

Annex A – The basis for calculating place funding and funding new and growing special post-16 institutions (SPI) in the 2020 to 2021 academic year (2020/21): response from Natspec, the membership association for SPIs

	Comments
Change 1 – Use ILR R06 to calculate funding allocations	<p>A simplification to the current system is welcomed, as is the use of the most recent data available to calculate allocations for the following year. The proposed change will suit the majority of SPIs well. However it will not work for those who recruit students after the Feb R06 return. The growth for these colleges would have been partly accounted for in the old system (using the multiplication of the R04:R14 ratio), but these numbers will not now be counted unless the additional students are still at college in the next R06 return the following year. We recognise that the proposal allows for the colleges affected by this to submit business cases to account for this situation, but we ask that the business case process is simplified for these colleges so that it does not require “clear evidence of local authority support” in the same way as the growth cases. Recruitment and placements are unpredictable and volatile for many specialist colleges, and very late LA decisions or the nature of the programmes delivered means that recruitment takes place throughout the year. We ask that if late spring/summer growth is not picked up by the new R06 allocation process, these colleges should be able to quickly alert ESFA and have additional places confirmed based on either the evidence of previous years or after their R14 return in November.</p>
Change 2 – Change the methodology for allocating funding to SPIs in their second year of delivery	<p>This change is logical and appropriate, bringing second year SPIs into the lagged funding methodology sooner and ensuring that funding is based on actual delivery rather than LA expectations.</p> <p>It should be noted that growth does not just affect new or second year SPIs, as many established specialist colleges are also growing. The lagged system does not work for these colleges, and the proposal to allow growth bids (change 3) is important.</p>
Change 3 – Fund growth in SPIs	<p>We support this change and it will work most effectively for SPIs who work locally with only one or two local authorities. We ask that the requirement for “clear evidence of local authority support” is used flexibly for those specialist colleges who work with a large number of councils, because of the significant workload that would be involved. SPIs often have nothing in writing from LAs even after students have started their time at college, and the % of late placements, contracts and funding agreements is rising year on year. SPIs therefore have to risk recruitment and commit to spending without any guarantee that the placements will be confirmed, making advance budgeting almost impossible. Whilst we accept that ESFA will require evidence of planned growth, we suggest that this might also be secured from other documents and/or organisations rather than LAs. It would also be helpful to know in more detail the criteria that ESFA will use for assessing business cases, and whether or not there will be a limit or threshold imposed before cases can be considered.</p>
Other comments	<p>We support the decision not to introduce a flat rate for SPIs and believe that the SPI funding formula should be closely aligned to the funding formula used for FE providers for 16-19 funding. It is more appropriate for specialist colleges to be aligned to the mainstream college sector than with special schools. To help clarify this distinction with other organisations, we ask that ESFA documents and publications align SPIs with colleges in future, rather than grouping them with NMSS (as was the case previously, for example, in the allocations explanatory note).</p>