

## **Briefing on changes to the funding arrangements for 16 – 19 education announced by Michael Gove, the Secretary of State for Education on 19 July 2010**

The changes to the funding of 16 – 19 education and training announced by the Secretary of State are set out in a letter to Baroness Ritchie, the Chairman of the LGA Children and Young People Board. A copy is attached to this briefing note.

The Department for Education (DfE) has confirmed that the changes announced will **not** affect the statutory duties placed on councils and the Young People's Learning Agency set out in the Apprenticeship, Skills, Children and Learning Act 2009 (the ASCL Act). So the statutory basis of the local authority 16 – 19 commissioning role remains unchanged.

### **The statutory duties of councils**

Councils will continue to have a duty to:

secure that enough suitable education and training is provided to meet the reasonable needs of—

- (a) persons in their area who are over compulsory school age but under 19, and
- (b) persons in their area who are aged 19 or over but under 25 and are subject to learning difficulty assessment.

The full list of the issues that councils need to take into account in exercising this duty is set out in Section 41 of the Act<sup>1</sup>, but includes the quality of the education and training and the locations and times at which it is provided. Councils are also required to act with a view to encouraging the diversity of provision and increasing the choice available to learners.

### **The statutory functions of the YPLA**

The YPLA's functions are set out in Part 3 of the ASCL Act<sup>2</sup>, but principally relate to the funding of the provision of education and training to 16 – 19 year olds (and up to 25 with learners with a learning difficulty assessment). The YPLA also has a duty to issue guidance to local authorities on the performance of their statutory duties and has powers to intervene where councils are failing to perform their duties. The YPLA is not a commissioning or planning body; the statutory duties here rest with local authorities, and the changes do not affect that.

<sup>1</sup> [http://www.opsi.gov.uk/acts/acts2009/ukpga\\_20090022\\_en\\_4#pt2](http://www.opsi.gov.uk/acts/acts2009/ukpga_20090022_en_4#pt2)

<sup>2</sup> [http://www.opsi.gov.uk/acts/acts2009/ukpga\\_20090022\\_en\\_6#pt3-ch2](http://www.opsi.gov.uk/acts/acts2009/ukpga_20090022_en_6#pt3-ch2)

## **The changes affecting councils announced in the Secretary of State's letter**

The main changes announced on 19 July relate to the funding of 16 – 19 education and training and not to the council commissioning role. The Secretary of State makes it clear in his letter that councils will continue to have a strategic commissioning and influencing role. However, the changes to the funding arrangements will have implications for the way that councils, in practice, carry out their commissioning role.

The funding changes are:

- The YPLA will make payments directly to FE Colleges, Sixth Form Colleges, and other training providers, and will manage the contracts with them. School sixth forms will continue to be paid by councils.
- From 2011/12 funding will be based on 'lagged learner numbers' (as is the case with pre-16 education funding at present).

The changes to the payment arrangements outlined in the first bullet point will have little effect on the council commissioning role. However, the changes to the funding formula will mean that neither councils nor the YPLA will be involved in detailed negotiations with schools and colleges over funding allocations – which will, for the most part, be based on learner numbers in the previous year. As the Secretary of State sets out in his letter, the council strategic commissioning and influencing role will be to maintain a “strategic overview of provision and needs in their area – identifying gaps, enabling new provision and developing the market.”

The other change announced is the removal of the requirement on local authorities to come together in sub-regional and regional planning groups. Councils will be free to make local arrangements as they see fit. However, the statutory duty for councils to cooperate with each other in relation to 16-19 education and training remains.

### **What does this mean in practical terms for local authorities?**

An initial meeting between DfE officials, the YPLA, the Local Government Association and ADCS has taken place, and further meetings are scheduled for the summer period. It is therefore not possible to answer all the questions that councils may have at this stage. However, it is clear that:

- **Councils will continue to have a significant role in commissioning 16 – 19 education and training**, although the changes to the method of funding providers mean that this will be a more strategic role in ensuring that local provision meets the needs of local learners and employers and will not involve detailed discussions with schools and colleges about funding allocations. Councils will need to produce commissioning plans, in partnership with schools, colleges and other providers, and using existing partnerships (such as 14-19 Partnerships) and new partnerships (such as Local Economic Partnerships) to inform the debate.

- **Councils will need to continue to engage in discussion with providers, employers and other partners in order to fulfill their statutory duties.** It will remain essential for councils to build high-quality relationships with providers and to develop a shared picture of needs for 16-19 provision. It will also remain essential that local authorities continue to work with each other to understand how learners are moving across boundaries, and to support choice by young people. Where existing partnerships are working well (locally, sub-regionally or regionally), we expect that these will continue, but it will be for local authorities with providers to make arrangements that suit the needs of their local areas.
- **Staff transferred from LSC to councils will continue to have a role in commissioning and in developing local commissioning plans.** We know that many local authorities are concerned about the implications of a change in functions relating to staff they have recently taken on. However, it is important for local authorities to be clear about the nature of this role before taking a view on staffing needs. Since we will not have clarity on the detail until September, we are advising that local authorities do not proceed with restructuring until the new arrangements are finalised.
- **The National Commissioning Framework has been withdrawn.** The YPLA is required to issue statutory guidance on the way the new system will operate. As the Secretary of State's letter said, the LGA and ADCS will be working closely with the YPLA on this over the summer period to ensure that the guidance is clear and will support councils in carrying out their commissioning role effectively and flexibly. We are pressing for draft revised guidance to be available in early September. The LGA and ADCS will also continue to update councils as the situation becomes clearer.

*If you have any questions about the effect of the 16 – 19 announcements, or points that you would wish LGA and ADCS to raise in our discussions with DfE and YPLA, please email [childrenandyoungpeople@local.gov.uk](mailto:childrenandyoungpeople@local.gov.uk). We will not be able to answer all questions individually, but will produce some answers to frequently asked questions.*