

**FUNDING:  
INDICATIVE RATES  
FOR FURTHER EDUCATION,  
WORK-BASED LEARNING  
AND SCHOOL SIXTH FORMS  
IN 2004/05**

## **PURPOSE**

The purpose of this document is to provide a summary of the indicative funding rates for further education, work-based learning for young people and school sixth forms for 2004/05. It has been written in a context of continuing change. The Council is currently analysing replies from the consultation circular 03/15 *Plan-Led Funding*. Work is also on going to determine appropriate ways to implement the principles contained in the Skills Strategy. Further changes to the funding rates for 2004/05 may occur as a consequence.

The information in this document is designed to assist institutions and local councils in their planning and budgeting discussions. It therefore is mainly numerical information, based on the funds confirmed in the Council's grant letter, and the decisions of the Chief Executive in response to the recommendations of the National Rates Advisory Group (NRAG). It is aimed at those who are already familiar with the funding approaches used by the Learning and Skills Council.

A full explanation of how the rates have been derived through the work of NRAG, and the context in which they are set, will be provided in the funding guidance due to be published at the end of March 2004.

Although primarily for information, the LSC would welcome comments on the indicative rates contained in this document.

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## **INTRODUCTION**

### **National Rates Advisory Group**

The National Rates Advisory Group (NRAG) was established to advise the Chief Executives of the Learning and Skills Council (LSC) and JobcentrePlus of the categories of post-16 education and training provision which should be differentiated for funding purposes in any year or period of years.

NRAG is an independent group of provider representatives which 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.

### **NRAG Research in 2003**

NRAG undertakes research as necessary to enable it to make properly informed judgements. Research in 2002 recommended that increased funding for disadvantage and area costs uplifts be phased in over two years. The second phase of these increases will be implemented for 2004/05.

In 2003, NRAG commissioned a series of research projects on the following: the funding levels of key skills within work based learning, the funding rates of Entry to Employment, introducing to the funding formula a factor for engaging with disadvantaged learners, alternative ways of funding disadvantage in school sixth forms, funding good practice in work-based learning, and alternative approaches to funding the disadvantage uplift factor for basic skills learners.

Longer research projects are considering alternative approaches to funding the specialist colleges uplift factor in further education, the appropriateness of the funding rate for Advanced Vocational Certificates of Education, and developing a better understanding of the costs of delivery across the post 16 sector. The outcomes of these longer research projects will influence the funding rates for 2005/06 and beyond.

NRAG has also received reports on other research and development activity within the LSC, for example access to and costs of learning in rural and sparse areas, introducing a common funding approach for Additional Learning Support, and introducing formula funding for Adult and Community Learning.

### **Consideration of the Research**

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 only recommends changes to rates where there is robust evidence to support the change; this was not the case for every research activity.

Research led by the Rural Issues Task Group found that people in rural areas did not have significantly reduced access to vocational learning. Participation levels in vocational learning were comparable with non-rural areas. Previous research found no evidence that providers in rural and sparse areas incur higher costs of delivery, but that transport and travel costs are higher in rural areas. From 2003/04 a rural factor has therefore been included in the allocation of Learner Support Funds. However the overall conclusion from the research is that the data does not support a case for a general uplift to be applied to rural providers of learning. In certain circumstances there maybe a case to use local intervention and development funds.

Research to introduce an “engagement factor” into funding produced a very complex formula which resulted in little change to funding allocations. This would introduce complexity at a time when the LSC is committed to simplifying the funding methodology and therefore an “engagement factor” will not be introduced. It was also agreed to make no change to the way in which disadvantage funding is made to school sixth forms before 2006/07. To avoid undue turbulence in the school sector, school sixth forms will continue to use free school meals as a proxy for disadvantage, and not adopt the postcode method used in other sectors.

The research into funding good practice in work based learning demonstrated that funding the activities involved in delivering provision produces a more systematic approach to funding. Further research to improve the evidence base will continue during 2004 and be linked to a wider review of NVQ funding.

The review of the disadvantage uplift factor for basic skills learners illustrated alternative approaches through programme weightings. However it was decided that instead of making piece meal changes, the recommendations would be incorporated into the changes resulting from plan-led funding.

Consultation with providers and interested bodies on the conclusion of the research into a common funding approach for Additional Learning Support will influence funding rates from 2005/06. However plan-led funding will impact on this area in 2004/05, for example through reduced audit requirements.

NRAG has therefore only made recommendations to the Chief Executive of the LSC to change rates for 2004/05 where there was research evidence. The recommendations have been accepted.

The 2004/05 indicative rates for further education represent a 5% increase on the 2003/04 rates. This increase in the further education rates, in addition to the recommendations made by NRAG, takes into account a 2½% increase for inflation, and the 2½% increase for standard funding announced in “*Success for All*”. Providers who are judged to be excellent will receive an additional 1% premium funding, whilst those which are judged to be unsatisfactory will receive inflation funding only. This performance element of funding will be consolidated into each institution’s funding allocation.

The rates for work-based learning will be increased by 2½% for inflation, in addition to changes recommended by NRAG. The rates for school sixth forms will be increased by 4% in line with the Minister's wishes.

The funding guidance for further education and work-based learning for young people for 2004/05 will be published early in 2004. Funding guidance for school sixth forms will be published in July. The guidance will take account of comments received as a result of this indicative rates document, and ongoing work on the funding approach. It is anticipated that electronic access to the Learning Aims Database containing 2004/05 rates will be available from Spring 2004, which will allow providers to model the impact of the funding rate changes on their provision.

### **General Increases in National Base Rates in 2004/05**

#### ***Further Education***

The national base rates have been increased by 5%, except where otherwise stated in this document. This increase comes from:

Inflation	2½ %	
Success for All	2½ %	A real terms increase linked to quality of performance.

#### ***Work-Based Learning***

The base rates are increased by 2½ % for inflation, except where otherwise stated in this document.

#### ***School Sixth Forms***

The base rates are increased by 4% for schools both on the formula and on the Real Terms Guarantee, to reflect the RTG increase given by Ministers, except where otherwise stated in this document.

## **SUMMARY OF KEY CHANGES FOR FURTHER EDUCATION IN 2004/05**

### **A) NRAG RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE LSC**

- Disadvantage (implement second phase of increases recommended by NRAG in 2003).
  - Uplift for basic skills learners increased from 11% to 12%. 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% to 14%.
- Area Costs (implement second phase of increases recommended by NRAG in 2003).

Increase 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

### **B) FUNDING ISSUES UNDER CONSIDERATION BY NRAG IN JANUARY 2004**

- Moving learning aims from loadbanded to listed values and reviewing the appropriateness of existing listed rates.

### **C) FUNDING ISSUES FOR LONGER TERM CONSIDERATION BY NRAG**

- Alternative approaches to funding the specialist college factor.
- Appropriate funding rates for AVCE qualifications.
- Revised arrangements for the funding of Additional Learner Support.
- Introducing formula funding for Adult and Community Learning.

## **SUMMARY OF KEY CHANGES FOR WORK-BASED LEARNING FOR YOUNG PEOPLE IN 2004/05**

### **A) NRAG RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE LSC**

- Key Skills
  - Introduce a standard funding rate of £156.73 for each key skill in modern apprenticeship frameworks.
  - The rate will apply to all key skills and is not reduced for learners aged 19 or over.
  - The rate will be paid for learners that study each key skill based on evidence of participation in the learning or taking the end test.
  
- Area Costs (Implement second phase of increases recommended by NRAG in 2003).

Increase 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

### **B) FUNDING ISSUES UNDER CONSIDERATION BY NRAG IN JANUARY 2004**

- Review funding rates for Entry to Employment.

### **C) FUNDING ISSUES FOR LONGER TERM CONSIDERATION BY NRAG**

- Further evidence to support the approach to funding the activities involved in work-based learning.



## **SUMMARY OF KEY CHANGES FOR SCHOOL SIXTH FORMS IN 2004/05**

### **A) NRAG RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE LSC**

- Area Costs (Implement second phase of increases recommended by NRAG in 2003).

Increase 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

### **B) FUNDING ISSUES UNDER CONSIDERATION BY NRAG IN JANUARY 2004**

- There are no funding issues for school sixth forms under consideration by NRAG in January 2004.

### **C) FUNDING ISSUES FOR LONGER TERM CONSIDERATION BY NRAG**

- Appropriate funding rates for AVCE qualifications.

**Table 1**

**Area cost factors NRAG Recommendations**

<b>LLSC Region and Districts</b>	<b>Area uplifts 2004/05</b>
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	2%
West Sussex Non-Fringe	1%
Rest of England	0%

Detailed breakdown of each region is provided on the following pages.

**Table 1 (continued)**

<b>LONDON A 1.20</b>	<b>LONDON B 1.12</b>
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
<b>BEDFORDSHIRE AND HERTFORDSHIRE NON-FRIDGE 1.03</b>	
Bedfordshire County Council	North Hertfordshire
Bedford	South Bedfordshire
Luton	Stevenage
Mid Bedfordshire	
<b>BERKSHIRE, SURREY AND WEST SUSSEX FRIDGE 1.12</b>	
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
<b>BERKSHIRE NON-FRIDGE 1.12</b>	
Reading	Wokingham
West Berkshire	
<b>BUCKINGHAMSHIRE NON-FRIDGE 1.07</b>	
Aylesbury Vale	Milton Keynes
Wycombe	

<b>HAMPSHIRE 1.02</b>	
Basingstoke and Deane	Havant
East Hampshire	New Forest
Eastleigh	Portsmouth
Fareham	Rushmoor
Gosport	Southampton
Hampshire County Council	Test Valley
Hart	Winchester
<b>HERTFORDSHIRE AND BUCKINGHAMSHIRE FRINGE 1.10</b>	
Broxbourne	South Bucks
Chiltern	St Albans
Dacorum	Three Rivers
East Hertfordshire	Watford
Hertsmere	Welwyn Hatfield
<b>KENT AND ESSEX FRINGE 1.06</b>	
Basildon	Harlow
Brentwood	Sevenoaks
Dartford	Thurrock
Epping Forest	
<b>OXFORDSHIRE 1.07</b>	
Oxfordshire County Council	West Oxfordshire
Cherwell	Oxford
South Oxfordshire	Vale of White Horse
<b>WEST SUSSEX NON-FRINGE 1.01</b>	
Adur	Arun
Chichester	Horsham
Mid Sussex	Worthing

**ANNEX A**

**LISTED RATES FOR**

**FURTHER EDUCATION**

**IN 2004/05**

**ANNEX B**

**LOADBANDED RATES FOR**

**FURTHER EDUCATION**

**IN 2004/05**

**ANNEX C**

**WORK-BASED LEARNING RATES**

**FOR FOUNDATION MODERN APPRENTICESHIPS**

**AND ADVANCED MODERN APPRENTICESHIPS**

**IN 2004/05**

**ANNEX D**

**RATES FOR**

**SCHOOL SIXTH FORMS**

**IN 2004/05**



## NATIONAL BASE RATES FOR CORE PROGRAMMES

Programme	National Base Rate (£)
AS/ A2 levels	785.00
AS General Studies	392.50
New Maths AS level	261.67
GCSE	570.00
GCSEs in Vocational Subjects	1,145.00
Advanced GNVQ/AVCE	3 units 6 units 12 units
	1,230.00 2,465.00 4,765.00
Intermediate GNVQ	2,465.00
NVQs	Delivery model 1 Delivery model 2 Delivery model 3
	2,829.00 1,123.00 749.00
International Baccalaureate Full Qualification	3,532.50 per year
	Higher Unit Standard Unit
	785.00 392.50

Please note that the above amounts are for the whole programme regardless of the time-scale for delivery. For example an Advanced GNVQ/AVCE programme of 12 units over 2 years will attract only half of £4,765.00 in the formula calculation for each year it is delivered.

National base rates for other qualifications delivered in school sixth forms will be published in further guidance.