

16-19 Funding Formula Review Consultation

December 2011

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

- 1.1 CIPFA welcomes the aim of the DfE/YPLA consultation in simplifying the funding system and eradicating perverse incentives that exist in the current national funding formula used for the education and training of 16-19 year olds in England. In CIPFA's view, the system has become overly complicated and bureaucratic. CIPFA supports the principles set out in paragraph 8 that are intended to underpin the new system. In our view, fairness, transparency, and simplicity are key.
- 1.2 We are pleased to offer the following comments on the content of the consultation. CIPFA has responded to the questions in which it has a particular interest in its role as a professional accountancy body.

2 Answers to specific questions

Q1 Do you agree that these are the right principles for the operation of disadvantage funding ?

- 2.1 CIPFA welcomes the principles underlying the proposals to simplify funding arrangements for disadvantaged learners. The current funding of low level LDD lacks transparency and has, in our view, relied too much on historical spending data as evidence of need.

Q7 – Q9 Simplifying participation funding

- 2.2 CIPFA supports the principle that each young person should be offered a coherent and substantial programme. However, without curriculum reform and a greater standardisation in the breadth of programmes, the proposal to move to a single rate for all full time learners may result in anomalies and may encourage providers to switch learners to a narrower programme than is appropriate to their needs. In removing one set of perverse incentives it is essential to avoid the creation of new ones.

Q 10 – 11 Part time programmes

- 2.3 In our view, the three part time rates represent an appropriate balance between simplicity and fairness.

Q 12-15 Weightings for programme funding

- 2.7 CIPFA believes that programme weightings should be related to actual costs. In our view, there is no clear evidence introduced to support the reduction in the number of different weightings used. We are concerned that if the two lowest bands are merged, there may be a disincentive for providers to maintain adequately funded science and engineering provision at a time when labour market intelligence suggest that this is most needed.

Q16 Which option would you support for reforming success within the funding formula ?

- 2.8 In our view, funding through success factors should correspond with increased

delivery costs. The current success factor distributes considerable funding with a focus on encouraging successful outcomes. Providers are held accountable for attainment through a range of non-financial mechanisms including inspection. The current success factor should, in CIPFA's view, be replaced with one that is based on retention only and the amount of funding attached to this should be substantially reduced.



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