Post-16 planning and funding formula
Guidance for school sixth forms

Introduction:
No school sixth form is an island
1 There are two changes to the planning and funding for school sixth forms this year: the planning system and the funding formula.

Planning
2 The government is committed to ensuring that all 16-18 year olds are participating in education or in employment with training. This will require increased provision in schools and colleges and in work-based learning to attract more 16-18 year olds into education or employment with training even as the number of the 16-18 year olds is beginning to fall. There is a budget in each LSC region for 16-18 year olds; the budget will cover the existing level of participation and fund further growth with a clear priority of increasing participation and engaging those who might otherwise belong to the NEET group (Not in Education, Employment or Training). It is however a limited budget, as are all government budgets, so the regional LSC will have to make the hard decisions. In November the LSC will announce the particular key priorities for growth in the following year. The new part of the planning for school sixth forms is the introduction of a dialogue between the LSC and school sixth forms in planning their contribution to the growth in local provision.

3 It is not an effective use of resources to employ a scattergun approach to improving provision with small pockets of high cost provision appearing all over the place; there needs to be some planning. Local authorities have the responsibility for working with all partners in planning the overall provision in their area so that all young people have access to appropriate courses, and the skills they develop match the needs of employers or enable them to progress into further and higher education. The first step for all schools is to ensure that they understand their local plan and the contribution made by their existing provision; school sixth forms are an important part of the whole system, not isolated institutions making their own decisions. In some local authorities there already exists a clear and well-understood plan; in other areas there is still much work to be done and schools must play their part in the development of their local plan.

In early 2008 the school will negotiate with the LSC partnership team (which, in turn, is part of the regional LSC) for funding for any plans for growth in their sixth form provision.

The LSC will fund existing provision; it is growth that is being negotiated. Note that growth is fundamentally in student numbers; introducing some new AS subjects to the existing programme without increasing overall the student numbers (or the number of subjects each student studies) is not growth in funding terms.

In many areas of the country, the number of 16-18 year olds has already peaked and is beginning to fall. In some areas the number of 16-18 year olds is still increasing. In areas of falling rolls, it is important that student numbers are predicted accurately; it would be very inefficient to over-fund some institutions when resources are needed to attract a higher participation rate across the region and across the country. In the negotiation with school sixth forms, the LSC will take into account the overall local plan and the planned contributions from all other providers – colleges and work-based learning providers, the demographic trends in the area and the regional budget.

Funding
5 The funding formula has also changed, in part to work smoothly within the new planning system and in part to provide a coherent funding system for all full time provision in schools and colleges. The new formula is easier to use in planning future provision and shows a more direct link between volume of provision and funding.
Some of the complexities of ensuring that funding is related to need are within the new provider factor – so once this is understood, the final formula is quite simple.

6 This guidance is intended to introduce the new system. It explains the planning process for schools, the detail of the new funding formula and how to use it. The guidance is in three sections with an appendix giving details of the formula
- An overview of the whole planning cycle
- Working with the LSC – how the cycle will work in practice
- Preparing for your draft summary statement of activity

Appendix
- Details of the new funding formula

Section 1: An overview of the whole planning cycle for 2008-09 allocations

7 Before August 2007 and on-going
- Schools review their post-16 provision with their school improvement partner (SIP) and identify any areas requiring improvement as part of their ongoing school evaluation.
- Regional LSC teams discuss with their local authorities the quality of sixth form provision and identify any areas of concern. The local authorities are still responsible for the quality of provision in their schools and Ofsted is still responsible for the inspection of school sixth form provision. The local authority, through their SIPs, will work with schools to improve provision where weaknesses have been identified.

8 August/September 2007
- LSC uses the exam results and other data from 2006-07 to calculate an indicative provider factor and Additional Learning Support (ALS) in the funding formula. Both these terms are explained in the next section and further detail is given in the appendix where there is a full explanation of the funding formula.

9 October/November/December 2007
- Schools submit October census data on students on roll in October 2007. This data is very important – it must be accurate, verifiable by audit and submitted on time – your future funding depends on it!
- LSC issues its statement of priorities and the national funding rates. The appendix explains how the funding rate is used in the funding rates.
- LSC and schools hold strategic briefing meetings – timescale for these is from November through to January – these are key and are explained in more detail in the next section.
- LSC sends to schools the funding for 2008-09 based on their 2006-07 student numbers; schools check data and ensure that they understand the calculations. Do not panic if your 2007-08 numbers and your predicted 2008-09 numbers are very different from 2006-07; the funding will be amended after you have negotiated your final student numbers. There is more detail in the next section about the calculations based on your 2006-07 data; the appendix gives a full explanation. The information supplied by the LSC before the winter break details your 2006-07 delivery and 2007-08 allocations in 2008-09 terminology uprated to 2008-09 rates. Together with information from the briefing there is sufficient information to enable you to estimate any changes due to changes in student numbers and courses.
- Schools, working with their local consortia where relevant, consider provision for 2008-09 in the light of LSC priorities and their local plan.
- LSC provides a proforma for the school to complete. The proforma will summarise the existing provision and provide space for the school to indicate areas of growth and provide evidence to support the planned growth; when finally agreed with the LSC, it informs the school’s summary statement of activity.
- Schools complete the proforma outlined above and submit to the LSC; section 3 gives more explanation of the level of detail and kind of evidence required to support growth. Note that the school’s return is paper-based, but an electronic copy will speed things up and help the LSC process it. The LSC feeds the final data into its planning system.

10 January/February/March 2008
- LSC updates the student numbers from the 2007 census data (census completed by the school in October 2007) to include any consolidated numbers. See the next section for a further explanation
of consolidated numbers: consolidated growth is the first priority for growth.

- LSC completes all planning sessions with schools, colleges and other providers and decides on allocations including growth.
- LSC calculates the final provider factor for 2008-09 (when the success factor can be completed – see details in the appendix).
- Schools (and other providers) receive final allocation by end of February if possible and always by 31 March including any consolidated growth and negotiated growth (see next section for further explanation of these terms).
- The LSC considers any shortfall in provision and issues an invitation to tender to cover any large gaps in the provision. Any provider can put in an application for Competitive Commissioning. Successful applicants will receive the allocation of funding when the decision is made – not necessarily by 30 June (see next section for further explanation of this term). Note that the new diplomas are part of commissioned growth – if your consortium has gone through the gateway for 2008, it has been awarded commissioned growth and will be funded. The post-16 diplomas will be funded on the same formula as other LSC funded courses.

**11 May to August 2008**

- LSC uses 2007-2008 census information and exam results to provide the baseline calculations in step 1 of the cycle for 2009-2010 allocations.

### Section 2: The planning cycle in practice

#### The funding formula

12 Funding allocation = SLNs x Provider factor x national funding rate + ALS

13 SLN is ‘Standard Learner Number’ and ALS is ‘Additional Learning Support’. There is a full explanation of the formula in the appendix – in particular, you need to understand the SLN and ALS. In simple terms, the SLN for each student depends on the number of subjects/learner aims they are taking and ALS is a reallocation of some of the money for additional support for students based on a proxy indicator of the prior attainment of the students.

14 Since it is a new formula, there is no previous data on which to base the negotiation on growth, so the LSC has reworked your 2006-07 data in terms of the new formula. The PLAMS data that the school provided in October 2006 and June 2007 has been used to calculate the SLNs that you would have had in 2006-07 if the formula had been used. This is the starting point of the allocation. The funding information you receive in December 2007 is based on this data with 08/09 funding values and expressed in the new terminology. You are planning your provision for 2008-09 using this as the baseline – will you need more or fewer SLNs in 2008-09 than in 2006-07? Note the time lag here. Your indicative allocation is based on the number on roll in September 2006. The LSC does not know how many students are on roll in October 2007 until it receives the census data – probably in January. Your allocation will be amended to take account of any growth (or under-recruitment) in 2007 as soon as the LSC has the data. It is changes to your total SLN that you are negotiating with the LSC early in 2008. Remember that your SLN will change if either your student numbers change or if the size of the average student programme changes.

15 It is important that schools realise the significance of the data returns. The PLAMS data provided in October 2006 and June 2007 was an interim measure to provide the LSC with sufficient data to start the new system. In October 2007 and May 2008 the school will complete a census for the post-16 students recording details of students and their learning aims. It is this data that will be used in calculating funding allocations, so it must be accurate, verifiable by auditors, and returned on time!

#### The provider factor

16 This element of the funding formula is specific to your school; it recognises the nature of your student population, the area where your school is situated, type of courses you provide and the success rate of your students. The elements in the formula are:

- **Social deprivation**: this is based on the Index of Multiple Deprivation applied to the students on roll in 2006-07 using their postcodes. It recognises that social deprivation can be used as a proxy indicator for students requiring some additional support on their
courses. Most local authority formulae for pre-16 funding have some funding for additional educational need based on a range of proxy indicators, of which some measure of social deprivation is the most popular. The new post-16 measure based on the Index of Multiple Deprivation is a definite improvement on the previous measure used by the LSC in the school formula; the old factor depended on the percentage of pupils taking FSM in the main school. However the new measure is more difficult to check. There is a more detailed explanation in the appendix. There will always be a lag in the data used to calculate the provider factor — but it is unlikely to change radically from year to year and any drift over a period of time will be picked up as the factor is recalculated each year.

- **Area cost adjustment**: this is based on the postcode of your school and recognises that it is more expensive to run a school in some areas of the country. The uplifts used by the LSC are published in the school sixth form funding guidance on the web.

- **Programme weighting**: this is calculated on the course mixture you had in 2006-07 — so again there is a lag in the data but again it is unlikely to change radically from one year to the next and any gradual shift will be picked up in the annual recalculations. This is one of the elements in the funding formula that relates to the cost of providing the course — it is an activity led factor and recognises that laboratory or workshop based courses are more expensive to run than classroom based subjects. Again there is a more detailed explanation in the appendix.

- **Success**: this is not the same as attainment. Success is a tougher measure; it compares the number of students who achieve the qualification with the number of students who started on the course (defined as those who were registered in the October census).

The December information

In December, the LSC will send schools information based on the 2006-07 data that the school provided in October 2006 and June 2007. This information will show you the calculation for your school based on the 2006-07 students. It will show the number of SLN you would have had in 2006-07. It
will give you an indicative provider factor for your school (the final one will depend on the success factor information as explained above) and your ALS funding as it would be in 2008-09 if you delivered the same provision. This is not your final funding allocation – there are still important decisions to be agreed.

19 **Transitional support.** There is transitional support to protect providers, not against falling student numbers, but against overall reductions in per student funding that are caused by the change in the formula including the ALS part of the formula. Any resources for transitional support have to be come from the original budget: a system of floors and ceilings will operate, so that schools and colleges will not see very large changes in their overall funding per student. Where the funding on the new formula is lower, the change will be manageable; where the funding on the new formula is higher, schools and colleges will gain, but not very large gains initially to provide the transitional support. This protection will be based on the level of the MFG announced by DCSF.

20 **Using the data in your planning:** The indicative figure provided for you in December is the basis for planning. You will have the information you need to calculate a final figure based on the actual number of SLN that you negotiate with the LSC in January 2008. The SLN is a combination of the number of students multiplied by the number of subjects. The calculation is shown in detail in the appendix – but it is important to understand that your SLNs depend on both number of students and number of subjects per student. Growth could be in student numbers or in the number of subjects per student (although this will be a lower priority). But be aware that there is a funding cap on the maximum you can claim for each student and this is explained fully in the appendix. For planning purposes you can put varying SLNs into the formula to see how your funding would change if these variations were to be agreed.

21 **Updating the formula:** the May 2008 census along with the August 2008 exam results will be used to recalculate your provider factor and set a new baseline for the negotiations in October 2008 and so on. Some of the elements in the provider factor (social deprivation measure, course weighting and success) will vary slightly from year to year but you are unlikely to see very wild swings in the factors.

**The strategic briefings**

22 These are the key planning meetings held from November 2007 to January 2008. The LSC regional and local partnership team officers will work with the local authorities to decide exactly how to organise the meetings in their areas and there will be differences across the country. Some local authorities are already well ahead with their 14-19 planning, some areas have well established consortia of schools and colleges working together and some areas still have a lot of work to do! The appropriate model will be used depending on local circumstances and will be some combination of the following:

- A local conference followed by a dialogue with each school sixth form or with consortia of schools
- A local presentation perhaps at consortia level with an opportunity for schools to talk to staff from the LSC
- Direct visits to individual school sixth forms by LSC staff

23 Whatever method is chosen, you are assured of the following:

- You will have an individual named contact, who will work with the school on the allocation process. Make sure that key staff in your school meet this person and know whom to contact with queries.
- You will receive from the LSC a written notice explaining the process and giving the key milestones. This will explain the arrangements for your area.
- There will be at least a face-to-face briefing session for all school sixth forms covering the process, LSC priorities and growth assumptions. It is very important that the school sends appropriately senior representatives to these briefings.
- You will receive details of your school data to help in your planning.
You will be given a proforma to complete for your summary statement of activity and an indication of any evidence needed to support a claim for growth and you will have at least four weeks to complete this.

All requests for growth will be given consideration against a nationally consistent process.

You will receive funding data based on the 2006-07 numbers by the end of term in December 2007 – but remember that this is only historical information; you have not yet negotiated changes to the SLNs. The LSC cannot make final decisions until all planning is completed but the figure will enable you to continue with your outline school plans.

You will receive a final allocation by 31 March at the latest (for the financial year August 2008 – July 2009). Where possible allocations will be made by 28 February 2008.

Growth explained

24 Consolidated growth: this is growth that will be included in the following year’s baseline because the school sixth form exceeded its allocation in the current year. For example, you were funded for 100 students in 2007-08 but by October 2007 you had 120 students on roll. You will not receive any in-year adjustment for these additional students but the growth will be consolidated into your 2008 baseline. This is the first priority for growth, providing there is no evidence to show the recruitment can not be maintained. Baring exceptional circumstances, consolidated growth is included in the next year’s allocation. In January, when the LSC has the October census data, it will update (consolidate) the SLNs in your allocation. In the above example, your number of students will be updated to 120. If you think your sixth form will exceed 120 in 2008, then this is additional growth beyond the consolidated growth and needs to be negotiated with the LSC.

25 Note also that if you under-recruited in 2007 then this reduction is also consolidated in the number of 2008. Across the country, the number of 16-18 year olds is decreasing but the pattern is not uniform, so some regions are still seeing growth. You must look at your student numbers and participation rates for the last four to five years and the estimated numbers for the next two to five years (you have those students in the school already!). If you recruit substantial numbers from neighbouring 11-16 schools, you need the demographic trends for these schools as well. You must try to be as accurate as possible in predicting your numbers – if you over-estimate and are over-funded for one year, there is less money for tackling increasing participation in the region. The under-recruitment is consolidated into the next year’s baseline and you will find it much more difficult to argue for growth in numbers in future years. Collect the data on student numbers and participation, share it with your LSC contact and make sure that you can justify your claims.

26 Competitive commissioning: this is future growth that the school sixth form will have to compete for in its own right or as part of a consortium. When the LSC looks at the whole pattern of provision in an area, it might identify a gap in the market. The LSC will invite providers (existing and new providers) to tender for this new provision. The funding could be part of the 16-19 budget or other funds such as ESF. This is the second priority for growth and includes growth due to successful diploma gateway applications. If your consortium has already gone through the gateway for 2008, you have, in effect, already won this part of the competitive commissioning.

27 Negotiated commissioning: this is additional growth beyond the consolidated growth and is negotiated with the LSC in January. You will need to provide evidence to support your claim and the proforma for the summary statement of activity gives some space to provide evidence for your claims. You are not required to write a new plan or a lengthy document, simply to provide the data and evidence held within the school. Section 3 below gives further guidance on the level of detail needed to support your claims.

Section 3: Preparing for your draft summary statement of activity – the pro-forma

28 Starting from the range of courses and subjects taken by students in 2006-07, what changes do you expect in 2008-09?
1 The status quo: In this school, student numbers are very steady, the ability range of the students and their achievements in Year 11 have not changed significantly and almost all stay on to complete subjects from the good range of A5/A2 subjects offered. There are no concerns about the quality of the provision. There is unlikely to be any change to the SLN; the number of students is not changing nor is the average number of subjects per student. The school may change the actual subjects on offer but this will not affect the SLNs; it is not growth. It is true that if the range of subjects changes radically, for example, an increase in the number of sciences at the expense of classroom based subjects, then the course weighting will change – but this is calculated automatically each year from the October census and is fed into the provider factor.

How the school organises the curriculum, the time given to subjects, the options available and the class sizes used are for the school to decide. The LSC is not concerned with the internal organisation of the curriculum. It is also likely that if all of the students are taking A5/A2 subjects, they will be going on to careers or HE that are national rather than local, so issues around providing a skilled local workforce are of less relevance.

The proforma for the summary statement of activity is very simple to complete; all the school has to do is to show that the numbers of students and their general ability and achievement is steady. If all Year 11 students already participate post-16, there is not a NEET group – but the school may want to consider sharing its expertise with other schools if it does not already do so!

2 Consolidated growth with some negotiated growth: In this school, student numbers have steadily increased over the last few years and results in Year 11 are also improving. The school is not planning to introduce any new courses but expects growth on the basis of increased participation, an increasing Year 11, and more subjects per student. In the summary statement of activity the school needs to distinguish clearly between the consolidated growth and growth that needs to be negotiated. The school will need to provide evidence to support both the increasing number of students (participation rate and student numbers) and the increasing number of subjects per student because of improving Year 11 results. Schools have a natural tendency to be optimistic about future numbers; in the new planning system accuracy is more important than optimism. Getting a reputation for being able to predict and manage change will be invaluable.

3 Declining student numbers: In this school, participation post-16 is still high, but predicted student numbers in Year 12 are declining. Perhaps it is a rural school with a well-defined catchment area and a declining school population. Perhaps it is a school that has previously taken students from neighbouring 11-16 schools and one or more of these schools is opening a sixth form. The LSC will know about these demographic and planning changes from the local authority. The school needs to forecast its student numbers as accurately as possible, and declining numbers are consolidated into future years as well as growth. There is no benefit to the school in overestimating student numbers because it simply diminishes credibility with the LSC and any future plans will be treated with caution. If student numbers are declining, then the funding will decrease. In the proforma the school needs to provide details of the participation rate and the declining number of Year 11 students. The school may still want to negotiate some growth above the consolidated falling numbers if the participation rate is increasing but it will need to provide evidence to support this.

4 Negotiating growth for an underperforming school: The LSC is quite clear; it will not support growth in poor provision – nor will it continue to fund poor provision where there is no improvement. However the LSC is not responsible for advising schools on how to improve provision. The local authority, through the school improvement partner, is responsible for working with schools where necessary. The LSC will be informed by the LA, through the SIP reports, of any areas of concern. So if you know that this is an issue for your school and you are working to address it, think very carefully before you plan any growth. One of the unusual aspects of the
LSC formula, one that does not appear in local authority formulae for pre-16 students, is the use of the success rate in the provider factor. If the success rate is going down, the provider factor and therefore the funding allocation will fall. So if there are a significant number of students who do not complete their courses or fail the final assessment, the success factor and funding are affected. Quality of provision and good advice and guidance for students on course choice are important.

5 The growing and changing sixth form provision

This school has a good track record of provision across a range of courses, attracting students from neighbouring 11-16 schools. It is working within a local consortium and is planning to introduce diplomas in 2008-09 (and the consortium has gone through the gateway process). Working with the local FE college, the school has introduced a course for Year 11 students targeting a group of students who could easily join the NEET group; the plans is for these students to continue the joint course into post-16.

The pro-forma is going to be longer and the supporting evidence is going to be more detailed! Again, the school needs to be very clear about the different kinds of growth.

Consolidated growth is where the number of SLNs in 2007-08 exceeded the number originally planned and funded. This growth will be included in your 2008-09 SLN allocation unless you know of a reason why the number will fall in 2008-09.

Negotiated growth will be a mixture of increasing numbers into the existing courses and the developing course where students are continuing it into the sixth form. The evidence base will be a combination of the student numbers, perhaps improving attainment in Year 11 and the plans and evaluation of the course running with the FE college to support the claim that students are going to continue into post-16.

In a consortium, the home institution claims the funding for the student’s whole course. It is up to the consortium to agree suitable financial arrangements where part of a course is delivered at another institution.

The diplomas are covered by competitive commissioning and will be funded separately from the consolidated and negotiated growth.

Key differences in the new system

30 The significant difference for school funding is the direct planning dialogue with the LSC. You agree your planned provision with the LSC and receive the funding allocation. If you deliver more SLNs than originally planned, you will not get an increase in funding in-year but this growth is consolidated into the next year. If you do not recruit as many students as planned, you will not have to pay back in year, but the reduction in student numbers is also consolidated into the next year’s baseline.

31 The LSC is committed to working with LAs in improving participation in education and training post-16. The new planning and funding system will enable school sixth forms to respond to the challenge to engage all young people post-16 and plan growth. School sixth forms will be working in their local partnerships with the other providers to ensure high quality and extensive provision for all young people. And, finally, remember you will have a named contact at the LSC to help with your queries and support the school in introducing the new system.
Appendix: The new funding formula

The LSC is committed to providing a level playing field across all providers. The new formula is consistent across schools, colleges and other providers for 16-18 year olds in education and is a mixture and refinement of existing elements in the school and college formulae.

Funding = (Standard Learner Number x National Funding Rate x provider factor) + Additional Learning Support

1. **Standard Learner Number (SLN)**

   There will be a standard guided learning hours (GLH) for each learning aim. For example, AS and A2 subjects have all been assigned 150 guided learning hours per year. This is equivalent to five hours per week teaching for 30 weeks, allowing about eight weeks for assessments and other activities or about four hours per week across the whole school year. The assigned guided learning hours are for use in the funding formula and are based on advice from the awarding bodies and an assessment of the average time needed to deliver a course. How you organise your curriculum and the time given to a particular course is for you to decide; they are a part of the funding formula, not a mandatory part of curriculum planning.

   Details of the assigned guided learning hours for learning aims will be on the Learning Aims Database.

   The minimum requirement for a full time student is 450 guided learning hours per year. This is equivalent to two AS/A2 plus entitlement (pastoral support and extended activities) plus one key skill and would be the minimum for entry to careers or HE requiring A2 or equivalent qualifications.

   Obviously most students in school sixth forms will take more than two AS/A2 subjects so the SLN is given by:

   \[
   \text{Standard Learner Number (SLN)} = \frac{\text{annual guided learning hours (glh)}}{450}
   \]

   A student will have an SLN above one if their total course (including entitlement) is larger than 450 GLH.

   The total SLN used in the funding formula is the sum of the SLN for each student. This means that the total SLN can grow either because the number of students is increasing or because the average number of subjects per student is increasing, although the priority is to grow participation.

2. **Funding Cap**

   There is a funding cap applied to each student. You may only claim a maximum of 1.75 SLN for any one student.

   \[
   1.75 \text{ SLN} = 787.5 \text{ GLH per year} = 4.5 \text{ AS (675 GLH)} + \text{ entitlement (114 GLH)} \text{ (total 789 GLH)}
   \]

   \[
   1.75 \text{ SLN} = 787.5 \text{ glh per year} = 4.25 \text{ AS (637.5 GLH)} + \text{ entitlement (114 GLH)} + \text{ key skill (36 GLH)} \text{ (total 787.5 GLH)}
   \]

   \[
   1.75 \text{ SLN} = 787.5 \text{ GLH per year} = 20.7 \text{ hours per week over 38 weeks}
   \]

   \[
   1.75 \text{ SLN} = 787.5 \text{ GLH} = 23.2 \text{ hours per week over 34 weeks (allowing four weeks for assessment and other activities)}
   \]

   This is a funding cap, not a curriculum cap. If you can fit five or more AS/A2 courses plus entitlement into a 25 hour week, then that is your choice. You are being funded for a maximum for any one student of around 23 hours teaching per week – allowing some time for assessment.

   Note that the time allocated to entitlement has changed. All school sixth form students are funded for entitlement. Originally this was assumed to be about 150 hours per year and included pastoral support, enrichment activities and one key skill. Now the entitlement and key skills are separated out. Entitlement covers pastoral support and enrichment and is given 114 guided learning hours. If students are taking assessed key skills, then these can be claimed at 36 GLH.

   Note also that the funding cap is applied per student. In the previous system for schools, the funding cap was averaged across all students; FE colleges always had an individual student cap so the new system is coherent across all providers.
3 National funding rates
The rate per SLN for 2008-09 is being announced in November 2007. The LSC cannot decide on this figure until it has received details of its total budget from the government.

4 The provider factor
This is calculated for each school each year. It is the way in which the differing needs of students are funded. There are four elements in the calculation:

- **Social deprivation**: providers taking students from more deprived backgrounds are given additional funding through this element. It will be based on applying an Index of Multiple Deprivation at postcode level. For 2008-09, the LSC has the postcodes of all students on your sixth form roll in 2006-07. The LSC matches the postcode to the Index of Multiple Deprivation to provide a value per student and weights it according to the size of the student programme – so a student on 1.75 SLN generates more in the factor than a student from the same postcode on a smaller course – say 1.25 SLN. The sum of these values multiplied by a funding unit gives you your deprivation factor. The Index of Multiple Deprivation is a more sensitive measure than the old eligibility for free school meals and is applied to students actually in the sixth form. There is inevitably a lag in the data, but as it is updated each year, it should be sufficiently sensitive to changes in student backgrounds. The factor is a proxy indicator – we know that levels of high social deprivation are highly correlated to the need for additional educational support. The measure of social deprivation is used to generate the funding but the school decides how to use this funding to support their students – it is not linked to named students.

- **Programme weighting**: Some courses have a higher weighting than others. Within AS/A2 subjects, science and design courses have higher weightings than classroom based subjects. Year-on-year the balance of subjects taken is unlikely to change radically, so again this element uses lagged data. The average weighting across all subjects and students in 2006-07 is calculated from the data you provided in the PLAMS return and used in your provider factor. So, for example, if you have ten students taking physics and 30 students taking French, then the weighting for physics is multiplied by ten, the weighting for French multiplied by 30 and these then contribute to an overall average programme weighting. The data is updated every year so any changes in the balance of subjects offered will work through into the provider factor.

- **Area costs**: it costs more to run a school or college in some areas of the country so there is an uplift for the high cost areas. It is based on the postcode of your institution.

- **Success**: This is a combination of retention and achievement. The success rate is very simply the ratio of the number of students achieving a pass compared with the number of students who were registered on the course in the October census. The factor used in the provider factor is slightly more complicated. If 90 per cent of your students were successful, the unsuccessful ones will be a mixture of those who failed and those who dropped out. To give providers at least some funding for students who start the course, even if their final outcome is unsuccessful, the success factor is half way between your success rate and 100. So in the above example, a success rate of 90 per cent (0.9) becomes a success factor of 95 per cent (0.95). You have all the data needed for this calculation in school – so you can calculate your average success rate and the associated average success factor. Note that the achievement in the factor is simply a pass; you do not get more money for A grades! There is an issue over AS and the LSC is still considering this – a student may choose not to accept the grade on their AS because they wish to retake some modules to improve the overall grade. However the results for their AS course still stand – they have either passed the AS or not and it is this pass that may count towards the success factor, not the grade achieved. The exam boards know the pass/fail result even if the student wishes to defer until they have retaken.

5 Additional learning support
There will be a formula allocation of funds to meet high incidence low cost additional needs. Note that this is not the same as the funding for students with Statements of
special educational needs. In 2008-09 the local authority will still receive a grant from the LSC to cover Special Educational Needs in its special schools and mainstream school sixth forms. The LSC is considering the future funding for students with learning difficulties and/or disabilities and will be consulting later on proposals; meanwhile funding for Statements of Special Educational Need in schools is through the local authority. For 2008-09 the formulaic ALS allocation is to cover low cost need in school sixth forms. The formula is based on the prior attainment of maths and English – of students since this is highly correlated with the need for some extra support. Note however that this is again a proxy indicator – the funding is not attached to individual students but is a formula distribution to the provider. You must decide how to use this funding to meet the needs of your students who need additional support for disabilities and/or learning difficulties. Note that this is not new money – the amount required for the ALS is taken from the total funding; it is a reallocation of funding across schools. The combination of the social deprivation factor in the provider factor and the prior attainment measure in the ALS is very similar to the way many local authorities delegate funds for additional educational need in 11-16 funding using some mixture of proxy indicators; social deprivation and prior attainment are the two most used ones.

7 The provider factor
- **Social deprivation**: Changing the social deprivation funding methodology will help those schools which have a significant number of students from deprived backgrounds at the expense of those schools whose sixth form students were more advantaged than their general school population (because the old factor was based on the disadvantage in the main school not the sixth form). If your sixth form was fairly representative of your school, you will not see much effect.
- **Programme weighting**: The different programmes always received various weightings so this will not make a fundamental change to the funding.
- **Area costs**: The definition of areas receiving the uplift has not changed.
- **Success**: The success factor will help those schools whose retention and achievement are both very high. If, in your school, students frequently take more than five AS/A2 courses, presumably their achievement is very high and you may well find that this high achievement, feeding into the success factor, compensates for the reduced cap.

8 Transition support
When a new funding system is introduced, there are always some institutions that gain and some that lose under the new system; if there were no changes there would be no point in introducing a new formula. New formulae are designed to remove anomalies in the system and move to a more equitable distribution of resources. However providers need to be able to manage change without seriously disadvantaging their students; there needs to be some planned transition towards the new formula. The transitional support is to help schools and colleges where funding is reduced through the operation of the new system, not those schools and colleges where the funding is reduced because of reducing student numbers.

How will the new funding formula affect my school?
That depends! Look at each of the factors and see how your school will be affected.

6 **Standard learner numbers and the funding cap**
The cap is lower than the previous one operating in school (which was based on an average across the sixth form). However the basic funding per subject is likely to be higher so there is a trade off here. If a substantial number of your students are doing more than 5 AS/A2 subjects you may see an effect – but remember the cap is equivalent to about 23 taught hours per week so it will only really bite if you teach most of your students for more than 23 hour per week.
9 Keeping your data

You need to keep the following data for each student:

**Personal data:** Name/date-of-birth/address (post code)/UPIN/exam candidate number/previous attainment

**Curriculum data:** Learning aims/date course started/date course finished/results

If all this is kept on one spreadsheet it will make the analysis of all the data much easier. The LSC has a set of linked spreadsheets that enable some of the data to be entered automatically: for example, if you enter the course details, the spreadsheet can automatically enter the appropriate code for the census return. Your LSC partnership team will be able to share these spreadsheets with you, or the school can devise its own. Most of the personal data can be transferred from the school information management system.

Once all the data is on one spreadsheet you can use it to:

- produce data – for example, success rates for each learning aim
- help you to interpret data – was a low success rate due to early drop out – poor advice on recruitment – or failure at the exam?
- help you to keep data accurately – the data is used to generate your funding, so it has to be accurate and verifiable by audit (and returned on time)
- Plan – you can estimate future funding dependent on changes to SLN etc.