supports an approach which starts with the end in view and predicates reform of the system on its expected outputs rather than on an abstract principle such as simplification.
- 10 It appears that the decision to move to a new system has been taken and that this consultation is about aspects of what the change should be. In the light of that we support the principles stated in paragraph 8 of the consultation document. As indicated earlier and with further reference to paragraph f, we believe it is inevitable that some good provision will be destabilised by the changes. Some good provision will cease where post-16 numbers are small and federation or shared provision is too difficult to implement. The formula change will only add to this problem.

Funding disadvantage

- 11 With reference to paragraph 33 in the consultation document, ASCL is not convinced that a flat rate pupil premium is necessarily the best approach. Although the flat rate is initially obvious, there is empirical evidence that the attainment gap between free school meals pupils and non-free school meals pupils is not constant when plotted against the proportion of free school meal students in an institution. We consider this area merits further work. It is also clear that in the case of a flat rate not subject to an area cost adjustment, an element of funding buys far more support in Hull than it does in London. The idea of a flat rate pupil premium is an example of what we allude to in paragraph 3 above: the flat rate is too simple a solution.
- 12 With reference to question 1, we agree that these are the right principles for the operation of disadvantage funding subject to the request that further work is done to consider if a variation in the rate for some learners may be better and if so how the system could be most easily administered.
- 13 In response to question 2 we support option 2 given its similarity to the current arrangements and its potential for minimal disruption.
- 14 In question 3, we are dealing with a proxy indicator to allocate funding. The question asks which would best reflect the government's objectives rather than which option we consider is the better approach. Given the fact the emphasis on transparency and simplicity it is hard to see how ministers will not feel that option 1 best reflects these aims. There is attraction from a school point of view to a measure that relates to pre-16 qualification but there is an administrative disadvantage here when a learner moves to a college or different school, and the majority do move at age 16. If we were to be asked about the indicators rather than the question posed then on balance we lean towards option 2 favouring the Index of Multiple Deprivation (IMD) as the most appropriate 16-19 indicator.
- 15 The association welcomes the fact that any allocated funding will not be ring fenced. We also note that the category "*minimal change*" on the illustrative charts does not mean "*a size of change that will not matter*". We also note that any accountability measure is as yet undefined but will doubtless be linked to the eligibility associated with that indicator.

Eligibility for additional funding for specific groups

- 16 With regard to question 4a we agree with the removal of the additional categories for funding.
- 17 In response to question 5 we believe that children in care and recent care leavers should attract additional funding.
- 18 In response to question 6 we consider that service children should attract additional funding.

Simplifying participation funding

- 19 With regard to questions 7 and 8 we are very concerned about the level of impact shown by the relevant bar chart. We support option three as we feel that this option may have fewer unexpected consequences given that it has some similarity with the trends in funding the real costs of delivery.
- 20 With reference to question 9, if a single rate were applied to all full time courses there would probably be no upward drift to larger programme sizes. There may in fact be a movement away from such courses driven by the financial situation and against the educational needs of some students. This would fit in with the objectives of simplicity and transparency but may well produce unexpected consequences. There is an inherent risk that many students would be placed on the minimum size programme to qualify for full time funding.
- 21 If a range of rates is used then the management of upward drift links with the idea of a success factor that reflects students being on appropriate courses.

Part time programmes

- 22 With reference to question 10 we agree with the proposal of applying a proportion of the basic full time programme funding for part time learners.
- 23 With reference to question 11 we agree that it is appropriate to fund at three part time levels.
- 24 With reference to question 12 we think the lowest two programme weightings could reasonably be merged into one.
- 25 With reference to question 13 we agree that the number of weightings for vocational programmes should be reduced.
- 26 With regard to question 14, as indicated earlier we have a pragmatic view about the funding formula concerning its result and whether that result is fit for purpose. The issue of simplicity or otherwise is not as relevant as the adequacy of the final funding received by an institution.
- 27 In response to question 15 it is hard to say if the proposed weightings for programmes would appropriately reflect the relative delivery costs. For example grouping 1.6 and 1.72 together where say 1.6 represents £4,000 and 1.72 represents £4,300 will give a value for "Medium" somewhere between the two depending upon the weighting of each value. We interpret the question as "Can the costs of operating courses which notionally differ in cost by £300 per student be considered as the same. With a group of 20 students a shift of £3,000 to £6,000 may or may not be significant depending upon the overall picture in an institution. The process we are entering is one of redistribution based on an agenda of transparency and simplification. The idea of appropriately reflecting delivery costs belongs in the current activity led system that is being replaced.

Success rates

- 28 With reference to question 16 we think it is important that individual learners are guided onto the most appropriate course for them, which they go on to successfully complete. For that reason we support option 1.

Area costs

- 29 With reference to question 17 it is wholly logical to move to the same area costs methodology as pre 16.
- 30 With reference to question 18 we support removing the calculation of residential care standards funding from the formula and distributing it directly to the providers that qualify.

Short programme modifier

- 31 With reference to question 19 we agree that the use of a short programme modifier should cease.

Data and audit

- 32 With reference to question 20 we support steps which simplify data collection processes and the volume of data required. We also support any simplification of audit methodology. It must be noted that our support for reducing the administrative burden on providers underlying our response to this question does not override our desire for a result which provides funding that is fit for purpose for all providers. We have stated our clear opposition to a purely simplification driven agenda earlier in this response. If the administrative burden reduces that is a bonus but should not be an end in itself.

Equality analysis

- 33 In response to question 21 we think it is certain that there will be a significant negative impact on about 20% of providers. The resulting impact on specific groups depends upon their distribution across these providers.

Transitional protection

- 34 The time period for transitional protection depends upon the degree of change required in institutions. Until the combined impact of all the proposals have been modelled and published it is impossible to assess the suitability or otherwise of a fixed period of three years or extension of transitional protection across a longer period.
- 35 Similarly the issue of phased implementation or otherwise would also follow from consideration of the result of detailed modelling. The consultation papers only illustrate the potential impact of factors taken singly and we therefore find it impossible to offer a meaningful answer to questions 22 and 23 at this stage. In principle schools and colleges need certainty about the gradient of any changes in funding and as early notification as is possible. The ability of any

institution to strategically manage the type of significant change this funding reform will bring about depends as much upon timely information and predictability over a two to three year period as it does upon the magnitude of the change itself.

- 36 It is important to note that many students at 16 embark on two-year programmes and institutions need some financial certainty in their budgets for more than a single year.

- 37 I hope that this is of value to your consultation, ASCL is willing to be further consulted and to assist in any way that it can.

Martin Ward
Public Affairs Director
Association of School and College Leaders
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