

Funding Guidance for Further Education in 2004/05

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Executive Summary

Date: April 2004

Subject: Funding guidance for further education in 2004/05

Intended recipients: Principals, chief executives, chief education officers, heads of providers, finance directors and management information officers of providers delivering further education.

Status: For information

Content:

- a This guidance sets out the Learning and Skills Council's (LSC's) approach to and the authoritative guidance for the funding of further education (FE) in 2004/05. All colleges and providers and organisations that receive funding from the LSC for the provision of FE are required to comply with the Guidance. It provides the LSC's consolidated funding guidance for FE in 2004/05.
- b In setting out the approach for 2004/05, the LSC seeks to establish strategic, long-term and mature relationships with colleges and other providers, with an emphasis on mutual trust and openness. The implementation of the LSC's new business cycle will simplify the arrangements for planning and funding learning that meets the needs of local employers, learners and communities. Key to this will be the further development of strong partnerships with local colleges and providers.
- c This guidance incorporates the changes that arise from plan-led funding. This is a radical change to the FE funding approach, reflecting the principles of a

"trust relationship" envisaged by the Bureaucracy Task Force and the context of the planning framework established by *Success for All*. These changes also take account of the initial implementation of the funding policy aspects of the Skills Strategy.

In addition to the changes resulting from the above policy initiatives, the structure of the guidance has changed from previous years. Separate sections now draw together funding considerations that had in the past been dispersed throughout the document. Annexes have been used for technical detail and statistical information.

This change is in response to requests from providers and local LSCs. However, the intention is not to imply that only single sections now need to be considered and used. The whole document should be used to gain a full understanding of how FE is funded.

- d The document is now set out as follows.

Section 1 provides an introduction to the document and a summary of key changes. It provides details of the Secretary of State for Education and Employment's priorities for 2004/05 and gives a summary of the LSC's decisions in relation to funding for this year.

Section 2 reviews the types of provider that receive FE funding, and the arrangements under which this funding is received.

Section 3 covers the LSC's approach to planning and budgeting, including base lines, growth and the funding allocations process.

Section 4 provides definitions of key terms used in subsequent parts of this document and describes the terminology used in the funding methodology.

Section 5 covers key aspects of the national rates and related issues, including the application of the formula, weightings and uplifts.

Section 6 provides detailed descriptions of other rates considerations.

Section 7 addresses learner and programme eligibility.

Section 8 addresses basic skills, key skills and entitlement funding.

Section 9 reviews additional learning support.

Section 10 covers the LSC's approach to distributed and electronic learning.

Section 11 deals with residual European Social Fund traditional projects.

- e Further Education Individualised Learner Record Funding Compliance advice for 2004/05 will be issued in the summer of 2004 to take account of the new plan-led funding approach.
- f All funding rates stated in this Guidance are based on colleges and providers receiving standard funding. Annex C provides detailed clarification of the calculation of performance-related funding in 2004/05.
- g The guidance in this document is the definitive LSC guidance and takes precedence over any other separate documents.
- h Vertical lines in the margins of the document indicate where new text has been introduced to the *Funding Guidance for Further Education in 2004/05*. In most cases, the text has been moved to different positions in this document compared with the 2003/04 Guidance, owing to the new structure. The vertical

lines refer only to new text and are not used where the text has moved to a new position in the document. Items previously published in the Addendum to the Further Education Funding Guidance have been incorporated into this document.

Funding Guidance for Further Education in 2004/05

Section 1: Introduction and Background

Introduction

1 This document (the Guidance) sets out the Learning and Skills Council's (the LSC's) funding guidance for further education (FE) in 2004/05. All colleges and providers and organisations that receive funding from the LSC for the provision of FE are required to comply with the Guidance.

2 The information given in this document provides details of the LSC's approach to funding FE in 2004/05. This Guidance will operate in the wider policy contexts of *Success for All* and *Trust in FE* and the implementation of strategies developing from the Skills Strategy White Paper, the outcomes of the consultation Circular 03/15, *Plan-led Funding for Further Education*, and Circular 04/02, *Plan-led Funding for Further Education*, which describes the new arrangements.

3 The Guidance forms parts of the Council's funding agreements with colleges and all other providers of FE provision.

Funding Priorities for 2004/05

Secretary of State for Education and Employment's priorities

4 The Government's priorities for FE for 2004/05 were set out in the grant letter of 4 December 2003 from the Secretary of State

for Education and Employment (the Secretary of State) to the Chairman of the LSC.

5 The high-level objectives that the Secretary of State has set out for the LSC are to:

- encourage young people to remain in learning and increase their attainment
- increase demand for learning, and achievement of skills and qualifications by adults
- maximise the contribution of education and training to economic performance
- raise standards in teaching and learning, and ensure equality of opportunity for all.

6 In addition, priority activities were identified in the following areas:

- a further developing the capacity of the learning and skills sector to deliver a more learner-centred offering for the 14–19 age group
- b working with employers, Sector Skills Councils and Regional Development Agencies to help deliver the priorities from the Skills Strategy
- c continuing to drive up the quality of teaching and learning, building on the *Skills for Life* and *Success for All* initiatives
- d securing better information about sector performance, and understanding and sharing evidence about what works in particular localities and for different customers.

The Secretary of State's key targets

7 The Secretary of State has specified the following key targets to reflect the priorities.

- By 2010, 90 per cent of young people by age 22 will have participated in a full-time programme fitting them for entry into higher education or skilled employment.
- By 2004, increase by 3 percentage points (compared with 2002) the number of 19-year-olds achieving a qualification equivalent to NVQ Level 2, with a further increase of 3 percent age points by 2006.
- Increase the proportion of 19-year-olds achieving a Level 3 qualification to 55 per cent in 2004.
- Improve the literacy and numeracy skills of 1.5 million adults and young people by 2007.
- Reduce by at least 40 per cent by 2010 the number of adults without a Level 2 qualification.
- Set challenging targets for minimum performance and value for money in FE colleges and other providers.
- By 2006, 90 per cent of full-time and 60 per cent of part-time college teachers to be qualified to teach.
- By 2006, establish 400 Centres of Vocational Excellence (CoVEs).

Key Changes for 2004/05

8 The establishment of the LSC's new business cycle and the introduction of plan-led funding for 2004/05 represent a considerable level of change for the FE sector. Significant policy developments resulting from the work of the Bureaucracy Task Force, *Success for All* and the Skills Strategy will continue the period of change experienced by the FE sector.

Circulars and other publications identified in this section should be referred to when using this FE Funding Guidance.

The new business cycle

9 The LSC is introducing a new business cycle (the cycle), which brings together strategic review, planning and funding. This new cycle will support the better matching of education and training provision with national and local priorities. The principles on which the cycle is based reflect the LSC's commitment to simplicity, minimal bureaucracy, openness, transparency and trust. The cycle also complements and is reinforced by Strategic Area Reviews (StARs). Together, these two processes will give us much greater clarity in terms of our priorities and will make our relationship with colleges and other providers clearer and more responsive.

10 At the heart of the cycle is the three-year development plan, which becomes the sole mechanism for performance review and a single framework for discussions with the LSC. The arrangements for plan-led funding are important first steps in this new approach and signal a more strategic relationship with our providers. The LSC will be producing further briefings on the development of the cycle in the coming months. The full cycle will be implemented in 2005/06. This means that 2004/05 will be a transitional year in which we will be taking significant steps towards the new approach. The introduction of plan-led funding that is described in this document is one of those early steps. Table 1 indicates the key phases of the cycle.

Table 1: Key phases of the full business cycle

Phase 1	November – January	Confirm strategic priorities.
Phase 2	January – February (rolling process)	Annual review of the three-year development plan conducted between the college and the LSC.
Phase 3	March	Local LSCs produce draft annual plans and budgets based on phases 1 and 2, which are then consolidated at a regional level.
Phases 4 and 5	April – May	Regional Directors adjust local LSC budgets and targets in line with identified priorities.
Phase 6	May – June	Provider budgets and targets are confirmed, and funding contracts and variations agreed.

11 The review of three-year development plans is central to the LSC's new business cycle. For this transitional year, local LSCs will be focusing on the following areas, where relevant, in their discussion of three-year plans.

Reducing under-performance in FE colleges

12 With the end of claw-back and unplanned growth, it is imperative that allocations become more accurate. Final adjustments of allocations and/or recovery of plans will be agreed nationally to ensure affordability.

Changing the mix of provision towards priority activity that counts towards Level 2 and other targets and supports the National Skills Strategy

13 The aggregation of the current three-year development plans indicates that, because of the level of non-priority activity being purchased, the LSC is unable to fund the proposed increases in priority activity that will count towards targets.

14 In particular, current estimates for the achievement of the Adult Level 2 target indicate the need for a significant

redistribution in the mix of provision from "other provision" to provision leading to a full Level 2 qualification.

15 In considering the extent of redistribution, local LSCs will need to review the contribution that "other provision" makes towards widening participation and in providing a progression to Level 2 programmes.

Reducing franchising, sub- contracting and partnerships

16 There needs to be a rigorous approach adopted in determining the scale of franchising, sub-contracting and partnership arrangements in all areas. To achieve this, the following criteria should be taken into account and incorporated within the financial memorandum with colleges:

- location of activity
- adequate funding levels to subcontractors to ensure quality provision
- type and level of provision to meet local needs

- clear support for professional and organisational development
- maximum level of franchising, sub-contracting and partnerships to be normally no greater than 5 per cent of total income of a college by the end of 2005/06. This is a steer, and local LSCs, through dialogue with colleges and providers, will determine whether each arrangement is appropriate and should form part of what the LSC funds.

Plan-led funding in 2004/05

17 In October 2003, the LSC published Circular 03/15, *Plan-led funding for Further Education*, which made proposals to radically alter the funding approach. The proposals were based on recommendations from an external advisory group set up by the LSC for this purpose. Circular 03/15 was followed by nine regional workshops attended by 568 delegates, where the proposals were presented and discussed. In addition to the comments made at these events, there have been some 200 written responses from colleges and providers and other interested parties. Circular 04/02, *Funding: Plan-led Funding for Further Education*, describing the new arrangements for plan-led funding, including reference to the analysis of the responses, was published on the LSC's website in March 2004.

Skills Strategy

18 The Skills Strategy introduces a key entitlement to free tuition for any adult without a good foundation of employability skills to get the training needed (a full Level 2 qualification), and increased support for identified skills gaps in areas of sectoral or regional skill priority. The planning dialogue in 2004/05 will focus on Level 2 provision and the implications for low-skilled learners.

19 The LSC is designing, in consultation with key stakeholders, the implementation strategies to deliver the policies described in the Skills Strategy. These are to be trialled in 2004/05 in selected regions and are intended

to identify sustainable approaches that achieve the objectives of the Strategy. It is envisaged that the approaches developed and lessons learnt from the 2004/05 trials will inform the future rollout of the strategy from 2005/06.

20 In order to meet the priorities, there will be a need to address the balance of respective contributions to be made to the cost of learning by the state, individuals and employers, and the DfES and LSC will be seeking the views of the sector on how best to establish a framework for raising income and setting fees.

Success for All

21 Circular 03/15, *Funding: Plan-led Funding for FE*, and Circular 03/16, *Success for All – Recognising and rewarding excellence in colleges and other providers of further education*, emphasise the need to raise standards of quality, and describe the criteria by which colleges and providers can be judged to be of an excellent standard, or in serious concerns. Colleges and providers assessed as excellent will receive a premium funding rate at 1 per cent above standard rates.

22 *Success for All* highlights the LSC approach of "something for something". In return for funding increases above inflation, colleges and providers will need to achieve their headline improvement targets in their three-year development plans. Colleges and providers will also need to align their plans so that they complement and support the delivery of the outcomes deriving from StARs.

Section 2: Funding Colleges and Other Providers

Types of Providers Funded to Deliver Further Education

Further education colleges and higher education providers

23 The majority of LSC-funded FE provision is delivered by FE colleges incorporated or designated (specialist designated provider) under the *Further and Higher Education Act 1992* and the *Learning and Skills Act 2000*. The LSC will continue to fund FE colleges in 2004/05 through grant-in-aid and under a financial memorandum. A revised Part 1 is scheduled to be issued in 2004/05.

24 A key feature of the financial memorandum is the appointment of the college principal as accounting officer. As accounting officer, the college principal has significant personal responsibilities for the use of public funds by the college and may appear before the Committee of Public Accounts. The financial memorandum and its practical application also confer many other mutual obligations and responsibilities on both the LSC and the college. While the LSC seeks to work in close partnership with all of its learning providers, the LSC has a unique relationship as being both the main regulator and the main funding body of FE colleges. New funding arrangements between the LSC and Ufi are being introduced from 1 August 2004.

25 The LSC also funds providers regulated by the Higher Education Funding Council for England (HEFCE) to deliver eligible provision. These providers account for their learner numbers through their returns to the Higher Education Statistics Agency (HESA).

Former external institutions or independent providers

26 The LSC also funds other providers, many of which were formerly known as external institutions, for FE. The majority of providers are local education authorities (LEA-maintained providers); a smaller number are voluntary organisations or private businesses.

27 LEA-maintained providers, as public bodies, are funded under a grant arrangement and are expected under this arrangement to demonstrate a proper use of public funds. Voluntary organisations and other independent businesses are funded under a contract for services with the LSC.

Funding guidance and providers of different types

28 This funding guidance applies to all FE provision. It may be delivered by FE institutions, former external institutions, higher education (HE) institutions, **learnirect** hubs or independent training providers. Circular 04/02, *Funding: Plan-led Funding for Further Education*, explains which of these institutions and providers are within scope for plan-led funding.

29 This Guidance should be applied in different ways according to the nature of the provider and to whether it is within or outside the scope of plan-led funding. This is summarised in Table 2.

Table 2: Plan-led funding and providers of different types

	Providers in scope and eligible**	Providers in scope and not eligible	Providers out of scope***
Relationship with LSC	Grant-in-aid or grant	Grant-in-aid or grant	Contract
Status of funding guidance	Expectation	Rules	Rules
Audit	Regularity audit	Funding audit	Funding audit
Data quality	Cyclical data quality checking	Funding audit	Funding audit
Retrospective claw-back	No	Yes, with 3 per cent de minimis limit	Yes

** Institutions currently include FE institutions, HE institutions and those former external institutions with grant-in-aid or grant relationships with the LSC.

*** Includes all providers that have contractual relationships with the LSC, and currently includes commercial and voluntary organisations and some former external institutions.

30 The vast majority of grant-funded providers now receiving FE funding are eligible for plan-led funding. These providers will no longer be held financially to account for the totality of their annual earnings from the LSC, against the LSC's funding guidance. These institutions will not be subject to retrospective claw-back and will, as now, be required to spend LSC funds with propriety and regularity. They will be subject to the new arrangements for regularity audit and cyclical data checking.

31 Other providers are in scope but not eligible for plan-led funding. The eligibility criteria are set out in paragraphs 13–18 of Circular 04/02. Their compliance with the rules set out in this Guidance will be subject to funding audits similar to the arrangement that applied in 2003/04 and in earlier years. Where their funding out-turns are below target, they will be liable for claw-back, subject to the 3 per cent de minimis limit as operated in 2002/03 and 2003/04.

32 Providers with a contractual relationship with the LSC will be subject to the rules set out in this Guidance. These providers will, as now, be held financially to account by the LSC for the totality of their earnings under the LSC's funding rules. These providers' earnings will continue to be subject to funding audit. These providers will not be required to demonstrate that they have spent LSC funds with propriety and regularity.

33 Providers with a contractual relationship may seek to move to a grant-funding relationship in future funding years. The LSC will confer grant funding provided that it is satisfied that the provider is committed to spending LSC funds with propriety and regularity. Such spending must be reasonable and proportionate against public-sector norms for the spending of public money, and precludes profit or other personal gain. This spending will, as for other grant-funded providers, also be subject to regularity audit.

34 All colleges and providers, whether within the scope of plan-led funding or not, will continue to be subject to the requirement that they apply LSC funds to learning or costs that have actually occurred and are within the LSC's legal powers to fund. The LSC will continue to audit the existence and eligibility of learners and costs within its broad legal powers and common-sense tests of reasonableness. The extent of this audit will be heavily determined by the risks to LSC funds inherent in the method of delivery. Direct delivery by colleges and providers using their own staffing and resources is likely to be classified as low risk and receive infrequent "light touch" cyclical audit. Indirect delivery through, for example, sub-contracting, partnerships or electronic learning is likely to be classified as higher risk and subject to more frequent and intense audit. Colleges and providers will be encouraged to demonstrate to the LSC that they are managing the risk of indirect delivery, and the LSC will then reduce its audit coverage accordingly.

Funding Agreements and Monitoring

Funding agreements

35 As part of the three-year development plan, the LSC will enter into a funding agreement with each provider. The funding agreement will set out the funds for the provision of FE that the LSC has agreed to pay to the provider, and the education and training provision that the provider has agreed to provide in return. Specifically, the provider will be expected to provide the mix and level of education and training provision that is contained in its three-year development plan, as agreed with the local LSC. Colleges and providers will be expected to:

- generate at least the total number of learner numbers and cash earned included in the headline target in the three-year development plan and in the provider's funding agreement with the LSC

- increase the number of learners broadly in each growth category
- maintain the number of learners in other categories where the provider's level of funding is maintained
- notify the local LSC in writing at the earliest opportunity of any likely significant shortfall to both the meeting of funding or learner volume targets in the three-year development plan.

New providers

36 The LSC will put in place funding agreements that match each provider's legal form, rather than the funding stream to which it relates. FE colleges will continue to be funded through grant-in-aid and a financial memorandum. Other public bodies will be offered a grant-funding agreement. All other bodies will be normally offered a contract for services. All funds paid to providers under these funding agreements will be subject to the terms and conditions of the main funding agreement.

37 Organisations seeking to become funded by the LSC should approach their local LSC in the first instance for advice about the application process. The local LSC will issue the Expression of Interest section of the application documentation at this stage.

38 In order for a new FE provider to receive LSC funding, the following criteria must be met.

- The local LSC will determine the need for the new provider from the information provided in the Expression of Interest, and make a decision on whether to proceed based on an assessment of the needs of the local area, as set out in the local LSC's Strategic Plan.
- The new-provider assessment must be completed successfully. The full assessment process may not be

necessary if a provider is already receiving LSC funding; in such cases, advice from the local LSC should be sought at an early stage.

- The LSC identifies the funding stream and mechanism by which the new provision will be funded.

Existing Conditions of Funding

39 The LSC will attach conditions to its funding of colleges and other providers. Conditions (a) to (e) are required by the Secretary of State.

- a Tuition fees shall not be charged to learners aged 16–18 in full-time or part-time education. The LSC has received advice from the Department for Education and Skills (DfES) that “no fee should be charged to learners aged 16–18 for instrumental tuition which is part of the syllabus for a prescribed public examination”, which includes music qualifications on the Section 96 list. For the purposes of the funding agreement, “18”, means “under 19 on 31 August in the calendar year when the learner commences a programme of study”; it is intended that such learners should continue to receive free tuition in any consecutive subsequent year of study on the same programme.
- b No fees or charges shall be made to learners in relation to basic skills learning aims. Further guidance on the funding of basic skills provision is detailed in Section 8.
- c No compulsory enrolment, registration or examination fees shall be charged to learners aged 16–18 in full-time or part-time education. Providers will, however, be able to seek voluntary contributions from learners or their sponsors.

- i Colleges and providers would be able to apply reasonable conditions of attendance in order to qualify for free examination entry, similar to conditions applied in schools.
- ii Colleges and providers will be able to charge for examinations and re-sits as follows:
 - where the required attendance or completion of work has not been completed
 - where the learner fails without good reason to sit the examination for which the provider has paid (it is for the provider to determine what constitutes a good reason, and it may wish to lay down broad criteria in its charging and remission policies)
 - where learners are re-taking an examination resulting from an initial examination failure
 - where learners are retaking an exam with the aim of achieving marginal improvements in grades.

Colleges and providers should ensure that requirements for attendance and coursework are applied reasonably. Absences or coursework non-completion because of illness or other acceptable reasons should not be grounds for charging.

- iii Requests for voluntary contributions must make it clear that there is no obligation to contribute, and that learners would not be treated differently according to whether they or their sponsors have made any contribution in response to the request. Any request for voluntary contributions needs to be adequately communicated in advance of the activity taking place.

- iv The prohibition on charging will not apply to other charges, for example relating to equipment, special clothing or materials for vocational-learning aims. Where clothing or equipment is necessary for the learner's health or safety, a charge may be made for clothing and equipment that the learner retains, but only if the learner also has the option of borrowing the clothing or equipment free of charge.
 - v Similarly, the prohibition on charging does not apply to the sale of learning materials in bookshops, or similar facilities in institutions, that enable students to secure discounts on books, stationery or similar materials.
 - vi Some charges are not defined as fees, and therefore fall outside the scope of this condition. Fines and deposits are not fees. Examples include fines for the late return of library books or other disciplinary fines (provided such penalties have been made known in advance); and deposits on lockers, ID cards, keys, library cards or smartcards and equipment that are fully refundable except in cases of damage or theft.
 - vii Colleges and providers may charge learners who require additional administration services that result in extra expense for the provider and that are consequences of a learner being in default and could therefore have been avoided. Examples are charges for replacement of lost items such as keys, ID cards, library cards and smartcards.
 - viii Charges for photocopying and printing, including computer printouts, are not fees, given that they are not course-specific, are optional, and there are alternative sources for these services.
 - ix Colleges and providers may charge learners for the recreational use of leisure and other non-academic facilities where the activity taking place is not a requirement of a course syllabus or not part of a student union membership free entitlement.
 - x Charges may continue to be made for the travel, board and lodging and other additional costs, including any tuition costs, associated with field trips and similar activities that may form part of or be outside of the requirement of the course syllabus or agreed learning programme.
 - xi Charges may be made for optional extra activities where the activity is taking place outside of a required part of an agreed learning programme and charging is at the discretion of the provider that would otherwise meet the cost of provision. Examples of optional extra activities include theatre, cinema or museum visits or other day or residential visits that are not a requirement of course syllabuses.
 - xii There is no requirement to charge for optional extras. The provider funding the activity is free to determine whether any charge should be made for it and, if so, how much should be charged and to whom.
- d Colleges in the FE sector shall provide the data required by the Secretary of State to permit the publication of comparative performance tables on learner achievement and other matters in the light of consultation. In particular, each college shall:
- provide to the DfES (in a form and at a time to be specified) summary data relating to learner achievements in vocational qualifications
 - subsequently publish, alongside its information published by the college under Section 50 of the *Further and Higher Education Act 1992*, national summary data relating to all qualifications.

- e Colleges in the FE sector shall have a college charter as envisaged in the Charter for Further Education.
 - f Colleges shall publish a disability statement.
 - g Colleges and providers should supply other information as required by the LSC in order to enable them to report to the Secretary of State on equality issues.
 - h Where the appropriate Adult Learning Inspectorate (ALI) or Office for Standards in Education (Ofsted) inspectorate has assessed a curriculum or subject area as weak, the provider shall not increase the learner numbers enrolled onto the first year of programmes in the curriculum area or areas in question until the inspectorate is satisfied that the deficiencies have been remedied and the curriculum area has been re-graded.
 - i If the ALI or Ofsted inspectorate assessed the leadership and management as inadequate, the provider may not enter into new, or extend existing, LSC-funded franchise arrangements until the inspectorate is satisfied that the deficiencies have been remedied. The provider shall not increase the learner numbers for franchise arrangements above the numbers at the date on which the college was notified by the inspectorate of the gradings for its leadership and management.
 - j Where colleges and providers have grades 4 or 5 outstanding for quality assurance or governance, the LSC will apply the same conditions.
 - k The provider shall endeavour to provide for at least the same number of learners with learning difficulties and/or disabilities as it did in 2003/04, and at least to maintain the proportion of such learners in its overall enrolment total.
 - l The LSC's duties under the *Learning and Skills Act 2000* are to secure proper facilities for learners aged 16–18 and reasonable facilities for learners over 19 years. In performing these duties, the LSC has to take account of the places where facilities are provided, the character of facilities and the way they are equipped. Whilst the responsibility for health and safety remains with the colleges and providers, they shall supply information as required by the LSC on learner health and safety.
- 40 In certain circumstances, the LSC may not wish its funds to be used by a provider for a particular purpose – for example, to develop provision outside its local recruitment area. It may also wish specialist provision to be maintained. In such cases, following discussions with the provider, the local LSC may wish to include a specific condition of funding in that provider's funding agreement. Such conditions will be subject to a moderation process within the LSC to ensure a consistent approach nationally.

Principles of Funding Learning

41 The funding provided to colleges and other providers should reflect the directly incurred costs of efficiently delivered provision (with an appropriate contribution to overheads) within the national funding framework and rates.

42 Colleges and other providers should:

- claim funding at national rates to reflect the costs of delivery and ensure that multiple funding for provision is not claimed
- ensure that duplication of provision in a learner's programme of study is avoided and, where this occurs because of an overlap in learning aim content, adjust the funding claimed to reflect the degree of overlap

- consider guided learning hours as the key driver of costs incurred when determining the level of funding claimed
- discuss with the local LSC what funding should be claimed in circumstances where the calculation of funding to be claimed results in a level of funding that is clearly well in excess of the costs incurred
- discuss with the local LSC what funding should be claimed where colleges and other providers wish to make provision that is in the best interests of their learners but the funding arrangement is viewed to be a barrier.

Section 3: Planning and Budgeting Arrangements

Introduction

43 This section provides guidance on the planning and budgeting arrangements for 2004/05, and needs to be read in conjunction with Circular 03/16, *Success for All – Recognising and Rewarding Excellence in Colleges and other Providers of Further Education: Arrangements for Premium Rate Funding*, and the proposals and new procedures contained within Circular 03/15 and Circular 04/02, *Plan-led Funding for Further Education*.

44 Through *Success for All* and the agreement of three-year development plans, there has already been a fundamental move towards funding linked to an agreed plan based upon how funding will be used to secure key targets and provision of learning for priority learners. Plan-led funding arrangements will provide for a further strengthening of this approach.

45 The process underpinning the confirmation of 2004/05 funding allocations will continue to be driven locally through local LSCs. LSC Regional Directors will now manage this process to ensure that funding provided across a region is used in support of the LSC's funding priorities in the first instance.

Summary of the Planning and Budgeting Process

Aims

46 The aims of the planning and budgeting processes are:

- to ensure that LSC funds are placed where they are most likely to deliver activity related to achievement of targets

- to tackle the remaining underperformance built into inherited baseline funding
- to ensure that the national priority for 16–18-year-old and basic skills learners is fully met in all areas
- to ensure that planning arrangements are in place to deliver the priorities contained within the Skills Strategy and the entitlement of the first full Level 2, and Level 3 in skills priority areas
- to confirm to colleges and providers the arrangements for additional funding related to *Success for All* and performance-related funding.

Key Changes for 2004/05

47 The changes for 2004/05 are as follows.

- Following government policy in *Success for All*, this will be the first year of the introduction of performance-related funding; colleges and providers will be funded at premium, standard or inflation-only rates.
- The LSC will implement a number of reforms relating to the funding methodology and other processes in support of the phased introduction of plan-led funding.
- A single funding agreement for all **learnirect**-related activity will be agreed with Ufi. Local LSCs will no longer have a contractual relationship with hubs.

Approach to Planning and Budgeting

48 Planning and budgeting arrangements in 2004/05 will be the second year of the current three-year planning and funding round.

- Local LSCs through the new regional structure will confirm FE funding allocations based upon the annual performance review, progress made against the delivery of development plans, and the additional funding being provided as part of *Success for All*.
- Funding allocations will reflect the second instalment of the two-year phased introduction of changes to the calculations relating to Area-cost and Disadvantage funding.
- The local LSC will agree with each provider the provision that the provider will make in line with its three-year development plan, and the planning and funding profile that forms part of this plan and funding agreement. The three-year development plan will include cash values for 16–18, 19 and over, 19 and over basic skills, and additional learning support, learner numbers and planned full-time equivalents to be delivered in each category.
- The LSC expects colleges and providers to continue to give priority to learning aims that lead to qualifications recognised by the Secretary of State. Colleges and providers should, therefore, not plan to increase other provision at the expense of existing provision that leads to approved qualifications. Colleges and providers wishing to confirm that their plans to develop this provision are in line with local needs and are, therefore, likely to be supported in the future should consult their local LSC.
- Each provider's performance is monitored against its three-year development plan and its funding agreement. Funding may be recalculated if there is a significant change in the pattern of provision in relation to the funding agreement.

Timetable

Table 3: Timetable for the planning and budgeting process in 2004/05

February–April 2004	Local LSCs discuss performance levels with providers, review indicative allocations and undertake the annual provider review of the three-year development plan.
April 2004	Colleges and other providers of FE are notified of performance review assessment if "serious concerns" or "excellent".
April 2004	Local LSCs or regions confirm how funding will be deployed to FE providers in their area.
May 2004	Discussions take place with providers to agree or confirm refinements to headline improvement targets in three-year development plans.
May 2004 onwards	Firm funding allocations for 2004/05 will be notified to providers (including additional standard- or premium-rate funding, where applicable, or inflation-only rates).

Learner Profiles

49 Colleges and providers and the LSC will need to continue to work closely together to achieve the rise in participation and achievement targets at national and local levels that the LSC has established. It is important, therefore, for colleges and providers to agree and deliver minimum learner numbers as part of their three-year development plan and funding agreement with the LSC. The planning and funding profile, which forms part of the three-year development plan, alongside cash values will enable the LSC to monitor planned learner numbers in key categories of provision.

50 The number of learners to be delivered for 2004/05 will be finalised through discussions between the local LSC and the provider and be recorded in the three-year development plan and the planning and funding profile.

51 The adult numbers in basic skills are subsets of overall 19-and-over learner numbers. Basic skills numbers to be agreed should be based upon the LSC's statistical definition: that is, the activity that counts towards the national achievement target. Colleges and providers should, however, continue to identify all provision funded as basic skills to inform local *Skills for Life* delivery plans.

learndirect Hubs

52 From 1 August 2004, new funding arrangements between the LSC and Ufi Ltd will exist. The change results from the recommendations contained in the PricewaterhouseCoopers Quentin Thomson Review, which looked at the relationship between the DfES and Ufi.

53 The revised arrangements will bring together existing LSC funding for hubs and DfES funding. From 1 August 2004, Ufi will be funded through grant-in-aid under a Financial Memorandum for all its services, which include

the Adult Information and Advice service, the UK Online network and the **learndirect** provision provided through its network of hubs. The LSC's relationship with hub operators as deliverers of funded provision will end on 31 July 2004.

54 Funding will flow to Ufi for onward distribution to hub operators. Ufi will be responsible and accountable for the planning, funding, audit of the use of that funding, and the quality assurance of **learndirect** provision through the hub network.

55 Ufi produces a three-year development plan for agreement with the LSC, consisting of required sections agreed with Regional Directors. Hub operators will not produce a plan for local LSCs in future, although they will maintain relationships with their local LSC in understanding local priorities and needs.

56 The funding formula, funding uplifts and eligibility criteria as described in this Guidance will still all apply to the funding allocated by the LSC to Ufi. However, the way in which Ufi will distribute this funding to hubs will change. Readers are advised to refer to separate **learndirect** guidance.

Local and Regional Planning

57 Each local LSC produces an annual plan that identifies regional and local learning and skills needs, and outlines how the LSC will address these and contribute to national targets.

58 These are informed by three-year development plans and ongoing discussions with local colleges, providers and other partners. They will also reflect and build on local reviews of learning and skills needs and provision.

59 Colleges' and providers' three-year development plans and the planning and funding profiles will be agreed on the basis of the contribution they make to the priorities and local strategic planning process of the

local LSC. Learner numbers should relate to local LSCs' plans and priorities.

60 The LSC recognises that some employer groups have preferred to make national arrangements through the LSC. These are dealt with through the National Contract Service. Colleges and providers involved will be informed separately of the arrangements for data collection and target allocation that are relevant to this provision.

Budgets

61 Many colleges and providers have already been notified of their indicative headline budget, which included the proposed distribution of growth funding. For 2004/05, local LSCs will determine the final distribution of funding, through the review process.

62 We expect colleges and providers to give priority in their plans to meeting the guarantee of places for 16–18-year-olds, adult basic skills learners and increases in full Level 2 learners. Local LSCs will expect all anticipated demand from these groups of learners to be met through planned provision. This may mean that other demands – particularly adult provision not leading to qualifications – may not be met.

63 Where there are significant increases in demand for places during the year, colleges and providers should make their local LSC aware of the position at the earliest opportunity. The local LSC will consider the funding impact related to areas of priority learning and agree any changes needed to the development plan as part of the next annual review and the funding allocation for the following year. There will be no automatic application or funding of unplanned growth in 2004/05.

Impact of quality on growth

64 The LSC will continue the practice of restricting growth in curriculum areas that require re-inspection. Where a provider has

assessed itself as having a weak curriculum or subject area, the LSC would not expect it to plan to increase the numbers of learners taken onto the first year of the programme in the curriculum area or areas in question.

65 There are some colleges and providers where the LSC has significant concerns about the quality of provision, leadership and management and/or financial issues. The local LSC will undertake detailed discussions with these colleges and providers to assess their capacity to deliver growth. These discussions may result in restrictions on the funding allocation for growth.

Priorities for Funding

66 In the context of planning provision, local LSCs and colleges and providers are required to give priority to 16–18-year-old learners, adult basic skills learners and full Level 2 provision. The LSC's expectation is that colleges and providers will address the needs of these priority learners first, and will then agree with local LSCs how other local needs should be met. In undertaking the annual review of development plans, local LSCs will review indicative allocations for 2004/05 to ensure that planned levels of priority activity are supported.

67 Where a provider's provision is falling significantly short of its three-year development plan, the local LSC will discuss appropriate action. This may include requesting the provider to transfer some funds to reflect increased activity for the guarantee groups and local priorities to other colleges and providers. If the Regional Director and local Executive Directors are satisfied that the demand for 16–18, adult basic skills and Level 2 provision is being met, colleges and providers will be able to use their funds flexibly to address other local priorities for adult learning and skills.

68 In summary, colleges and providers should:

- give priority to the guarantee groups of 16–18-year-olds, adult basic skills learners and Level 2 provision in their planned provision
- discuss with local LSCs significant variation in planned learner profiles, especially relating to the guarantee groups
- continue to consider the level of activity being delivered that falls outside the National Qualifications Framework. The LSC is undertaking detailed work on the current level of activity categorised as “other provision” to inform policy for 2005/06
- agree in advance with local LSCs any redirection of funds from planned provision for priority learners to other groups.

Performance-related Funding

69 The LSC set out in Circular 03/16, *Success for All – Recognising and rewarding excellence in colleges and other providers of further education – Arrangements for premium-rate funding*, the criteria for providing additional performance-related funding. A further document, *Performance-related Funding Arrangements for the Implementation of the Premium Funding Methodology set out in Circular 03/16, and Assessment for Inflation-only Funding*, is also available on the LSC website. The arrangements for the operation and calculation of the enhanced funding are set out in Annex C.

70 Through the spring 2004 annual review of performance, local LSCs will make an assessment on whether colleges and providers have met the criteria for premium-rate funding. Additional funding will be confirmed to colleges and providers as part of their 2004/05 final funding allocation within the time-scales

set out in Table 1. Similarly, for those that are assessed by the local LSC as giving cause for serious concerns, inflation-only funding will be allocated.

Effect of performance in 2003/04 and 2004/05

71 Confirmation of the allocation in 2004/05 will result from a review of the three-year development plan as carried out by the LSC and the provider. Colleges and providers that are expected to be significantly below target compared with their 2003/04 funding agreement and those that have not made timely data returns are unlikely to be allocated any growth for 2004/05.

72 Where a provider is not expected to meet its 2003/04 funding agreement, it will be expected to identify, with supporting evidence, how it intends to generate in 2004/05 at least the learner numbers and earned income in its 2004/05 allocation. If this realistic assessment leads to a substantial reduction in funding compared with 2003/04, the LSC would consider exceptional support linked to a plan for bringing funding and provision into line as agreed with the local LSC.

73 A final funding claim for the 2003/04 year will be required from each provider after the year-end. Should the out-turn achieved by a provider be significantly less than that set out in its 2003/04 funding agreement, the LSC may review the provider’s 2004/05 and 2005/06 funding allocations.

74 The LSC will also consider the data from the first Individualised Learner Record (ILR) return for 2004/05 as an indication of likely achievement in 2004/05, and may monitor achievement of learner numbers through an early monitoring return and discussion with the provider.

Outstanding Audit Certificates

75 A number of colleges and providers have audit certificates relating to the use of funds or funding claims outstanding. The LSC will consider appropriate action on an individual basis, which could result in a reduced allocation for 2004/05 pending the receipt of a final claim.

In-year Performance

76 The three-year development plan, and the planning and funding profile that forms part of this plan, will be used in 2004/05 for planning and monitoring purposes.

77 Local LSCs will discuss with colleges and providers the differences between planned enrolments and outcomes in 2003/04, and may agree a different balance or volume of provision for 2004/05, so that learner-number expectations more closely match the funding allocated to the provider.

Approach to Recovery of Funds

78 The LSC introduced a 3 per cent tolerance arrangement that came into effect for 2002/03 FE allocations. This change to the arrangements for recovery of funds protects FE providers delivering more than 97 per cent of their planned activity, and means that those colleges and providers whose out-turn is between 97 per cent and 100 per cent of target will receive 100 per cent of the funding.

79 It also gives colleges and providers that feel they will not achieve at least 97 per cent the opportunity to negotiate a revised allocation and to return funds to the LSC to come within the scope of this new beneficial approach. Further details are set out in Circular 03/11, *Funding ILR Interim and ILR Final Funding Claims 2002/03*. From 2004/05, this

arrangement will apply only to colleges and providers outside the scope of plan-led funding.

80 A key aspect of plan-led funding is that colleges and providers will no longer be subject to claw-back. The LSC will not normally seek to impose in-year reductions, nor to recover funds retrospectively where colleges and providers have not delivered the precise value of their allocation. As a result, the LSC will no longer need to conduct funding audits of colleges' and providers' funding claims.

81 The LSC will continue to monitor a college's and provider's projected and actual delivery, and these calculations will provide an overall measure of the delivery plan that will inform the dialogue concerning the next year's plan and funding allocation.

82 A college and provider that delivers significantly less than the value of its agreed allocations and that falls short of its headline targets is likely to be assessed as having serious concerns in performance reviews. This would normally result in inflation-only funding for the subsequent year.

Support for Providers in Financial Difficulty

83 The LSC's approach is that all colleges and providers will receive the agreed allocation of funding for the relevant volume of learners. Where it is deemed necessary to provide additional funding to ensure adequate provision of learning in a locality, the LSC may offer additional financial support on specified conditions, set out within an agreed recovery plan.

Reorganisations (Including Mergers)

84 The LSC's approach to considering provider reorganisations, including those involving FE colleges, is described in Circular 02/09, *Provider Reorganisations*. This provides the criteria that the LSC would wish to see satisfied before forwarding proposals for FE college reorganisations (including mergers) to the Secretary of State for consideration. The LSC has delegated decision-making on such reorganisations to local LSCs. Providers are advised to contact the appropriate local LSC at the earliest opportunity to discuss their proposals.

Section 4: Definitions and Terminology

Introduction

85 This section provides detailed definitions of some of the key terms used in this document. Explanations of acronyms are provided in the glossary.

16–18-year-old learner

86 Two definitions are used for a 16–18-year-old learner.

Monitoring

87 For monitoring purposes, the definition of a 16–18-year-old learner used by both the DfES and the LSC is that the learner is aged 16, 17 or 18 on 31 August in the relevant funding year. This definition enables the number of 16–18-year-old learners to be monitored in a consistent way.

Funding

88 In relation to eligibility for the level of funding available for 16–18-year-old learners, a wider definition is used. For funding purposes, a 16–18-year-old learner is aged 16, 17 or 18 on 31 August in the calendar year when the learner begins a programme of study. This wider definition ensures that the funding of a 16–18-year-old learner does not change during an individual's programme if the learner becomes 19 years old. Such learners, if full time, may be funded for the 16–18 entitlement. They do not have to pay tuition fees if they become 19 during their programme, and colleges and providers may continue to claim fee remission.

Additional learning support

89 Any activity that provides direct support for learning to individual learners, over and above that which is normally provided in a standard learning programme that leads to their learning goal. The ALS is required to help

learners gain access to, progress towards and successfully achieve their learning goals. The need for additional learning support may arise from a learning difficulty and/or disability, or from literacy, numeracy or language support requirements.

Adult learner

90 The definitions of an adult learner mirror those relating to 16–18-year-old learners. For monitoring purposes, an adult learner is aged 19 or over on 31 August in the relevant funding year. For funding purposes, an adult learner is aged 19 or over on 31 August in the calendar year when the learner begins a programme of study. The funding definition should be used in all situations except when monitoring learner numbers.

Area costs

91 A funding uplift to reflect that in some geographical areas higher salaries are needed to attract staff of a similar standard.

Basic skills

92 In *Improving Adult Literacy, Language and Numeracy*, adult basic skills provision is defined as provision that caters for the literacy, language and numeracy needs of post-16 learners, including those with learning difficulties or disabilities, from Pre-entry Level up to and including Level 2. In the context of basic skills, "adult" refers to any learner over the age of 16 (that is, one who is no longer in compulsory education), with no upper age limit. Provision may be delivered as stand-alone or as part of a vocational programme or additional learning aim; it may be delivered full time, part time, or through self-study or ICT. This definition applies to provision that has been approved as basic skills by the Secretary of State, or provision that is based on the national standards for adult literacy or numeracy.

Census date

93 Dates used to determine whether funding is claimable in a triannual period. The census dates are 1 October, 1 February and 15 May. They will continue to be used in 2004/05. Census dates do not apply to the way in which funding for **learn**direct is distributed to hubs by Ufi.

Curriculum entitlement

94 The introduction of Curriculum 2000 included an entitlement to the development of key skills, tutorial and enrichment activities for all full-time 16–18-year-olds starting programmes from the 2000/01 teaching year onwards.

95 The LSC expects that the entitlement will include regular tutorials, relevant key skills and enrichment activities, which will be delivered in an appropriate number of guided learning hours (glh) that are additional to the other learning aims within the learner's programme. Consideration of the entitlement provision delivered by colleges and providers is reviewed during inspection.

Disadvantage uplift

96 The purpose of the disadvantage uplift is to ensure that certain learners attract a funding enhancement, which reflects their relative disadvantage and the expected additional costs incurred by colleges and providers in attracting and retaining such learners.

Distributed and electronic learning

97 Distributed and electronic learning (DEL) is the term the LSC uses to encompass those forms of learning delivery sometimes called "distance learning", "online learning" or "electronic learning (e-learning)". Other terms are "open learning" and "flexible learning". The funding for this type of provision is described in detail in Section 10.

EEA migrant worker

98 A national of a member state of the European Economic Area (EEA) who has taken up an activity as an employed person in the United Kingdom.

Employer-dedicated provision

99 Eligible provision delivered by either a provider, an independent training provider or an employer, normally on an employer's premises, where that provision is made for that employer's staff. The employer may be from the private, public or voluntary sector. The funding discount for employer-dedicated provision has been discontinued from 2004/05.

Entry

100 All activities leading to the enrolment of a learner on a learning programme. This is no longer a separate element of the funding formula, and is now fully incorporated into the national base rate. Good-quality entry activity is essential to ensure that learners are enrolled on the most appropriate learning aim(s) to meet their needs and aspirations.

Exceptional leave to enter or remain

101 With effect from 1 April 2003, the Home Office ended its "exceptional leave" policy, and replaced it with a new system of Humanitarian Protection and Discretionary Leave.

Humanitarian Protection

102 Humanitarian Protection will be granted to anyone who would, if removed, face in the country of return a serious risk to life or person arising from the death penalty, unlawful killing, torture or inhuman or degrading treatment or punishment.

Discretionary Leave

103 The Home Secretary will retain the ability to allow some of those who fall outside the

Humanitarian Protection Policy to stay on a discretionary basis.

104 This category of leave will be termed "Discretionary Leave". Discretionary Leave will only be considered by caseworkers once a decision has been made on whether the applicant qualifies for asylum or Humanitarian Protection.

Final funding claim

105 A final claim based on LSC-funded provision for eligible learners recorded on the ILR. This is prepared after the end of the year, in order to enable all activity to be recorded.

Full-time equivalents

106 A learner studying a programme of 450 or more planned glh in a funding year will count as one full-time equivalent (FTE).

107 A learner studying a programme of less than 450 glh in a funding year will be converted to a fraction of one FTE by dividing the planned glh of the learner's programme by 450.

Full-time learner

108 A learner enrolled on a programme of at least 450 glh in any 12-month period; this includes a learner who withdraws after a census date. Funding calculations continue to be on a per-period basis. Census dates and triannual periods will not apply to **learnirect** provision. The 450 glh would include the glh associated within the 16–18 entitlement (assumed by the LSC to be 180 glh per year).

109 Colleges and providers with learners aged 16–18 who study programmes of fewer than 450 glh that are equivalent to two AS/A2-levels plus the entitlement may seek approval from their local LSC for those learners to be considered full time on an exceptional basis.

110 In respect of Curriculum 2000, colleges and providers should note that Ministers expect full-time programmes for 16–18-year-olds to be substantially greater than the

minimum threshold level, and that learners will engage in a broader curriculum experience.

Guided learning hours

111 Guided learning hours (glh) are defined as all times when a member of staff is present to give specific guidance towards the learning aim being studied on a programme. This definition includes lectures, tutorials and supervised study in, for example, open learning centres and learning workshops. It also includes time spent by staff assessing a learner's achievements, for example in the assessment of competence for NVQs. It does not include time spent by staff in the day-to-day marking of assignments or homework where the learner is not present. It does not include hours where supervision or assistance is of a general nature and is not specific to the study of the learners.

Key skills

112 There are three key-skills qualifications at Levels 1 to 4: communication, application of number, and IT. Awarding bodies offering these qualifications are identified in the Section 96 list, under "Key skills". Further detail is provided in Section 8.

Wider key skills

113 There are three wider key-skill units at Levels 1 to 4: working with others, improving own learning and performance, and problem solving. These are separately fundable through the loadbands.

114 Funding may be claimed for the wider key skills in addition to the entitlement funding, provided that additional glh are delivered at the appropriate level. However, the wider key-skill units could also be delivered as enrichment activity, in which case no additional funding should be claimed.

Learner eligibility

115 The LSC will consider as eligible for funding any person who meets the criteria described in Section 9 of this Guidance. In addition to including learners listed in this section, the LSC will consider other exceptional circumstances. If a provider believes a learner should be considered for funding under exceptional circumstances, it should contact its local LSC.

Learner fees or remission

116 Learners, or their sponsors, are expected to pay tuition fees unless they are entitled to fee remission.

Assumed fee income

117 The LSC's funding approach assumes that all learners other than those eligible for fee remission, and including learners aged 16–18, are charged a tuition fee as a contribution. This assumed fee income will, where relevant, be reflected in a reduction of the funding payable for the programme by 25 per cent of the unweighted national base rate.

118 The Skills Strategy White Paper clearly set out and reaffirmed the principle that "employers and individuals have always been expected to contribute (to the cost of their learning) because of the benefits they derive" (paragraph 6.26, *Realising Our Potential*).

119 It is recognised that in previous years the policy drivers in place have resulted in decreasing levels of fee income being collected, and the LSC understands the pressures that resulted in colleges and providers choosing to remit fees.

120 The LSC wants to ensure that colleges and providers are able to collect more fees where appropriate and to work together to help foster a culture in which learners both are aware of the extent to which their learning is publicly subsidised, and also accept the principle that it is reasonable and appropriate for them to make a contribution to the costs

of their learning where they can afford to do so.

121 The LSC and DfES will explore these issues further in a discussion document to be published at a later date. For 2004/05, colleges and providers are encouraged to review their local policies for the setting of fees and their collection.

Fee remission

122 Certain categories of learners are not expected to pay tuition fees, and in such cases the full national base rate will be paid. Further detail is provided in Section 5.

Learning aim

123 A single element of learning that attracts a national base rate of funding at either a listed value or a loadbanded value reflecting glh.

Learning programme

124 All of a learner's activities that involve the use of the resources of the provider at which the learner is enrolled. A learning programme may be composed of one or several learning aims. AS- and A2-levels taken in subsequent years are considered to constitute a single learning programme.

Learning provision

125 The *Learning and Skills Act 2000* recognises two types of learning provision. These are:

- approved qualifications – learning aims that lead to qualifications approved by the Secretary of State under Sections 96 and 97 of the *Learning and Skills Act 2000*
- other provision – learning aims that do not lead to qualifications as defined above.

Further detail is provided in Section 7.

National base rate

126 The funding rate that reflects the length of the learning aim and the basic cost of delivery. It includes the funding elements for assumed fee income and achievement. National base rates are explained in more detail in the next section.

Ordinary residence

127 For funding purposes the LSC regards as ordinarily resident in a given country or region any person who habitually, normally and lawfully resides from choice and for a settled purpose in that country. Temporary absences from the relevant area should be ignored. Someone who has not been ordinarily resident because that person or a parent or spouse was working temporarily abroad will be treated as though the person had been ordinarily resident in the relevant area.

Partnership provision

128 Learning provision delivered with the involvement of a third party.

Part-time learner

129 A learner engaged in a programme that is less than 450 glh in any 12-month period. Specific guidance relating to such learners who are claiming job seekers' allowance is given in Annex D.

Programme funding

130 A proportion of the national base rate paid for a learning aim. Programme funding represents 65 per cent of the national base rate before programme weighting or disadvantage or area uplift has been applied. It was previously called "core funding".

Programme weighting

131 A funding uplift reflecting the fact that some learning aims of similar length are more costly to deliver than others; for example, engineering provision is more costly than business administration.

Recently settled status

132 Persons with recently settled status are those who have been granted British citizenship or indefinite leave to enter or remain within the three years immediately preceding the start of the course, plus those whose certificate confirming their right of abode was issued within the three years immediately preceding the start of the course.

Right of abode

133 The following have the right of abode in the UK: those who hold a British Citizen passport; British Dependent Territory Citizens (now known as British Overseas Territory Citizens); those whose passport has been endorsed to show they have the right of abode in the UK; and those who have a certificate of naturalisation or registration as a British Citizen.

Settled

134 Either having indefinite leave to enter or remain, or having the right of abode in the United Kingdom.

Start period

135 The start period for a learner is the first triannual period in which a provider can claim funding for that learner. It is determined by the date on which the learner's learning programme begins and ends. Further details of how start dates relate to start periods are given in Annex E. Start periods will not apply to the way in which funding is transferred from Ufi to **learndirect** hubs.

Triannual periods

136 Funding is calculated using three periods per year, known as triannual periods. These are:

- 1 August to 31 December
- 1 January to 30 April
- 1 May to 31 July.

137 Triannual periods, like census dates, do not apply to the distribution of funding to Ufi hubs. Refer to separate Ufi guidance on how to measure withdrawals from **learndirect** provision.

Turbulence

138 Changes to the level of funding generated by the provision as a result of a change in the funding approach.

Section 5: Calculating Funding and Associated Rates

139 Much of this document describes the funding formula, which is amended only slightly from 2003/04. The small number of changes will ensure continuity and stability during the transition to plan-led funding. The results of the funding calculation will be applied differently from 2004/05.

140 Colleges and providers should be aware that, although funding earned by a provider will still be calculated using the funding formula, the results of that calculation will be applied differently from 2004/05 for those colleges and providers within scope and eligible for plan-led funding.

141 For those colleges and providers, local LSCs will agree an allocation for 2004/05 in May 2004. The funding formula will not be used to adjust that allocation retrospectively. Instead, in-year monitoring and annual review will use progress against the learner-numbers target, agreed between the provider and the local LSC, to make any necessary adjustment to the indicative allocation for the following year.

142 For other colleges and providers (those out of scope and not eligible for plan-led funding), the funding formula will be used in the same way as in 2003/04. That is, it will be used to calculate a funding out-turn after any manual adjustments have been applied.

143 The funding formula remains important. The results from it will still affect the provider's funding in future years. It will be used to calculate the average funding per learner, disaggregated by the types set out in the provision and funding profile. This will reflect changes in the mix of provision that a provider offers and that may result from the size of learning aims or from programme weightings. Hence, it remains important that the provider's provision is accurately recorded

in the ILR. The aim is to make the application of the formula simpler; but 2004/05 is a transitional year, and only limited adjustments to the formula are possible. Further changes are being considered for 2005/06, and these will be consulted upon in autumn 2004.

Elements of the National Base Rates

144 The funding rates for individual learning aims enable each provider to determine the total amount of funding that may be earned for each enrolled learner. The key elements of the funding rates are summarised below:

- the national base rate (incorporating programme funding, the assumed fee element and achievement)
- programme weighting
- disadvantage uplift
- area-costs uplift
- provider performance (*Success for All* factor – Section 3 contains a detailed explanation of performance-related funding).

145 In addition to the funding formula indicated above, there will continue to be additional learning support funding to meet the individual requirements of learners with additional learning needs (see Section 9 for further details).

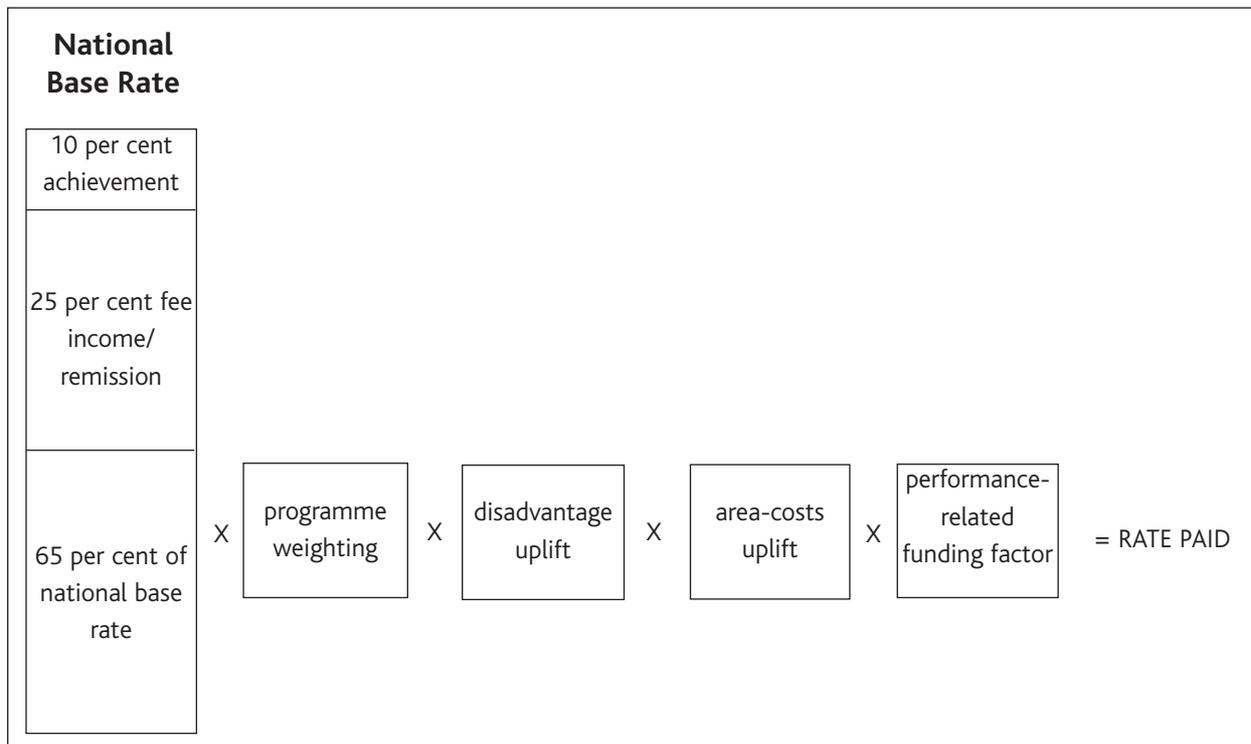
The Funding Formula for 2004/05

146 Circular 01/13, *Post-16 Funding Arrangements for 2002/03*, published in October 2001, provided details of the new national funding formula and specifically how this formula would apply to FE.

147 The remainder of this section reiterates the application of the national funding formula to FE in 2004/05.

148 The following figure illustrates how the key elements of the formula combine to produce the rate paid.

Figure 1: Key elements of the formula



149 It should be noted that the proportion of each element (excluding the achievement element) in the rate paid will vary depending on the weighting and uplifts applied.

150 The following examples illustrate how the proportions vary.

Example 1: Edexcel National Award with a programme weight of D.

Rate paid: £3,831

Fee income or remission	Programme funding	Achievement
£599	£2,849	£383
(16% of rate paid: 25% of national base rate)	(74%)	(10%)

Example 2: Loadbanded provision of 55 glh with a programme weight of B

Rate paid: : £328

Fee income or remission	Programme funding	Achievement
£73	£223	£32
(22% of rate paid: 25% of national base rate)	(68%)	(10%)

The examples are rounded to the nearest pound for simplicity. Performance-related funding does not affect these examples.

151 The stages of applying the formula in FE are as follows.

- a **National base rate** – reflecting the length of the learning aim and the basic cost of delivery. The national base rate includes:
- **assumed fee income** – 25 per cent of the unweighted national base rate will be met through assumed fee income, reflecting tuition fees paid by the learner to the provider. If the learner is eligible for fee remission, there will be no reduction in the unweighted national base rate.
 - **achievement** – 10 per cent of the weighted national base rate, uplifted where appropriate for disadvantage and area costs, which is conditional on the learner achieving in accordance with the LSC's funding guidance. The achievement element is not, therefore, additional funding; it forms a part of the national rate payable for a particular learning aim.
- b **Programme weighting** – reflecting that some learning aims of similar length or leading to an equivalent qualification but in different programme areas are more costly to deliver than others; for example, engineering provision is more costly than business administration

- c **Disadvantage** – an uplift supporting the policy intention and reflecting the costs of widening participation, and also reflecting that some learners come from backgrounds that have disadvantaged them
- d **Area costs** – a weighting factor reflecting the significantly higher costs of delivering provision in London and related areas
- e **Success for All factor** – an institutional factor reflecting the assessment of a provider as eligible for premium, standard or inflation-only funding. Further detail is included in Section 3.

152 From 2004/05, achievement funding will be based on historic data. This was proposed in circular 03/15 and will enable the final funding calculation to be made much earlier than previously. Data analysis, explained in 03/15, showed that this will have little effect on the accuracy of the calculation.

Pre-entry Advice and Guidance

153 The LSC considers it essential that learners have access to clear and full information on the costs of programmes before enrolment.

154 The funding for each learner's programme is still based on the principle that learners are provided with pre-entry advice and guidance. Such advice and guidance is crucial if the learning programme is to match a learner's

aspirations, expectations and abilities. Colleges and providers should not claim separate funding for a learning aim that represents provision typically forming part of pre-entry advice and guidance or induction activities.

155 The successful outcome of pre-entry advice and guidance is a learning agreement signed on behalf of the provider and by the learner. Whilst recognising that different types of learners may require different approaches to advice and guidance, the learning agreement should provide confirmation that the following broad areas have been covered:

- implications of the choice of learning programme
- entry requirements for each learning aim within the learning programme
- an assessment of the suitability of the learning programme for the individual
- support available for the learner, and which, if any, support is needed
- a brief description of the nature of the procedures involved in the process of advice and guidance.

156 The additional costs of specialised assessments of learners with learning difficulties and/or disabilities should be included in the additional learning support costs form. Section 9 contains further information on additional learning support.

National Base Rates

157 Each learning aim has a national base rate reflecting the size of the learning aim. The national base rate includes a contribution to the overheads of the provider, which needs to prioritise how this will be allocated to competing demands within the organisation.

158 Learning aims are funded at a listed value, or through the loadbands. Listed values are used where there is a high degree of consistency amongst colleges and providers in

the number of guided learning hours used to deliver the learning aim.

Listed rates

159 The values for individually listed learning aims are available for a learner who completes the aim, irrespective of the time taken to complete. The same rate is payable irrespective of the duration of the learning aim.

160 The national rates for the main individually listed learning aims are set out in Annex A. The full national funding rate is shown for each programme-weighting factor, including programme funding, fee element and achievement funding. The assumed fee income is also shown separately. The rate payable where learners do not attract fee remission is the national rate less the assumed fee income. All figures are rounded to the nearest pound for simplicity.

161 The national rates for all listed learning aims may be found in the learning-aims database. These are stated in pounds and pence.

162 A briefing note explaining how learning aims are assigned listed funded rates can be found on the LSC website at www.lsc.gov.uk.

Loadbanded rates

163 Where the number of glh that colleges and providers use to deliver a learning aim varies significantly, the appropriate funding rate is determined through the loadband tables.

164 To determine the rate payable for a particular learning aim that is not individually listed, the provider should:

- determine the total expected glh for the learning aim – this is the number of hours initially planned to deliver the learning aim, and will be recorded in the learning agreement
- refer to Annex A to determine which band the glh for the learning aim falls into

- refer to the appropriate programme-weighting column to derive the weighted national base rate.

165 This method does not apply to distributed and electronic learning, which is described separately in Section 10.

166 Particular guidance applies to large load-banded learning aims with a duration of more than one year – that is, for those delivered over more than three funding periods at a rate of 450 glh or more per year. In such cases, the appropriate loadband for the maximum glh delivered in any one academic year should be used. Where glh in an academic year do not reach the maximum, the funding claimed should be reduced pro rata.

Example 1

A learning aim of 1,200 glh is delivered over two funding years. This is 200 glh per funding period, or 600 glh per year. The learning aim is funded at the 600–629 glh loadband rate in each year.

Example 2

A learning aim of 800 glh is delivered in five triannual periods over three academic years, starting in April 2004 and finishing in December 2005. In each funding period, 160 glh are delivered, giving a maximum of 480 glh in the year when delivery over three triannual periods takes place. The appropriate loadband to be used with this learning aim is, therefore, the 480–509 glh loadband.

In 2003/04, the one triannual period delivered is funded at one third of the 480–509 glh loadband rate. In 2004/05, when three triannual periods are delivered, the learning aim is funded at the whole of the 480–509 glh rate. In 2005/06, the one triannual period is funded at one third of the 480–509 glh rate.

Loadbands and basic skills

167 For 2004/05, the national rates for basic skills provision are given in Annex A. Programmes delivered in 450–659 glh per year

continue to be based on the previously listed rate. Programmes delivered in 660 glh or more are funded through the loadbands.

168 Where a learner completes multiple basic skills learning aims such that the total glh is 450 or more, separate claims should be made for each learning aim. A manual adjustment to the ILR will be needed to claim the full amount of eligible funding.

Loadbands and independent living skills

169 In 2004/05, independent living skills programmes delivered in 450–719 glh will be funded at a national base rate of £2,765. Programmes of 720 glh or more will be funded through the loadbands.

170 Where a learner completes multiple learning aims in independent living skills such that the total glh is 450 or more, separate claims should be made for each learning aim. A manual adjustment to the ILR will be needed to claim the full amount of eligible funding.

Fees and Fee Remission

Fee remission

171 Fee remission is applicable to all 16–18-year-old learners, including those on part-time programmes, and continues to be available for adult learners who meet specified criteria (see paragraph 175). Where fees are remitted for the learners who meet these criteria, the provider should not charge the learner. In these cases, the full national base rate will be payable, with the achievement element dependent on whether or not the learner achieves (see paragraphs 180–190).

172 Where a learner's learning aim is a basic skills qualification, this automatically attracts full fee remission. In addition, the learner should not be charged for any other aspect directly relating to his or her basic skills learning aim. If the learner wishes to undertake an additional learning aim that is not basic skills,

fee remission may not be claimed for the additional learning aim unless the learner is otherwise eligible for fee remission (see paragraph 175).

173 A learner in receipt of an eligible benefit on enrolment shall be eligible for fee remission for the whole of the academic year. If a learner becomes eligible for tuition fee remission during the academic year, the provider can claim tuition fee remission from the next census date until the end of the academic year, and the ILR should be amended accordingly.

174 It remains the responsibility of the provider to establish eligibility for tuition fee remission at the start of each academic year, both for learners who are starting and for those who are continuing their studies.

175 The categories of learners who are entitled to fee remission are:

- 16–18-year-olds (the Secretary of State does not expect tuition fees to be charged to full-time or part-time 16–18-year-olds)
- unemployed people in receipt of Jobseekers' Allowance
- those in receipt of income-based benefits, formerly known as means-tested benefits (the main income-based benefits are Council Tax Benefit, Housing Benefit, Income Support and Jobseeker's Allowance (income-based))
- the unwaged dependants (as defined by Jobcentre Plus) of those listed above
- those taking programmes where the learning aim is basic skills as defined in Section 4
- asylum seekers in receipt of the equivalent of income-based benefit (assistance under the terms of the 1999 *Immigration and Asylum Act*) and their dependants

- certain learners participating in LSC-funded projects where identified in the project specification.

Assumed fee income

176 Where fee remission does not apply, 25 per cent of the national base rate for the learning aim, before weighting or uplift, is deducted from the funding available. This proportion of funding represents the assumed fee income. This approach is an extension of the assumptions pre-incorporation when the Council of Local Education Authorities (CLEA) recommended fee rates that were maintained in the Further Education Funding Council (FEFC) methodology. In the case of dedicated employer-based provision, the FEFC changed this assumption to 50 per cent from 1998/99 onwards. This additional discount will not apply from 2004/05.

Tuition fees

177 Colleges and providers are able to set the levels of fees charged to learners. The local LSC will monitor fee levels to ensure that variations do not adversely affect provision in the area. Where colleges and providers do charge more than 25 per cent as tuition fees, they will be able to retain the full amount charged. If tuition fees charged approach or exceed 75 per cent of the national rate, colleges and providers need to consult the guidance on full-cost-recovery courses in the Further Education ILR Funding Compliance Advice.

178 The requirement to remit tuition fees for 16–18-year-olds applies to provision funded through the formula described in this Guidance. There are well-established arrangements where colleges and providers of work-based learning for young people (for example, Foundation and Advanced Modern Apprenticeships) establish agreements for colleges to deliver aspects of the provision, such as qualifications that form part of a Modern Apprenticeship framework. In these circumstances, the provider agrees a funding

transfer to the college. These arrangements are not affected by the requirements relating to tuition fees for 16–18-year-olds. Colleges may continue to receive funding from work-based learning providers for the services they provide for learners. Additional LSC funding may not be claimed for this provision.

Other fees for 16–18-year-old learners

179 No compulsory enrolment, registration or examination fees can be charged to students aged 16–18 in full-time or part-time education (see paragraph 39).

Achievement

180 Achievement funding of 10 per cent of the weighted national rate for the learning aim may be claimed for successful certificated completion of qualifications (including basic skills qualifications).

181 Achievement funding may also be claimed for 16–18-year-old learners achieving key skills qualifications that are part of the learners' entitlement.

182 Achievement funding may also be claimed for other provision in the following circumstances:

- higher-level vocational learning aims
- other basic skills learning aims based on the national standards
- externally certificated other provision
- provider certificate of achievement as specified in the learner's learning agreement (including provision for learners with learning difficulties and/or disabilities).

183 Achievement funding may not be claimed for other provision that does not lead to certification of attainment. A certificate of attendance is not considered to be a certificate of attainment.

184 From 2004/05, achievement funding will be based on the ratio of achievement funding

to programme funding from the most recent complete data for the institution. For 2004/05, this should be the data from 2002/03.

185 The following example shows how the calculation will work.

2002/03 funding out-turn, based on ILR F05 (December):

Programme funding	£10.0 million
Achievement funding	£1.2 million
Achievement ratio = £1.2 million / £10.0 million = 0.12	

2004/05 funding calculation, based on ILR F04 (July):

Programme funding	£10.5 million
Calculated achievement funding = £10.5 million x 0.12 = £1.26 million	

This value is used to calculate the institution's funding out-turn, which will be used to determine the funding-per-learner rates used in the allocations process under plan-led funding. These rates will be used in the dialogue between the provider and the local LSC to agree future funding allocations.

Partial achievements of whole qualifications

186 Where qualifications and externally certificated provision are not fully achieved, an appropriate proportion of the achievement funding can be claimed if a learner has achieved at least one of the credits, units or modules towards the final award. A credit, unit and module is an identifiable and separately certificated component of the learning aim.

187 For example, if an Advanced Vocational Certificate of Education (AVCE) has a maximum of 12 modules/units and a learner achieves 5 of these, the eligible achievement funding would be five-twelfths of the total funding available for achievement.

188 Achievement, whether partial or full, should be claimed at the end of each learning aim.

Partial achievement in key skills

189 Partial achievement for key skills can be claimed where:

- the external assessment is achieved, or
- the portfolio has been successfully completed (that is, the evidence portfolio has been internally verified and externally moderated).

190 Each element attracts half of the full achievement funding.

Programme-Weighting Factors

191 Programme weightings recognise that some programmes are more costly to deliver than others. There are six programme weightings.

Table 4: Programme-weighting factors

	LSC programme weightings
A	1
B	1.12
C	1.3
D	1.6
E	1.72
Basic Skills	1.4

Annex B lists the programme weightings by subject code.

Specialist-Institution Factor

192 The 10 per cent uplift for specialist colleges will continue in 2004/05. The issue was considered by the National Rates Advisory Group (NRAG), which recommended that further work be commissioned. The factor applies to FE institutions only. The Higher Education Funding Council for England (HEFCE) operates a similar scheme for specialist institutions in the HE sector. There has been no agreement to provide reciprocal arrangements between FE and HE.

193 A specialist institution is defined as either an agricultural and horticultural college,

or an art and design and performing arts college, or a college with both of the following: 70 per cent of the total provision in one or two programme areas and 40 per cent of the total provision in programme weights C, D or E. The position of any new or merged college in relation to the specialist college factor will be reviewed on the basis of its pattern of provision as described above.

Disadvantage Uplift

194 The national base rate, after application of the relevant programme weighting, is multiplied by the appropriate disadvantage-uplift factor for the individual learner to generate the funding claimed (see paragraphs 203–209 for further details).

195 Under the formula, the disadvantage uplift is applied to the national base rate uplifted by the programme weighting.

196 Colleges and providers should note that the connection between the disadvantage uplift and learners enrolled on provision funded by the European Social Fund (ESF) was discontinued prior to 2002/03. This applies to both co-financed and traditional ESF projects.

197 The disadvantage uplift is based on the Index of Multiple Deprivation 2000. The NRAG has recommended that a new index of deprivation based on 2001 census data should be introduced when this becomes available.

Index of Multiple Deprivation

198 The Index of Multiple Deprivation 2000 (IMD 2000) is the most recently available index. It gives a value of relative deprivation for every ward in the country, and is widely used in government. It is based on income (25 per cent), employment (25 per cent), health deprivation and disability (15 per cent), education, skills and training (15 per cent), housing (10 per cent) and geographical access to services (10 per cent). In summary, it shows an overall reduction in the level of disadvantage for England compared with the 1992 index, but a widening gap between more disadvantaged and more prosperous areas.

199 The result of introducing the IMD 2000 and additional funding for disadvantage is to increase funds for most colleges and providers. However, the change in the pattern of disadvantage reflected in the new index compared with 1991 data has resulted in reductions for some colleges and providers.

200 The increased disadvantage uplift will mean the following.

- Funding for learners living in the 15 per cent most deprived wards of the country will be increased for disadvantage.
- The funding uplift for these learners ranges from 8 to 24 per cent,

dependent on the level of deprivation recorded in IMD 2000.

- The uplift for learners studying basic skills will be increased from 11 to 12 per cent, as will the uplift for other learners in the categories specified in paragraph 204.
- The uplift for homeless learners will be increased from 13 to 14 per cent.
- These increases in funding represent the second instalment of the uplifts recommended by NRAG in 2002. The uplifts were phased in over two years, the first instalment being incorporated into the funding rates for 2003/04.

Engagement funding

201 Previous research into disadvantage made a case for some non-formula distribution of disadvantage funds to encourage engagement of new learners. Reservations about this approach were expressed in the consultation process for the 2003/04 rates. The NRAG has therefore considered whether engagement funding for disadvantaged learners could be included in the funding formula. However, this produced complex allocation calculations with relatively small changes to the allocation of funds.

202 This did not meet the aims of funding simplification and plan-led funding, and the NRAG has decided not to pursue further the case for engagement funding.

Learners eligible for the disadvantage uplift

203 The disadvantage uplift is applicable to certain groups of learners, including those living in deprived areas and basic skills learners.

204 The following groups of learners are eligible for the disadvantage uplift factor of 12 per cent:

- basic skills learners (refer to Section 8 and Annex F for clarification of when a basic skills learner is entitled to the disadvantage uplift)

- those living in deprived areas (based on wards – 12 per cent uplift on average)
- those living in hostels and residential centres
- those with mental health problems
- travellers
- those whose statutory education has been interrupted
- those in care or who have recently left it
- asylum seekers
- refugees
- ex-offenders
- full-time carers
- those recovering from alcohol or drug dependency
- learners funded by the single regeneration budget (SRB).

205 People who fall into one of the following groups are not eligible for a disadvantage uplift, unless they also meet one of the criteria outlined above:

- the long-term unemployed
- single parents
- those living in areas of rural deprivation or isolation
- residents of former Coalfields Task Force areas
- learners enrolled on ESF-funded provision. (The connection between the disadvantage uplift and learners enrolled on ESF-funded provision has been discontinued. This applies to both co-financed and traditional ESF projects, and reflects the changes implemented by the LSC in relation to the operation of ESF).

206 The disadvantage-uplift factor for those living in deprived areas is based on the use of postcodes of home addresses to identify areas of disadvantage, which are measured by the Index of Multiple Deprivation 2000 (used widely as the best measure of disadvantage). Colleges and providers will need to determine their own procedures for identifying learners whose disadvantage-uplift factor is not determined by postcodes.

207 An updated file of postcodes with disadvantage factors will be available on the LSC's website at www.lsc.gov.uk under Partners/data/widening participation/postcode file and ward file.

208 During the year, a provider will be in the best position to identify whether new postcodes have appeared in areas it normally recruits from. For most colleges and providers, it is unlikely that they will be significantly affected. If a provider does find a significant number of learners quoting new postcodes, as an interim measure the provider is advised to compare the uplift factors, if any, of adjoining postcodes, and take the predominant one. The annual updating of postcode information should then remove the need for this temporary estimation before the final claim is made.

209 Where learners automatically qualify for the disadvantage uplift, for example in the case of ex-offenders, postcodes are not used.

Homeless learners

210 A higher disadvantage uplift of 14 per cent may be claimed for the following individuals:

- people living in supported accommodation provided by a registered social landlord (RSL) or housing association (HA) registered with the Housing Corporation, or provided by another non-profit-making organisation in a building owned by an RSL or HA

- people living in supported accommodation provided by a registered charity
- people living in supported accommodation registered with the local authority or National Housing Federation.

211 "Supported accommodation" means foyers, hostels and other forms of managed accommodation providing housing management support to the residents.

Area-costs Uplift

212 Previous research commissioned by NRAG showed there was a clearly marked difference in relative costs between London/South East and the rest of England. The increases in area-cost uplifts were also phased in over two years. Table 5 shows the area-cost uplifts for 2004/05.

Detailed breakdown of each region is provided in Annex G.

Table 5: Area-cost factors

Local LSC region and districts	Area uplifts 2004/05
London A	20%
Berkshire (fringe and non-fringe)	12%
Crawley	12%
London B	12%
Surrey	12%
Buckinghamshire fringe	10%
Hertfordshire fringe	10%
Bucks non-fringe	7%
Oxfordshire	7%
Essex fringe	6%
Kent fringe	6%
Beds	3%
Herts non-fringe	3%
Hampshire and Isle of Wight	2%
West Sussex non-fringe	1%
Rest of England	0%

The NRAG also recommended that area costs should be reviewed in three years' time, with a view to implementing changes from 2006/07.

Area-cost uplift factors for merged institutions and geographically dispersed delivery

213 The area-cost uplift factor may change when institutions merge, or where provision is delivered across a wide geographical area. Where institutions merge, the area-cost uplift will be determined by the geographical location of the headquarters of the merged institution. However, each situation will be treated on its merits to ensure that no unanticipated outcome occurs as a consequence of applying the principle.

214 Where provision is delivered to a wide geographical area, the area-cost uplift will be calculated as a weighted average of the area-cost uplift for each delivery centre. This principle would apply to provision delivered by **learnirect** and the National Contract Service.

Success for All Factor

215 Theme 4 of *Success for All* is concerned with developing a framework for quality and success. In implementing this theme, the LSC has introduced funding factors based on a provider's performance. Colleges and providers that are judged to be excellent receive a premium rate of 1 per cent above the standard rates. Colleges and providers that are assessed as being in serious concerns will receive inflation-only funding. Further detail is provided in Section 3.

Multiple Learning Aims

216 Where learners take multiple learning aims, the overall funding associated with the total learning programme is likely to increase under the new formula, as the "incorporated" entry element of funding is included in each national base rate.

217 The LSC is aware that there is a potentially perverse incentive for colleges and providers to split learning aims artificially into

multiple learning aims in order to gain additional funding. Any artificial splitting of learning aims in order to gain funding must be avoided.

Funding and Triannual Periods

218 Funding is earned by a provider for each triannual period wholly or partly completed by a learner.

219 A learner is deemed to have wholly or partly completed a period where:

- the learner is enrolled at and is attending the provider on the census date for the period
- the learner began and finished a programme between any two census dates and has not withdrawn.

220 In this case, the learner is deemed to have wholly or partly attended one period only, even where the learner's programme actually spans two triannual periods.

Withdrawal

221 Learners who have withdrawn from a programme by the census date should not be counted as wholly or partly completing that period. A learner should be considered to have withdrawn from a programme of study where he or she is known to have made a decision to withdraw from the programme of study, or to transfer from a full-time to a part-time programme or from a part-time to a full-time programme. In addition, learners should be considered to have withdrawn where they have not attended classes for at least four continuous weeks, excluding holidays (unless there is evidence of an intention to return).

222 These provisions apply also to distance learning, as described in Section 10.

223 The withdrawal date is the last date of actual attendance, or the last contact date for distance-learning programmes.

224 Particular care should be taken to monitor withdrawals in flexible open learning and in distance-learning provision.

225 Triannual periods and census dates do not apply to **learnirect** provision. In FE, definitions of withdrawal are based on census dates and therefore cannot be applied to **learnirect** provision. Ufi are developing separate guidance concerning how withdrawals will be treated differently for **learnirect** provision.

Withdrawals from short programmes

226 For learning aims of 12 weeks or less in duration, if a learner remains on the learning aim for at least half of the total learning-aim length, this will attract the relevant national rate for the learning aim (with achievement dependent on whether the learner achieves or not). If the learner withdraws from the learning aim before the halfway point, no funding will be payable. This approach is supported by information held on the individualised learner record (ILR), which includes the start date, planned end date and actual end date for each learning aim.

227 For programmes of one week planned duration or less, the learner must participate in the programme at least once after enrolment to be eligible for LSC funding.

228 The approach to withdrawals will not change in relation to learning aims that are longer than 12 weeks.

Funding Taper

229 The LSC funds programmes on the basis of costs incurred. When a learner's programme comprises many individual learning aims, there is evidence that the glh delivered do not increase in proportion to the funding available. In such cases, there will be a proportional

reduction in additional funding and an eventual cap on the level of funding that may be claimed for an individual learner. The funding taper starts to apply when a learner's programme is unusually large.

230 Colleges and providers should note that the funding taper applies to both loadbanded and individually listed learning aims. The LSC had considered removing the taper for 2004/05, and the responses from the consultation on plan-led funding supported its removal. However, after due deliberation the LSC has decided that the taper should continue for at least 2004/05.

Learners and programmes affected by the taper

231 The funding taper limits the value of the national base rate for very large learning programmes.

232 The taper applies to:

- all funded learners, and
- all learning programmes except those where the local LSC has provided written authorisation to the provider that the taper should not apply.

Operation of the taper

233 The effects of the taper are calculated on national base rates: that is, before any programme-weighting factor is applied and before any discount for franchising or increased fees assumption for dedicated employer provision is applied. The funding for 16–18 entitlement is not subject to the taper, and for the purposes of calculating the effects of the taper it should be removed from the calculation. The taper applies to the national base rate funding that may be claimed for a learner studying a programme equivalent to five AS qualifications over one year, expressed on a triannual-period basis. The taper will operate as follows.

- Learner programmes funded at national base rates of up to and including

£1,276 per triannual period will not be subject to the taper.

- Learner programmes funded at base rates of above £1,276 per triannual period will be subject to a 50 per cent discount rate for all national base rate funding above £1,276.
- The maximum funded national base rate per triannual period that may be claimed, unless written authorisation as described above has been obtained, will be £1,404.

Non-application of the taper

234 Examples of programmes where the local LSC would consider not applying the taper would include:

- intensive programmes – where a full-time programme is accelerated to enable learners to complete in less than a year (that is, across only one or two triannual periods) and the taper would unfairly limit funding
- programmes with a high number of glh – often in practically based subjects and reflecting employment demands that provide high numbers of weekly glh and continue throughout the year.

235 If colleges and providers believe certain learning programmes should be exempt from the taper, they should write to their local LSC before the programmes commence and provide details of:

- the learning programme, including each learning aim, the number of learners, the title, national qualification code, start date, end date, glh and level of funding
- reasons why the provider considers the taper should not apply to the learning programme.

236 Where the local LSC agrees with the provider's view, written approval to make a

manual adjustment to the ILR to remove the effects of the taper will be issued.

237 An example of the funding taper in operation is provided in Annex H.

Learner Support

238 Learner Support funds are available to support students studying in FE colleges, sixth form colleges, external institutions, HE providers and school sixth forms. Learner Support funds are not available for **learnirect** provision; learners should contact their learning centre for further information.

239 Learner Support funds provide funding to help with the costs of:

- particular hardship needs of students aged 16 and above
- childcare needs of students of all ages
- students' living arrangements, where they have to stay away from home because of the location of the course and its non-availability where they live
- arranging transport facilities
- dance and drama course fees.

240 The LSC has produced separate guidance on Learner Support, which is available at lsc.gov.uk/National/Documents/SubjectListing/LearningCultures/EngagingLearners/Lsffundingguidance.htm

Section 6: A–Z of Rates Considerations

Access to Higher Education

241 The LSC recognises the importance of Access to Higher Education (HE) provision as an alternative progression route into HE for adult learners. Credit based "Access to HE" certificates are also important in the context of the commitment to the development of a credit framework for adults. The LSC is therefore keen to ensure that, through appropriate planning, sufficient funding is made available to prevent a decline in this provision.

242 Funding will continue to be available for Access to Higher Education programmes, including those formally recognised by the Quality Assurance Agency for Higher Education (QAA). Locally devised programmes outside the QAA framework are eligible for funding as "other provision". These learning aims prepare adult learners from non-traditional backgrounds and under-represented groups for admission to undergraduate education. The QAA regulates the framework for recognition of Access to Higher Education learning aims. When Access to Higher Education learning aims have gained formal recognition, they are included on the UCAS database of QAA-recognised Access learning aims, which can be found at www.ucas.ac.uk/access. The age of admission to QAA-validated access programmes has been lowered from 21 years to 19 years, following consultation in autumn 2002. The QAA has published a Recognition Scheme for Access into Higher Education programmes for England, Wales and Northern Ireland. It is available on the QAA website at www.qaa.ac.uk under sitemap, publications, Access to Higher Education.

243 Access to Higher Education learning aims that are followed for at least 150 glh per triannual period for 450 glh or more per year have been listed in Annex A. All other Access to Higher Education programmes remain in the loadbands.

Accreditation of prior experience and learning

244 This is a process where the learner's prior knowledge and experience contribute to particular elements of a programme. For an individually listed learning aim, the full value of funding may be claimed when the programme is delivered wholly or partly by the accreditation of prior experience and learning (APL), subject to a minimum threshold of 6 glh (9 glh for 16–18-year-old learners apart from basic skills provision).

245 For a learning aim that is funded through the loadbands and delivered wholly or partly by APL, the full loadband value should be claimed. For example, if a learning aim is usually delivered in 100 glh, but after APL a learner's programme consists of only 40 glh, the provider should claim the funding equivalent to 100 glh.

246 It would be unusual to gain full certification by APL, and it is expected that some guided learning would be required. Where colleges and providers are carrying out assessment, for example of employees leading to the award of an NVQ after little or no guided learning input, this would not be eligible for funding (see paragraphs 271–273).

Advanced levels (GCE, AS or A)

247 For AS- and A2-level provision studied in the day (other than General Studies), the rate is based on a typical full-time 16–18-year-old learner studying four AS-level qualifications in year one together with entitlement, followed by three A2-level qualifications in year two together with entitlement. Hence, there are nine elements in the learning programme. Under the former Further Education Funding Council (FEFC) funding arrangements, eight entry units could be claimed for this programme. Since 2003/04, the rate for each of these qualifications includes eight-ninths of an entry unit in the national base rate for AS- and A2-levels.

248 The national base rate for AS- and A2-levels has been adjusted to maintain funding levels that reflect learners typically achieving one key skills qualification in each year of their study.

249 For AS- and A2-level qualifications studied in the evening, the full entry funding is included in the new rates, as typically only one such qualification is studied.

250 For AS- or A2-level General Studies studied in the day or evening, no entry funding is included within the new rate, as these qualifications are normally studied as part of a larger programme that already has the entry funding absorbed into it.

Construction Apprenticeship Scheme

251 The Construction Industry Training Board has established a Construction Apprenticeship Scheme to provide a high-quality route for young people entering the construction industry. For the first 39 weeks of the scheme, young people are not in employment and may be enrolled as full-time learners by FE providers. Providers should ensure that the learners' programmes lead to appropriate qualifications, normally an NVQ Level 1 plus additional relevant qualifications.

252 Learners progressing to the next phase of the scheme under Foundation Modern Apprenticeship arrangements leading to NVQ Level 2 should be funded through work-based learning. FE providers may not claim additional funding for provision funded through work-based learning for learners in this phase of the scheme.

Entry Level

253 Entry Level is the first level of the national qualifications framework, below Level 1. It is sub-divided into three Levels (1, 2 and 3) that are broadly comparable with Levels 1,

2 and 3 in the National Curriculum. The range of qualifications covered is below the level of GCSE grade G, and includes vocational and skills-based qualifications. The Section 96 and 97 lists, to be found at www.dfes.gov.uk/Section96 and www.dfes.gov.uk/Section97, contain the Entry Level qualifications that are available. Most qualifications at Entry Level are called "certificates".

Exemptions

254 A provider may not claim any funding for any part of a learning programme from which a learner is already exempted as a result of previous certification. Colleges and providers are expected to adjust the amount of funding claimed to reflect this guidance.

Free-standing mathematics qualifications

255 There are 13 free-standing mathematics qualifications (FSMQs) at foundation, intermediate and advanced levels. Each is a national qualification in its own right, accredited by the Qualifications and Curriculum Authority (QCA). The QCA has confirmed that these awards do not relate to the key skill of application of number, and can therefore be funded in addition to the entitlement funding for 16–18-year-old learners. The FSMQs delivered in glh additional to the learning programme can be funded under the loadbands.

General Certificates of Secondary Education

256 For conventional General Certificates of Secondary Education (GCSEs) studied in the day, in a similar way as for AS- and A2-level programmes, eight entry units were available under the FEFC approach for full-time GCSE students who typically take five GCSEs. The rate for each daytime GCSE, therefore,

includes funding equivalent to eight-fifths (1.6) of an entry unit. For GCSEs studied in the evening, the full entry funding is included in the rates.

257 Achievement funding for GCSEs should be claimed for learners who achieve grades A* to G.

GCSEs in vocational subjects

258 GCSEs in vocational subjects have been available for teaching from September 2002 and are listed qualifications. It should be noted that separate national rates apply for students undertaking GCSEs in vocational subjects at Key Stage 4 and for students of post-compulsory school age taking GCSEs in vocational subjects at FE providers. GCSEs in vocational subjects will cover Levels 1 and 2 (foundation and intermediate) of the National Qualifications Framework, and will initially be available in eight vocational areas: applied art and design, applied business, engineering, health and social care, applied ICT, leisure and tourism, manufacturing, and applied science.

259 Vocational GCSEs enable progression to further study at intermediate or advanced level, including, for example, other GCSEs, NVQs, General Certificates of Education (GCEs) and Advanced Vocational Certificates of Education (AVCEs).

260 GCSEs in vocational subjects are considered equivalent to two GCSEs in terms of size and demand, and this is reflected in the listed national base rate for these qualifications.

GCSE (short-learning aim) qualifications

261 These qualifications were introduced in September 1996. They are intended to take half the glh of a conventional GCSE qualification. GCSE (short-learning aim) qualifications are, therefore, individually listed at a national base rate that reflects the size of these qualifications.

General National Vocational Qualifications

262 Six-unit foundation and intermediate General National Vocational Qualifications (GNVQs) are being withdrawn in three stages from summer 2005 onwards. For GNVQs in Construction and the Built Environment, Hospitality and Catering, Land and Environment, Manufacturing, and Retail and Distributive Services, the final teaching of in-year programmes should start no later than September 2004.

263 For further information, go to www.qca.org.uk, where a detailed list of provision and dates and titles of GNVQ withdrawals is shown.

International Baccalaureate

264 The LSC has been advised by the National Rates Advisory Group (NRAG), following guidance from the DfES and QCA, that the International Baccalaureate (IB) should be regarded as equivalent to four GCE A-levels plus one AS-level studied over two years. A national base rate for the full qualification in 2004/05 of £6,890 (excluding entitlement) has been agreed by the LSC following the NRAG's advice.

Mathematics AS-levels

265 New specifications for AS-level mathematics commence from September 2004. Therefore the autumn examination will not be available from November 2005. Colleges and providers can claim the additional funding of £171 for learners who enrolled on AS-level mathematics in September 2003 and who intend to sit AS-level mathematics units in November 2004.

Minimum learning aim duration

266 The minimum learning aim duration for 16–18-year-old learners is 9 glh, unless a basic skills learning aim of 3 or 6 glh is being pursued by a part-time 16–18-year-old learner (see paragraphs 427–429).

267 For learners aged 19 and over, the minimum is 6 glh, except for basic skills and information and communication technology learning aims, where the minimum is 3 glh. The conditions that apply to the 3- and 6-glh learning aims are set out in Section 8.

268 The minimum learning aim duration for distance-learning provision for learners aged 19 or over should be equivalent to 6 glh or more.

Modern foreign languages

269 In December 2002, the DfES published *Languages for All: Languages for Life*, a key objective of which is:

to increase the number of people studying languages in further and higher education and in work-based training by stimulating demand for language learning, developing Virtual Language Communities and encouraging employers to play their part in supporting language learning.

270 The LSC expects that one of the outcomes of StARs and the three-year development plans will be that demand for language education and training is assessed and met.

National Vocational Qualifications

271 Existing National Vocational Qualifications (NVQs) are funded at a listed rate by the LSC where robust data is available on the number of glh in which the qualification has been delivered in previous years. New accredited and approved NVQs will be assigned listed funding rates when

initially approved. The framework of NVQ delivery methods for listed NVQs is set out in Table 6. This framework shows how glh can be counted, and the funding levels available for different approaches to delivery. Units of NVQs are eligible for funding as described under “Unitisation” at the end of this section.

272 In determining the appropriate national funding rate to be claimed for an individually listed NVQ, colleges and providers should consider the following.

- Which of the three components are delivered by the provider?
- How many glh are delivered? Where the provider delivers all aspects of the NVQ (model 1) but in less than 450 glh, the national base rate will be £1,098.
- What is the length of time over which the programme is delivered?
- Is there an overlap in content with any other NVQ or other qualification that is part of the learner’s programme of study?
- For provision delivered entirely in the workplace, colleges and providers must be able to demonstrate the delivery of actual glh as distinct from work-related supervision.
- For franchised provision, the provider must be able to demonstrate effective control.
- Where a provider is introducing an NVQ for the first time, it should seek the advice of the awarding body and/or other colleges and providers with experience of offering the qualification, in order to establish the appropriate delivery style.

Table 6: Framework of NVQ delivery methods

Delivery by:	Provider solely		Provider and employer jointly		Provider and employer jointly	
	Entirely at provider		Mainly at workplace (partly at provider)		Entirely at workplace	
Location:	Entirely at provider		Mainly at workplace (partly at provider)		Entirely at workplace	
Component	Provider	glh	Provider	glh	Provider	glh
Skills training (on the job)	Provider	✓	Employer	✗	Employer	✗
Underpinning knowledge and understanding (off the job)	Provider	✓	Provider (at workplace for provider)	✓	Employer	✗
Support and assessment	Provider	✓	Provider	✓	Provider	✓
National base rate	£2,767		£1,098		£734	

273 The maximum funding should be claimed only where a learner is following a full-time qualification that is delivered in 450 or more glh.

274 Some NVQs are delivered in the workplace and funded through loadbands. Where colleges and providers provide only support and assessment for a loadbanded NVQ, or where the provider and employer jointly deliver the loadbanded NVQ mainly at the workplace, funding should be claimed using the approach for distributed and electronic learning (DEL). (See Section 10 for more details). If the majority of the provision is delivered in groups, colleges and providers may claim the loadband funding values instead of providing costing information.

275 Colleges and providers will be required to provide costing information about the delivery of the provision. After approval by the local LSC, this rate will be used to fund the provision. The local LSC will check the costing information for reasonableness and may request support of external auditors in this process.

276 The following notes apply to all listed and loadbanded NVQs.

- Where a learner is in full-time employment, a maximum national base rate of £1,378 may be claimed.
- Learners are expected to undertake only one full-time NVQ programme in a 12-month period unless exceptional circumstances apply.
- Where a learning programme consists of two or more NVQs in the same subject area, colleges and providers should consider any overlap in content when determining the funding claimed for the second and any subsequent NVQ.
- Where support and assessment are provided by a provider, for example to employees, the provision will be eligible for funding if a significant level of support is provided for the programme as a whole together with assessment. If the provider only provides assessment, this is ineligible for LSC funding

- LSC funding should not be claimed for learners on NVQ programmes who are not registered with an awarding body.
- From January 2003, assessors and verifiers for NVQs must have obtained the appropriate single-unit qualifications available from a range of awarding bodies. These assessor and verifier (A and V) units replace the “D” units. Where these qualifications are claimed as part of a learning programme designed to train an individual as an assessor or verifier, the learner should have appropriate experience in his or her work area before commencing the qualifications. The experience and currency required to assess any NVQ is defined by the “assessment strategy” that accompanies each NVQ. For example, combining assessor and verifier units with diving qualifications below instructor level would be considered inappropriate and would be ineligible for LSC funding.
- The NRAG is commissioning research in 2004 to review the different ways and rates in which NVQs are funded by the LSC. This work is likely to have significant impact on the way in which NVQs are funded from 2005/06.

Religious education

277 The programme of study approved by the National Board of Religious Studies will be funded at a cash value of £118.

Resits

278 Many learning programmes are designed to enable learners to resit examinations and assessments. These are eligible for LSC funding. Where a learner fails to achieve a learning aim in the expected time span and stays on for additional time to complete, this is not considered to be a resit and no further funding should be claimed.

279 Where a learner achieves the learning aim but stays on to resit the assessment in order to improve the level of achievement, no further achievement funding may be claimed.

280 Where a learner resits part or all of a learning aim, the provider should claim funding through the loadbands. The level of funding will be determined by the number of guided learning hours delivered on the resit programme.

281 Where a learner resits part of or all of a learning aim delivered by distance learning, the provider should complete the data collection form and agree a rate with the local LSC. The agreed rate should reflect the level of activity needed to complete the resit programme.

Short programmes of 3 and 6 glh

282 The rates for short-learning aims are set out in Annex A.

283 Funding is available for the following:

- short-learning aims of 3 and 6 glh in basic skills
- short-learning aims of 3 and 6 glh in ICT
- 6-glh learning aims in adult learning and employment skills, including learning aims for family learning
- unitised programmes.

284 These learning aims should be targeted at adults aged 19 and over who may not previously have had access to LSC-funded provision or who are “technologically disadvantaged”. However, short-learning aims of 3 and 6 glh in basic skills are eligible for funding for part-time learners under 19.

285 The LSC does not think it is appropriate to deliver 3-glh taster programmes by distance-learning methods. Only programmes of 6 glh or more are eligible for funding if

delivered by distance learning. Section 10 describes in detail how funding for distance learning should be claimed.

Multiple short-learning aims

286 A learner should not be enrolled on more than one 3- or 6-GLH taster learning aim in ICT or basic skills (literacy, language or numeracy) before moving on to a more substantial learning programme. It is expected that where a learner undertakes a 3- or 6-GLH learning aim as outlined above, this will be studied prior to progressing to a more substantial programme.

287 Further guidance in relation to short-learning aims related to basic skills is given in Section 8.

Subsidiary or equivalent learning aims

288 The LSC will not fund learning aims that are subsidiary to other learning aims in a learning programme within a 12-month period. Learners will not be funded where they are following two different levels of the same subject at the same time. For example, a learning programme comprising GCSE Spanish and AS-level Spanish at the same time within the same 12-month period would not be funded for the subsidiary GCSE learning aim.

Trades Union Congress learning aims

289 The DfES provides additional funding for Trades Union Congress (TUC) learning aims. These have been discussed in relation to the "Revitalising Health and Safety" initiative. This funding is intended to pay the tuition fee element for learners on these learning aims who would not otherwise be eligible to claim fee remission.

290 The LSC, the DfES and the TUC have agreed that the national base rates for TUC learning aims will automatically include the tuition fee element.

291 Colleges and providers should not record learners on TUC learning aims as eligible for fee remission in respect of the TUC learning aim, because these are already funded at the full national rate. If such learners are recorded as eligible for fee remission in relation to TUC learning aims, this will result in double funding of the fee remission element being claimed by the provider.

292 Colleges and providers should not charge tuition fees to learners on TUC learning aims, as the full national base rate (with achievement funding payable where the learner achieves according to the LSC's funding guidance) will be available for all learners on these learning aims.

Unitisation

Adults

293 The LSC will fund unitised programmes for adult learners that consist of one or more units of approved qualifications. In addition, unitised programmes for adults that consist of one or more units of other (that is, non-approved) external qualifications may be eligible for funding, subject to the existing conditions attached to the funding of other provision.

294 Each unit must be a minimum of 6 GLH. It is expected that all unitised programmes will have coherence and a clearly stated rationale for an identified learner group. Each programme should better enable progression to further training, learning or employment, take account of the individual learner's needs regarding IT and basic/key skills and meet the rationale for offering the identified programme.

16–18-year-olds

295 The funding of unitised provision continues to apply only to adult learners. The LSC expects learners aged 16–18, either full- or part-time, to receive a substantial programme of study, comprising qualifications approved by the Secretary of State under

Section 96. However, the offer of separate units of qualifications, as opposed to full qualifications, to 16–18-year-old learners may be appropriate in certain circumstances, provided that this does not impact on the whole qualification provision available to such learners. Where appropriate, the LSC may agree to fund such provision on a pilot basis, as part of the provider's recurrent funding allocation. If colleges and providers wish to develop their curriculum offer to 16–18-year-old learners to include individual units of qualifications, this should be discussed at an early stage with the local LSC.

Units

296 Units from approved qualifications at different levels may be combined, but all units included in the programme should be recognised as complete units by the appropriate awarding body. Colleges and providers should seek confirmation that the awarding body (or bodies) will accept candidates registered on unitised programmes, and that separate unit certification is available.

Funding

297 Most units will be funded through the loadbands and should be delivered in the glh normally allocated to the same units in the provider's standard, non-unitised provision. The LSC does not expect colleges and providers to artificially extend the glh of units of qualifications that would result in a higher level of funding claimed for a qualification delivered through unitisation, compared with that delivered as one complete learning aim.

298 Learners who, at the start of their programme, intend to achieve the whole qualification incrementally (that is, unit by unit) should register for the whole qualification and not for a unitised programme. This will involve the learner in agreeing a programme end date, which may extend beyond the current funding year. Unitised programmes are designed for adults

not intending to achieve, or not able to commit to, the whole qualification at the point of signing their learning agreement. Learners who subsequently decide to register for the whole qualification within a complete funding year should have their learning agreements amended to reflect the coding change to an approved-qualification learning aim.

299 Guidance on the coding of units of approved and non-approved external qualifications can be found at Annex H of the 2004/05 ILR Specification.

Vocational Certificates of Education

300 Vocational Certificates of Education (VCEs) are available as Advanced Subsidiary (3 units), Advanced Level (6 units) and double award (12 units) qualifications.

301 The NRAG has recommended that the funding rate for the three-unit qualification should be set at one-half of the funding for the VCE six-unit qualification. This reflects the way these qualifications are studied, where normally they are an element of learners' programmes.

302 The NRAG has also recommended that the funding rate for VCE qualifications is reviewed further, in order to investigate the costs of delivering these qualifications. This work is continuing, and may influence the rates for 2005/06.

303 VCEs and Advanced GNVQs are funded as listed qualifications as detailed in Annex A, except where a learner having previously part-finished the GNVQ or VCE at the same or another provider re-enrols after a break in learning. Under these circumstances, the full funding for the qualification is inappropriate, and funding for the qualification should be claimed using the appropriate loadband.

304 VCEs are to be restructured along the lines of the GCE. The new qualifications will have an AS- and A2-level structure comparable to existing GCEs. The revised qualifications will be introduced from September 2005. Further details are available at www.qca.org.uk.

Section 7: Eligibility Arrangements for 2004/05

Learner Eligibility for Funding

Ordinary Residence

305 The LSC has a duty to secure, in relation to England only, the provision of:

- proper facilities for education (other than HE), training and organised leisure-time occupation connected with such education and training suitable to the requirements of persons who are above compulsory school age but who have not attained the age of 19, and
- reasonable facilities for education (other than HE), training and organised leisure-time occupation connected with such education and training suitable for the requirements of persons who have attained the age of 19.

306 For funding purposes, the LSC regards as ordinarily resident in a given country or region any person who habitually, normally and lawfully resides from choice and for a settled purpose in that country. Temporary absences from the relevant area should be ignored. Someone who has not been ordinarily resident because he or she or the person's parent or spouse was working temporarily abroad will be treated as though the person had been ordinarily resident in the relevant area.

Learners Eligible for Funding

307 The following persons will be eligible for funding (these groups correspond to the groups listed in the Education (Fees and Awards) Regulations, 1997 ("the Regulations")):

- a person on the relevant date who is "settled" in the UK, and who has been

ordinarily resident in the UK and Islands (that is, including the Channel Islands and the Isle of Man) for the three years preceding the relevant date (that is, the date of 1 September, 1 January or 1 April that is closest to the beginning of the first term of the person's learning aim), and whose main purpose for such residence was not to receive full-time education during any part of the three-year period. "Settled" means having either indefinite leave to enter or remain (ILE/R) or having the right of abode in the UK. British citizens and certain other citizens have the right of abode in the UK:

- i those who hold British Citizen passports
- ii British Dependent Territory Citizens (now known as British Overseas Territory Citizens)
- iii those whose passports have been endorsed to show they have Right of Abode in the UK
- iv those who have a certificate of naturalisation or registration as a British Citizen.

- a national of any European Union (EU) country or the child of an EU national who has been ordinarily resident in the European Economic Area (EEA) for the three years preceding the "relevant date", and whose main purpose for such residence was not to receive full-time education during any part of the three-year period. Spouses of EU nationals are not eligible unless they are eligible in their own right.
- an EEA migrant worker or the spouse or child of an EEA migrant worker who has been ordinarily resident in the EEA for the three years preceding the "relevant date", and whose main purpose for such residence was not to receive full-time education during any part of the three-year period

- anyone who is recognised as a refugee by the UK Government (granted Refugee Status) who has remained ordinarily resident in the UK and Islands since so recognised, or the spouse or child of such a refugee
- anyone refused refugee status but who has been granted since 1 April 2003 Humanitarian Protection (HP) or Discretionary Leave (DL), or, prior to 1 April 2003, was granted exceptional leave to enter or remain (ELE/R) by the UK Government, and who has remained ordinarily resident in the UK and Islands since so recognised, or the spouse or child of such a person
- learners studying under reciprocal exchange agreements.

308 Students from the 10 countries joining the EU on 1 May 2004 who have been previously resident in the Accession Countries (see glossary) will be eligible for funding at the "home" rate from 1 May 2004 for programmes that start on or after that date (subject to the student meeting the normal three-year residency requirements in the new enlarged EU) for tuition-fee purposes. Students already on a programme of study will be treated as "home" students from the next term that starts after 1 May 2004.

309 In addition to considering the groups outlined above, the LSC will also consider the following groups of learners to be eligible for LSC funding:

- persons who have legally been living in England for the three years immediately preceding the start of the programme, ignoring temporary absences (this does not include persons with time-limited leave to remain as a student whose leave to remain does not extend to the expected end date of the proposed learning aim of study)
- asylum seekers and their dependants (those over 19 are not eligible for learner-support funds) in receipt of:

- i income-based benefits, or
- ii assistance under the terms of the *Immigration and Asylum Act 1999* or the *Children Act, 1989*, or
- iii financial assistance (subsistence payments) from the National Asylum Support Service (NASS), or
- iv assistance under the *National Assistance Act 1948*.

- persons with exceptional leave to enter or remain, their spouses and children
- persons with recently settled status (this means those having been granted indefinite leave to enter or remain, Right of Abode or British Citizenship within the three years immediately preceding the start of the course)
- the spouse of a person with settled status, who has been both married, and resident in the UK, for one year.

310 In addition to the groups above, the LSC will also consider the following groups of 16–18-year-old learners as eligible for funding:

- any unaccompanied asylum seekers aged 16–18 who are placed in the care of social services
- 16–18-year-olds accompanying parents who have the right of abode or leave to enter or remain in the UK
- 16–18-year-old dependants of teachers coming to the UK on a teacher-exchange scheme
- 16–18-year-olds entering the UK (where not accompanied by their parents) who hold full British Citizen passports (but not British Overseas passports), or 16–18-year-olds whose passports have been endorsed to show they have the right of abode in this country (holders of passports describing them as British Overseas Citizens have no automatic right of abode in the UK, nor do other non-EEA nationals).

311 Where a 16–18-year-old is in the country for only a short stay, the practicality of providing a place needs to be considered; and it should be noted that from 2003/04 all LSC-funded 16–18 learners are eligible for learner-support funds. **learnirect** providers should consult specific Ufi funding guidance for information about support funds for **learnirect** learners.

312 In addition to considering learners in the categories listed in paragraphs 307–310, the LSC will consider other exceptional circumstances. Where a provider believes that a learner should be considered for funding under exceptional circumstances, it should contact its local LSC.

Learners not Eligible for LSC Funding

313 For funding purposes, the eligibility of the learner must be established at the start of his or her programme. Learners who are not eligible for LSC funding at the start of their programme are very unlikely to become eligible for funding during the period of their learning programme. Colleges and providers should seek advice from their local LSC as necessary.

314 Students from overseas (outside the EU and EEA) whose main reason for residence in England or the EU has been attendance at a fee-paying school or non-maintained school will not be eligible for funding.

315 LSC funding should not be claimed for learners attending short-learning aims as visitors to England, including those studying for an externally accredited provision on the basis of full-cost recovery. Short-learning aims are generally regarded as up to 6 weeks' duration, where up to 30 hours a week are spent in guided learning. This includes, in particular, holiday or summer-school learning aims, and in particular English as a foreign language (EFL).

Learners from Wales and Scotland

316 Colleges and providers are reminded that Wales and Scotland have their own funding arrangements. There may be exceptional circumstances where, on occasion, individual Scottish or Welsh learners may wish to travel to or reside in England to study when specialist provision is not offered locally. The LSC has reciprocal arrangements with the funding Councils for Wales and Scotland for colleges and providers close to the borders. However, it is not expected that colleges and providers in England will recruit entire groups of learners from outside their local area. Such learners should be referred to the possibility of a distance-learning or Ufi programme delivered by their local provider or hub in Wales or Scotland. If the learning programme is not available through this route, permission to enrol the learners must be sought from the provider's local LSC.

Overseas learners

317 For funding purposes, an "overseas" learner will be defined as one who does not meet the criteria defining a "home" learner as set out in paragraphs 307–312. Overseas learners are not eligible for LSC funding, and the provider may wish to charge full-cost fees.

318 Colleges and providers should ensure that they have at least one member of staff who is familiar with and able to advise the provider on the funding of learners from abroad. Where a learner is eligible for LSC funding, the appropriate level of fees should be charged. To avoid any inconsistency of approach, full-cost fees cannot be charged to a learner for whom LSC funding is also being claimed.

Study outside England

Learners in the armed forces, Ministry of Defence or Civil Service

319 The LSC recognises that British armed services personnel may wish to continue in education and training whilst serving their

country. The LSC will fund eligible programmes of study for service personnel, Ministry of Defence (MoD) personnel or civil servants, their spouses and dependants via a sector provider in the following circumstances:

- where the individual normally resides in other parts of the UK but is on a posting in England
- where an individual normally resides in England but is posted outside England as part of his or her work with the armed services. This includes both cases where the individual begins a programme in England and is posted elsewhere while enrolled on this programme, and cases where the individual commences a programme while posted outside England. In both cases, the LSC will fund the programme to completion. It is expected that such provision will be made via distance learning or through **learnirect**, other than in exceptional circumstances. Franchised delivery to members of the armed forces overseas will not be eligible for funding.

320 From 2004/05, expectation that the study will be distance learning or Ufi will not apply to basic skills provision, where learners are studying towards the nationally approved qualifications. These learners may be taught directly in a new arrangement that has been agreed with the MoD. The arrangement applies to service personnel, MoD personnel or civil servants, their spouses and dependants via a sector provider using direct provision.

321 Learners of other nationalities serving in the British armed forces, for example Gurkha soldiers posted in England, their spouses and dependants, should be considered eligible for funding for the duration of their posting in England.

Learners employed temporarily outside England

322 Where, as part of the requirements of

employment, a person who is ordinarily resident in England is required to work outside England for short periods, that person, his or her spouse and dependants will be considered eligible for LSC funding, provided that the person continues to pay taxation in England. It is expected that such provision will be made via distance learning or through Ufi, other than in exceptional circumstances.

Periods of study outside England

323 The LSC recognises that learners who are eligible for funding as ordinary residents and are undertaking a substantial LSC-funded programme in England may, as part of this programme, spend a short period of time outside England. The LSC will consider such provision eligible for funding where this provides a minor but essential part of a qualification, which cannot be provided in England. Colleges and providers seeking to make such provision should seek advice from their local LSC before entering into arrangements. An exception to this guidance will be made for learners serving in the armed forces (see paragraphs 319 and 320).

Unforeseen events and special cases

324 The LSC will issue guidance in-year in response to directives from the DfES that identify exceptional circumstances that may result in additional groups of learners becoming eligible for funding.

325 Such guidance will be issued to local LSCs for forward transmission to providers and posted on the LSC's website.

Age

326 As stated in the *Learning and Skills Act 2000*, the LSC has a duty for the provision of proper and reasonable facilities for education (other than HE), training and organised leisure-time occupation connected with such education suitable to the requirements of persons who are above compulsory school age.

Learners of compulsory school age

327 There is a single date when young people can legally leave school, which is the last Friday in June for those people who have completed year 11. For the purposes of funding, "under 16" means "of compulsory school age".

328 Where parents seek to enrol a young person of compulsory school age on a full-time programme, colleges and providers are advised to involve the school and local education authority (LEA) in discussions as appropriate. Colleges and providers are reminded that the education standard spending-assessment settlement calculated for each LEA contains funds for each learner of compulsory school age in a maintained school, excluded from school, or educated "otherwise". In most cases, a provider wishing to enrol a learner of compulsory school age should seek funding from the LEA or school if appropriate. Where an LEA declines to provide funds for a young person of compulsory school age at a provider, and the LSC determines that the circumstances are not exceptional, and the provider wishes to enrol the young person, the provider may charge a fee.

Exceptional circumstances

329 The LSC may fund provision for learners of compulsory school age. The Secretary of State would expect the LSC to exercise its power to secure provision for such learners only in exceptional circumstances. The learner numbers underlying the proposed grant to the LSC do not allow for any general expansion in the number of learners under 16. For the purposes of the funding agreement, the term "under 16" means "of compulsory school age".

330 In exceptional circumstances the LSC will consider provision for learners of compulsory school age as eligible for LSC funding, subject to the following.

- The provision must meet an individual learner's needs, bearing in mind the

learner's aptitude and ability, and the provision must be included on the Section 96 list as suitable for pre-16 as well as post-16 learners.

- It is not envisaged that groups of learners would be eligible for funding, since by inference the circumstances are unlikely to be exceptional.
- Where learners of compulsory school age enrol on basic skills summer-schools programmes, the provider must obtain prior agreement from its local LSC.
- Persons of compulsory school age are not eligible for the 3- and 6-glh learning-aim arrangements.

Learners Enrolled in Schools

331 A learner who is enrolled in a school but wishes to undertake a part-time learning aim outside school hours that is not connected with the learner's full-time programme at school, for example by enrolling on an evening class, will be eligible for LSC funding provided he or she is over compulsory school age. The LSC will not fund evening resit GCSE programmes at an FE provider for such learners.

332 The LSC will not fund learners who are enrolled full-time in a school and who wish to follow part of their programme at an FE provider during school hours. In such circumstances, whatever the age of the learner, this provision should be treated as link provision, and the school is expected to meet the costs of this provision.

333 The LSC will separately fund a small number of special projects for 14–18-year-olds.

Groups of Learners

Higher education learners

334 The LSC does not expect to fund FE qualifications or other programmes for groups of HE learners. The funding provided by the Higher Education Funding Council for England (HEFCE) for HE learners is intended to fund all of the learners' programmes. If, in order to gain their HE qualifications, a group of learners require, for example, key skills, additional tuition in mathematics or sports coaching awards, the LSC would normally expect this to be funded out of the resources provided by the HEFCE for the HE programme. Colleges and other providers are reminded that, as with the rest of the guidance given in this document, this expectation applies to additional **learnirect** courses being taken by HE learners.

335 Responsibility for the funding of all prescribed HE formerly funded by the LSC and of Higher National Certificates (HNCs) and Higher National Diplomas (HNDs) in FE providers and the associated funding transferred to the HEFCE from August 1999.

336 The LSC may fund non-prescribed HE learning aims in LSC-funded colleges and providers. Non-prescribed learning aims are those that fall outside the schedule of prescribed learning aims of HE as defined in the Education (Prescribed Learning Aims of Higher Education) (Wales) (Amendment) Regulations 1998. These higher-level vocational learning aims are generally professional learning aims leading to accreditation by a professional body, and do not include, for example, part-time certificates in HE. Changes in the volume and type of this provision should be considered by the local LSC in the context of local needs analyses.

Staff employed by a provider as learners

337 Staff employed by an institution may be funded on eligible programmes, provided that attendance is normally outside their

contracted working hours, or that they are released for training and make the time up, or are replaced. The exceptions are basic skills learning aims and teaching qualifications, as described below.

- Basic skills learning aims are available to all staff during working hours. Teachers and support staff are both eligible for LSC funding.
- Teaching qualifications are available to staff employed as teachers or trainers during working hours. Only staff employed as teachers or trainers are eligible for LSC funding where the teaching qualification is studied during working hours.
- All other types of learning aims must be studied in the staff's own time for them to be eligible for LSC funding. This applies to all staff; teachers and support staff are eligible for LSC funding only if they make up the time – that is, they follow the course in their own time.

338 These conditions apply to provision funded through the FE route. Staff may be employed by providers involved in Employer Training Pilots (ETPs). In 2004/05, these pilots will be operating in approximately one third of the country. Where training is being funded through ETPs, staff may study basic skills or a first Level 2 qualification.

Persons detained by court order – resettlement of offenders

339 As part of Ministers' intention to improve arrangements for the resettlement of prisoners, the LSC will continue to work more closely with the Prison Service and other agencies to support learning and skills development in prisons and continuity of learning arrangements for prisoners on release.

340 The Prison Service will continue to have primary responsibility for the funding of prisoners' education and training whilst individuals are detained in custody – but local LSCs will have discretion where resources are not available within the Prison Service to fund or co-fund learning and development programmes in partnership with the Prison Service and others.

341 The focus for the LSC will be to engage prisoners who are close to the end of their sentence in order to promote continuity of engagement in learning after release. Vocational programmes at local colleges for those from participating prisons will be eligible for LSC funding. The Prisoners' Learning and Skills Unit will notify participating prisons and their respective local LSCs of their allocation of places.

342 Some local LSCs are already involved with prisons or local networks to support prisoners and ex-offenders; are working with employers and/or voluntary bodies to develop prisons as a local resource of skilled staff; or are working with Government Offices to secure European Social Fund resources for resettlement initiatives to prepare prisoners for and on release.

Community punishment

343 Community Punishment Orders (CPOs) supervised by the Probation Service can incorporate education and training relevant to the needs of individual offenders, subject to the requirements of Probation Service national standards and guidance from the National Probation Directorate. There is no limit to the proportion of an order that can be used for education and training; however, in practice, the internal requirements of the Probation Service make it unlikely that the total of all ordered hours would be available for guided learning. This should be taken into account when planning a programme.

344 For 2004/05, CPO programmes will be eligible for funding, subject to the following:

- where offenders are provided with additional resources, over and above that provided by the CPO, to enable them to follow a programme of education and training (the supervision for the CPO is funded by the Probation Service)
- where the provision is franchised, and the provider ensures that supervision and teaching staff are present – it is not acceptable for both functions to be delivered by the same person at the same time.

345 All cases should involve the employment of additional delivery staff who would not have been present without LSC funding, and whose contract is explicitly for the provision of glh.

346 Funding may be claimed for provision eligible for FE funding.

347 The LSC expects that the funding will be used to support active structured learning that meets the individual needs of offenders and that will improve their employability. The LSC recognises that the Probation Service and other agencies (for example, the Youth Justice Board) receive funding to address the behavioural and social needs of offenders. The LSC would normally expect to fund provision over and above this that leads to a qualification or unit of a qualification within the national qualifications framework. In particular cases where "other provision" may be more suitable to meet learners' needs, colleges and providers should retain evidence of the assessment procedure leading to the development of the learner's programme, together with records that demonstrate progress.

348 This Guidance also applies to Guided Skills Learning within Enhanced Community Punishments, which uses opportunities within Community Punishment work for offenders to learn employment-related skills.

349 Colleges and other providers seeking to

develop provision with CPO providers for the first time should consult their local LSC at an early stage.

Provision for offenders in the community

350 The responsibility for Probation Service education provision transfers from the Home Office to the Department for Education and Skills (DfES) Offenders' Learning and Skills Unit (OLSU) from April 2004. As a result, the Learning and Skills Council will take responsibility for the funding and planning of basic skills provision formerly undertaken by the Probation Service.

351 The LSC has worked with the DfES and National Probation Service (NPS) to ensure the smooth transition of this provision. The appropriateness of future arrangements will be reviewed for 2005/06 and beyond.

Prison Service education arrangements

352 The DfES, LSC and Home Office are looking at how the current education and training provision in prisons could be better integrated into mainstream post-16 provision. The intention is to introduce a new integrated approach to reduce the incidence of re-offending. At present, discussions are at an early stage. Prototype arrangements might commence in certain areas from September 2004. Further guidance will be issued as soon as more information becomes available.

Enrolment at more than one LSC-funded provider

353 Whilst the LSC recognises that learners may occasionally enrol at more than one provider, groups of learners enrolled on a full-time programme at a provider should not be enrolled on part-time programmes at other providers, especially through franchised provision. For example, it would not be appropriate for several learners enrolled on a full-time sports and leisure programme to be enrolled at another provider to do a first-aid or sports-coaching qualification, especially through franchised provision. This could lead to an over-claim of funding.

Provision by Health Authorities or Social Services

354 The LSC's remit does not extend to funding types of provision for people with learning difficulties and/or disabilities that are the responsibility of other agencies such as Health Authorities or Social Services. Joint funding of integrated packages of learning and care, however, will continue to be appropriate in some circumstances. The LSC will encourage agencies to work together at local level to develop joint packages of funding for programmes and activities for individuals. Colleges and providers should consult their local LSC when planning such provision.

Programme Eligibility for Funding

Introduction

355 This section sets out the general principles of programme eligibility and the types of programme that may be funded by the LSC.

356 Colleges and providers are reminded that they should consider the eligibility of provision for LSC funding whilst planning provision and before enrolling learners. It is important when considering the eligibility of any provision that colleges and providers work within the intention, spirit and framework of the funding guidance.

357 Where a provider intends to deliver provision that is not clearly identifiable within the implied terms of this Guidance, the provider should contact its local LSC, seek written clarification before proceeding and retain evidence of guidance given. This is especially important where colleges and providers are:

- intending to grow other provision
- seeking to maintain a high proportion of other provision

- developing new and/or possibly contentious modes of delivery: for example, delivery via the Internet, delivery in new partnership arrangements with third parties, or provision funded through the approach described in Section 10 (the DEL costing approach).

358 Local LSCs are likely to wish to ensure that the needs of learners in the locality and travel-to-learn area are given the highest priority in terms of institutional planning and provision. Any planned new or increased provision that requires a costing approach described in Section 10 or is out of area should be discussed with and agreed in advance by the local LSC. It is not intended that there will be any restriction on the delivery of provision to learners from other local LSC areas where, for example, this reflects travel-to-learn patterns.

359 The LSC takes the view that provision is likely to achieve the best results and be most useful to the learner where there is some form of face-to-face contact, and opportunities for learners to interact with each other and for peer support are encouraged. Therefore it is expected that the learner would have access to a physical centre within a reasonable travelling distance. Owing to the nature of distance learning and e-learning, the LSC recognises that the learner would normally access this facility only occasionally and therefore may be prepared to travel a greater distance than would be reflected by normal "travel-to-learn" patterns.

360 Colleges and providers that deliver electronic and/or distance learning and wish to operate on a wider geographical basis without necessarily providing access to a local support centre will need to make the case to the local LSC that their provision satisfies at least one of the following criteria.

- It is specialist or unique provision with limited availability.

- It is of particularly high quality, such as related to a Centre of Vocational Excellence (CoVE).
- It is innovative or part of a limited pilot project.

361 In formulating its response, the local LSC will consider the position on a regional basis and will only agree to provision being delivered nationally in exceptional cases.

362 The LSC reserves the right to disallow funding claims for ineligible programmes. Colleges and providers should note that the eligibility of provision is subject to review by the LSC.

363 Colleges and providers are reminded that the learning-aim database (LAD) at www.lsc-data.gov.uk provides information about qualifications and other provision. It should not be used as the sole means of confirming the eligibility of learning aims for LSC funding.

Funding of Provision

364 The LSC has powers to fund a wide range of provision. It will use its powers as flexibly as possible to enable colleges and other providers to meet the targets set out in its Corporate Plan and local plans. However, Ministers continue to emphasise in subsequent grant letters the expectation that the LSC "will give priority to learning aims that lead to nationally recognised qualifications and – more generally – to encourage learning towards recognised qualifications". This was strengthened in the December 2003 Grant Letter in which the achievement of skills and qualifications by young people and adults remained a high-level objective. In meeting this objective the LSC will be working with its colleges and providers to identify ways of actively reducing the volume of other provision it funds. Agreeing the balance of other provision with colleges and providers will form part of the discussions in the plan-led funding process.

365 The LSC identifies two broad types of provision eligible for LSC funding:

- approved qualifications – these are learning aims that lead to qualifications accredited by QCA for inclusion in the National Qualifications Framework and approved by the Secretary of State under Section 96 and Section 97 of the *Learning and Skills Act 2000*. A list of approved qualifications under Section 96 and Section 97 with their approval start and end dates can be accessed on the DfES website at www.dfes.gov.uk/section96 and www.dfes.gov.uk/section97 respectively
- other provision – these are learning aims that do not lead to approved qualifications as defined above.

Approved Qualifications

366 Qualifications approved for use in England by the Secretary of State under Section 96 and that are available to eligible learners of above compulsory school age and under 19 are normally eligible for LSC funding. A few approved qualifications may be ineligible for funding.

367 Qualifications approved by the Secretary of State under Section 97 and that are available for eligible learners aged 19 and over are also normally eligible for LSC funding. Individual units or modules of these qualifications are eligible for LSC funding for adult learners (that is, aged 19 and over) provided that unit certification is available from the awarding body.

368 Qualifications approved under Sections 96 and 97 are identified in the LSC's LAD. Newly approved qualifications will be added to this list as details become available, but normally on a monthly basis.

Other Provision

369 Provision that does not consist of approved qualifications (see paragraph 365) will be classified as "other provision" and may be eligible for funding, apart from ineligible provision identified in paragraph 377.

370 There are three main types of other provision available to all eligible learners over compulsory school age:

- a learning aims that lead to external qualifications or external certificates of attainment not approved by the Secretary of State (for example, locally devised programmes accredited by awarding bodies or external organisations)
- b learning aims that lead to internal qualifications or internal certificates of attainment (for example, college certificated)
- c learning aims with attainment but with no certification (for example, record of attendance only).

371 Ministers expect 16–18-year-old learners to engage in provision that leads to the achievement of approved qualifications. The DfES has clarified that for 16–18-year-old learners, Section 96 of the *Learning and Skills Act 2000* limits the LSC's powers to fund learning aims defined in category (a). Learning aims defined as category (a) are usually ineligible for funding in addition to the learner's main programme. However, it is permissible for colleges and providers to deliver provision defined as category (a) within the entitlement curriculum for full-time 16–18-year-old learners. The LSC does not expect to fund any provision defined as category (a) or other provision outside the entitlement curriculum. The national and local offices will continue to monitor closely activity in this area of provision in 2004/05.

372 For learners aged 19 and older, all three categories (a–c) may be eligible for LSC funding. However, Section 97 prohibits the

LSC from making any payments directly to awarding bodies (or outside agencies) in respect of learning aims defined in category (a) (see Section 97, paragraphs (2) (a), (b) and (c); (5); (6); (7)). In 2004/05, other provision will continue to include Access to Higher Education learning aims and higher-level vocational learning aims that have not been approved by the Secretary of State as qualifications. The latter are learning aims that fall outside the schedule of prescribed learning aims of HE as defined in the Education (Prescribed learning aims of higher education) (Wales) (Amendment) Regulations 1998. They are learning aims that are generally professional, leading to accreditation by a professional body. Part-time certificates in HE are not included.

LSC funding priorities

373 The LSC regards the funding of qualifications as a key priority in order to meet its challenging *Skills for Life*, Level 2 and Level 3 targets. However, it is recognised that some funding of other provision is central to the LSC's aim of increasing demand for learning by adults, particularly in the areas of first-rung provision, for example at Pre-entry Level, and in courses that are responsive to employer priorities.

374 Within the overall policy of actively seeking to reduce the volumes of other provision, local LSCs will continue to discuss with colleges and providers the types and amount of other provision that they will agree to fund. Colleges and providers must discuss any plans to maintain high volumes of other provision with their local LSCs at an early stage. Local LSCs will need to be assured that:

- the needs of learners are being properly met
- there is no alternative appropriate provision available within the national qualifications framework
- there are no adverse implications for the achievement of local targets

- the other provision is delivering priorities.

375 Colleges and providers are reminded that unhelpful competition should be avoided. Such issues will be considered as part of the provider review process, and local LSCs will discuss the outcomes of this with colleges and providers.

Programmes for Learners with Learning Difficulties and/or Disabilities

376 The arrangements for this area of provision should ensure that all learners, including those with profound and complex needs, are able to access education and/or training. Where possible, the LSC expects programmes to include approved qualifications or, for those aged 19 or over, units of approved qualifications. However, other provision may be eligible for funding in agreement with local LSCs where programmes or elements of programmes have been specifically designed for learners with learning difficulties and/or disabilities. In order to include all learners and different types of provision and colleges and providers, the determining factors for funding eligibility should relate to the programme, its structure and its delivery.

Ineligible Provision

377 The following provision is not eligible for LSC funding:

- a new provision leading to external qualifications or externally certificated provision not approved by the Secretary of State for 16–18-year-old learners except when delivered as part of the entitlement curriculum (as specified in paragraph 371)
- b qualifications falling out of approval. The LSC does not expect to fund any enrolments onto qualifications after the

approval end date where suitable alternative approved qualifications are available. Any learner enrolment on to a course leading to an approved qualification should be either on or before the last date of approval of that qualification. In addition, the course itself (that is, the teaching and learning, and not just the learner induction) must have commenced before the approval end date. Under exceptional circumstances (that is, where there are no suitable approved qualifications currently available) colleges and providers should first consult their local LSCs to agree appropriate provision eligible for funding that meets identified learner needs and local priorities. However, the LSC will fund continuing learners enrolled on programmes before the approval end date in order to enable them to complete. Where learners are enrolled onto a course leading to a qualification nearing the end of its approval, colleges and providers are reminded that they are responsible for checking qualification availability, registration and certification dates with the awarding body.

c where there are two or more approved qualifications with the same title from the same awarding body, owing to changes in specifications. The qualification with the old specification is not available for new starters from the date when the new revised specification becomes available: for example, new mathematics specifications will be available in September 2004.

d approved qualifications identified on the Learning Aims Database as ineligible for funding

e prescribed HE, including:

- learning aims for the further training of teachers or youth or community workers

- postgraduate learning aim
- first-degree learning aim
- learning aim for the Diploma in HE
- learning aim for the Certificate in Education
- learning aim for the HND or HNC
- learning aim for any diploma awarded by an HEI.

f provision funded under the following schemes, which are fully funded separately:

- Foundation and Advanced Modern Apprenticeships
- Entry to Employment (E2E) funded through work-based learning
- the Learning Gateway and all other training under the New Deal Options
- NVQ training funded through work-based learning.

g full-cost recovery provision – the LSC has discontinued the employer dedicated discount from 2004/05. Colleges and providers are, however, reminded that funding should not be claimed for closed courses run for employees of large employers where the training being provided is highly relevant to core business activities. For this type of training, the guidance on full-cost recovery courses is applicable, and colleges and providers should subject provision to a fundamental test on the displacement of public funding before claiming funding for previously privately funded training activity.

h company-specific knowledge learning aims

i vendor-certificated courses – unless they are approved qualifications or are embedded within and contribute directly towards the generic learning required to achieve an approved qualification. Examples of vendor certificates include those of information technology (IT)

companies that are specific to those companies' own products and services. Therefore, learners following a national qualification in IT, for example, may use the learning associated with a vendor's products in order to achieve their qualifications. Vendor-certificated courses may form part of the enrichment activities included within 16–18 full-time learners' entitlement.

- j primary driving or piloting skills
- k inward collaborative provision
- l any other learning aims that are considered to be fully funded from other sources.

need now to declare the delivery location postcode, field A23, on their ILR returns. This includes any partnership arrangement where a third party is paid a fee by the college for finding or enrolling learners. Colleges and providers should not use the complexities in the definition of the difference between franchising and partner-assisted delivery to avoid the need to consult their local LSC over provision delivered with partners.

381 Table 7 should help colleges and providers to distinguish between direct provision, direct partnership provision and franchised provision.

Types of Delivery

Direct and partnership provision

378 The LSC currently recognises two types of delivery arrangements for FE. These are direct provision totally delivered by the provider, and partnership provision – that is, where one or more aspects of the learning programme are delivered in partnership with a third party. Partnership provision can be further sub-divided into direct partnership provision and franchising. The main distinction between these types of partnership provision is the employment of teaching staff.

379 The LSC has noticed the growth in partnership and franchise provision in a small number of colleges and the difficulties this has caused in evidencing the control of their partnership provision and the regularity of their provision. The LSC sees the delivery location postcode, field A23, as the key field on the ILR that will identify to colleges and to their local LSC the higher-risk elements of a college's provision.

380 In this context, colleges and providers are reminded of the need to consult with their local LSC prior to developing any new partnership or franchise arrangements and the

Table 7: Types of provision

Service provided	Direct provision <i>Direct (provider)</i>	Partnership provision <i>Direct with partner x</i>	(Covers both x and y) <i>Franchisee y</i>
Employer of teaching staff	Provider (may use a recognised employment or staffing agency or self-employed staff)	Provider (the provider may use a recognised employment or staffing agency or self-employed staff)	Franchise via an employment relationship. See Annex B, paragraph 8 of FEFC Circular 99/37
Venue, including lighting, heating, caretaking	Provider	Partner	Provider or franchisee
Facilities, for example computer hardware and software	Provider	Partner	Franchisee
Teaching and learning resources	Provider	Provider or partner	Franchisee
Responsibility for quality and audit	Provider	Provider	Provider
Marketing	Provider	Provider or partner	Provider or franchisee
Advice and guidance	Provider	Provider	Determined by provider and carried out by provider or franchisee
Enrolment procedures	Determined by provider and carried out by provider	Determined by provider and carried out by provider	Determined by provider and carried out by provider or franchisee
Teach learners	Provider	Provider	Franchisee
Teacher development	Provider	Provider	Provider or franchisee
Learner charter	Provider	Provider	Provider
Additional learning support	Provider	Provider	Provided by franchisee or access to provider support
Monitor the programmes – quality assurance and learner record sampling checks	Constant monitoring	Constant monitoring which may include scheduled and unannounced visits by the provider	Constant monitoring including scheduled and unannounced visits by the provider
Nature of contract	None	Based on resources provided rather than volume of provision	Based on volume of provision
Accreditation with awarding body	Provider	Provider	Provider (other than in exceptional circumstances)
Subject to franchising discount	No	No	Yes (other than in community based and widening-participation)

Direct partnership provision

382 The LSC will be monitoring very closely the arrangements for direct partnership provision, particularly when it appears to be very similar in nature to franchised provision, or has evolved from provision that was previously franchised.

383 Partnership provision delivered in 2004/05 will continue to be funded at non-discounted rates. Colleges and providers are advised to discuss direct partnership arrangements with local LSCs prior to entering into agreements for this type of provision and enrolling learners. Where a provider fails to do so, the LSC may have concerns about the eligibility of the provision for funding. The LSC will provide further information on partnership provision in the new FE ILR Compliance advice for 2004/05 to be published in summer 2004.

384 The LSC maintains a register of partners, and records details of partnership arrangements within the ILR; and this information will assist local LSCs in advising colleges and providers on the regularity of partnership or franchise provision.

In-company partnership arrangements to provide NVQs

385 Particular attention is drawn to that in-company work carried out by colleges and other providers in which NVQ programmes for trainees are accredited using assessments carried out by unqualified or only part-qualified company employees. Whilst the involvement of a company's own staff may be desirable for the sustainable development of the company's whole workforce, and is encouraged by the LSC, the use of unqualified or part-qualified assessors may not only invalidate the whole accreditation process, rendering the programme ineligible for LSC funding, but also put at risk the trainees and the company's customers. This model has been particularly associated with the provision of NVQs for staff in care homes, where the risk to LSC funds is eclipsed by the risk to the

health and safety of patients because trainees have not been trained and assessed to the correct national standards.

386 In all circumstances, including those in which the college's own staff are receiving training in assessment and verification, colleges should be able to confirm that only fully qualified assessors and verifiers, who also have the relevant occupational knowledge and expertise, have assessed the NVQ candidates. Assessors and verifiers who are working towards their qualifications should not be permitted to practise such activities without the direct supervision of a relevantly qualified trainer. In those cases where trainee assessors and verifiers are involved, their assessments should always be countersigned by a qualified trainer, and such activities should be recorded in the relevant class registers for both NVQ and assessor or verifier trainees.

Franchised provision

387 The term "franchising" refers to outward franchising or sub-contracting: that is, where an LSC-funded provider delivers provision for students enrolled at the provider through a partner body. If a provider makes provision for students enrolled at another provider, this is defined as inward franchising and such students should be recorded on the ILR form, FRANIN. The provider should not claim any funding for inward franchising.

388 Franchised provision is included in the provision profile to ensure it is part of the planning dialogue. The LSC expects that by the end of 2005/06 the level of franchising will be normally no greater than 5 per cent of total provision. Regional Directors will use this percentage when reviewing and adjusting allocations to local LSCs (see paragraph 16).

389 The LSC had considered removing the franchised discount for 2004/05, and the responses from the consultation on plan-led funding supported its removal. However, after due deliberation the LSC has decided that the franchised discount should continue for at least 2004/05.

390 Key aspects of guidance include the following.

- The provider must be at all times in full control of the provision.
- The provision must not displace any activity the partner would have delivered anyway.
- The provision must not be unplanned and take place merely to make up a shortfall in the provider's activity.
- Plans to offer provision that may be seen as contentious must be shared with the local LSC prior to agreeing a contract and before enrolling learners.

391 The Secretary of State, in a letter to the chairman of the FEFC in May 2000, approved the FEFC policy of ending inappropriate franchise arrangements and those operating outside a provider's local area. **The LSC does not, therefore, expect any new contracts or increases in student numbers associated with distance franchise or partnership provision.** The LSC is working with Sector Skills Agencies and National Training Organisations (NTOs), employers, colleges and providers on a number of pilot projects based around sub-regional centres of excellence, in order to progress some of the best practice from franchising, whilst enabling the value-added aspects of this to be tested. The DfES consultation document, *Funding Flows and Business Processes* (May 2000), indicated that franchising would continue to be supported where it added value, and that the local LSC would have the duty to monitor the quality and assess the value added.

392 Where a local LSC considers that the arrangements between a college and a partner do not secure adequate quality or add value, it will ask the college to review those arrangements. This review may include the balance between the funding transferred to the franchise partner and that retained by the college.

Arrangements for 2004/05

393 Colleges and providers will be requested from time to time to provide details of their existing and planned franchised and partnership arrangements, and how they contribute to the achievement of their mission and strategic objectives, and meet local needs and priorities. This information and subsequent discussion will form part of the development planning process. Information from the ILR will provide the LSC with an indication of each provider's franchised and partnership provision and with information about the organisations with which colleges and providers have franchise and partnership arrangements. However, the LSC may request further information.

394 No LSC funding should normally transfer from colleges to employers, including through third parties, as part of a franchise or partnership arrangement to provide education and training to their employees. Reasonable payments to employers for the use of premises and equipment may be appropriate.

395 Arrangements for seconding an employer's staff may be contentious, and further guidance on this and other issues will be made available in the new FE ILR Compliance Advice for 2004/05 to be published in summer 2004.

396 In both franchise and partnership arrangements, a provider is responsible for ensuring that quality-assurance arrangements for the franchised and partnership provision, including the application, where relevant, of the college charter to the provision, are in place.

397 Where the appropriate inspectorate has assessed a provider's leadership and management as inadequate, the LSC will make it a condition of funding that the provider may not enter into new, or extend existing, LSC-funded franchise or partnership arrangements until the appropriate inspectorate is satisfied that the deficiencies have been remedied.

This will require colleges and providers not to increase the student numbers for either franchise or partnership arrangements above the numbers at the date on which the provider was notified by the Adult Learning Inspectorate (ALI) or Ofsted or previously by FEFC of the grading for leadership and management. The provider may claim funding for all legally binding contractual commitments existing at the date on which the grade was notified. Colleges and providers should not enter into any new contracts. Learners enrolled after the date of notification are only eligible for funding if there is a legally binding contractual commitment in existence at the date of notification. Where a provider has assessed itself as having inadequate leadership and management, the LSC would not expect it to increase its franchised provision.

Funding of franchised provision

398 As stated previously, the LSC has confirmed that the funding associated with franchised provision is paid at a discounted rate of 0.67, other than for provision:

- where the learner involved attracts a widening-participation uplift, or
- that is community-based and normally within non-profit-making bodies.

399 Annex I describes how the discount factor applies.

High-risk provision

400 The LSC does not want to stifle innovation and new ventures. However, some provision, including certain partnership arrangements for the delivery of the provision, raises potential issues of eligibility and/or regularity. Care is required to ensure that full compliance to funding and eligibility criteria can be demonstrated by:

- former franchise partnerships transformed to direct delivery by any of the following means:
 - i secondment arrangements

- ii facilities management, including the leasing and support of computer hardware or software, the provision of educational materials or administrative support
- iii distance-learning arrangements
- iv staffing-agency arrangements, particularly when teaching on the agency's own premises
- v voluntary tutors who teach in their own workplace, particularly during their normal working time.

- ICT centres operated in partnership with third-party companies that offer a restricted curriculum
- provision claimed using the costing approach described in Section 10, that either involves a franchise or partner organisation or where a significant number of learners are physically very remote to the college.

401 The LSC would be particularly concerned about new, previously unplanned partnerships entered into in the spring or summer term where the motivation is to make up a shortfall of activity.

402 Colleges and providers wishing to deliver learning aims online via the Internet, other than recognised **learnirect** learning aims, or to enter into partnership arrangements including but not restricted to those described in Table 7, should contact their local LSC in advance of the delivery of provision. Where a provider fails to do so, the risk that the LSC may subsequently not fund the provision is much higher.

Learning Associated with Employment

Length of programmes delivered in the workplace

403 In the case of programmes provided in the workplace, the maximum length of delivery of such programmes will normally be 329 glh a year. This includes learning aims delivered by the accreditation of prior learning or by distance learning, and provision for learners with learning difficulties and/or disabilities, or the equivalent, delivered in the workplace. This is based on the rationale that it is unlikely for the number of hours spent in training in the workplace, which should be clearly separate from normal working activity, to exceed a total of 329 glh in a normal working year.

Full-time employees

404 An individual cannot reasonably be considered to be in both full-time education and full-time employment at one and the same time. The LSC does not expect to fund learners on a full-time programme of study who are also employed on a full-time basis.

Section 8: Basic Skills, Key Skills and Entitlement Funding

Basic Skills – Adult Literacy, Numeracy and Language (ESOL)

Key priority

405 Improving the basic skills of the nation is a key priority for the Government, and is reflected in the Secretary of State's remit letter to the LSC, which charges the LSC with the task of reaching the most disadvantaged people in our society and placing their interests and concerns at the heart of our provision.

406 The LSC has adopted the national target of ensuring 750,000 adults improve their literacy, numeracy or language (English for speakers of other languages, or ESOL) skills by 2004, and sets out its commitment to this task both in the Corporate Plan and the LSC's delivery plan, *Improving Adult Literacy, Language and Numeracy*.

407 The Secretary of State makes clear in the LSC's grant letter the expectation that the LSC will continue to work towards the existing 2004 target and will, in addition, take the lead in delivering the new target for 2007 to:

improve the literacy and numeracy skills of 1.5 million adults and young people by 2007, in partnership with the Prison Service and Jobcentre Plus.

408 The LSC expects each provider to give particular and priority attention to ensuring that its basic skills (or *Skills for Life*) provision contributes to the LSC's target for this priority area.

Skills for Life: adult literacy, numeracy and language (ESOL) provision

409 *Skills for Life: the national strategy for improving adult literacy and numeracy* carries forward the approach adopted by the Government in the schools sector, where the literacy and numeracy strategy covers all aspects of these skills, including communications and mathematics. In this context, literacy and numeracy is the generic term for all related activity. It includes both accredited and non-accredited provision that is based on the national standards for adult literacy and numeracy and is typically referred to as "basic skills" provision. The key skills of communication and application of number are included because these qualifications require learners to pass the national test before they can be awarded. For similar reasons, the definition extends to GCSE English and GCSE Mathematics, which measure achievement up to Level 2. The funding arrangements for this provision, collectively referred to as *Skills for Life* provision, are described in paragraphs 412–420.

410 Colleges and providers should ensure that learners are enrolled on learning aims that are appropriate to their needs. For example, prior to enrolment onto basic skills learning aims, learners should have a demonstrable need for this provision, shown, for instance, by previous educational attainment or through initial and/or diagnostic assessment.

Charging basic skills learners

411 The LSC indicated in Circular 01/18, *Indicative Funding Rates for Further Education in 2002/03*, paragraph 4.9, its commitment to supporting Ministers' intentions that basic skills education should be free to the learner, with no hidden costs passed on from colleges and providers. This commitment continues. Colleges and providers will therefore wish to ensure that basic skills learning aims do not involve any costs for learners. Such costs may include registration and examination fees, the costs of materials, and administrative charges.

Funding adult literacy, numeracy and language (ESOL) provision

412 The LSC's approach to funding basic skills is detailed in Circular 01/18, Section 4, and the key points are reproduced below.

413 In summary, the LSC's funding approach to basic skills learning aims in 2004/05 will include:

- ensuring that provision is free to the learner
- paying the full national base rate for basic skills learning aims, as these automatically attract fee remission
- applying a programme-weighting factor of at least 1.4 to basic skills learning aims, to ensure that funding has increased in line with other funding rates
- applying a disadvantage uplift of 12 per cent to all eligible basic skills learners.

414 Basic skills provision will, therefore, be funded at a level that is more than 40 per cent higher than learning aims of a comparable size in other curriculum areas (with a programme-weighting factor of 1.0).

415 The LSC supports Ministers' intentions to identify and recognise literacy, numeracy and ESOL achievements that count towards the national target. However, the LSC intends to fund provision in an appropriate manner that ensures that Ministers' priorities are fully supported with due regard to the effective use of public funds.

416 The LSC therefore makes a distinction between those *Skills for Life* learning aims that attract the uplift in funding and those that count towards the national target.

417 For funding purposes, the following provision will be funded as basic skills and will attract the relevant uplifts described in paragraph 413:

- learning aims leading to approved literacy, numeracy and ESOL qualifications at Entry Level and Levels 1 and 2 (where the qualifications have been approved by the Secretary of State under Sections 96 and 97 of the *Learning and Skills Act 2000*)
- key skills qualifications in application of number and communication at Levels 1 and 2 for learners aged 19 or more, and for those learners aged 16–18 who are following a part-time programme
- learning aims based on the national standards for adult literacy, numeracy and ESOL where these support learners in their progress towards nationally approved qualifications.

418 Qualifications that count towards the national target but will not be eligible for the basic skills uplifts are:

- key skills qualifications in communication and application of number at Levels 1 and 2 where these are delivered as part of the entitlement for full-time 16–18-year-old learners
- GCSE Mathematics and GCSE English.

419 Table 8 provides a summary of the learning aims that count for different purposes.

Table 8: Funding *Skills for Life* learning aims

Learning aims	Funded as basic skills	Counts towards the national target
Learning aims leading to approved (see paragraph 417) literacy, numeracy and ESOL qualifications at Entry Level and Levels 1 and 2 (only entry qualifications achieved at Entry Level 3 count towards the national target)	✓	✓
Key skills qualifications in application of number and communication at Levels 1 and 2 for learners aged 19 or more and for those learners aged 16-18 who are following a part-time programme	✓	✓
Learning aims referenced to the national standards for basic skills in literacy, numeracy and ESOL	✓	✗
Key skills qualifications in communication and application of number at Levels 1 and 2 where these are delivered as part of the entitlement for full-time 16-18 year-old learners	✗	✓
GCSE in Mathematics and GCSE in English	✗	✓

Funded as basic skills: defined as basic skills for funding purposes: that is, the basic skills 1.4 programme weighting and fee remission apply.

National Target: learners who achieve in these categories count towards the target of 750,000 learners improving their basic skills by 2004, increasing to 1.5 million by 2007. However, learners who achieve more than one qualification may be counted only once towards the cumulative target in the period April 2001 to July 2007.

KEY: ✓ = applies ✗ = does not apply

420 Other learning aims that have in previous years been claimed by colleges and providers as basic skills provision, but that are not based on the national standards, ceased to be treated as basic skills provision from August 2002. They may continue to be eligible for funding as "other provision" (with agreement from the local LSC) but will not attract the uplifts associated with basic skills provision. This reflects Ministers' intentions that basic skills provision should reflect the national standards for adult literacy and numeracy and the framework established by the DfES and Qualifications and Curriculum Authority (QCA).

Approved qualifications – a key priority in 2004/05

421 The LSC regards the funding of approved qualifications (that is, those accredited by the QCA and approved by the Secretary of State) as a key priority in order to meet its challenging targets.

422 Where colleges and providers have not already done so, they are expected to develop their curriculum offer to include the approved national Certificates in Adult Literacy, Numeracy and Language (ESOL) and, where appropriate, to reduce the volume of basic skills "other provision" offered to learners.

423 Provision for literacy, numeracy and ESOL based on the national standards but not leading to an approved, national qualification falls within the definition of "other provision". While local LSCs have some discretion as to the types and amount of other provision that will be funded, they are working with colleges and providers to redistribute the overall mix of provision from other provision to qualification-bearing provision. Colleges and providers are therefore not expected to increase the volume of other provision in 2004/05.

424 Colleges and providers should ensure that all literacy, numeracy and ESOL provision is based on the new national standards, even where learners are not yet ready to take the new national qualifications or tests. This is important for learners so that they have the opportunity to progress to the new national qualifications. It is also important for colleges and providers for funding purposes, because provision not based on the standards will be ineligible for the increased programme weighting of 1.4.

425 "Other provision" learning aims should be used only when a diagnostic assessment shows that the learner will not progress far enough in the number of guided learning hours of the programme to be ready to take the qualification, and/or where the main purpose of the learning provision is to widen participation. However, learners' abilities should not be underestimated. If it later becomes apparent that a learner could gain a qualification, the college or provider should take action to transfer the learner to qualification-bearing provision and record this on his or her ILR return, using the relevant national qualification learning-aim reference code.

426 Further information on the importance of accuracy in coding and recording *Skills for Life* provision can be found in the updated Fact Sheet 1 – Recording adult literacy, language and numeracy provision (basic skills), on the LSC's website at

www.lsc.gov.uk/National/Documents/SubjectListing/FundingLearning/BasicSkills/basicskills-bulletinissue5.htm

Short-learning aims for basic skills learners

427 The LSC recognises the need for basic skills provision to be offered with maximum flexibility if learners are to be engaged in this high-priority area of provision. The short-learning aims of 3 and 6 glh are, therefore, available to learners who are over 19 years old and those aged 16–18 who are following a part-time programme. This is intended to enable colleges and other providers to provide attractive learning opportunities that will engage learners and will enable progression onto longer learning aims.

428 The learners referred to in the paragraph above may be enrolled on one 3-glh taster or diagnostic programme in each of the basic skills (that is, literacy, numeracy and ESOL). A learner may follow programmes of both 3 glh and 6 glh in adult basic skills provided that the provider can demonstrate that the two programmes have significantly different learning goals. For example, a provider might use a 3-glh programme as an extended period of diagnostic assessment for individuals with literacy, numeracy or ESOL needs (up to a maximum of one such assessment for each of these skills).

429 After conducting the diagnostic assessment/s, one 6-glh programme in each of these areas may, if appropriate, then be used to provide an intensive programme of tuition (to improve particular aspects of literacy, numeracy and/or ESOL). A combination of up to one 3-glh and one 6-glh programme for each basic skill would be eligible for funding, with the expectation that the learners would then progress on to a more substantial programme. Therefore, for each learner, up to 27 hours of short-learning aim provision in relation to basic skills may be claimed (that is, 3 x 3 glh plus 3 x 6 glh).

Basic skills learners and disadvantage uplift

430 There is uncertainty across the sector as to when a basic skills learner is entitled to the disadvantage uplift. The disadvantage uplift is applied to the learner, and therefore affects all the learning aims within a learning programme.

431 Annex F provides detailed guidance to help colleges and providers determine when a basic skills learner becomes eligible for the disadvantage uplift.

432 The LSC has considered whether the basic skills disadvantage uplift could be incorporated into the programme-weighting uplift for basic skills learning aims. This would avoid the need to count guided learning hours per learning aim for learners who are studying mixed programmes.

433 Further modelling of the impact of adding the disadvantage uplift to the programme weighting will be completed, with the intention of introducing it in 2005/06.

Developing embedded basic skills provision

434 In 2003-04, the LSC and the Adult Basic Skills Strategy Unit in the DfES co-funded an action research programme to look at a range of issues relating to embedded basic skills. The project report will be available on the LSC's website in summer 2004, together with further guidance on funding and recording embedded provision.

External candidates taking adult literacy, numeracy and language (ESOL) qualifications

435 In supporting the target of 750,000 adults improving their literacy, numeracy and ESOL skills by 2004, and the subsequent target of 1.5 million learners by 2007, the LSC will fund external candidates wishing to undertake the external assessment for approved basic skills qualifications (that is, the QCA-accredited certificates in Adult Literacy and Numeracy) at assessment centres for LSC-funded FE colleges and providers.

436 A £54 rate applies to every individual approved basic skills qualification for which an external candidate is proposing to enter (that is, literacy, numeracy or ESOL), but is subject to the following conditions.

- The provider is an approved assessment centre for the basic skills qualification entered for by the external candidate.
- The external candidate is registering for an approved basic skills qualification (that is, one appearing on the current Section 96/97 list of approved basic skills qualifications).
- The £54 rate is used by the provider on behalf of the external candidate to cover all the awarding body's costs and other associated centre administration and management costs, and no additional charge is made to the external candidate.
- The provider will claim the £54 rate as a manual adjustment on its funding claims for 2004/05. This will be counted as part of the provider's achievement of its funding allocation.

437 If the external candidate has no formal (that is, externally accredited) qualification at the level and subject area (that is, literacy, numeracy or ESOL) for which he or she is entering, then a successful outcome in the qualification will count towards the provider's basic skills achievement target. However, no additional achievement funding will be available in these instances, since the external candidate will not have undertaken the associated learning programme with the provider. Please refer to guidance in the ILR specification for further information on recording external candidates' achievements.

438 An external candidate is defined as an individual who is not enrolled with the provider in the current funding year for any learning programme. External candidates may subsequently enrol with the provider for a further programme of study after taking the

external assessment (the qualification), but the LSC does not expect colleges and providers to regard learners recruited in the usual way as "external candidates" before the commencement of their learning programme. However, diagnostic assessment (as distinct from external assessment for a basic skills qualification) for new learners undertaking basic skills programmes is fundable as a 3-gh programme.

FE Summer Schools – Basic Skills in Local Communities projects

439 Since 2001-02, the FE Summer Schools budget has been used to support Basic Skills in Local Communities projects. The £2-million budget was allocated to FE colleges and providers, following a bidding process, and was used to develop basic skills provision in community and outreach settings, develop partnerships and stimulate demand among adults who have basic skills learning needs.

440 From 2004/05, this budget will be included in the adult basic skills participation allocations and distributed directly to FE colleges and providers. It will no longer be a separate budget line. If colleges and providers wish to continue to support this type of activity, they should set aside funding for this purpose from the participation line.

Key Skills

441 Ministers' expectations are that learners who have not achieved Mathematics, English or IT at GCSE grade A*–C are expected to aim to achieve the appropriate key skills qualifications. These are communication, application of number and information technology. In addition, learners commencing Level 3 programmes of study, with the aim of pursuing a further professional or higher qualification, should be supported by colleges and providers in gaining at least one relevant key skills qualification at Level 3. Awarding bodies offering these qualifications are identified in the Section 96 list, under "Key skills".

442 For 16–18-year-old full-time learners, the programme funding and fee element for the key skills of communication, application of number and information technology are incorporated within the funding for entitlement. Funding for achievement is paid separately, based on the listed values and relevant programme weightings (see Table 9).

443 Funding is available for key skills qualifications at a listed rate for all part-time learners aged 16–18 and learners over 19, based on the national base rates for the 30–39 gh loadband.

444 The programme-weighting factors that apply to key skills are shown in Table 9 overleaf.

445 The LSC, in line with Ministers' priorities, encourages colleges and providers to enable learners to progress towards appropriate key skills levels throughout the whole of their programme. However, the LSC accepts that within a multi-year programme the needs of the learner may in some cases require, for example, the delivery of key skills early in the programme and enrichment later in the programme.

Table 9: Key skills programme weighting

Funded	Level	Programme weight
Communication, Application of number	1 or 2	1.4 (basic skills)
ICT	1 or 2	1.12 (B)
Communication, Application of number	3 or 4	1.0 (A)
ICT	3 or 4	1.12 (B)

Wider key skills

446 The three wider key skills at Levels 1 to 4 – working with others, improving own learning and performance, and problem solving – are to be piloted as qualifications from September 2004. These are separately fundable through the loadbands.

447 Funding may be claimed for the wider key skills in addition to the entitlement funding, provided that additional glh are delivered at the appropriate level. However, the wider key skill qualifications may also be delivered as enrichment activity, in which case no additional funding should be claimed.

Key skills look-alike list

448 Key skills “look-alikes” are learning aims that the LSC considers demonstrate content similar to the key skills of communication, application of number or information technology. Key skills look-alike qualifications are ineligible for funding where a candidate is aged between 16–18 and is being funded for the entitlement curriculum. In addition, no further funding will be available for such students if they are enrolled on provider-certificated or non-certificated provision in literacy, numeracy or ICT at the same level as the QCA key skills qualification that they are aiming to achieve.

449 Colleges and providers are advised to seek guidance from their local LSC if they are

unsure whether a qualification has content that overlaps with one of the key skills qualifications. The LSC has decided to remove the examples of look-alike qualifications that were published on its website because they do not form a definitive list of ineligible qualifications.

450 Look-alike qualifications are not proxies for any of the key skills qualifications and, therefore, do not provide exemption from any aspects of the key skills qualifications.

Proxy qualifications

451 The QCA has published a list of proxy qualifications on its website. Proxy qualifications are those qualifications that have been agreed to assess the same knowledge and skills as aspects of the key skills. As a result of this overlap, candidates can claim exemption from parts of the key skills where they are able to provide proof of achievement of the proxy qualification.

452 Only qualifications that appear on the QCA list (see website address below) have been mapped for the type of overlap required and can guarantee that the candidate has been assessed in the appropriate knowledge and skills. This list of qualifications is reviewed periodically to ensure that it is up to date.

453 The full list can be found on the QCA website at www.qca.org.uk/nq/ks/proxy_qualifications.asp

454 Where learners study proxy qualifications instead of the relevant key skills qualifications that form part of the entitlement, colleges and providers should not claim funding for the proxy qualifications. In such cases, funding should only be claimed where the proxy qualifications are additional to the key skills element of the entitlement and are delivered in additional glh.

Entitlement Curriculum

455 The LSC expects that the entitlement will include regular tutorials, relevant key skills and enrichment activities, which will be delivered in an appropriate number of glh that are additional to the other learning aims within the learner's programme.

Learners eligible for entitlement

456 Learners for whom entitlement funding may be claimed must be:

- aged under 19 on 31 August in the calendar year in which they start their programme of study
- studying on a full-time basis, as defined in Section 4.

457 In line with Ministers' expectations learners are expected to be:

- aiming to achieve any of the relevant QCA key skills qualifications at Level 2 (communication, application of number and Information Technology) that they have not already achieved at GCSE grade A*–C or equivalent. This implies that learners are expected to register with the awarding body, take the end test and submit their portfolio for each key skill taken. Learners studying GCSEs in appropriate subjects are exempted from this requirement, but key skills learning must still be included in the learner's entitlement.
- aiming to achieve one relevant Level 3 key skills qualification if the intention

is for the learner to pursue a professional or higher qualification

- undertaking some key skills learning as part of the entitlement package where government expectations outlined above have already been met.

Basic Skills Delivered within the Entitlement

Delivering basic skills to full-time learners aged 16–18

458 While it is still the Ministers' expectations that the clear majority of full-time 16–18-year-old learners should be undertaking the relevant key skills qualifications, the LSC acknowledges that, for a small minority of these learners, basic skills qualifications (that is, the Certificates in Adult Literacy and Adult Numeracy) may be more appropriate as an initial aim. In such cases, learners who undertake the Certificates in Adult Literacy or Adult Numeracy will continue to be eligible for the full entitlement funding.

459 Where a learner has learning difficulties and/or disabilities that make the QCA key skills qualifications inappropriate, colleges and providers may still claim entitlement funding if the learner is enrolled on appropriate Entry Level alternatives – for example, Entry Level certificates in Adult Literacy or Adult Numeracy.

Learners for whom basic skills qualifications are more appropriate than key skills

460 In addition to the learners described in paragraph 459, there may be other learners who would not normally be identified as having learning difficulties or disabilities, but for whom the achievement of the key skills qualification in Communication or Application of Number is shown, after appropriate diagnostic assessment, to be an unrealistic aim.

461 Where learners have identified basic skills needs at Entry Level, and diagnostic assessment indicates that it is more appropriate for them to register for approved qualification alternatives to key skills – that is, Entry Level Certificates in Adult Literacy and Adult Numeracy – these qualifications may be funded as additional learning aims, at the basic skills programme weighting (1.4), through the appropriate loadband.

462 In addition, **and in exceptional cases only**, there may be learners with identified basic skills needs at Levels 1 or 2 whose diagnostic assessment indicates that it would be more appropriate for them to register for approved qualification alternatives to key skills – that is, Certificates in Adult Literacy and Adult Numeracy at Levels 1 or 2. Where this is the case, these qualifications may be funded as additional learning aims, at the basic skills programme weighting (1.4), through the appropriate loadband.

463 The LSC will continue in 2004/05 to explore the effectiveness of these arrangements in relation to entitlement funding. Colleges and providers should refer to the ILR Guidance to ensure they record accurately, and therefore claim appropriately, for these additional learning aims.

Additional learning support for full-time learners on entitlement programmes

464 Colleges and providers may not claim funding through the Additional Learning Support mechanism in respect of basic skills support for learners who are already enrolled on literacy, numeracy or language learning aims. Please refer to Section 9 for further clarification.

Enrichment

465 Some examples of appropriate enrichment activities are:

- learning aims that lead to external qualifications or external certificates of attainment not approved by the

Secretary of State: for example, Open College Network (OCN) provision, wider key skills, Young Enterprise and Duke of Edinburgh awards

- careers guidance
- sports
- music, dance and drama
- industry-related programmes, including vendor-certificated courses such as those offered by IT companies (for example, CISCO, Microsoft or Novell)
- health education
- use of learning resource centres.

466 Part-time jobs undertaken by learners cannot be considered as eligible for funding as enrichment activities under the entitlement, except in exceptional circumstances. Work experience will be considered as an enrichment activity only where this is undertaken within a structured approach with some tutor input. However, where work experience is provided as a mandatory element of a qualification, it is deemed to be part of the main qualification and should not be considered as an enrichment activity.

Funding entitlement

467 Funding may be claimed for the key skills, tutorial and enrichment entitlement in each year of study. This funding will be listed and reflects its broad equivalence to the teaching time expected for a GCE AS-level over one year.

468 The funding of the entitlement includes fee remission, and is therefore paid at the full national rate. Achievement funding for the proportion of the programme relating to achievements in key skills (application of number, communication, IT) may be claimed (see Annex A).

469 Where a learner in receipt of entitlement funding meets the expectations set out in paragraph 457 during the first year of his or

her programme, and goes on to achieve the next level in the key skills in the second or subsequent years of the programme, achievement funding may be claimed for each key skill at each level.

470 For 16–18-year-old full-time learners, guidance, tutorial skills and study skills are included in the entitlement and will not attract additional funding.

Section 9: Additional Learning Support Funding Arrangements

Defining the Principles of Use for Additional Learning Support Funding

471 The circumstances in which additional learning support (ALS) is provided are reaffirmed below. Colleges and providers should ensure that their use of ALS funding reflects these principles.

472 The activities for which ALS funds may be used are intended to be additional activities that provide direct learning support to learners. They are not intended to include activities that would more usually be classified as learner financial assistance. Consequently, the definition of ALS used for funding purposes does not include childcare or transport to the college or provider, although it could include transport between different sites of the college or provider for learners with mobility difficulties.

473 Where most learners in a group appear to require additional help to succeed in their learning programme, this should be addressed in the design and delivery of the main learning programme or by reconsidering the choice of programme for these learners, rather than by applying the ALS mechanism. This would not, however, apply to discrete groups of learners with learning difficulties and/or disabilities.

474 Similarly, where it is apparent that an individual is following a programme at a level above that for which he or she has been assessed as capable of achieving, consideration should be given to a more appropriate choice of programme for the individual. ALS funding should not be used in such circumstances.

475 ALS should not be used to lengthen artificially the working week or working year

for learners where the college or provider has reduced the hours for the standard learning programme.

476 It is not intended that ALS should be used to deal with the everyday difficulties experienced by learners on their programmes (for example, an A-level mathematics learner experiencing difficulty with calculus), nor for such activities as preparing for university entrance.

477 Each college and provider should determine which elements of support are additional to those already offered in an individual's learning programme and could, therefore, be costed to substantiate the college's or provider's use of additional learning support funding. Where a learning programme is designed as discrete provision for individuals with learning difficulties and/or disabilities, there should be clear evidence of the provision of ALS before a claim for additional learning support can be considered.

478 The phrase "standard learning programme" refers to the actual learning programme that the learner is following alongside his or her peers. This may include elements of support delivered as part of the curriculum.

479 In many cases, a learner requiring ALS will have had a statement of educational need when a school pupil. Colleges and providers will wish, in designing a learning programme, to have regard to a learner's statement, which is likely to contain useful information.

480 The types of ALS provided for learners may include:

- additional teaching – either to reduce class sizes or to provide support in or out of the class
- other specialist staffing – for example, personal care assistant; mobility assistant; reader; note-taker; amanuensis in-class support assistant; dedicated technician (for supply, maintenance and training in the use of

equipment for learners with disabilities and/or learning difficulties); specialist tutor (for example, teacher of the deaf, or teacher of learners with dyslexia); communication support worker (for example, Brailist or support for deaf learners); additional tutor support for counselling and guidance for individual learners that relates to his or her disability; material adaptation worker; or educational psychologist

- funding for a speech therapist and a physiotherapist (where such support is identified in a learning agreement as necessary to enable a learner to achieve his or her learning aims, and meets the definition of ALS, such support should be funded by the college or provider and is eligible for ALS funding. Normally, the provision of such support should follow an assessment by an appropriately qualified person. Where speech therapy or physiotherapy is not identified in a learning agreement as necessary to enable a learner to achieve his or her learning aims and does not meet the definition of ALS, funding should be sought from the relevant health authority)
- assessment and review pre-entry and on entry, on-programme and on exit, where this involves specialist inputs or a higher level of input than that provided on the individual's learning programme
- personal counselling – where such support is necessary to enable a learner to achieve his or her learning goal
- transport between sites and to other off-site activities for learners with mobility difficulties, but not home-to-provider transport
- administration linked directly to individual learners that is in excess of

usual requirements – for example, time spent negotiating or delivering special examination facilities.

Equipment costs and depreciation

481 Whilst actual equipment costs cannot be reclaimed through the ALS mechanism, a depreciation charge for the equipment may be included. It should be calculated by dividing the actual cost of the equipment by the estimated number of years of its useful life. Only the appropriate element of depreciation for equipment used by the learner for the time it was used is eligible for ALS funding.

482 If the lease costs are a revenue charge – for example, for an operating lease – the proportionate cost of the lease charge is also eligible for ALS funding. Where a finance lease is used, the depreciation charge is calculated with reference to the capitalised value divided by the term of lease or useful economic life. This should be calculated by a provider's finance department, and must be shown in a provider's accounts.

Basic skills

483 Colleges and providers may claim funding for providing programmes in literacy, numeracy and language (ESOL) in one of three ways:

- i as a main programme for which the only learning aim is a set of objectives for basic literacy in English, to teach the basic principles of mathematics, or to improve the knowledge of ESOL
- ii the addition of an individually listed literacy, numeracy and language (ESOL) learning aim to a learner's main programme of study
- iii as ALS where the learner's programme has a learning goal that is not literacy, numeracy or language (ESOL), but where additional help in any of these areas is provided to the learner.

484 Option (ii), the addition of an individually listed literacy, numeracy and language (ESOL) learning aim to a learner's programme of study, should be adopted where it is in the learner's best interests and would have a positive effect on the learner's ability to achieve the main learning outcome.

485 Colleges and providers may not claim funding through the ALS mechanism in respect of basic skills support for learners who are already enrolled on literacy, numeracy or language (ESOL) learning aims.

Issues with the Current Approach

486 The current system for ALS in the FE sector requires providers to record the same level of claim information for each individual learner, regardless of the level of support required. The range and level of additional learning support provided to individual learners is costed by the provider. The total costs of this support are then compared to a table of ALS cost bands to identify the funding to be claimed per learner per year. The ALS cost bands are detailed in Annex L. Colleges and providers receive an amount of funding at the median level of the appropriate cost band. This process is seen to be overly bureaucratic.

487 ALS has also been a major area of concern raised by auditors. Issues previously highlighted have included eligibility for funding, and incomplete and/or inappropriate evidence to substantiate the funding claim.

Additional Learning Support Policy Statement

488 In April 2004, the LSC published a policy statement confirming the overall approach for ALS in the post-16 sector. The new arrangements have followed extensive consultation and development with the post-16 sector. Two stages of consultation between

February and November 2002 were followed by further research and development work with key stakeholders throughout 2003.

489 In order to avoid unnecessary duplication, the background and context leading to this approach are not reiterated here. They are, however, available on the newly established ALS section of the LSC's website at www.lsc.gov.uk/National/Documents/SubjectListing/FundingLearning/AdditionalLearningSupport/default.htm

Plan-led Funding

490 In March 2004, the LSC published Circular 04/02, *Plan-led funding for Further Education*, which reports the outcomes of consultation Circular 03/15, and outlines how the new arrangements for plan-led funding will be implemented in 2004/05. Further clarification of which colleges and providers are in scope and eligible for plan-led funding is provided in paragraphs 28–34 of Section 2.

491 Revised arrangements for the funding of additional learning support (ALS) will form a key element of the plan-led funding approach. Paragraphs 493–502 of this section detail the LSC's revised approach to funding ALS, which will apply to those colleges and providers in scope and eligible for plan-led funding. Paragraphs 504–519 detail the existing ALS arrangements that will apply to the small minority of colleges and providers not in scope or eligible for plan-led funding.

Additional Learning Support Costs Form

492 Two versions of the ALS costs form are available in 2004/05. The first reflects the new recording arrangements for claims above £4,500, as part of the plan-led funding arrangements. This will be referred to as the ALS Costs Form (PLF). This form should be used only by those providers in scope and eligible for plan-led funding. The second form,

ALS Costs Form (NIS), is the current version and will be used by providers that are not in scope of the plan-led funding arrangements. Guidance on completing these forms is contained in Annex J and Annex K respectively.

Additional Learning Support Arrangements for those Providers in Scope and Eligible for Plan-led Funding

493 The revised arrangements for ALS apply only to those colleges and providers eligible to benefit from the key elements of plan-led funding. Those colleges and providers that are not in scope should continue with the current operation of ALS, as described in paragraphs 504–519 of this section.

ALS block allocation

494 In order to reduce bureaucracy, the LSC has introduced a two-tier approach to funding ALS. Analysis of prior years' data demonstrates that 95 per cent of ALS claims in the FE sector are below £4,500. The current system requires colleges and providers to record the same level of information for each individual learner, regardless of the level of support required.

495 In 2004/05, those FE colleges and providers in scope and eligible for the plan-led funding approach will receive a block ALS allocation that will be based upon the level of ALS provided to learners in previous years. This will form part of the college's or provider's allocation as detailed on the provision and funding profile. At the negotiation stage, local LSCs will issue colleges and providers with an indicative block allocation for ALS. The appropriateness of this amount will be considered during the planning and funding dialogue, as will any requirements for growth, for example to take account of the college's or provider's intention to attract a particular group of learners with specific learning needs.

496 Colleges and providers will be expected to manage this budget to provide ALS for all learners requiring support above £170 for part-time learners, and £501 for full-time learners up to £19,000.

497 Within the college's or provider's allocation, the LSC will no longer require providers to make individual claim evidence available for claims up to £4,500, but would expect colleges and providers to maintain records of learner assessment, individual learning and support plans, monitoring, review and outcome records for learners who are allocated funding under ALS expenditure. These records should be in place as part of normal educational practice and should not therefore represent any increase in bureaucracy.

498 For claims over the £4,500 threshold, the LSC will require colleges and providers to complete the revised ALS costs form, which details a breakdown of support costs. Guidance for completing the form is contained in Annex J. This form is available for download from the ALS section of the LSC's website www.lsc.gov.uk/National/Documents/SubjectListing/FundingLearning/AdditionalLearningSupport/default.htm

Claims above £19,000

499 Where claims exceed £19,000, the college or provider should complete the revised ALS costs form and forward it to the local LSC.

500 The initial £19,000 of a claim will be resourced from the provider's block allocation, and additional payments will be made, where relevant, for the balance above £19,000. For example, if support needs were costed at £21,000, the provider would fund £19,000, with the remaining £2,000 coming from a separate budget held nationally.

Recording ALS in the ILR

501 The current threshold system requires colleges and providers to claim funding for additional learning support at or above £170

for part-time learners and £501 for full-time learners. This reflects the assumption that a degree of ALS is built into the national funding rates. Colleges and providers are expected to provide ALS to all learners with assessed and diagnosed additional learning support needs, but only where the costs of providing the ALS are in excess of these thresholds will the funding be “counted” as ALS.

502 There is no change to the way the ILR should be completed to record ALS. Values are required in field L31 (additional support cost) where the costs of ALS are at or above the thresholds of £170 or £501. It is also good practice to record ALS costs below these thresholds, but this remains optional.

Reviewing the New Arrangements

503 The LSC wishes to ensure that its new arrangements for ALS are effectively implemented and are fit for purpose. The LSC recognises the need for staff development in the areas of learners with learning difficulties and/or disabilities, ALS, and equality and diversity, and is in the process of establishing regional champions from its local LSC staff, who will develop their expertise in order to be able to advise local LSC colleagues and providers on:

- funding arrangements for ALS in each sector – its application, purpose and evidence requirements
- the *Disability Discrimination Act* (DDA), and its implications for colleges and providers and LSCs
- monitoring the effects of the revised approach
- supporting providers and local LSCs on ALS issues
- reviewing, with local LSC Provider Financial Assurance (PFA) teams, the evidence for claims above £19,000, where appropriate

- understanding, promoting and disseminating good practice and its indicators in meeting the needs of learners with learning difficulties and/or disabilities.

Additional Learning Support Arrangements for those Providers not in Scope for Plan-led Funding

Additional learning support costs form

504 Where the college or provider wishes to claim ALS, it should complete the standard ALS costs form. The form should be signed by a member of the provider’s staff and by the learner, as far as is practical. **Where obtaining a learner’s signature creates practical difficulties, the signature of the member of staff will be sufficient. Colleges and providers are asked to make a judgement about when only one signature is appropriate.**

505 The guidance notes on how to complete the ALS costs form and on the costing of ALS activities are given in Annex K. The form is available on the ALS section of the LSC’s website at www.lsc.gov.uk/National/Documents/SubjectListing/FundingLearning/AdditionalLearningSupport/default.htm

506 The form is intended to provide a standard framework against which colleges and providers may assess the extra needs of learners with learning difficulties and/or disabilities and the costs of assessing these needs. The costs should:

- be calculated net of any specific income received from other sources
- exclude the costs of staff training
- exclude support costs associated with learners enrolled at school and following link programmes in a provider.

Claiming funding for additional learning support

507 Claims for ALS funding will continue to be related to the ALS cost bands. The ALS bands and their corresponding cash values are set out in Annex L. The opportunity for colleges and providers to request support beyond £19,000 for a learner in a year is retained, as indicated in paragraph 499.

Calculating cash values

508 Colleges and providers should use the standard ALS costs form to calculate the costs incurred in meeting the extra needs of the particular learner. The total sum will enable colleges and providers to identify the appropriate ALS band to be claimed.

509 The cash values listed in Annex L relate to the cost of the ALS provided for the year, including programmes completed in less than one year. Where a programme is completed in one triannual period, all of the ALS costs can be claimed for that period. If the programme is completed in two triannual periods, half the ALS costs may be claimed for each period.

Thresholds

510 The thresholds for part-time and full-time full-year learners' costs remain at £170 and £501 respectively. Anticipated ALS costs must be at or above these levels before additional funding can be claimed. The definitions of full-time and part-time learners are given in Section 4. These thresholds will be applied on a per-period basis where the costs connected with the planned ALS provided for a learner meet or exceed the threshold for an ALS cost band. If the learner subsequently withdraws from his or her programme, the ALS rate can be claimed on a per-period basis. This will ensure that colleges and providers are still able to claim the appropriate proportion of funding for those learners who withdraw early and who may, therefore, fall below the annual threshold for ALS funding.

511 ALS claims should be calculated using the expenditure incurred in a triannual period.

This expenditure should be increased pro rata to reflect the number of triannual periods the learner is anticipated to complete in the academic year. This will give an estimated annual expenditure, which must exceed the relevant threshold values for ALS funding to be claimed.

512 If the annual expenditure does exceed the threshold value, the relevant annual cash sum may be claimed. The annual cash value should be claimed pro rata for each triannual period of the programme that the learner completes.

513 For example, suppose a learner on a programme planned for three triannual periods withdraws after completing only one period. If the actual amount spent in providing ALS during this period was £200, the additional learning support claim for the full learning programme would be calculated as the amount spent, multiplied up to the implied amount that would have been spent if the three triannual periods had been completed: that is, $£200 \times 3 = £600$.

514 Since £600 exceeds an annual support cost threshold (that is, £501–£1,000), the provider can claim 1/3 of the annual rate: that is, $£751 \times 1/3 = £250$.

515 Claims for ALS on a per-period basis are not eligible for funding where the planned costs of providing that support for the full learning programme in the academic year do not meet or exceed an appropriate ALS cost band.

516 Colleges and providers may apply to their local LSC for specific additional financial support for learners whose ALS costs exceed £19,000. In such cases, it will be necessary to demonstrate the need for such additional funds.

517 The LSC is prepared to make further ALS available to enable colleges and providers to maintain learner numbers (FTEs) whilst meeting the ALS needs of learners. Providers should discuss such a requirement with their local LSC as part of the process of agreeing their funding allocation.

Audit evidence

518 Where the college or provider wishes to claim ALS, the individual's learning agreement should give a summary of the additional support to be provided to the learner, and a copy of the ALS costs form should be retained with the learning agreement. It is intended that the form be retained by colleges and providers as auditable evidence in support of a claim for ALS. Care should be taken to ensure that planned expenditure does not make disproportionate use of public funds.

519 The college or provider should also be able to make available to its auditors sufficient evidence to show that the ALS claimed was made available to the learner.

Section 10: Distributed and Electronic Learning

The LSC's Approach

520 The Distributed and Electronic Learning Group (DELG) was established by the LSC in 2001 to provide advice on a range of issues with this type of learning, including funding. It considered a range of aspects of delivering distributed and electronic learning (DEL) and received evidence from a wide range of contributors. The report is available on the LSC's website at www.lsc.gov.uk under Documents/Subject Listing/Learning Cultures/Distributed and Electronic Learning/Report of the LSC's Distributed and Electronic Learning Group.

521 The DELG report recommended that the funding of DEL should, as far as possible, be the same as for more traditional learning. This has been accepted by the LSC and was implemented from 2003/04. The use of the 14 multiplier has been replaced by a process of costing provision and agreeing the appropriate funding rate with the local LSC. The process is described in detail in paragraphs 538–559 of this section.

Definition of Distributed and Electronic Learning

Distance learning

522 The following definitions provide further detail and explanation to those included in Section 4.

523 Distance learning is defined as delivery in which learners use specially prepared learning materials for their private study and are provided with active tutor support by suitably qualified staff. This enables learners successfully to achieve the qualification or, in the case of non-certificated or accredited learning aims, the intended outcome. Distance

learners are typically work- or home-based and have only occasional in-person contact with the provider, which typically may be by telephone or e-mail.

524 Distance learning involves a substantial amount of self-directed work. The learning materials and the support may be provided by paper-based correspondence, by video- or audiotape, or by accessing electronic materials online via the Internet or supplied on other media. The definition of distance learning does not include learning workshops, open access, or drop-in centres where the provider provides learning support and counselling facilities, together with access to materials and resources.

525 A distance-learning programme should include all of the following elements, in addition to the learning materials:

- initial assessment to ensure that the programme and the mode of delivery is appropriate to the needs of the learner
- induction
- specialist tutor support
- technician support where appropriate
- counselling and guidance
- additional learning support where necessary and appropriate
- clear identification of the delivery method in the programme literature and the learning agreement.

526 Distance learning offers flexibility to learners in the timing and location of study. There is considerable evidence to suggest that learners find it more difficult to achieve their learning goals using this approach unless they are very actively supported. The support should include a robust marking and comments service for their work, which may be in electronic form or on paper. It is expected that the marking and comments service should be provided by suitably

qualified subject tutors, who are additionally trained to support distance learners.

527 The marking service provided should include feedback on the programme content and assignments, and on the learner's literacy, numeracy and language skills where appropriate. Given the limited opportunities for oral and other informal interaction with learners, the feedback should be robust: that is, specific, detailed and focused on improvement. Feedback or formative assessment that is no more than an administrative process (for instance, online assessment tools, scoring multi-choice answer sheets or completing a pro forma marking template) will not meet the criteria for a robust written comments service. The tutor support may be provided face-to-face, on an individual basis or in a group; or by telephone, e-mail, videoconferencing or other electronic means.

e-learning

528 e-learning is learning that involves a substantial amount of information and communications technology, such as using computers and the Internet.

Open learning

529 The term "open learning" covers those forms of delivery that take place in learning-support workshops, open access and/or drop-in centres where the provider provides learning support and counselling facilities, together with access to materials and resources. Open-learning programmes are taught with specially prepared learning materials for private study, and provide a marking and comment service for written work. Open learners usually proceed through their programmes at a pace and in a sequence that individually suit them. The programme would normally be accompanied by some guidance and/or tutorial support. This term is not intended to apply to situations in which study is essentially home-based or remote and there is only occasional contact with the provider.

530 Colleges and providers should be realistic in the length of time assigned to a particular learning aim delivered by open learning. For example, for a learning aim that is normally delivered in 120 glh in a traditional setting, the provider should not seek to require learners to adopt an unreasonable attendance pattern that they are unlikely to achieve, and that does not necessarily meet their individual needs. It would be inappropriate for the provider to assign a notional study pattern of, say, 6 hours a week for 20 weeks and then to claim 120 glh regardless of the learner's actual attendance.

531 Colleges and providers should give particular attention to retention and achievement in this type of provision. The LSC may decline to fund programmes that constantly have very poor achievement or retention rates.

532 Colleges and providers should claim the national rates for listed or loadbanded learning aims, as shown in Annex A, for provision delivered using open learning methods.

Blended learning

533 The term "blended learning" describes a mix of learning-delivery methods, which includes some traditional learning, combined with distance, open and/or e-learning in a variety of proportions. Traditional learning approaches typically involve a group of learners starting and finishing together in time and at a particular physical location. Lecturers are responsible for the transmission of a sequential series of study elements through direct contact with learners using oral and written communication.

534 Evidence from inspection and elsewhere strongly suggests that distance learning is more effective when combined with some whole-group activity. Tutor and peer support have been identified as factors that aid retention and achievement. Conversely, low retention and achievement rates have been shown to be associated with programmes delivered exclusively by distance-learning methods.

Distributed and Electronic Learning Group report

535 The DELG report considered the approach to the funding of DEL. It made a number of recommendations, but in essence these are as follows.

- The delivery of DEL is different from traditional methods, but the funding of provision should be mode-free and should neither encourage nor discourage DEL.
- Capacity building, including capital costs and the training of staff, should be separate and not formula-driven, as initial costs are unusually high for e-learning.

536 The funding of DEL will therefore follow the general approach for funding FE: that is, funding rates are based on the costs necessarily incurred in the delivery of the learning aim. The LSC uses guided learning hours (glh) as a proxy for costs in determining funding rates.

Funding distributed and electronic learning

537 In the revised approach for funding DEL, colleges and providers are now required to estimate the costs of delivering the learning aims, which should be approved by local LSCs before learners are enrolled. The local LSC will include checks on the plausibility of estimated costs in the approval process.

538 The new approach for funding DEL will require colleges and providers to use a data collection and costs pro forma to advise the local LSC of the costs of delivering each programme. Colleges and providers are required to submit a pro forma to their local LSC prior to enrolling learners onto the provision. A data collection and cost pro forma, and guidance on its completion, are available on the LSC's website at www.lsc.gov.uk under Documents/Funding Learning/Further Education Guidance to Providers and Local LCSs on completing the

data collection form for loadbanded learning aims delivered by distance learning.

539 The LSC is looking to simplify funding arrangements for colleges and providers. Therefore, as an alternative to completing the costs pro forma, colleges and providers will be able to claim funding based on the weighted average number of glh in which the learning aim is delivered across the sector. The data includes learning aims with a listed rate as well as those funded through the loadbands. Data on glh is made available on the LSC's website www.lsc.gov.uk under Documents/Funding Learning/Further Education/Weighted Average Guided Learning Hours Spreadsheet.

540 For newly accredited qualifications, data on glh is provided by the QCA. Colleges and providers will also be able to base their claim for funding on these figures instead of completing the costs pro forma. Data on glh for newly accredited qualifications is available on the QCA "openQuals" website, www.openquals.org.uk

541 Where a provider is delivering a programme for which data is not available or where the number of glh differs significantly from the suggested or expected number of glh for that particular programme, providers should use the pro forma to record their estimates of the costs of delivering the provision in order to agree an appropriate funding rate.

542 In summary: colleges and providers that deliver learning aims by distance learning can therefore chose the method by which they agree the funding rate with the local LSC.

543 Colleges and providers that deliver learning aims with a listed funding rate by distance learning will be able to claim the listed rate.

544 Where colleges and providers consider the listed funding rate does not adequately reflect their costs of delivery, they can use the weighted-average glh data for the learning

aim to identify the appropriate loadband and claim this rate. This applies to learning aims with listed funding rates as well as those funded through the loadbands.

545 Where the learning aim has been accredited by the QCA and approved by the DfES for inclusion in Sections 96 and 97 of the *Learning and Skills Act 2000*, colleges and providers can use the glh figure for the learning aims stated on the QCA website to identify the appropriate loadband and related national base rate.

546 Where colleges and providers consider that none of the funding rates suggested by the "short cuts" adequately reflect their costs of delivery, they should complete the data collection and costs pro forma. However, to prevent delays in learners starting their programmes, colleges and providers and local LSCs can agree to fund the beginning of the course at an average glh figure.

547 Colleges and providers and/or awarding bodies should calculate average glh data and agree these with the Funding Rates and Costings Team at National Office.

548 A revised rate would then be agreed by the local LSC following receipt of a completed data collection and costs pro forma from the provider. It is expected that any revision of rates would be completed within two months of programmes commencing.

549 Some learning aims are not included in the list of weighted-average glh. If colleges and providers can clearly demonstrate evidence that the learning aims that are not included are equivalent in scale and volume to one that is included, with local LSC approval they will be able to agree funding based on the data relating to the equivalent qualification.

550 For all learning aims delivered by distance learning, an Agreement Form should be completed. The local LSC will want to be reassured that the level of funding agreed is similar to that currently being claimed for the provision.

If the level of funding from the listed rate, or one of the short cuts, is significantly different, the provider will need to demonstrate one of the following:

- a there has been a corresponding change in the levels of tutor: learner activity in course delivery
- b the current rate in 2003/04 was insufficient to cover costs necessarily incurred in delivering the course.

551 Assuming that the level of tutor: learner activity involved in the distance-learning programme is the same in 2004/05 as in 2003/04, the LSC would expect that the level of funding claimed in both years would be similar.

552 A signed Agreement Form confirms that both the provider and the local LSC have been involved in negotiating and determining the funding rate.

553 There are no funding caps on either distance learning or NVQs delivered in the workplace by support and assessment. Local LSCs are expected to exercise caution where colleges and providers start to claim a level of funding significantly different from the level of funding claimed in previous years.

554 The data collection and costs pro forma allows colleges and providers to identify, where appropriate, indirect and overhead costs associated with the learning aim. The guidance accompanying the data collection and costs pro forma states that the indirect and overhead costs requested in Section B of the form relate to the provision of the distance-learning course. The guidance then suggests that colleges and providers should not apportion costs related to premises usage. This appears to be inconsistent with the form. Colleges and providers can apportion premises costs, but only if the use of the premises can be clearly evidenced to be necessarily incurred in providing the distance-learning programme.

555 Where providers use the standard pro forma for distance-learning provision delivered by a franchise partner, local LSCs are advised to check the costings carefully. Colleges and providers should include the actual costs of the franchised partner's staff in their cost calculations. The Learner Information Suite may also apply a discount to the funding because it is franchised provision.

556 The intention is not to subject providers to a "double whammy", and therefore local LSCs are asked to confirm with their colleges and providers that in these situations the funding rate agreed does cover the costs necessarily incurred in the delivery.

557 The local LSC will apply credibility checks to the data, which will include comparison with the funding rate of the same learning aim delivered traditionally. It is expected that the funding rates for delivery by DEL will be close to the funding rates for delivery by traditional modes.

Funding parts of learning aims

558 Funding for units of learning aims delivered by distance learning will use the same process. Colleges and providers will be required to provide costing information in the same way as if the full learning aim was being delivered.

559 Where the provider delivers the whole learning aim by distance learning, it may claim funding for units of the learning aim on a proportional basis. For example, if the provider has agreed a funding rate of £540 for a learning aim of five units delivered by distance learning, it could claim £108 for a unit of the learning aim without compiling additional costing information.

Additional learning support

560 Additional learning support should be made available to distance learners in the same way as it should be for other methods of delivery. Section 9 provides further details.

Supporting activities

561 Opportunities for learners to interact with each other and for peer support are encouraged in all modes of learning. This has been demonstrated to improve learner retention and achievement.

NVQs

562 The LSC will not fund NVQs gained entirely by distance-learning methods, because of the nature of the assessment process.

Domicile

563 The residence criteria set out in Section 7 concerning learner eligibility for LSC funding apply equally to distance-learning provision.

Withdrawal

564 The guidance on learner participation and withdrawal in respect of traditional delivery applies to DEL. A learner should be considered to have withdrawn in accordance with Table 10.

Table 10 Criteria for learner withdrawal in DEL

For programmes of any length:	If he or she is known to have done so
For programmes of one week planned duration or less:	If he or she fails to participate in the programme at least once after enrolment. (In this event, no funding is claimable for this learner.)
For programmes of greater than 1 and less than 12 weeks planned duration:	If he or she fails to complete at least 50 per cent of the programme (for example, where the provider has no evidence of the learner's continued participation after the sixth week of a 12-week programme)
For programmes of 12 weeks or more planned duration:	If he or she has failed to make a planned contact and 4 weeks or more have elapsed
For all programmes:	The withdrawal date is the last date of actual participation

565 Participation or contact in the DEL context means:

- attendance at a centre or log-on to learning materials
- receipt of work or projects by the tutor (electronic or hard copy)
- any communication with the tutor that indicated that the learner was still active on his or her learning aim.

566 Colleges and providers and hubs should endeavour to confirm the status of any learner whose continued participation is in doubt.

567 Colleges and providers can claim full funding for learners who successfully complete their programmes in less time than the planned duration. It is expected that this will apply only to a small proportion of learners. Where this is not the case, the funding rate should be adjusted accordingly to reflect the time that learners spent in study.

Minimum course size

568 Whilst it is recognised that guided learning hours may not apply to DEL, it remains the case that there is a minimum size

of programme below which the LSC will not provide funding.

569 The minimum size of these DEL programmes will be based on comparison with traditional programmes of equivalent size. For example, the costs incurred in delivering DEL programmes should be at least equivalent to the national base rate for 6 glh for adults and 9 glh for learners aged 16–18 or basic skills provision for 16–18 part-time learners.

570 The LSC does not think it is appropriate to deliver 3-glh programmes by distance-learning methods. Only programmes of 6 glh or more are eligible for funding if delivered by distance learning.

Ufi Ltd

571 Ufi Ltd was established in April 1999. Its mission is to work with partners, through the **learnirect** and UK Online network, to boost the employability of individuals and the productivity and competitiveness of organisations by:

- inspiring existing learners to develop their skills further

- winning over new and excluded learners
- transforming the accessibility of learning in everyday life and work.

Aims Database at www.lsc.gov.uk under Partners/Provider Extranet/Learning Aims Database, and in Ufi's course price list at www.learndirect.co.uk

572 Ufi offers employers of all sizes and in all sectors, from large corporates to small businesses, the e-learning tools to develop the skills of their workforce. Through **learndirect** it also targets hard-to-reach learners who for a variety of reasons feel excluded from traditional education and training. Its extensive range of learning opportunities includes *Skills for Life* courses, covering numeracy, ICT and literacy for those with qualifications below Level 2, and the specific needs of those with a first language other than English. Advanced IT, business management and language modules are also available. Though the majority of **learndirect** learning opportunities offer short-learning aims without externally accredited outcomes, tailored packages can be created that lead to externally accredited certification. Most, but not all, learning aims are accessed online.

573 A national network of learning centres offer learning programmes under the brand name '**learndirect**' organised in clusters called hubs, most of which operate within a defined geographical area. Some hubs serve a particular industrial or employment sector across England. Ufi also operates in Wales and Northern Ireland.

Types of **learndirect** learner

574 **learndirect** provision is intended primarily for adult learners, although in exceptional circumstances individual 16–18-year-old learners may be funded for **learndirect** provision. However, individuals of this age recruited regularly or systematically and groups of 16–18-year-old learners should not be funded for **learndirect** provision.

Funding rates for **learndirect**

575 All **learndirect** learning aims are listed. The rates are published in the LSC's Learning

Section 11: European Social Fund

The Funding Calculation for European Social Fund Traditional Projects in 2004/05

576 Traditional European Social Fund (ESF) projects in FE are directly funded by the Government Office. The term “traditional” is used to distinguish these projects from those funded through the co-financing arrangements. In traditional projects, ESF has or will be secured through a direct application to Government Offices by an FE provider (or where an FE provider is a third party to a direct application) and where LSC funds may have been or may be used as match funding for ESF. Such traditional ESF projects are not covered by the LSC’s co-financing arrangements.

577 It is intended that all ESF-supported activity for which LSC funds are used as match funding will become part of the LSC’s co-financing approach. The guidance relating to traditional ESF projects will therefore only apply whilst such projects are supported by LSC match funding.

Aim

578 The LSC is seeking to ensure that:

- colleges and providers are confident that retaining ESF monies, even when in a position of under-achievement against funding agreement, will not adversely affect future funding allocations
- the activity in an ESF project that could be eligible for recurrent LSC funding is properly funded according to ESF requirements to reflect costs and

match levels. The appropriate funding levels are essentially determined by the ESF project rather than by the LSC’s national funding rates.

Impact of European Social Fund on Further Education Allocations

579 *Guidance on Further Education Funding Eligibility and Rates 2001/02*, paragraph 181, states:

“The LSC does not wish to discourage colleges and providers from securing income from sources other than the LSC. Where a provider succeeds in securing other income, including ESF grant, the LSC does not take it into account in determining the distribution of LSC funds, neither will it seek to recover such income from a provider.”

580 The LSC will not, therefore, take into account underperformance against funding agreement in the allocation of future funds where the under-performance relates directly to the receipt of funds from other sources such as ESF. Colleges and providers are encouraged to retain the relevant ESF monies and to discuss their position with the local LSC.

581 Both colleges and providers and the local LSC will wish to ensure that future funding allocations reflect plans for provision and overall funding income, but underachievement as a result of ESF-supported activity will not affect future funding allocations.

Approach to Calculating LSC Match Funding

582 The level of LSC funding available as match to support the costs of delivering learning provision in ESF projects can be increased where appropriate to ensure that the costs of delivering learning provision, as detailed in the ESF project, are met.

583 This approach will enable the cost of the "training element" of traditional ESF projects to be met by LSC funding, provided that the overall project level of match funding is not exceeded. The training element or training activity is that part of the ESF project for which recurrent LSC funding would normally be available (that is, eligible learning provision) and includes teaching, management, materials, accommodation and other costs.

584 This approach is used to ensure that the funding generated through the LSC's normal funding mechanism is adjusted to meet the cost of the training element of the ESF project.

585 Learners on ESF-supported projects will not automatically attract the disadvantage uplift.

586 The mechanism for adjusting the level of funding available for learners on ESF-supported projects reflects the introduction of the new formula funding approach for FE in 2002/03. This mechanism utilises individual learner record (ILR) field A12 (implied rate of LSC funding), which can be adjusted to ensure that an appropriate level of LSC match funding is generated. Where appropriate, an FE provider can adjust the level of funding by applying the methodology detailed here.

587 The total amount of funding available from the LSC as match to a provider remains limited to the funding allocation and any extra funding that has been made available by the LSC to reflect additional activity that is not already funded by ESF.

Conditions

588 The following conditions must be met.

- The provider must be able to demonstrate that such expenditure had been or would be incurred and that the ESF had brought or would bring added value to the project.

- The LSC funding used as match must all relate to the training element, and therefore relate to activity that is eligible for LSC funding.
- The total funding claimed to support the training element costs cannot exceed 100 per cent of the full level of LSC funding available for the learning provision (that is, the relevant national rate for the learning aim).
- The total funding claimed from the LSC must not exceed the match funding level of the project (typically 55 per cent).

589 The use of this mechanism should be discussed with the local LSC, although colleges and providers are not required to obtain approval before applying this mechanism.

Audit Arrangements

590 Colleges and providers are reminded that ESF funding is dependent on the provider proving added value, and auditors may wish to review relevant parts of the provider's funding claim.

Procedure to Obtain the Correct LSC Match Funding

Summary

591 Each ESF project will require a funding match that the provider is required to obtain from non-ESF sources. The match may come from LSC funding or from other sources. The procedures set out here should be used to determine the LSC element of the match. All LSC funding claimed must relate to relevant eligible training activity. The methods are intended to make use of the ILR and the Learner Information Suite (LIS), and should not require manual adjustments to the funding calculation.

592 The method uses field A12 in the individualised learner record (ILR), which records the implied rate of LSC funding for traditional ESF projects. This is related to field A11, which records the calendar year in which the ESF funding applies and the objective of the ESF project.

593 The calculation method is based on a simple division of the match funding required in the ESF project by the FE funding that the LSC would normally provide.

Details of the method

594 The match funding for these learners is generated by amending ILR field A12 (implied rate of LSC funding) for each learner involved. The adjustment is likely to be different for every programme involved, and may be different for individual learners within each programme.

595 The relevant adjustment figure should be applied to ILR field A12 for each learner on the programme.

596 This procedure should be applied to every ESF learner with the college or provider, and some colleges and providers have developed systems to do this.

597 However, some colleges and providers have stated that calculating the value for each individual learner is burdensome. The LSC will accept funding claims based on overall ESF project activity and patterns of total eligible expenditure relevant to training, to give a generic adjustment to all ESF learners. Such calculations are likely to be monitored closely to ensure that the correct level of funding is being claimed, and should be discussed with the provider's auditors.

The calculation

598 A stepwise approach for the calculation is shown below. The method is best demonstrated using a worked example. The example is based on an ESF project involving 500 glh of learning at programme weighting factor B. The total project value is £52,500 and there are 15 beneficiaries.

Stepwise calculation method

599 The key points in this example are as follows.

- The example involves an ESF training project with 15 beneficiaries.
- The total project value is £52,500.
- The intervention rate for the funding match is 55 per cent.
- The length of study is 500 guided learning hours, over the whole of one academic year.
- The programme weighting is B (1.12).
- The learner has a disadvantage uplift of 8 per cent related to deprivation, assessed through the learner's home address.
- The provider has an area uplift of 3 per cent.
- The provider is not a specialist college.
- The learners do not receive additional learner support.

Table 11: ESF step-wise calculation method

Step in the calculation	Algebraic	Example Calculation
ESF match required		
Total project value	A	£52,500
Number of beneficiaries	B	15
Intervention rate	C	55%
Total value per beneficiary	$D = A / B$	$£52,500 / 15 = £3,500$
Match-funding required per beneficiary	$E = D \times C$	$£3,500 \times 55 \text{ per cent} = £1,925$
Normal FE funding		
National base rate using loadbanded method for a 500 glh learning aim	F	£2,394
Apply programme weighting (PW)	$G = F \times PW$	$£2,394 \times 1.12 = £2,681$
Apply disadvantage uplift (DU)	$H = G \times DU$	$£2,681 \times 1.08 = £2,895$
Apply area uplift (AU)	$J = H \times AU$	$£2,895 \times 1.03 = £2,982$
Full national rate for this learning aim	J	£2,982
<i>Find the implied rate of funding to be recorded in ILR field A12 (implied rate of LSC funding)</i>	$K = E / J$	$£1,925 / £2,982 = 65\%$
Value of record in ILR field A12	K	065

Table 12: ESF example calculations

No disadvantage or area uplifts apply to courses A, B, D and E; course C is the example in Table 11.

Course	GLH	Wt	ESF rate	Match needed	LSC rate	Implied A12	Actual A12
Course A	33	A	£231	£127	£214	59%	59%
Course B	150	D	£1,050	£578	£1,277	45%	55%*
Course C	500	B	£3,500	£1,925	£2,982	65%	65%
Course D	450	B	£3,150	£1,733	£2,681	65%	65%
Course E	30	A	£210	£124	£214	58%	58%

*adjusted as a minimum to the intervention rate - 55 per cent in this example

Comments

600 ILR field A12 is able to store two values that relate to the ESF projects defined in field A11. This enables different parts of the academic year to have different values, and should enable the "academic versus calendar year" issue that exists in some ESF projects to

be addressed. For instance, suppose a learner begins studying in September and plans to end the following July. If the ESF support is only for September to December, then this will be defined in A11, and A12 will be used to calculate the ESF match for the first calendar year involved.

601 For some learners, as in course B in the example calculations above, A12 is lower than the intervention rate. This means that the implied level of funding for the learning aim in the ESF project is lower than the usual level of LSC funding. Colleges and providers may record the ESF intervention rate (such as 55 per cent) in field A12 in these cases, so as not to receive reduced funding as a result of offering an ESF project.

602 For some learners, the value required for A12 could be above 100 per cent. The value is limited to a maximum 100 per cent.

603 ESF beneficiaries no longer receive automatic uplifts for disadvantage. Any anticipated higher costs for teaching ESF-supported learners should be included in the ESF project bid.

604 In the method, learners eligible for disadvantage uplifts and colleges and providers with area uplifts will generate lower values for A12. This reflects the intention to generate the correct match determined by the ESF project. Higher costs for teaching such learners or delivering provision in the area should be included in the ESF project bid.

Annex A: Further Education Listed and Load Banded Rates for 2004/05

Table 13 FE Listed Rates 2004/05 (whole learning aim)

Qualification	National Base Rates (inc assumed fee element)						Basic skills (1.4)
	Assumed fee element	A (1.0)	B (1.12)	C (1.3)	D (1.6)	E (1.72)	
EDEXCEL National Diploma (18 units)	£1,435	£5,741	£6,430	£7,463	£9,185	£9,874	
EDEXCEL National Certificate (12 units)	£1,156	£4,625	£5,180	£6,013	£7,401	£7,956	
EDEXCEL National Award (6 units)	£599	£2,394	£2,681	£3,112	£3,831	£4,118	
EDEXCEL First Diploma (6 units)	£599	£2,394	£2,681	£3,112	£3,831	£4,118	
OCR National Extended Diploma Level 3 (18 units)	£1,435	£5,741	£6,430	£7,463	£9,185	£9,874	
OCR National Diploma Level 3 (12 units)	£1,156	£4,625	£5,180	£6,013	£7,401	£7,956	
OCR National Certificate Level 3 (6 units)	£599	£2,394	£2,681	£3,112	£3,831	£4,118	
OCR National Certificate Level 2 (6 units)	£599	£2,394	£2,681	£3,112	£3,831	£4,118	
GNVQ: Foundation or Intermediate	£599	£2,394	£2,681	£3,112	£3,831	£4,118	
Vocational GCSE studied in the day	£301	£1,204	£1,349	£1,565	£1,927	£2,071	
Vocational GCSE studied in the evening	£196	£783	£877	£1,018	£1,253	£1,346	
Vocational A-Level (Advanced Vocational Certificate of Education Double Award (12 units))	£1,156	£4,625	£5,180	£6,013	£7,401	£7,956	
Vocational A-Level (Advanced Vocational Certificate of Education) Advanced Level (6 units)	£598	£2,394	£2,681	£3,112	£3,830	£4,117	
Vocational A-Level (Advanced Vocational Certificate of Education) Advanced Subsidiary (3 units)	£299	£1,197	£1,341	£1,556	£1,915	£2,059	
Each additional NVQ or GNVQ unit		£117	£131	£152	£188	£202	
GCE AS-level or A2-level studied during the day (except General Studies)	£191	£766	£857				
Key skills qualifications (Application of Number, Communications and ICT)	£54	£214	£240				£300

Table 13 FE Listed Rates 2004/05 (whole learning aim) (continued)

Qualification	National Base Rates (inc assumed fee element)						Basic skills (1.4)
	Assumed fee income	A (1.0)	B (1.12)	C (1.3)	D (1.6)	E (1.72)	
GCE AS- or A2-level in General Studies (day or evening)	£92	£369	£414				
GCE AS- or A2-level studied during the evening (excluding General Studies)	£134	£536	£601				
GCSE studied during the day	£138	£553	£619				
GCSE studied during the evening	£98	£392	£439				
Short-course GCSE studied during the day	£86	£342	£363				
Short-course GCSE studied during the evening	£59	£237	£265				
Access to Higher Education (studied at a rate of over 150 glh per triannual period for 3 or more periods)	£691	£2,766	£3,097	£3,595	£4,425	£4,757	
3-guided-learning-hour courses (ICT and basic skills)	£8		£37				£54
International Baccalaureate		£6,890	£7,717				

Comments

The table above shows a selection of the indicative new rates (rounded to the nearest £).

The complete list of rates will be supplied with the learning-aims database to be published on the LSC's website.

The figures for 2004/05 include an element for entry funding that is now incorporated into the national rate.

In 2004/05, approved basic skills courses will have a weight of 1.4.

Entitlement for 16–18-year-old learners will be funded at £747, which includes core funding and fee remission.

Achievement funding for the key skills element in entitlement will be funded at 10 per cent of the appropriate key skills national base rate.

Loadbanded rates for FE in 2004/05

GLH Range		Assumed fee element	Programme Weightings					Basic Skills
			A (1.0)	B (1.12)	C (1.3)	D (1.6)	E (1.72)	
6	8	£15	£59	£66	£77	£95	£102	£83
9	13	£22	£89	£99	£115	£142	£153	£165
14	19	£28	£112	£126	£146	£180	£193	£165
20	29	£34	£135	£151	£175	£216	£232	£208
30	39	£54	£214	£240	£279	£343	£369	£343
40	49	£63	£253	£284	£329	£405	£436	£394
50	59	£73	£292	£328	£380	£468	£503	£448
60	89	£92	£369	£414	£480	£591	£635	£552
90	119	£142	£567	£635	£737	£907	£975	£794
120	149	£170	£682	£764	£886	£1,091	£1,173	£995
150	179	£199	£798	£894	£1,037	£1,277	£1,372	£1,117
180	209	£228	£914	£1,024	£1,188	£1,462	£1,572	£1,280
210	239	£257	£1,030	£1,154	£1,339	£1,648	£1,772	£1,442
240	269	£286	£1,146	£1,284	£1,490	£1,834	£1,971	£1,604
270	299	£316	£1,262	£1,413	£1,641	£2,019	£2,171	£1,767
300	329	£345	£1,378	£1,543	£1,791	£2,205	£2,370	£1,929
330	359	£373	£1,493	£1,672	£1,941	£2,389	£2,568	£2,090
360	389	£402	£1,609	£1,802	£2,092	£2,574	£2,767	£2,252
390	419	£431	£1,725	£1,932	£2,242	£2,760	£2,967	£2,145
420	449	£460	£1,841	£2,062	£2,393	£2,945	£3,166	£2,577
450	479	£598	£2,394	£2,681	£3,112	£3,830	£4,117	£3,579
480	509	£598	£2,394	£2,681	£3,112	£3,830	£4,117	£3,579
510	539	£598	£2,394	£2,681	£3,112	£3,830	£4,117	£3,579
540	569	£598	£2,394	£2,681	£3,112	£3,830	£4,117	£3,579
570	599	£605	£2,420	£2,710	£3,146	£3,872	£4,162	£3,579
600	629	£626	£2,503	£2,803	£3,254	£4,004	£4,305	£3,579
630	659	£646	£2,584	£2,895	£3,360	£4,135	£4,445	£3,618
660	689	£667	£2,667	£2,987	£3,467	£4,268	£4,588	£3,734
690	719	£687	£2,749	£3,079	£3,574	£4,398	£4,728	£3,849
720	749	£708	£2,831	£3,170	£3,680	£4,529	£4,869	£3,996
750	779	£728	£2,914	£3,263	£3,788	£4,662	£5,011	£4,152
780	809	£749	£2,995	£3,355	£3,894	£4,792	£5,152	£4,308
810	839	£770	£3,078	£3,447	£4,001	£4,925	£5,294	£4,466
840	869	£790	£3,160	£3,539	£4,108	£5,056	£5,435	£4,621
870	899	£811	£3,243	£3,632	£4,215	£5,188	£5,577	£4,778
900	929	£831	£3,324	£3,723	£4,322	£5,319	£5,718	£4,934
930	959	£852	£3,406	£3,815	£4,428	£5,450	£5,858	£5,092
960	989	£872	£3,489	£3,908	£4,536	£5,582	£6,001	£5,247
990	1019	£893	£3,571	£3,999	£4,642	£5,713	£6,141	£5,403

Annex B: Programme Weightings by Subject Codes

Different qualifications in some sub-categories may attract different programme-weighting factors. This Annex shows the most likely programme-weighting factors. The **learnirect** codes that have replaced the superclass II codes are indicated.

Individual qualifications should be checked against the latest version of the learning-aims database. Where anomalies in the database are identified, colleges and providers are asked to notify their local LSC.

Code	Title	Most likely programme weighting factor
A	Business / management / office studies	
AA	business / finance	A
AB	management (general)	A
AC	public administration	A
AD	international business studies	A
AE	enterprises	A
AF	management skills (specific)	A
AG	management planning and control systems	A
AJ	human resources management	A
AK	financial management / accounting	A
AL	financial services	A
AM	call centres	A
AY	office skills / administration	A
AZ	typewriting / shorthand / secretarial skills	A
B	Sales marketing and retailing	
BA	marketing / PR	A
BB	export / import / European sales	A
BC	retailing / wholesaling / distributive trades	A
BD	retailing: specific types	A
BE	sales work	A
BF	e-commerce	A

Code	Title	Most likely programme weighting factor
C	Information technology and information	
CJ	computer technology	B
CK	computer science / computer systems	B
CL	software engineering	B
CM	computer operations	B
CN	computer use	B
CP	using software and operating systems	B
CQ	using text / graphics / multimedia software	B
CR	using Internet software	B
CS	software for specific subjects / industries	B
CX	information work / information use	A
CY	information systems / management	B
CZ	libraries / librarianship	A
D	Humanities (history / archaeology / religious studies / philosophy)	
DA	humanities / general studies / combined studies	A
DB	history	A
DC	archaeology	B
DD	religion	A
DE	philosophy	A
DF	classics	A
E	Politics / economics / law / social sciences	
EA	government / politics	A
EB	economics	A
EC	law	A
ED	social sciences	A
EE	social studies	A
F	Area studies / cultural studies / languages / literature	
FB	culture / gender / folklore	A
FC	literature	A
FJ	linguistic studies	A
FK	languages	A
FM	area / diaspora studies	A
	all English for speakers of other languages (ESOL)	1.4

Annex B: Programme Weightings by Subject Codes

Code	Title	Most likely programme weighting factor
G	Education / training / teaching	
GA	education / training / learning (theory)	B
GB	teaching / training	B
GC	teaching / training: specific subjects	B
GD	education / school administration	B
GF	careers / education guidance work	B
H	Family care / personal development / personal care and appearance	
HB	personal and self development	A
HC	career change / access	A
HD	basic skills	1.4
HE	personal finance / consumerism / rights	A
HF	parenting / carers	A
HG	people with disabilities: skills / facilities	B
HH	crisis / illness / self-help	A
HJ	personal health / fitness / appearance	A
HK	therapeutic personal care	C
HL	hair / personal care services	C
J	Arts and crafts	
JA	art studies	C
JB	art techniques / practical art	C
JC	design (non-industrial)	C
JD	museum / gallery / conservation skills and studies	B
JE	collecting / antiques	B
JF	arts and crafts: leisure / combined	B
JG	decorative crafts	B
JH	decorative metal crafts / jewellery	C
JK	fashion / textiles / clothing (craft)	C
JL	fabric crafts / soft furnishings	C
JP	wood cane and furniture crafts	D
JR	glass / ceramics / stone crafts	C
K	Communication / media / publishing	
KA	communication / media	A
KB	communication skills	A

Code	Title	Most likely programme weighting factor
KC	writing (authorship)	A
KD	journalism	A
KH	print and publishing	D
KJ	moving image / photography	C
L	Performing arts	
LA	performing arts (general)	B
LB	dance	B
LC	theatre and dramatic arts	B
LD	variety circus and modelling	B
LE	theatre production	C
LF	music history / theory	B
LG	music of specific kinds / cultures	B
LH	music performance	E
LJ	music technology	D
M	Sports games and recreation	
MA	sports studies / combined sports	B
MB	air sports	B
MC	water sports	B
MD	athletics gymnastics and combat sports	A
ME	wheeled sports	B
MF	winter sports	B
MG	ball and related games	A
MH	country / animal sports	E
MJ	indoor games	B
N	Catering / food / leisure services / tourism	
NA	hospitality / catering (general)	C
NB	food / drink services	C
NC	catering operations	C
ND	hospitality operations	C
NE	baking / dairy / food and drink processing	C
NF	cookery	C
NG	home economics	C
NH	food science / technology	B

Annex B: Programme Weightings by Subject Codes

Code	Title	Most likely programme weighting factor
NK	tourism / travel	A
NL	leisure / sports facilities work	A
NM	country leisure facilities work	E
NN	arts / culture / heritage administration	A
	all NVQs in baking and food preparation	D
P	Health care / medicine / health and safety	
PA	health care management / health studies	B
PB	medical sciences	B
PC	complementary medicine	B
PD	paramedical services / supplementary medicine	A
PE	medical technology / pharmacology	B
PF	dental services	B
PG	ophthalmic services	B
PH	nursing	B
PJ	semi-medical / physical / physio / therapies	B
PK	psychology	A
PL	health and safety	B
PR	social / family / community work	B
PS	crisis support / counselling / advice work	B
PT	caring skills	B
PV	first aid	B
Q	Environment protection / energy / cleansing / security	
QA	environmental protection / conservation	B
QB	energy economics / management / conservation	B
QC	pollution / pollution control	B
QD	environmental health / safety	B
QE	cleansing	B
QG	funerary services	A
QH	security / police / armed forces	A
QJ	fire and rescue services	B
R	Sciences and maths	
RA	science	B
RB	mathematics	A

Code	Title	Most likely programme weighting factor
RC	physics	B
RD	chemistry	B
RE	astronomy / space science	B
RF	earth sciences	B
RG	land and sea surveying / cartography	C
RH	life sciences	B
RJ	materials science	B
RK	agricultural science	B
RL	pathological science	B
S	Agriculture / horticulture / animal care	
SA	agriculture / horticulture (general)	E
SC	crop protection / fertilisers / by-products	E
SD	crop husbandry	E
SE	gardening / floristry	E
SF	amenity horticulture	E
SG	forestry / timber production	E
SH	animal husbandry	E
SJ	fish production / fisheries	E
SK	agricultural / horticultural engineering / farm machinery	D
SL	agricultural / horticultural maintenance	E
SM	rural / agricultural business organisation	B
SN	veterinary services	D
SP	pets / domestic animal care	D
SQ	land based studies	E
T	Construction and property (built environment)	
TA	built environment (general)	C
TC	property: surveying / planning / development	A
TD	building design / architecture	B
TE	construction	C
TF	construction management	C
TG	building / construction operations	C
TH	building maintenance / services	C
TJ	interior design / fitting / decoration	C

Annex B: Programme Weightings by Subject Codes

Code	Title	Most likely programme weighting factor
TK	construction site work	C
TL	civil engineering	C
TM	structural engineering	C
	all NVQs in construction	D
V	Services to industry and commerce	
VD	quality and reliability management	A
VE	industrial control / monitoring	C
VF	industrial design / research and development	C
VG	engineering services	C
VH	facilities management	A
VJ	contracting (business / industry)	A
	all NVQs in engineering services	D
W	Manufacturing / production work	
WA	manufacturing (general)	C
WB	manufacturing / assembly	C
WC	instrument making / repair	C
WD	testing measuring and inspection	C
WE	chemical products	B
WF	glass / ceramics / concretes manufacture	C
WG	polymer processing	C
WH	textiles / fabrics (industrial)	D
WJ	leather footwear and fur	D
WK	woodworking / furniture manufacture	C
WL	paper manufacture	C
WM	food / drink / tobacco (industrial)	C
	all manufacturing NVQs (WA and WB)	D
X	Engineering	
XA	engineering / technology	C
XD	metals working / finishing	C
XE	welding / joining	D
XF	tools / machining	C
XH	mechanical engineering	C
XJ	electrical engineering	C

Code	Title	Most likely programme weighting factor
XK	power / energy engineering	C
XL	electronic engineering	C
XM	telecommunications	C
XN	electrical / electronic servicing	C
XP	aerospace / defence engineering	C
XQ	ship and boat building / marine / offshore engineering and maintenance	C
XR	road vehicle engineering	C
XS	vehicle maintenance / repair / servicing	C
XT	rail vehicle engineering	C
	all NVQs in engineering	D
Y	Oil / mining / plastics / chemicals	
YA	mining / quarrying / extraction	C
YB	oil and gas operations	C
YC	chemicals / materials engineering	B
YD	metallurgy / metals productions	B
YE	polymer technology	C
Z	Logistics / distribution / transport / driving	
ZH	logistics	A
ZN	purchasing / procurement and sourcing	A
ZP	distribution	A
ZQ	transport services	A
ZR	aviation	A
ZS	marine transport	A
ZT	rail transport	A
ZV	road transport	A
ZX	driving / road safety	A
	GCE A levels, GCE AS levels, GCSEs and short-learning aim GCSEs with the exception of those listed below	A
	Agricultural science	B
	Applied physics	B
	Archaeology	B
	Art and design	B
	Astronomy	B

Annex B: Programme Weightings by Subject Codes

Code	Title	Most likely programme weighting factor
	Biology	B
	Botany	B
	Building studies	B
	Catering	B
	Chemistry	B
	Communications studies	B
	Computer science	B
	Craft and design	B
	Dance	B
	Design and technology	B
	Drama	B
	Earth science	B
	Electronics	B
	Engineering	B
	Engineering and technology	B
	Environmental science	B
	Fashion and textiles	B
	Film studies	B
	Geography	B
	Geology	B
	Graphical communication	B
	Home economics	B
	Human biology	B
	Information studies	B
	Information technology	B
	Land surveying	B
	Marine navigation	B
	Media studies	B
	Meteorology	B
	Motor vehicle	B
	Music	B
	Performing arts	B
	Photography	B

Code	Title	Most likely programme weighting factor
	Physics	B
	Psychology	B
	Science	B
	Social biology	B
	Textiles	B
	Theatre studies	B
	Zoology	B

Annex C: Calculation of Performance-related Funding in 2004/05

The Policy Context

1 In line with the policy in *Success for All*, additional funding is available to colleges and other providers as an investment to support reform. Circular 03/16, *Success for All: Recognising and Rewarding Excellence in Colleges and other Providers of Further Education – Arrangements for Premium Rate Funding*, sets out the eligibility criteria for the assessment of premium funding. In 2004/05, only FE colleges and former external institutions will be eligible for premium funding. Supplementary guidance on the methodology for assessment of premium funding will be placed on the LSC's website.

2 In 2003/04, funding was increased by 2 per cent above inflation for all providers, on the basis that three-year Development Plans were agreed with the local LSC. This funding will be consolidated into future years' allocations for all eligible providers.

3 In 2004/05 the premium rate will represent a 3.5 per cent increase in real terms, compared with the standard-rate real-terms funding increase of 2.5 per cent. Funding provided in 2004/05 will be consolidated into future years' funding allocations.

Operation of Performance-related Funding

4 The principles relating to the application of premium funding have been discussed

through the National Rates Advisory Group (NRAG). Based upon the LSC's expectation that the majority of providers will receive funding at the standard rate (2.5 per cent), the NRAG has recommended that the FE funding formula be used to operate performance-related funding.

5 Performance-related funding in 2004/05 will operate in the following way.

- The national base rate will be increased by 5 per cent (this is 2.5 per cent inflation plus 2.5 per cent standard-rate funding).
- Provider *Success for All* factors will be introduced into the funding formula. Those values are set to calculate the appropriate funding rate (that is, inflation-only, standard rate or premium rate).

Calculating the 2004/05 *Success for All* Factors

6 Colleges' and providers' eligibility to receive premium funding will be assessed through the spring 2004 performance review. Those colleges and providers that are assessed as being in serious concerns in the spring 2004 performance review will be given inflation-only funding.

7 By increasing the national base rate by 5 per cent in 2004/05, the majority of colleges

and providers will require no funding adjustment within the funding formula. For these colleges and providers, a factor of 1 will be used, as in the case for all colleges and providers not receiving any area-cost or specialist-college funding uplift.

8 For all other colleges and providers, funding is either increased because they are eligible for the premium rate, or reduced because they are eligible for the inflation only increase.

Table 1: Success for All funding factors – 2004/05

Provider's funding in 2003/04	£M £10.00	2004/05 funding based on proposed published rates (including inflation)	£M £10.50	How factor is calculated
2004/05 standard funding $£10.00 \times 5\%$ (including inflation)	£10.50	Standard funding factor	1.0000	$£10.50/£10.50$
2004/05 premium funding $£10.00 \times 6\%$ (including inflation)	£10.60	Premium funding factor	1.0095	$£10.60/£10.50$
2004/05 inflation-only funding $£10.00 \times 2.5\%$	£10.25	Inflation-only funding factor	0.9762	$£10.25/£10.50$

9 In the example above, colleges and providers receiving standard-rate funding will have a factor of 1, because of the consolidation of the 5 per cent (including inflation) into the base rate. Adjustments to the factor are required only where funding eligibility is above or below this level.

10 The funding factors in 2004/05 are also influenced by eligibility for the consolidated 2 per cent *Success for All* funding in 2003/04. Those providers not eligible for the 2 per cent in 2003/04 will be subject to manual adjustment to their 2003/04 final funding claim; in 2004/05, funding will be adjusted through the new factor.

11 The full list of possible factors in 2004/05 is as follows:

Table 2

		Inflation-only	Standard rate	Premium rate
Development Plan agreed	1.0000	0.9762	1.0000	1.0095
Development Plan not agreed	0.9804	0.9570	N/A	N/A

12 Where Development Plans have not been agreed, inflation-rate funding is reduced, removing the 2 per cent *Success for All* funding provided in 2003/04 and consolidated into the 2004/05 funding rates. This factor is calculated as follows:

Table 3

	Factor	How the factor is calculated
Inflation-only	0.9570	0.9762 / 1.02

13 The performance-related funding factor applying to each provider will be incorporated in the 2004/05 FE funding allocation and represented along with area and specialist-college factors.

Payment of premium funding

14 Based upon the assessment made in the spring 2004 performance review, colleges and providers will be notified of the additional funding within the final funding allocation.

15 Additional funding will be calculated based upon confirmed allocations for 2004/05 agreed with the local LSC and that have been agreed using inflation-only funding.

16 Below is a worked example of how the additional funding will be calculated in confirming final 2004/05 funding allocations.

Example of how the funding allocation should be calculated for 2004/05

Institution's funding in 2003/04	£M £10.00	2004/05 funding based on proposed published rates (including inflation)	£M £10.50	How factor is calculated
Confirmed indicative allocation (including inflation-only)	£10.25	Inflation-only funding factor	N/A	N/A
2004/05 standard funding (including inflation)	£10.50	Standard funding factor applied to indicative allocation	1.0244	$£10.50/£10.25$
2004/05 premium funding (including inflation)	£10.60	Premium funding factor applied to indicative allocation	1.0341	$£10.60/£10.25$

Annex D: Jobseekers' Allowance, Tax Credits and Pension Credits

Jobseekers' Allowance

1 The Jobseekers' Allowance (JSA) Regulations 1996 contain rules on study by people who are unemployed and receiving benefit. Full-time learners (excluding those on programmes enabling them to study on a full-time basis, such as New Deal for people over 25 who have been unemployed for two years or more) will continue to be excluded from benefit as unemployed people. People undertaking part-time programmes will be able to receive the JSA provided that they meet the conditions of entitlement, including being available for and actively seeking employment. In the case of provision wholly or partly funded by the LSC, the JSA Regulations will define programmes of no more than an average of 16 glh per week as part-time.

2 JSA Regulations will also provide that the learning agreement, signed on behalf of the college and provider, but not any other document, will provide evidence of a learner's average glh for the purposes of determining entitlement to benefit. Colleges and providers should note that the learning agreement has a legal status in the context of JSA and should be prepared to make the original document available for inspection by Employment Service or central adjudication service staff if required.

Child Tax Credit and Working Tax Credit

3 In April 2003, two new tax credits, a Child Tax Credit and a Working Tax Credit, were

introduced to replace the previously existing credits: Working Families' Tax Credit, Disabled Person's Tax Credit and the Children's Tax Credit. Both of these new credits are part of the tax system and are administered and claimed from the Inland Revenue.

4 Learners claiming fee remission based on Child Tax Credit or Working Tax Credit should be asked to produce the award notice. If the award notice is lost, they should be advised to ask their tax credit office for a duplicate.

5 In April 2003, the new tax credits, comprising a Working Tax Credit (WTC) and a Child Tax Credit (CTC), were introduced to replace the existing Working Families' and Disabled Person's tax credits and (benefit-related) child support payments. People claiming these credits will be provided with an award notice on form TC602, issued by the Inland Revenue.

6 Learners, or their partner, in receipt of WTC may be eligible for fee remission and should be asked to produce the award notice. The award notice will state the nature and amount of the award on page 1 of the notice and will detail whether it is for WTC or CTC only, or for both. Only those learners in receipt of WTC, or their partner, and with a household income of less than £14,600 will be eligible for full fee remission.

7 The required evidence is provided on pages 1 and 2 of the award notice. The "Tax Credits Award" box on page 1 will indicate if a Working Tax Credit has been awarded, and the "Your income" section on page 2 will confirm the household income. A personal income of less than £14,600 is not acceptable evidence.

8 Learners claiming CTC only will not be eligible for fee remission unless they are in receipt of another means-tested benefit or if they are an eligible partner of a WTC recipient as specified in paragraphs 2 and 3 above. Learners with a household income of £14,600 or above will only be eligible for fee remission if they are receiving another means-tested benefit.

9 **If an award notice is lost, the tax office should be asked for a duplicate.** Photocopies of award notices are not acceptable.

10 If learners require guidance on applying for tax credits, they may call the Tax Credit Office Helpline on 0845 609 5000, which can also provide them with an application pack if they are eligible.

Pension Credit

11 From 6 October 2003, Pension Credit replaced Minimum Income Guarantee for people aged 60 and over. There are two elements of Pension Credit:

- Guarantee Credit, which provides a contribution to a guaranteed minimum income for those aged 60 and over.
- Savings Credit, which may reward pensioners aged 65 and over for modest income and savings they have in retirement.

12 The Pension Service will issue to people claiming Pension Credit an award notice, "How Pension Credit has been worked out", which will show the amount of each element of the award under the section headed "Your Pension Credit".

13 Learners in receipt of Guarantee Credit (on its own or with Savings Credit) may be eligible for fee remission and should be asked to produce the award notice.

14 Learners awarded Savings Credit only will not be eligible for fee remission unless they are in receipt of another means-tested benefit.

15 **If an award notice is lost, the relevant Pension Service office should be asked for a replacement.** Photocopies of award notices are not acceptable as evidence of eligibility for tuition-fee remission.

Annex E: Learning Programmes and their Corresponding Start Periods

Learning programme

Start period

Starts between 1 Aug and 1 Oct 2004

Autumn 2004 (1 Aug - 31 Dec)

Starts and finishes between 2 Oct and 31 Dec 2004

Autumn 2004 (1 Aug - 31 Dec)

Starts between 2 Oct and 31 Dec 2004 and continues into the next tri-annual period

Spring 2005 (1 Jan - 31 Apr)

Starts between 1 Jan and 1 Feb 2005

Spring 2005 (1 Jan - 30 Apr)

Starts and finishes between 2 Feb and 30 Apr 2005

Spring 2005 (1 Jan - 30 Apr)

Starts between 2 Feb and 30 Apr 2005 and continues into the next tri-annual period

Summer 2005 (1 May - 31 Jul)

Starts between 1 May and 15 May 2005

Summer 2005 (1 May - 31 Jul)

Starts and finishes between 16 May and 31 Jul 2005

Summer 2005 (1 May - 31 Jul)

Starts between 16 May and 31 Jul 2005 and continues into the next teaching year

Autumn 2005 (1 Aug - 31 Dec)

Annex F: Determining when a Basic Skills Learner is Entitled to the Disadvantage Uplift

Introduction

1 There are two fields in the ILR, both in the Learner Data Set, that trigger the claim for the disadvantage uplift (formerly known as the widening-participation factor). Field L32 confirms whether a learner is eligible for the uplift, and field L33 identifies the percentage level of uplift.

2 In this instance the significant field is L32. The guidance that follows is intended to clarify when this field can be completed with code 71 – that is, implying the study of a basic skills programme.

Background

3 The Further Education Funding Council (FEFC) Circular 99/42, *Extension of the Widening Participation Factor for 1999-2000*, confirmed the arrangements for extending the widening-participation factor to additional specific groups of students for 1999-2000. Basic skills students were one of these additional specific groups of students. The widening-participation factor is now called the disadvantage uplift.

4 Paragraph 15 of Circular 99/42 states: "A student is considered to be a basic skills student if all, or most of their programme comprises basic skills qualifications. Institutions should use their judgement in determining whether a student's programme of study is primarily focused on basic skills."

5 This paragraph has sometimes been interpreted as meaning that if 50 per cent of the guided learning hours comprising a learner's programme of study are connected to basic skills learning aims, then the learner would be entitled to the disadvantage uplift, as the learner is a basic skills learner. Code 71 would therefore be entered in field L32.

6 Whilst the "50 per cent rule" has a mathematical neatness and provides a simple cut-off to allow institutions to apply their judgement, it also has a number of disadvantages, as shown by the following examples.

- A programme of study comprising 49 per cent basic skills, 26 per cent on a vocational taster and 25 per cent on another such taster could clearly be argued to be "primarily focused on basic skills".
- A learner may begin by studying a basic skills learning aim and nothing else, and is then clearly eligible for the disadvantage uplift. However, if the learner then enrolls on a non-basic skills learning aim that is larger than the initial basic skills one, he or she is no longer eligible for the uplift. The college would have to amend the learner record, which adds to the bureaucracy. This could arise more than once, depending on the pattern of enrolment during the year.

Guidance

- 7 A learner will be deemed to be a basic skills learner, and therefore entitled to the disadvantage uplift allocated to such learners, if his or her learning programme meets at least one of the following criteria.
- a It consists of a single learning aim that is an approved basic skills qualification, or is based on (referenced to) the national standards – that is, a learning aim that attracts the programme weighting of 1.4. Note that GCSE qualifications in Maths or English (for all learners) and key skills qualifications in communication and application of number up to and including Level 2 (for full-time 16–18-year-old learners) do not attract the 1.4 programme weighting and therefore do not count towards entitlement to the disadvantage uplift.
 - b It consists of two or more learning aims, all of which are basic skills learning aims attracting the 1.4 programme weighting. In this case, 100 per cent of the learning programme is focused on basic skills.
 - c It comprises more than one learning aim; at least one is a basic skills learning aim attracting the 1.4 programme weighting; and 50 per cent or more of the guided learning hours delivered in any academic year are connected to basic skills learning aims. The learner can then be counted as a basic skills learner.
 - d It comprises more than one learning aim; at least one is a basic skills learning aim attracting the 1.4 programme weighting; and the basic skills learning aim(s) involve at least 80 guided learning hours in any academic year. (The figure of 80 glh has been calculated from a statistical analysis of the number of glh per learner on basic skills learning aims attracting the 1.4 programme weighting.) The learner can then be counted as a basic skills learner. This will apply no matter how many glh are delivered on the remaining (that is, the non-basic skills) learning aims that comprise the learning programme.
 - e In exceptional cases, if the learning programme does not meet the numerical thresholds described in criteria (c) and (d) above, the local LSC and the college can agree jointly that in their judgement the student's programme of study is "primarily focused on basic skills". It is expected that, in these cases, the number of glh connected to the basic skills learning aims would still approach the figures in (c) and (d) above. Local LSCs would need to confirm their agreement in writing to the college.

Annex G: Area-costs Uplifts by Region

London A 1.20		London B 1.12	
Camden		Barking and Dagenham	
Greenwich		Bexley	
Islington		Havering	
Kensington and Chelsea		Redbridge	
Lambeth		Barnet	
Southwark		Enfield	
Westminster		Waltham Forest	
Wandsworth		Bromley	
Hackney		Croydon	
Tower Hamlets		Kingston upon Thames	
Lewisham		Merton	
Newham		Richmond upon Thames	
Haringey		Sutton	
Hammersmith		Brent	
Fulham		Ealing	
		Harrow	
		Hillingdon	
		Hounslow	
Bedfordshire and Hertfordshire Non-fringe 1.03			
Bedfordshire County Council		North Hertfordshire	
Bedford		South Bedfordshire	
Luton		Stevenage	
Mid-Bedfordshire			
Berkshire, Surrey and West Sussex Fringe 1.12			
Surrey County Council		Runnymede	
Bracknell Forest		Slough	
Crawley		Spelthorne	
Elmbridge		Surrey Heath	
Epsom and Ewell		Tandridge	
Guildford		Waverley	
Mole Valley		Windsor and Maidenhead	
Reigate and Banstead		Woking	

Annex G: Area-costs Uplifts by Region

Berkshire Non-fringe 1.12	
Reading	Wokingham
West Berkshire	
Buckinghamshire Non-fringe 1.07	
Aylesbury Vale	Milton Keynes
Wycombe	
Hampshire and Isle of Wight 1.02	
Basingstoke and Deane	Havant
East Hampshire	New Forest
Eastleigh	Portsmouth
Fareham	Rushmoor
Gosport	Southampton
Hampshire County Council	Test Valley
Hart	Winchester
Hertfordshire and Buckinghamshire Fringe 1.10	
Broxbourne	South Bucks
Chiltern	St Albans
Dacorum	Three Rivers
East Hertfordshire	Watford
Hertsmere	Welwyn Hatfield
Kent and Essex Fringe 1.06	
Basildon	Harlow
Brentwood	Sevenoaks
Dartford	Thurrock
Epping Forest	
Oxfordshire 1.07	
Oxfordshire County Council	West Oxfordshire
Cherwell	Oxford
South Oxfordshire	Vale of White Horse
West Sussex Non-fringe 1.01	
Adur	Arun
Chichester	Horsham
Mid-Sussex	Worthing

Annex H: Example of the Funding Taper in Operation

The example is based on a full-time learner studying an NVQ plus three individually listed learning aims.

The funding for 16–18 entitlement is not subject to the taper, and is removed from the calculation. The taper begins at £1,276 and stops at £1,404.

Aim	Base rate period 1	Base rate period 2	Base rate period 3	Explanation
NVQ	922.33	922.33	922.33	Base rate for an individually listed NVQ with start and end dates in the same year
Individually listed aim 1	150	150	150	Individually listed aim crossing three census periods in the same year
Individually listed aim 2	80	80		Individually listed aim crossing two census periods in the same year
Individually listed aim 3	300	300	300	Individually listed aim crossing three census periods in the same year
Base rate total per period	1,452.33	1,452.33	1,372.33	Total unweighted base rate for each period
Taper threshold	1,276.00	1,276.00	1,276.00	Threshold where taper starts
Amount above threshold	176.33	176.33	96.33	That part of the unweighted national base rate above the threshold – the difference between the base rate per period and the taper threshold
Tapered amount above threshold	88.17	88.17	48.17	Amount above threshold after tapering (reduction by 50 per cent)
Tapered value	1,364.17	1,364.17	1,324.17	The final tapered national base rate value per period. Note that the value can be different in different periods in the same year, owing to the start and end dates of individual aims.
Taper factor	0.9393	0.9393	0.9649	The taper factor for each period. The taper factor is the tapered value divided by the base rate total per period.

Annex H: Example of the Funding Taper in Operation

After taper factor is applied:

Aim	Base rate period 1	Base rate period 2	Base rate period 3	Explanation
NVQ	866.34	866.34	889.96	Each national base rate per aim per period is multiplied by that period's taper factor, which gives the tapered base rate. Tapered base rates are displayed here.
Individually listed aim 1	140.89	140.89	144.74	After the taper is applied, the rest of the funding calculation is made.
Individually listed aim 2	75.14	75.14	0.00	Weighting factors are applied after the base rates are tapered.
Individually listed aim 3	281.79	281.79	289.47	
Base rate total per period	1,364.17	1,364.17	1,324.17	

Annex I: Calculation of Franchise Discount as Applied to LSC Further Education Funding

1 This example is based on load banded provision.

	Calculating franchise discount	Programme weighting		Calculation
		A	C	
1.1	National Base Rate for a load banded learning aim of 60 glh.	369.00	480.00	
1.2	Assumed fee element in national base rate.	-92.00	-92.00	Fee element always unweighted.
1.3	Base Rate less fee element.	277.00	388.00	
1.4	Discount of 1/3 to national base rate less assumed fee income for franchise (or employer dedicated provision). 1/3 of 1.3 figure. But use only programme weighting A funding value, that is, the national base rate.	-92.00	-92.00	The cash deduction for all programme weightings B to E is that calculated for programme weighting A.
1.5	LSC funding available after application of discount and assuming no entitlement to fee remission. In effect, the assumed fee element is increased from 25 per cent to 50 per cent of the national base rate.	185.00	296.00	1.3-1.4

2 The discount was originally calculated by the FEFC to represent the lower costs of franchise provision. The discount is not applied to programme weightings. As shown in the example above, for any programme the reduction in funding is the same cash value for all weightings.

- that is community-based and normally within non-profit-making bodies.

Funding of Franchised Provision

3 Paragraph 398 in the main document confirms that the franchise discount factor of 0.67 should be applied to all franchise provision other than for provision:

- where the learner involved attracts a widening participation uplift, or

Direct Provision with a Partner or Franchised Provision

4 Guidance is given in paragraph 378 and in Table 7 in the main document as to the distinctions between direct provision with a partner and franchised provision. The franchised discount is applied only to provision classified as franchise provision. Where, however, providers wrongly classify provision as direct with a partner and it subsequently transpires that this provision should be classified as franchise provision, then the discount must be applied and any funding claim adjusted accordingly.

Annex J: Guidance on Completing the Additional Learning Support Costs Form for those Colleges and Providers in Scope for Plan-led Funding

Introduction

1 Colleges and providers in scope and eligible for plan-led funding should use the ALS Costs Form (PLF) to record the level of funding required to support a learner where support needs are identified to cost in excess of £4,500. It should be noted that the ALS Costs Form (PLF) is a common form that will be used by FE providers in scope and eligible for plan-led funding and WBL providers.

2 Under the plan-led funding approach, a college or provider will be expected to manage its ALS block allocation accordingly to meet the needs of learners up to £19,000. ALS cost bands will no longer apply. The LSC will not require a cost form to be completed for learners requiring support below £4,500, but would expect that colleges and providers would maintain such records as part of their normal educational practice.

3 Estimated costs of providing additional learning support should continue to be included in colleges' and providers' ILR returns. This will support institutional budget management and allow the LSC to demonstrate value for money.

Initial Assessment of Learning Support Needs

4 The provision of additional learning support will be identified through the assessment and diagnosis of learner needs. This is the critical process, and should not differ between those colleges and providers who are in or out of scope for plan-led funding.

5 Initial assessment generally occurs at the pre-entry and entry stages of the learning programme and may be considered to have three main elements:

- initial identification of the learners who will need learning support
- detailed assessment of their learning support needs
- development of a plan to provide ALS.

6 Colleges and providers will use a range of assessment instruments and strategies throughout the learning programme to identify individuals' ALS needs. The assessments carried out should be relevant and identify individuals' needs within the context of the curriculum they will be following. There is no standard assessment

method that all colleges and providers should use, and colleges and providers will make their own judgements as to the most relevant assessment methods and materials to use for particular learners.

7 There are some learners who will have needs that are not identified during the pre-entry and entry stages. An individual's learning support needs may change during the programme and it is important for the assessment process to continue throughout the learning programme.

8 Table 1 of Annex K describes the possible stages in the process of identifying and providing ALS.

Costing Additional Learning Support

9 Annex K also contains further guidance to colleges and providers on how to cost provision. This guidance is also helpful to colleges and providers in scope and eligible for plan-led funding who need to complete the ALS cost form where support needs are in excess of £4,500.

Annex K: Guidance on Completing the Additional Learning Support Costs Form for those Providers not in Scope for Plan-led Funding

Introduction

1 Colleges and providers can claim funding for ALS if the costs of the ALS provided fall into one of the ALS cost bands included in Annex L. Colleges and providers that are planning to increase significantly the number of learners requiring ALS should contact their local LSC.

Initial Assessment of Learning Support Needs

2 The evidence for claiming ALS funding (that is, the completed form) is the outcome of the process of initial assessment for learning support. The form is available on the ALS section of the LSC's website at www.lsc.gov.uk/National/Documents/SubjectListing/FundingLearning/AdditionalLearningSupport/default.htm

This initial assessment process generally occurs at the pre-entry and entry stages of the learning programme, and may be considered to have three main elements:

- initial identification of the learners who will need learning support
- detailed assessment of their learning support needs
- development of a plan to provide ALS.

3 Colleges and providers will use a range of assessment instruments and strategies throughout the learning programme to identify individuals' ALS needs. The assessments carried out should be relevant and identify individuals' needs within the context of the curriculum they will be following. There is no standard assessment method that all colleges and providers should use, and colleges and providers will make their own judgements as to the most relevant assessment methods and materials to use for particular learners.

4 Once the provision required to meet an individual's ALS needs has been identified, it can be costed and the ALS costs form completed. This stage of the process will typically take place during the induction phase of the learning programme.

5 There are some learners who will have needs that are not identified during the pre-entry and entry stages. It is important that, as soon as these needs are identified, an assessment is carried out and the ALS costs form completed. An individual's learning support needs may change during the programme and, if a review of that person's needs leads to a significant change in the provision being offered to him or her, the form should be revised. This is particularly important where the change in provision may lead to a change in the ALS cost band into which the support costs fall.

6 Possible stages in the process of identifying and providing ALS are set out in the table below.

Table 1: Stages in the process of identifying and providing ALS

Timing	Process	LSC requirements
Previous provider year	Strategic planning, including activities such as schools liaison and multi-agency planning	Strategic plan, which includes a needs analysis of learners with learning difficulties and/or disabilities
February of previous year	Estimate of numbers of individuals requiring ALS and the level of their needs	Provision of supporting information to local LSC, including an estimate of the amount of ALS funding required
Pre-entry/entry	Initial identification of needs: that is, the admissions and induction processes, and detailed assessment of each individual's ALS needs	Back-up evidence for the ALS costs form
Entry/induction	Development of a plan to support learning, and costing the ALS that is to be provided	Completion of the ALS costs form
On-programme	Regular review of ALS needs	Revision of the ALS costs form as required
Achievement	Identifying support requirements for end-of-programme review, assessment and accreditation	Estimate of costs to be included in ALS costings

Providing Audit Evidence of Additional Learning Support

7 In planning their provision for 2004/05, colleges and providers will have prepared an estimate of the funding for ALS required for the year. The estimate of this funding will draw on information derived from strategic planning activities, including multi-agency collaboration, school links, careers information and other activities.

8 Once the learners are engaged on their learning programmes, the college or provider is required to maintain evidence of the ALS being provided in order to account for the ALS funding claimed.

9 The ALS costs form provides information on the costs of providing ALS. It will form part of the audit evidence to be retained by the college or provider in support of its claim for ALS funds. In addition, colleges and providers should have available evidence of the

assessments that were carried out as part of the process of identifying the support required by the individual.

10 The process of initial assessment for learning support should be integrated into the other processes carried out during the entry phase of the learning programme. Colleges and providers should consider how the various documents and auditable evidence required for the entry element are co-ordinated.

Costing Additional Learning Support

11 The outcome of the initial assessment is an ALS plan that details the provision a learner will need in order to achieve his or her learning aims. This provision should be costed as part of the process of completing the ALS costs form. The costings used in completing the form should reflect the actual costs borne by the college or provider. Colleges and providers should adopt costing formulas that reflect the variations in their provision.

12 The following points may be helpful when costing the provision.

- Colleges and providers should not include overhead costs such as central services or premises costs in the calculation of additional costs, as these are already met from the base unit of resource in recurrent funding.
- Additional teaching costs should be based on staff salaries plus oncosts and contracted hours.
- Costs for support staff could be calculated in the same way as additional teaching costs are.
- The costings should relate to direct learning support for individual learners. The costs of a learning-support co-ordinator may be included where the member of staff concerned is providing direct support to an individual learner.
- Where learners are on a discrete programme, the additional costs of teaching smaller groups of learners can be included on the form. Before claiming any additional costs, colleges and providers should reassure themselves that there is a clear rationale for restricting the size of the group, based on the needs and characteristics of the learners.
- Colleges and providers should calculate the additional costs by subtracting the average teaching cost for each learner on a standard programme from the teaching cost for each learner on a discrete learning aim. The costs of any other additional learning support provided within a discrete programme should also be included in the costing.
- Colleges and providers may include a depreciation charge for capital equipment on the form. This should be calculated by dividing the cost of specialist equipment by the estimated number of years.
- The costs of any assessments required to identify equipment needs can be included in the costing of initial assessment.
- Maintenance of equipment, and training for the learner in the use of the equipment, can also be included.
- Where a learner needs to have his or her learning materials adapted, the cost of preparation can be included in the form. This may involve tutor, administrator or support-staff costs.
- The cost of providing ALS during assessment of achievement should be included. This might include, for example, extra examination invigilator time, note-takers or an amanuensis.
- The cost of transport can be included within the form where the learner is

being transported between provider sites or where transport to a particular place is an integral part of meeting the learner's learning support needs – for example, as part of learners' mobility training.

- Administrative costs in excess of the usual requirements for an individual can be included in the costings. For example, this could include liaison time with other agencies and time spent negotiating special examination facilities.

Annex L: Additional Learning Support Bands for those Providers not in Scope for Plan-led Funding

Band	ALS costs per learner per year (£)	Rate per learner per year (£)
0	170-500 (for part-time students only)	335
1	501-1,000	751
2	1,001-1,500	1,251
3	1,501-2,000	1,751
4	2,001-2,500	2,251
5	2,501-3,000	2,751
6	3,001-3,500	3,251
7	3,501-4,000	3,751
8	4,001-4,500	4,251
9	4,501-5,000	4,751
10	5,001-5,500	5,251
11	5,501-6,000	5,751
12	6,001-6,500	6,251
13	6,501-7,000	6,751
14	7,001-7,500	7,251
15	7,501-8,000	7,751
16	8,001-8,500	8,251
17	8,501-9,000	8,751
18	9,001-9,500	9,251
19	9,501-10,000	9,751
20	10,001-10,500	10,251
21	10,501-11,000	10,751
22	11,001-11,500	11,251
23	11,501-12,000	11,751
24	12,001-12,500	12,251
25	12,501-13,000	12,751
26	13,001-13,500	13,251
27	13,501-14,000	13,751
28	14,001-14,500	14,251
29	14,501-15,000	14,751
30	15,001-15,500	15,251
31	15,501-16,000	15,751
32	16,001-16,500	16,251
33	16,501-17,000	16,751
34	17,001-17,500	17,251
35	17,501-18,000	17,751
36	18,001-18,500	18,251
37	18,501-19,000	18,751

Annex M: The National Rates Advisory Group

1 The National Rates Advisory Group (NRAG) was established to advise the Chief Executives of the Learning and Skills Council (LSC) and Jobcentre Plus of the categories of post-16 education and training provision that should be differentiated for funding purposes in any year or period of years.

2 It is an independent group of provider representatives that advises on the relative rates and weightings for funding purposes of each funding stream, taking into account the costs of provision and policy issues. It must also consider how the rates and weightings, including all those within a funding formula, might take account of particular education and employment policies.

3 It also advises the LSC and Jobcentre Plus on consulting providers and other interested parties on its proposals. Finally, it carries out any other tasks that the Chief Executives of the LSC and Jobcentre Plus may require of it from time to time.

National Rates Advisory Group Research in 2003

4 NRAG undertakes research as necessary to enable it to make properly informed judgements. For detailed information on the research, please refer to *Funding: Indicative Rates for Further Education, Work-based Learning and School Sixth Forms in 2004/05* on the LSC website at www.lsc.gov.uk/National/Documents/SubjectListing/FundingLearning/FurtherEducation/IndicativeRates0405.htm.

5 In 2003, the following research was commissioned within FE:

- introduction of a factor into the funding formula for engaging with disadvantaged learners
- alternative approaches to funding the disadvantage-uplift factor for basic skills learners.

6 NRAG also commissioned longer research projects into the following:

- approaches to funding the specialist-colleges' uplift factor in FE
- the appropriateness of the funding rate for Vocational Certificates of Education
- a better understanding of costs of delivery across the post-16 sector.

7 NRAG also received reports on other research and development activity, such as introducing a common funding approach for additional learning support.

Consideration of the research

8 Steering panels consisting of members of NRAG and practitioners were established for each research project, and NRAG received regular reports on the emerging issues and outcomes. NRAG received the final reports at its meetings in September and November, although it only made recommendations for changes to rates for 2004/05 where there is robust evidence to support the change; this was not the case for every research activity.

National Rates Advisory Group Recommendations Accepted by the LSC in 2004/05

9 Disadvantage (implement second phase of increases recommended by NRAG in 2003):

- Uplift for basic skills learners increased from 11 per cent to 12 per cent. This will also apply to other learners in the categories specified in paragraph 44 of the funding guidance 2003/04.
- Uplift for homeless learners increased from 13 per cent to 14 per cent.

10 Area Costs (implemented second phase of increases recommended by NRAG in 2003):

Increases in area costs:

- London A to 1.20
- London B to 1.12
- South East regions to a range of uplifts from 1.01 to 1.10.

Funding Issue under Consideration by National Rates Advisory Group in January 2004

11 Determining which learning aims should move from loadbanded to listed values and reviewing the appropriateness of existing listed rates.

Annex N: Local LSC Contact Details

Bedfordshire and Luton

2 Railton Road,
Woburn Road Industrial
Estate,
Kempston,
Bedford,
MK42 7PN.

Tel: 0845 019 4160

Bournemouth, Dorset and Poole

Provincial House,
25 Oxford Road,
Bournemouth,
Dorset,
BH8 8EY.

Tel: 0845 019 4148

Coventry and Warwickshire

Oak Tree Court,
Binley Business Park ,
Harry Weston Road,
Coventry,
CV3 2UN.

Tel: 0845 019 4156

Berkshire

Pacific House,
Imperial Way,
Reading,
Berkshire,
RG2 0TF.

Tel: 0845 019 4147

Cambridgeshire

Stuart House,
St John's Street,
Peterborough,
Cambridgeshire,
PE1 5DD.

Tel: 0845 019 4165

Cumbria

Venture House,
Regents Court,
Guard Street,
Workington,
Cumbria,
CA14 4EW.

Tel: 0845 019 4159

Birmingham and Solihull

Chaplin Court,
80 Hurst Street,
Birmingham,
B5 4TG.

Tel: 0845 019 4143

Cheshire and Warrington

Dalton House,
Dalton Way,
Middlewich,
Cheshire,
CW10 0HU.

Tel: 0845 019 4163

Derbyshire

St Helens Court,
St Helens Street,
Derby,
Derbyshire,
DE1 3GY.

Tel: 0845 019 4183

Black Country

1st Floor,
Black Country House,
Rounds Green Road,
Oldbury,
Warley,
West Midlands,
B69 2DG.

Tel: 0845 019 4186

County Durham

Horndale Avenue,
Aycliffe Industrial Park,
Newton Aycliffe,
County Durham,
DL5 6XS.

Tel: 0845 019 4174

Devon and Cornwall

Foliot House,
Budshead Road,
Plymouth,
Devon,
PL6 5XR.

Tel: 0845 019 4155

Essex

Redwing House,
Hedgerows Business Park,
Colchester Road,
Chelmsford,
Essex,
CM2 5PB.

Tel: 0845 019 4179

Gloucestershire

Conway House,
33-35 Worcester Street,
Gloucester,
Gloucestershire,
GL1 3AJ.

Tel: 0845 019 4189

Greater Manchester

Floor 9,
Arndale House,
Arndale Centre,
Manchester,
Greater Manchester,
M4 3AQ.

Tel: 0845 019 4142

Greater Merseyside

Tithebarn House (3rd Floor),
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Merseyside,
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Tel: 0845 019 4150

**Hampshire, Isle of Wight
and Portsmouth**

First Floor,
1000 Parkway,
Whiteley,
PO15 7AA.

Tel: 0845 019 4182

**Hereford and
Worcestershire**

Progress House,
Central Park,
Midland Road,
Worcester,
Worcestershire,
WR5 1DU

Tel: 0845 019 4188

Hertfordshire

45 Grovesnor Road,
St Albans,
Hertfordshire,
AL1 3AW.

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Glossary

2004/05

Denotes an academic year

2004-05

Denotes a financial year

ABSSU

Adult Basic Skills Strategy Unit

Accession Countries

The 10 countries that joined the EU on 1 May 2004

A2

The second half of a full A-level qualification

ACL

Adult and Community Learning provision for adults previously funded by LEAs

ALI

Adult Learning Inspectorate

ALS

Additional learning support

APL

Accreditation of prior experience and learning

AS

Advanced Subsidiary: a stand-alone qualification valued as half a full A-level qualification

AVCE

Advanced Vocational Certificate of Education

Council

Learning and Skills Council (LSC)

CoVE

Centre of Vocational Excellence

CPO

Community Punishment Order

CTC

Child Tax Credit

DDA

Disability Discrimination Act

DEL

Distributed and electronic learning

DELG

Distributed and Electronic Learning Group

DfES

Department for Education and Skills

DL

Discretionary leave

E2E

Entry to employment

EEA

European Economic Area, consisting of the states of the EU (see below) plus Iceland, Liechtenstein, Switzerland and Norway

EFL

English as a foreign language

ELE/R

Exceptional leave to enter or remain

EMA

Educational maintenance allowances, available nationally from 2004. EMAs provide weekly payments to young people to encourage them to stay in education – to ensure that no 16–18-year-old is denied education because he or she cannot afford it.

ESF

European Social Fund, which supports projects targeting unemployment and workforce development

ESOL

English for speakers of other

ETPs

Employer Training Pilots, which encourage training in small firms by reimbursing smaller employers that release staff for training in normal working hours. Pilots launched in April 2002 were so successful that the Treasury committed £130 million to extend them.

EU

European Union, the member states of which are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, Sweden, the United Kingdom and Luxembourg. On 1 May 2004, 10 new countries joined the EU: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

FE

Further education

FEFC

Further Education Funding Council, now replaced by the Learning and Skills Council

FSMQ

Free-standing mathematics qualification

FTE

Full-time equivalent

GCE

General Certificate of Education

GCSE

General Certificate of Secondary Education

glh

Guided learning hours

GNVQ

General National Vocational Qualification

HA

Housing association

HE

Higher education

HEFCE

Higher Education Funding Council for England

HEI

higher education institution

HESA

Higher Education Statistics Agency

HNC

Higher National Certificate

HND

Higher National Diploma

HP

Humanitarian protection

IAG

The provision of precise information, advice and guidance to people about learning opportunities. The activity is crucial to ensure that learners enrol on the learning programme most suitable to their ability and aspirations.

IB

International Baccalaureate

ICT

Information and communications technology

ILE/R

Indefinite leave to enter or remain

ILR

Individualised Learner Record -- the data collection from LSC-funded providers. This provides comprehensive data about learners and is returned regularly throughout the year. The ILR replaced the individualised student record (ISR) from 2002/03.

IMD

Index of Multiple Deprivation

IT

Information technology

JSA

Jobseekers' Allowance

LAD

Learning-aim database (at www.lscdata.gov.uk)

LEA

Local education authority

learndirect

The brand name for provision delivered by learning centres and Ufi hubs

LIS

Learner Information Suite

Loadbands

Ranges of guided learning hours to which specific national base rates are allocated

LSDA

Learning and Skills Development Agency

LSC

Learning and Skills Council

MoD

Ministry of Defence

NASS

National Asylum Support Service

NLN

National Learning Network

NPS

National Probation Service

NQF

National Qualifications Framework

NRAG

National Rates Advisory Group – an independent group of provider representatives that advises the LSC on the national funding rates and programme weightings for all provision funded by the LSC

NTOs

National Training Organisations

NVQ

National Vocational Qualification

OCN

Open college network

Ofsted

Office for Standards in Education

OLSU

Offenders' Learning and Skills Unit (part of the DfES)

OSAT

Onsite Assessment and Training. About 1.5m people work in construction, but fewer than 20 per cent are qualified to the required NVQ

standard. OSAT, jointly developed with the Construction Industry Training Board, is a fast-track solution.

P4P

Partnerships for Progression – a joint initiative with the Higher Education Funding Council for England to increase participation in higher education (HE). The Government's target is that, by 2010, 50 per cent of all 18–30-year-olds should have experienced higher education.

PFA

Provider Financial Assurance

QAA

Quality Assurance Agency for Higher Education

QCA

Qualifications and Curriculum Authority

RDA

Regional Development Agency

RSL

Registered social landlord

SRB

Single regeneration budget

SSC

Sector Skills Council

StARS

Strategic Area Reviews, which began in April 2003. They review all the education and training (except for HE) that is on offer for 16-year-olds and above in each of the LSC local areas, identifying a true picture of the education and learning provision in an area of England and enabling recommendations for change.

TUC

Trades Union Congress

Ufi

(Originally, "University for industry") Organisation with overall accountability and responsibility for hubs that contract with providers to deliver **learndirect** provision

UPIN

Unique provider identification number

VCE

Vocational Certificate of Education (vocational A-level)

WBL

Work-based learning for young people

WTC

Working Tax Credit

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