



Department  
for Education



Education & Skills  
Funding Agency

# **Allocations methodology for the 16 to 19 Discretionary Bursary fund**

**Government consultation**

**Launch date 28 February 2019**

**Respond by 23 May 2019**

# Contents

Foreword by the Minister of State for Apprenticeships and Skills	3
About this consultation	4
Who this is for	5
Issue date	5
Enquiries	5
Additional copies	6
The response	6
Respond online	6
Other ways to respond	6
Deadline	6
1. Rationale for updating the 16 to 19 discretionary bursary fund allocations methodology	7
Current methodology	8
Previous consultation	8
The different offers available to students	9
Where no historic EMA data is available	10
The introduction of T Level industry placements	10
Revising the methodology	10
2. Support for the most financially disadvantaged students	11
Free school meal measures	11
Deprivation measures	11
3. Support for students' costs to participate	14
Supporting students' travel costs	14
Where travel costs are lower	16
Supporting students' additional costs to participate in T Level industry placements	17
4. Proposed methodology	19
5. Transition	22
6. Public Sector Equalities Duty	23
7. Review of implementation	24
Annex A - An illustration of the changes that occurred when IMD was last updated	25

## Foreword by the Minister of State for Apprenticeships and Skills

Firstly, thank you. I would like to thank those of you who deal with our most financially deprived students most sincerely. You see the hardship that some of our students face on a daily basis, and I know how well you deal with the issues that they face, with sensitivity and care. It is because you are closest to the issues that cause financial hardship for our students that I would like you to consider a change to the allocations methodology of the 16-19 discretionary bursary fund.

It seems clear that the local flexibilities you have to support students that are financially deprived are working well. However, nationally, we could do better, and I feel we have a duty to do that. The financial support available to students varies across the country, but because of the way funding is distributed to providers, we are not supporting the students who are in the most financial need. That can't be right.

By considering a new methodology for the discretionary bursary I intend that we should target the available funding more specifically towards our students who can least afford to participate – that is, those who struggle the most to find money to buy a bus or train ticket day after day, or to find the money to buy essential equipment, or participate in their industry placement. Without help, our students facing the greatest financial barriers will fall behind their peers since they are unable to take an active part in their course.

I appreciate that any refocusing of a fund such as this will mean that whilst some institutions will see increases in the funding available, others will see reductions. I would ask that you are as objective as possible, recognising that when resources are scarce we need to be even more determined to target the available funding fairly. We need to support those who are most in need. Supporting our relatively better off students less, will mean more essential costs can be met for some of our poorest students.

I would be very grateful if you would contribute to this consultation, and I look forward to seeing your responses.



The Rt Hon Anne Milton MP

Minister of State for Apprenticeships and Skills

## About this consultation

The 16 to 19 Bursary Fund provides financial support to help students overcome specific barriers to participation so they can remain in education. There are two types of 16 to 19 bursaries: bursaries for defined vulnerable groups and discretionary bursaries which colleges, schools and other education and training providers award to meet individual needs, for example, to help with the cost of transport, books and equipment.

This consultation concerns the 16 to 19 discretionary bursary fund only. Bursaries for defined vulnerable groups are not covered in this discussion, since the proposal does not affect this type of bursary. The consultation refers to the allocations methodology for the discretionary bursary fund, not the amount of funding available.

The key challenge is to ensure the 16 to 19 Bursary Fund is targeted at those who most need it. Providers set their own policies for awarding discretionary bursaries, identifying the young people who need financial support, and distributing the funding to them, following national guidance. Providers know to focus the funding towards their students who would not be able to stay in education without financial help for things such as travel, essential course equipment or books.

The Education and Skills Funding Agency (ESFA) currently calculates discretionary bursary allocations for most institutions based on the number of students that received £30 a week Education Maintenance Allowance (EMA) in the 2009 to 2010 academic year, as a percentage of the 2010 to 2011 funded student numbers. This percentage is applied annually to institutions' allocated student numbers and multiplied by a funding rate.

Our view is that this methodology needs updating to better match the financial disadvantage and need across the country, whilst providing support to ensure all students, regardless of their financial situation, can fully participate in education. Specifically it would

- see the funding distributed more towards those in most financial need, helping to even out the different levels of support available to students nationally
- provide a better match to the costs faced by students to participate
- more accurately reflect the number of disadvantaged students at each institution (compared to the 2009 to 2010 EMA data currently used), and
- provide a methodology better suited to institutions with no historic EMA data.

We expect to use a recognised index of deprivation to identify the students most in need of financial support nationally (see section 2) and to offer additional financial support where students' costs to participate are high (as set out in section 3).

The consultation includes indicative summaries of how the distribution of funding could look when based upon deprivation levels and students costs, but we have not shown

actual allocations which will follow at a later stage, based on the Government's plans for future allocations in light of the consultation responses.

This discussion is limited to the methodology for allocating the 16 to 19 discretionary bursary fund to institutions. We propose that providers will retain the current flexibilities to:

- decide which students receive help from the 16 to 19 discretionary bursary fund by setting and following their own policies, so long as these reflect the national guidance and eligibilities, and
- use their free meals in further education and 16 to 19 discretionary bursary funding as a single allocation (where they receive both allocations).

We also propose that providers will retain the flexibility to spend their allocation in accordance to the needs of their students, and will not be limited to spending the allocation in proportion to how the allocation has been calculated.

We will formally respond to this consultation in summer 2019 and hope to be able to publish indicative 16 to 19 discretionary bursary allocations after that, ideally once the coming Spending Review has completed.

## Who this is for

This consultation will be of particular interest to all 16 to 19 education and training providers that have a 16 to 19 discretionary bursary allocation but responses will be welcome from all with an interest in this topic including

- Colleges, schools with sixth forms, 16-19 schools and academies
- Other Further Education providers including independent learning providers
- 16-19 student support and finance staff
- College principals and head teachers
- Any other interested individuals or organisations

## Issue date

The consultation was issued on 28 February 2019.

## Enquiries

If your enquiry is related to the policy content of the consultation you can contact the team by email at:

[1619DiscretionaryBursary.CONULTATION@education.gov.uk](mailto:1619DiscretionaryBursary.CONULTATION@education.gov.uk)

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the DfE Ministerial and Public Communications Division by email: [Consultations.Coordinator@education.gov.uk](mailto:Consultations.Coordinator@education.gov.uk) or by telephone: 0370 000 2288 or via the [DfE Contact us page](#).

## Additional copies

Additional copies are available electronically and can be downloaded from [GOV.UK DfE consultations](#).

## The response

The results of the consultation and the Department's response will be [published on GOV.UK](#) in summer 2019.

## Respond online

To help us analyse the responses please use the online system wherever possible. Visit [www.education.gov.uk/consultations](http://www.education.gov.uk/consultations) to submit your response.

## Other ways to respond

If, for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible with the system, you may download a word document version of the form and email it or post it.

### By email

[1619DiscretionaryBursary.CONSULTATION@education.gov.uk](mailto:1619DiscretionaryBursary.CONSULTATION@education.gov.uk)

### By post

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## Deadline

The consultation closes on 23 May 2019.

# 1. Rationale for updating the 16 to 19 discretionary bursary fund allocations methodology

The 16 to 19 Bursary Fund provides for two types of 16 to 19 bursaries: bursaries for defined vulnerable groups and discretionary bursaries which providers award to help support individual students' costs to participate, for example, to help with the costs of travel, books and equipment.

**Bursaries for defined vulnerable groups are not affected by the proposals in this consultation. This consultation concerns the allocations methodology for the 16 to 19 discretionary bursary fund only.**

Since the 16 to 19 Bursary Fund was introduced in 2011, providers have been asked to use household income, in some way, to help establish the amount of support they award to each student. Providers are then encouraged to look at other factors contributing to the financial hardship faced by their students, and use these alongside household incomes to set and apply their local policies<sup>1</sup>. The aim should always be to support those most in financial need at their institution. The 2015 evaluation<sup>2</sup> of the scheme reported that providers felt the flexibility and opportunity to tailor the support they could offer to their students was beneficial. From recent evidence gathering, this is still the case and providers welcome the freedom they have to support those most in financial need. We therefore do not intend to change the scheme design, for example, by moving to a national entitlement. Providers will retain the ability to offer awards that target specific hardships and circumstances their students face when participating in their education and training.

Providers have also told us that they welcome the ability to move funding between their discretionary bursary allocation and their free meals in further education allocation, where they receive both. Again, since this is a welcome feature of the scheme, we intend to retain this flexibility.

A key principle of the scheme is that it should not offer a blanket support for all students. We therefore propose that we will retain the underlying principle that, where they can

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<sup>1</sup> Guidance is available at <https://www.gov.uk/guidance/16-to-19-bursary-fund-guide-2018-to-2019-academic-year#discretionary-bursaries>

<sup>2</sup> Available at <https://www.gov.uk/government/publications/evaluation-of-the-16-to-19-bursary-fund-year-1-report>

afford this, we have an expectation that families would support students' costs to participate in their education and training.

However, we do think that we need to better match the allocations to the needs of the students the scheme is there to help.

## **Current methodology**

The current 16 to 19 discretionary bursary methodology creates allocations that share the funding out in a way that does not match the spread of disadvantage nationally. It also does not take account of the different costs students face to participate in post-16 education and training. This means support for young people in similar financial circumstances differs considerably depending on the provider that they study with.

When the 16 to 19 Bursary Fund was introduced in 2011, it was intended to provide financial support for the 16 to 19 year old students who needed most financial help to be able to participate in further education and training. As a proxy for the group covered by the discretionary bursaries a methodology was devised based upon the percentage of students that received £30 a week Education Maintenance Allowance (EMA) in the 2009 to 2010 academic year, as a percentage of the providers' 2010 to 2011 funded student numbers. This percentage is applied annually and has not been updated to take account of the current patterns of disadvantage. While it led to continuity when the 16 to 19 Bursary Fund was introduced, it is now out-of-date. Each provider is supporting their own most financially disadvantaged students. However, because providers get funding that doesn't match their current level of disadvantage, this means that across the country we are not supporting the most financially disadvantaged students as effectively as we could.

## **Previous consultation**

In 2013 we consulted on whether we should use data relating to students who were previously eligible for the pupil premium (as a measure of the level of disadvantage being supported by providers), along with planning to give more allocation to organisations with a higher proportion of disadvantaged students from rural areas (to reflect the higher transport costs those students have to cover).

At that time, in general, the recommendations were supported, however the government decided not to proceed since the level of volatility demonstrated in the impact assessment was high, with a resulting risk that the short-term financial support for students could be destabilised. This issue remains, however we have identified in talking to providers both an increased need for reform (as allocations become more out-of-date) and a willingness to make a change, so long as we have appropriate transitional protection in place to manage the short term risks.



## The different offers available to students

The levels of disadvantage we see in the 16 to 19 cohort varies, both across the country and by provider type. When the Department surveyed and then spoke to 16 to 19 providers, we found that, generally, providers are 'living within their means', resulting in a wide range of offers to students which do not match the spread of disadvantage nationally.

Some providers are able to be quite generous in their offers. Their students receive support for travel, equipment and book costs, and were more likely to offer weekly 'attendance' allowances - regular payments like the EMA. In some cases, additional support such as UCAS fees, payments towards field trips and work experience costs are also being met. Providers gave examples where discretionary bursary awards were supporting extra-curricular and enrichment activities.

Other providers are finding their allocations far more restrictive, usually due to the high number of students needing support for both travel and other costs. In addition, the deprivation being faced by their students is very high. Evidence from these providers has shown that they need to spread their allocation far more thinly and can often only support basic travel costs and additional needs in exceptional circumstances for those in the most severe financial hardship.

Providers currently have the flexibility to adjust their offers to the needs of their student cohort, but in reality, it is usually matched to the funding available. Evidence shows this leads to very different levels of household income being taken as the threshold for receiving discretionary bursary support. Whereas most providers supported students whose household income was up to around £15,000 to £22,000 per annum, examples ranged from providers that supported only students whose household income was around £10,000 or less, up to others that provided support for households with incomes of £40,000 or less.

Some providers have found that their offer to students from discretionary bursary funding alone was insufficient to meet need and they have added to the support funding available from other non-bursary funds. This is particularly the case when providers have a need to support high travel costs.

Generally, the greater the number of disadvantaged students a provider needs to support, and the higher the level of deprivation faced by these students, the thinner the providers need to spread the funding. This leads to lower levels of support being offered to the most disadvantaged students nationally.

The providers able to make a more generous offer are supporting their most disadvantaged students at a local level. However, this pattern leads us to conclude that the additional bursary over and above that needed to enable young people to participate could be refocussed towards the most deprived, whose needs are not being fully met,

with little, if any, impact on the participation of the (comparatively) more affluent students.

### **Where no historic EMA data is available**

The uneven support is getting more pronounced. The EMA data is increasingly out of date. And now around 700 providers, roughly a quarter of all those with a discretionary bursary allocation, are funded using an 'average' EMA percentage since they have either come into existence after 2009 and therefore have no historic EMA data, or are a merged provider. Using 'average' allocations appears to result in providers that have too little, or too much, funding comparative to the disadvantage levels of the students they are supporting.

### **The introduction of T Level industry placements**

A further pressure on students' costs may come from the introduction of industry placements for T Levels. A mandatory element of the T Level, the 45-60 day placement is likely to see an increase in the travel, meals and other support students require. We are funding institutions to increase capacity and begin delivery of industry placements in advance of the roll-out of T Levels, beginning in 2018/19.

### **Revising the methodology**

Our view is that retaining the current allocations methodology for the discretionary bursary that relies on EMA data from the 2009 to 2010 academic year, as a percentage of the providers' 2010 to 2011 funded student numbers, is no longer suitable since it is creating uneven support across the country for the most financially disadvantaged students nationally.

**Question 1: Do you agree that using a 2009/10 EMA based disadvantage measure to calculate the 16 to 19 discretionary bursary allocations is no longer appropriate? Yes/No. Please give reasons for your response.**

## 2. Support for the most financially disadvantaged students

The purpose of updating the allocations methodology would be to better support our most financially disadvantaged students, nationally. Ideally, we would like to reflect each student's family circumstances.

### Free school meal measures

Taking a similar approach to the previous consultation would see us using data related to students' history of claiming free school meals (FSM). We have reviewed this and feel it would be preferable to use a different measure of financial disadvantage since

- there would be a likelihood that the available funding would be spread across a wide cohort of students. It would be preferable to focus the available funding more tightly, therefore supporting those most in financial need
- there is a separate funding stream for Further Education Free Meals (FEFMs) which is wholly based on free meal eligibility. Using a separate measure for financial disadvantage would help to distinguish between the purpose of the discretionary bursary awards and the purpose of the FEFMs allocations, and
- within the deprivation factor in the National Funding Formula, a free school meal measure is not used alone, but in combination with wider deprivation factors.

We therefore do not propose to use a FSM measure within the new methodology. Instead, we could look to match allocations to current student deprivation levels, using a measure which could be kept up-to-date.

### Deprivation measures

We could use a measure based on the deprivation level of the home address of each student, where available, creating an opportunity to weight the level of support offered by the degree of deprivation. While not as precise as a measure specifically about the finances of a household, these can offer an estimation of the overall level of deprivation within a group of students, that could be aggregated to provide a proxy for deprivation at provider level.

There are two measures we have considered; the Index of Multiple Deprivation (IMD), and the Income Deprivation Affecting Children Index (IDACI). These measures are calculated for the Ministry of Housing, Communities and Local Government. Updated versions are scheduled for publication in summer 2019. The English Indices of Deprivation 2019 will retain and replicate the model of multiple deprivation used in 2015. If we used one of these measures we would base any calculations upon the most recent available dataset.

IMD 2015 is already in use in the main 16 to 19 funding formula to calculate the Disadvantage Block 1 uplift<sup>3</sup>, and IDACI is used in the pre-16 funding formula to calculate deprivation.

**Question 2: Do you agree that using a postcode-based deprivation measure would be a better proxy for the overall financial deprivation of students at an institution than a FSM measure? Yes/No. Please give reasons for your response.**

IMD is the official measure of relative deprivation for small areas in England. It is the most widely used of the Indices of Deprivation. IMD ranks every small area in England from 1 (most deprived area) to 32,844 (least deprived area), and takes a number of factors into account.

IMD combines information on these factors to produce an overall relative measure of deprivation. The groups of contributing factors (“domains”) are combined using the following weights: Income Deprivation (22.5%), Employment Deprivation (22.5%), Education, Skills and Training Deprivation (13.5%), Health Deprivation and Disability (13.5%), Crime (9.3%), Barriers to Housing and Services (9.3%) and Living Environment Deprivation (9.3%).

IDACI is a sub-set of the IMD Income Deprivation domain which measures the proportion of all children aged 0 to 15 living in income deprived families, as measured by certain benefits take-up, income and savings data, and is based on the (expected) income of families in specific postcodes. IDACI therefore focusses on the likelihood of children aged 0 to 15 living within income deprived families.

Households that are classed as deprived are often dealing with a number of different issues, not just low income, and whereas discretionary bursary awards exist to support financial hardship, the issues leading to that hardship can be many and complex.

We recommend that IMD, as a wider measure of deprivation, would be a more reliable measure to use in a revised methodology for discretionary bursary allocations, if we are trying to better match the overall level of household deprivation that student is from.

If we used IMD within the 16 to 19 discretionary bursary methodology, this would mean the same measure was being used across 16 to 19 funding. Within the 16 to 19 main

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<sup>3</sup> Within the main 16-19 funding formula, a threshold of 27% has been set for the Disadvantage Block 1 element which provides funds to support students from areas of economic deprivation based on IMD. The formula then ranks the top 27% of areas from highest to lowest levels of deprivation and allocates funding, depending on the level of deprivation. The overall uplift for each institution is weighted in proportion to the number of students in each area and the size of their programmes.

funding formula a threshold of the most disadvantaged 27% of localities is used for the main allocations, which we could also match in the bursary methodology for consistency. We could consider weightings so we could target the available funding quite tightly, whilst supporting relative levels of deprivation, as is done for the main allocations. We could also ensure both the 16 to 19 main funding formula and the discretionary bursary allocations methodology used the same data release<sup>4</sup>.

**Question 3: Do you agree that using the latest available version of IMD, as the disadvantage measure within the methodology would better reflect the deprivation level of students, compared to using IDACI? Yes/No. Please give reasons for your response.**

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<sup>4</sup> Although we are not able to predict what changes may occur when IMD is updated, table 2 in Annex A gives an indication of the changes that occurred when IMD was last updated.

### 3. Support for students' costs to participate

Providers award discretionary bursaries to help students overcome specific barriers to participation so they can remain in education. Providers are free to decide which students get a discretionary bursary and how much they will get, following their advertised bursary policy, based on national guidance. That guidance is clear that the allocations made to providers should enable awards to be made to individual students to help them overcome the individual barriers to participation that they face. Providers should focus the funding towards their students who would not be able to stay in education without financial help for things such as travel, or essential equipment and books.

Discussions with providers have highlighted that a new allocations approach which focussed on disadvantage levels alone would only respond to part of the issue and would still leave uneven support for students from one institution to another. This is because the costs that students face to participate vary not just from student to student but also significantly between institutions and locations.

The most commonly reported use of the fund is to support the costs students face to travel between their home and their place of learning. We have found that in the majority of cases at least 50 percent of providers' discretionary bursary allocations are being used to support travel costs – some spend less, with a considerable number of providers spending more, and occasionally supplementing these costs from non-bursary funds.

Some students face further costs when they are asked to participate at a different location, usually due to attending work placements. T Levels, due to be introduced from 2020/2021 academic year, will contain a mandatory 45 to 60 day industry placement. Some students may find they need additional bursary support to participate in their placement if their existing travel costs increase and/or they need to purchase equipment or clothing to fully participate.

We think we therefore need to consider the costs students face to participate, particularly in relation to their travel needs. Support of travel costs also has a substantial effect on the amount of funding a provider has available to support all other costs, so we are proposing that we need to consider travel costs separately within any revised methodology.

#### Supporting students' travel costs

Discussions with providers have shown that the travel costs being supported are impacted by a number of different factors including

- the disadvantage level of the student

- whether the student needs to travel to/from a rural location
- how far the student travels to their learning destination
- how long their journey takes
- whether the student needs to cross a travel company and/or geographical boundary
- whether the student needs to use expensive modes or more than one mode of transport (e.g. train and bus)
- whether free or discounted travel is available in the student's geographical area, and
- the age of the student being supported.

We do not have data for all of these but do think we can construct a fair proxy for these cost drivers using student home postcodes and provider (delivery address) postcode data. Using these, we can build a picture of how far students need to travel, whether their travel is to/from a rural location and if there are any substantial local issues we need to consider.

We could devise a 'travel' element for the methodology that took account of the number of disadvantaged students at an institution (on a lagged basis) that needed to travel

- over 3 miles\* but less than 10 miles (\*all of these are straight line distances)
- between 10 miles and 20 miles
- over 20 miles, and/or
- from a postcode classed as rural.

Using these, we could allocate a proportion of funding where costs are assumed to be higher.

There were three further factors we considered but do not propose to include since reliable data is not available or the initial modelling showed the resulting allocations were skewed in some manner. These were travel time (rather than distance travelled), the mode of transport used, and whether the provider was based in a rural location.

We appreciate that using distance and rurality factors will only create an estimate of cost for a number of reasons, for example, the costs in each location will vary as will the cost due to the mode of transport used. Similarly, straight-line distances may not be representative of the travel undertaken, and greater distances may not always incur greater costs. However, on balance, it seems fair to assume that greater distances travelled and travelling from a rural location will increase the likelihood that students will face higher travel costs. Of course it is still for each provider to decide how to meet the needs of students within its own allocation and they can reflect these differences if that is the best approach.

Any proposed change to the methodology will not replace the statutory transport duty local authorities have. Each local authority must publish an annual transport statement that sets out the arrangements they will make to facilitate participation in education or training for students aged 16 to 19. Providers should consider the relevant local authority's transport statement when setting their bursary fund policy.

**Question 4: Do you agree we should include a travel element to better match the allocations to the student need for travel support? Yes/No. Please give reasons for your response.**

**Question 5: Do you agree that distance to travel and rurality are appropriate factors to build into the travel element? Yes/No. Please give reasons for your response.**

### **Where travel costs are lower**

If we are considering factors that give rise to higher travel costs, it would be logical to also consider factors that give rise to lower travel costs for students to participate.

Nationally, there is currently one offer known to make a substantial difference to the travel costs students incur to participate in their education and training, and therefore to the remaining support available from the allocations institutions receive.

### **Travel in the London area**

In the London area there is an offer from Transport for London (TfL) for 16 to 18 year olds that helps with their transport costs. Those aged 16 and 17 living in London (that is, with a Greater London home postcode) can get free travel on buses and trams, and substantial reductions on other modes of transport, including the tube. Discounts are also available for students aged 18 (and older).

The TfL offer impacts on the availability of discretionary bursary funding since providers that have students who can access the TfL offer have an additional subsidy towards the travel costs the bursary is supporting. This results in some London-based students receiving a greater level of financial support than students in other parts of the country since they receive the TfL offer on top of the bursary they are awarded.

To even out this effect, we could include a reduction in the travel element of the methodology where the home and delivery postcode of the student are both within the London area. Feedback from London based providers has clarified that they still support considerable travel costs since students often need to take modes of transport that are not fully covered by the TfL offer, support students to take a mode of transport that is faster than the free offer provides, and/or support students travelling across the boundary covered by the TfL offer.



We therefore propose to reduce the travel element calculated for students with a home and delivery postcode in the London area by half. Where one or other postcode is outside the London area, no reduction will be applied. This will mean that some reduction is applied to take account of the TfL offer, but that providers still receive travel costs support for half of their discretionary bursary cohort in the London area, and no reduction is applied where the student has a home or delivery postcode outside of the Greater London area.

**Question 6: Do you agree we should reduce the travel element calculated for students with a home and delivery postcode in the London area by half, so as to account for the additional support these students have available to them via the TfL offer? Yes/No. Please give reasons for your response.**

### **Other local offers**

Although many locations have subsidised travel offers none currently impact directly on the availability of 16 to 19 discretionary bursary funding in a similar way to the TfL offer. That may change in the future. If other areas introduce a scheme which, like the TfL offer, substantially reduces the cost to young people of travelling to education then we would consider in future revisions of bursary allocations whether a reduction similar to that for the London area should be applied.

## **Supporting students' additional costs to participate in T Level industry placements**

Providers have told us that some students face additional costs when they need to participate in a work placement. The costs usually stem from practical reasons such as, the bus pass the student has is not valid for the area to be travelled to, or at the time of day needed, resulting in additional travel costs. Or the student needs to purchase particular equipment or special clothing for their placement that they had not previously had for their study programme participation. We have dealt with similar costs in the past by making specific bursary funding available - for example, when Traineeships were launched we allocated additional funding in the current methodology to support financially disadvantaged trainees.

T Levels, due to be introduced from 2020/2021 academic year, will contain a mandatory 45 to 60 day industry placement. Almost £57 million is available from April 2018 to July 2019 to facilitate the build-up of capacity and capability of providers to deliver substantial industry placements and deliver such placements through to the end of July 2019. This followed the commitment made in summer 2016 through the Post-16 skills plan that all 16 to 19 students following a new technical education route will be entitled to a quality industry placement to arm them with the technical skills they need to give them the best possible chance for entering skilled employment.

We expect that some students will need additional bursary support to participate in their placement. This may include some students who have managed to support themselves through their study programme but find that the additional costs they face for their industry placement are unaffordable.

We have tested this approach in 2018/2019 academic year by providing additional bursary allocations to support providers that had Capacity and Delivery Fund allocations and were delivering an agreed number of placements.

We therefore propose that a small element of the revised methodology for the discretionary bursary should be dependent upon whether the student is on a T Level programme since we know this could result in higher costs to participate. We feel it is important that our most financially disadvantaged students face no additional financial barrier if they wish to take a T Level programme.

Initially we plan to use a combination of historical data and provider plans to ensure we can calculate and allocate the extra funding in the year it is needed. We expect to revert to a lagged system for student numbers when it is possible to do this using prior year data.

**Question 7: Do you agree we should introduce a small element in the discretionary bursary methodology that accounts for the additional costs likely to be faced by disadvantaged students undertaking T Level industry placements? Yes/No. Please give reasons for your response.**

## 4. Proposed methodology

We propose therefore a revised discretionary bursary allocations methodology that has two elements

- support for financial disadvantage to help young people meet the general costs of participating, using a recognised, up-to-date indicator for students' levels of deprivation, and
- support for specific costs affecting some students more than others, weighted to reflect higher/lower travel costs and whether the student was undertaking an industry placement.

Data would be calculated, annually, at an individual level, then aggregated up to create a provider level allocation. Although that allocation would be based on data from individual students, providers would retain their flexibility to set their own policies and award bursaries locally to those they felt were in most financial need without reference to the students used in the methodology, subject to the national guidance and usual audit requirements.

Providers have told us that they welcome the ability to move funding between their discretionary bursary allocation and their free meals in further education allocation, where they receive both – we propose this flexibility would remain.

Prior to the introduction of additional funding for free meals in further education, providers had supported the cost of meals for students who needed them from their discretionary bursary allocation. ESFA currently adjusts discretionary bursary allocations to avoid double funding for those providers also in receipt of an allocation for free meals – this adjustment would continue to be made under any new methodology.

By considering financial disadvantage and specific costs separately we can attempt to match support levels to need in a more specific way. Our proposal is to support students living in the 27% most disadvantaged localities within the disadvantage element. This means we would use the same benchmark as in current Disadvantage Block 1 funding. We propose to vary the support, within this element, based on the level of disadvantage in each locality. This would target the available funding for disadvantage quite tightly.

In considering the need for extra funding for travel or industry placement costs support we propose to look at students in a wider cohort of deprivation, proposing that the 50 - 60% most disadvantaged localities may be a more appropriate threshold of deprivation. These students would not all attract funding. They would only attract funding where travel is essential for them to participate, with this weighted to support those travelling further distances or who live in rural areas, and/or where they were undertaking an industry placement.

The suggested difference in percentage thresholds between the financial disadvantage and the costs elements reflects that for many families it is mainly travel that is causing financial hardship. The students that would be supported for travel only, via the methodology, are those expected to be somewhat less disadvantaged young people, with their other costs affordable from household finances. Providers need to support many more students with travel costs compared to the more severe, acute issues being supported via the disadvantage element. Of course if the most disadvantaged young people also face significant travel they will attract both elements – all three if they also undertake an industry placement.

**Table 1 – An example of what percentage of students, by region, would attract discretionary bursary support via the proposed allocations methodology, using a 60% threshold for the costs elements for illustration purposes only**

Region	Financial Disadvantage: % Students in the IMD top 27% most disadvantaged areas	Costs			
		% Students eligible for costs support (in IMD top 60% most deprived areas)	Of those who are eligible for costs support:		
			% travelling 3 miles or more	% Rural	% Industry Placement
East Midlands	28%	57%	55%	16%	3%
East of England	18%	53%	59%	21%	5%
Greater London	43%	79%	54%	0%	7%
North East	43%	71%	66%	17%	3%
North West	43%	68%	58%	6%	4%
South East	14%	44%	55%	12%	4%
South West	18%	56%	64%	32%	3%
West Midlands	41%	69%	58%	9%	4%
Yorkshire and the Humber	41%	68%	56%	12%	5%

Source: DfE internal analysis

The different thresholds aim to strike a careful balance between ensuring value for money by not introducing deadweight, whilst supporting need.

**Question 8: Do you agree we should support the 27% most disadvantaged students by IMD for the disadvantage element? Yes/No. Please give reasons for your response.**

**Question 9: Do you agree that we should include a wider cohort of the most disadvantaged students by IMD in the specific costs element of the revised allocations methodology? Yes/No. Please give reasons for your response.**

## 5. Transition

Moving from the EMA-based allocations to a new methodology would result in a substantial change to the allocation for many providers. This is because the data informing the current approach will be over a decade old by the 2020/2021 academic year. In addition there have been many new and merged providers since the bursary scheme was introduced in 2011, which currently receive an allocation based on an estimated average disadvantage level.

We therefore propose to put transitional protections in place with the aim that no individual student would need to face increased financial hardship as a result of a change to their discretionary bursary offer from their first to second year of study. To achieve this it is likely that both increases and decreases in allocations will need to be phased in over two years, and that the revised methodology will only be applied to the full budget once the transitional protections have worked through.

In addition, for the small proportion of funding that we are proposing will follow industry placements, there will be a longer transition period. We propose to reflect the number of students participating in industry placements as part of the preparation for T Levels (via the Capacity and Delivery Fund) and the new T Levels as they roll out from 2020/2021 academic year. We would keep this under review.

During the transition, we would ask providers to continue to make the best use of the available budget, and to continue to focus the available funding on those students most in need of financial support for continued participation in their courses.

We aim to publish a Government response to this consultation in summer 2019. Should a new methodology be employed we would aim to publish the new allocations methodology in autumn 2019, and follow this with shadow allocations. We will aim to set out details for the transitional protection for a new methodology alongside the calculation and communication of indicative allocations for the 2020/2021 academic year.

## 6. Public Sector Equalities Duty

In order to comply with the public sector equalities duty, we have considered the potential impact of the current proposal. It is important for us to consider the possible impact that the proposed revised allocations methodology stated in this consultation could have on different groups. This will help us not only to identify, avoid and manage any possible negative impact, but also to make the most of any opportunities to have a positive impact.

In accordance with the Equality Act 2010, when making a decision, public bodies must have due regard to: the need to eliminate discrimination, harassment and victimisation; advance equality of opportunity between those people who share a protected characteristic and those who do not; and foster good relations between those who share a protected characteristic and those who do not. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Our initial consideration of a new methodology on students with protected characteristics suggests that the impact of the current proposals will not be negative and therefore it is appropriate to continue to develop the proposal. We will undertake further equality analysis as we develop the specifics of the methodology.

Since the purpose of revising the discretionary bursary allocations methodology is to better support the most financially disadvantaged students and help them to participate effectively in education and training, it is inevitable that those providers with a reduced allocation will be able to support fewer young people in future, or to support the same number to a lesser extent. This is a result of the key purpose of this recommended change – to reduce the previous imbalances in the system, and make the support better match the needs of the most disadvantaged students.

We welcome your views as to whether the proposals set out in this consultation are likely to have a positive or negative disproportionate impact on any student with relevant protected characteristics under the Equality Act 2010.

**Question 10: Are you aware of any particular equalities impacts? How could any adverse impact be reduced and are there any ways we could better advance equality of opportunity or foster good relations between people who share a protected characteristic and those who do not? Please provide evidence to support your response.**

## **7. Review of implementation**

An initial review of the implementation of any revised methodology will be made by gathering regular feedback from providers. Subject to the information gathered, further evidence may be sought to ensure the revised methodology is appropriate and fulfilling the policy aim of providing effective financial support to aid participation for the most financially disadvantaged 16 to 19 year olds in further education and training.

We will use a cycle of continuous improvement to identify and instigate small adjustments that could be made to improve the effectiveness of the methodology.



## Annex A - An illustration of the changes that occurred when IMD was last updated

Table 2 - IMD changes by region, between the 2010 and 2015 version

REGION	2010 IMD Percentage of Region in 27% Most Deprived	2015 IMD Percentage of Region in 27% Most Deprived	Percentage Point Change
East Midlands	24%	25%	1.55%
East of England	12%	15%	3.14%
London	39%	34%	-4.59%
North East	42%	41%	-1.05%
North West	39%	39%	-0.22%
South East	11%	12%	0.37%
South West	14%	17%	2.23%
West Midlands	35%	35%	-0.45%
Yorkshire and The Humber	34%	35%	0.84%
<b>Grand Total</b>	<b>27%</b>	<b>27%</b>	-

Source: DfE internal analysis



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