

Funding Guidance for Further Education in 2002/03

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Further information

For further information, please contact the appropriate Learning and Skills Council local office. Please refer to annex K for a list of local offices.

Executive Summary

Date: March 2002

Subject: Funding Guidance for Further Education in 2002/03

Intended recipients: Principals, chief executives, chief education officers, heads of institution, finance directors and management information officers of further education establishments

Status: For information

a. This guidance sets out the Council's approach to and the authoritative guidance for the funding of further education in 2002/03. It provides the Learning and Skills Council's consolidated funding guidance for further education in 2002/03. It covers a similar range of policy issues, for 2002/03, as that detailed in *Guidance on Further Education Funding Eligibility and Rates 2001-02*, and Circular 01/05, *Guidance on Funding Allocations*.

b. In setting out the approach for 2002/03, the Council seeks to establish strategic, long term and mature relationships with colleges and other institutions with an emphasis on mutual trust and openness. Institutions and the Council will need to develop a strong partnership approach to ensure local learner needs are met.

c. This document brings together and develops the guidance provided in the following recent circulars:

- Circular 01/13, *Post-16 Funding Arrangements for 2002/03*

- Circular 01/18, *Indicative Funding Rates for Further Education in 2002/03*

- Circular 01/19, *Arrangements for Planning and Budgeting for Further Education in 2002/03*.

d. Included within this document are:

- a description of the new funding formula
- the confirmed national rates
- definitions of programme and learner eligibility
- the funding planning and budgeting process.

e. The document is set out as follows:

Section One provides an introduction to the document and gives a summary of the new funding formula. It provides details of the Secretary of State's priorities for 2002/03 and gives a summary of the Council's decisions in relation to funding for this year. The overarching funding principles for the Council, colleges and other institutions are also described.

Section Two provides definitions of key terms used in subsequent parts of this document.

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

Section Four addresses learner and programme eligibility.

Section Five reviews the types of institution that receive further education funding and the funding agreement under which this funding is received.

Section Six covers the Council's approach to planning and budgeting, including baselines, growth, virement, the funding allocations process and safety netting.

Associated Audit Guidance

The Council's funding audit guidance for 2001/02 and 2002/03 is scheduled to be published in summer 2002.

Funding Guidance for Further Education in 2002/03

Section One: Introduction and Background

Introduction

1 This document provides the Learning and Skills Council's (the Council's) consolidated funding guidance for further education (FE) in 2002/03. It covers policy areas similar to those in *Guidance on Further Education Funding Eligibility and Rates 2001-02*, and Circular 01/05, *Guidance on Funding Allocations 2001-02*.

2 It brings together and further develops the guidance provided in the following recent circulars:

- Circular 01/13, *Post-16 Funding Arrangements for 2002/03*
- Circular 01/18, *Indicative Funding Rates for Further Education in 2002/03*
- Circular 01/19, *Arrangements for Planning and Budgeting for Further Education in 2002/03*.

Funding Priorities and Parameters for 2002/03

Secretary of State's priorities

3 The Government's priorities for FE for 2002/03 were set out in the grant letter of 10 December 2001 from the Secretary of State to the Council chairman.

4 The key priorities that the Secretary of State has set out for the Council are to:

- make significant progress on raising standards across post-16 learning provision
- work towards a coherent 14-19 phase of education and learning
- take responsibility for tackling the legacy of poor basic skills
- develop and implement an innovative and responsive workforce development strategy
- develop appropriate progression routes into higher education (HE), contributing to the Government's delivery target of 50% of young people aged 18-30 entering HE by 2010.

5 The Secretary of State has, to reflect these priorities, specified funding and objectives which include the following:

- £3,932 million to increase the participation and achievement of young people, in particular to:
 - increase the proportion of 19 year olds achieving a level 2 qualification by the end of 2002 by 5% compared to 2000
 - tackle the basic skills of those aged 16-18, to contribute to the target of raising the literacy and numeracy

skills of 750,000 young people and adults by 2004

- increase the proportion of 19 year olds with a level 3 qualification by at least 1.5% compared to 2000
- increase the proportion of 16-18 year olds in structured learning by 2% compared to 2000, through work with the Connexions partnerships.
- £2,570 million to increase the demand for learning by adults and employers, in particular to:
 - ensure that at least 240,000 adults will have improved basic literacy and numeracy skills by the end of 2002
 - raise the proportion of adults with a level 3 qualification by the end of 2002 by at least 2% compared with 2000.

Summary of Council's decisions in respect of the 2002/03 funding round

6 The Council considered the Secretary of State's grant letter at its meeting of 25 January 2002. At that meeting the Council agreed to delegate the determination of rates of funding for the FE sector to the chief executive.

7 In the chief executive's letter of 12 February 2002 to the FE sector, it was announced that the funding rates for 2002/03 will be uplifted by 2.5%, equivalent to an average level of funding (ALF) of £17.65, to reflect the success of the sector in increasing learner numbers.

8 In addition, the following key decisions have been made:

- institutions will be safety netted where needed to address the changes in funding as a result of the introduction of the new funding formula
- to respond to the demanding targets set by the Secretary of State, the Council will be seeking substantial growth
- initial baselines and learner profiles have been established
- planned growth funding will be allocated by local Councils through negotiation to reflect local plans and targets
- responsive growth will be funded by the Council at a marginal rate to encourage improvements in quality and responsiveness to learner demand.

Response to comments from the sector

9 Circular 01/18, *Indicative Funding Rates for Further Education 2002/03*, invited comments from the sector. The responses received have been considered by a sub-group of the National Rates Advisory Group (NRAG), the FE rates group, which has provided advice to the Council in relation to the issues raised. The national base rates for the following learning aims have been amended as a result:

- GCE AS/A2
- AS Mathematics

- Edexcel First and National qualifications
- three guided learning hour (glh) programmes in Information and Communication Technology (ICT).

10 These amendments are described in detail in the A-Z of rates considerations at annex D.

Funding principles

11 The Council seeks to establish strategic, long-term and mature relationships with colleges and other institutions with an emphasis on mutual trust and openness. Institutions and the Council will need to develop a strong partnership approach leading to greater integration of local and institutional planning to ensure local learner needs are met. Within this framework, the Council will seek to follow the funding principles stated in paragraph 12, and will expect institutions to have regard to the corresponding funding principles as described in paragraph 13.

12 In providing funding to colleges and other institutions, the Council will seek to ensure the following principles are adhered to:

Meeting learner needs by:

- prioritising funding for provision that meets local needs and targets set out in the local strategic plan
- reflecting national priorities such as achieving the level 2 and level 3 qualification targets, improving basic skills levels, widening participation, promoting social inclusion, the entitlement to education and training for 16-18 year old learners
- promoting the need to address unmet demand

- ensuring an appropriate balance between qualifications and other provision is maintained which reflects learner demands, local needs and national priorities.

Funding learners by:

- ensuring that funding follows the learner
- promoting quality improvements in retention and achievement
- having in most cases a direct relationship with the provider so that there is usually only one intermediary between the Council and the learner, with the possibility of one level of sub-contracting, where this can add value
- ensuring franchising focuses on local partnerships which add value, with more distant or national arrangements operating only where a clear rationale exists.

Funding provision by:

- reflecting the directly incurred costs of efficiently delivered provision (with an appropriate contribution to overheads) within the national funding framework and rates
- establishing policy frameworks which will enable funding to reflect the volume of provision delivered to learners
- reviewing the national funding rates periodically.

13 In claiming funding, colleges and other institutions are expected to follow the principles described below:

Meeting learner needs by:

- giving priority to the needs of the local area, with reference to the local Council's annual statement of learning and skills needs
- taking account of the annual statement of priorities for the development of local provision as embodied in the local Council's strategic plan and business plan
- seeking to address unmet local needs and to include previously non-engaged, disadvantaged, basic skills learners
- maintaining a balance between qualifications and other provision which is appropriate to local needs and national priorities
- expecting to provide for at least the same number of learners with learning difficulties and/or disabilities as in the previous year and to provide for the additional learning support needs of learners.

Planning provision by:

- avoiding unnecessary competition by encouraging strong communication links and a collaborative approach with other providers and stakeholders
- ensuring that partnership arrangements should be based on a sound rationale which results in tangible benefits for learners
- discussing new, potentially significant or unusual provision (including provision identified by the Council as

carrying significant risk) with the local Council before delivery commences

- ensuring that planned provision for which Council funding will be sought does not represent a substitution or displacement of pre-existing activity which has been funded from other sources.

Claiming funding by:

- seeking and claiming funding at national rates to reflect the costs of delivery and ensure multiple funding for provision is not claimed
- ensuring that duplication of provision in a learner's programme of study is avoided and, where this occurs due to an overlap in learning aim content, adjusting the funding claimed to reflect the degree of overlap
- considering glh as the key driver of costs incurred when determining the level of funding claimed
- discussing with the local Council what funding should be claimed in circumstances where the calculation of funding to be claimed results in a level of funding which is clearly well in excess of the costs incurred (for example, in relation to some distance learning provision).

The Funding Formula for 2002/03

14 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 in 2002/03. That circular indicated that the Council is

working towards a common funding approach across the learning sectors from 2003/04, with a view to establishing the Council's integrated funding approach by 2004/05.

15 The remainder of this section reiterates the application of the national funding formula to FE in 2002/03, as described previously in Circular 01/13.

Applying the formula to Further Education

16 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% 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% 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 Council'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;

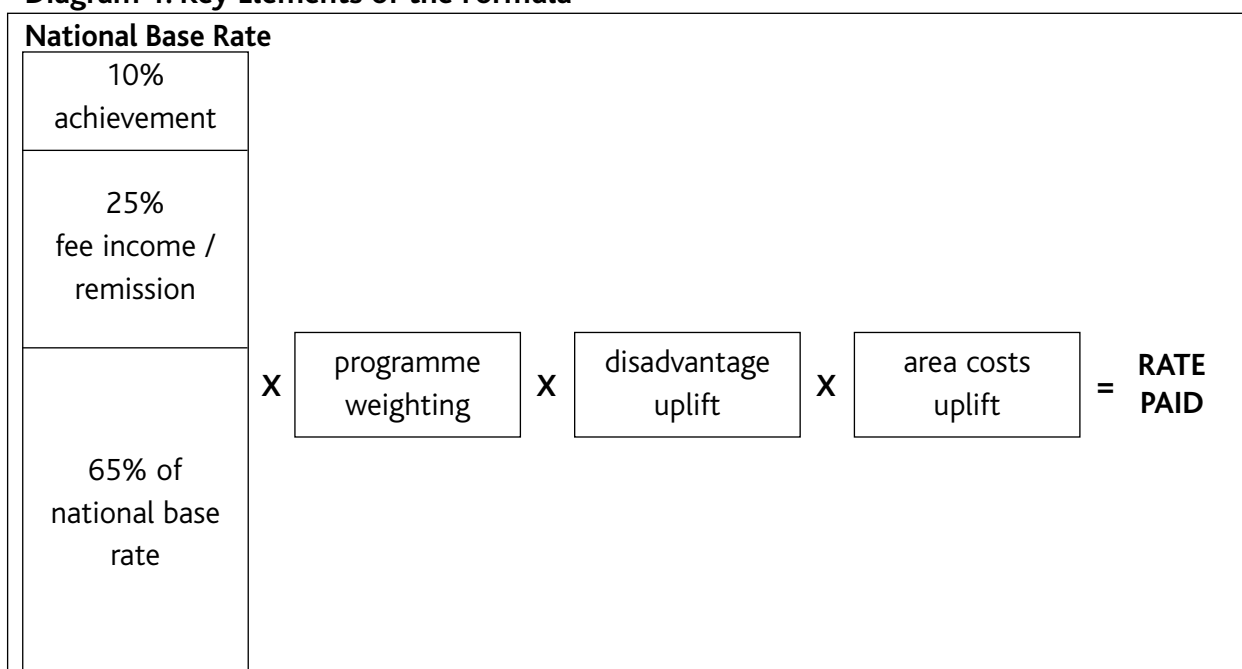
b. **programme weighting** - reflecting that some learning aims of similar length or leading to an equivalent qualification but in different programme areas are more costly to deliver than others, for example engineering provision is more costly than business administration;

c. **disadvantage** - an uplift supporting the policy intention and reflecting the costs of widening participation and also reflecting that some learners come from backgrounds which have disadvantaged them;

d. **area costs** - a weighting factor reflecting the significantly higher costs of delivering provision in London and related areas.

17 The following diagram illustrates the key elements of the formula:

Diagram 1: Key Elements of the Formula



18 Where a learner is expected to pay tuition fees, a reduction will be made in the rate paid which is equal to 25% of the national base rate (without weighting or uplift). 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.

19 Further details of each element of the formula are provided in section three.

Section Two: Definitions

Introduction

20 This section provides detailed definitions of some of the key terms used in this document. Further definitions of terms, phrases and acronyms used in the document are provided in the glossary.

Learner Definitions

Learner eligibility

21 The Council will consider as eligible for funding any person who meets the criteria under paragraph 163 and 164 in section four of this guidance. In addition to learners listed in these paragraphs the Council will consider other exceptional circumstances. If an institution believes a learner should be considered for funding under exceptional circumstances, they should contact their local Council.

Full-time learner

22 The definition of a full-time learner is a learner enrolled on a programme of at least 450 glh¹ in any 12-month period and includes learners that withdraw after a census date. Funding calculations continue to be on a per period basis. Institutions 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 Council for those learners to be considered full-time on an exceptional basis.

23 In respect of Curriculum 2000, institutions 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.

Part-time learner

24 A learner engaged in a programme which is less than 450 glh in any 12-month period is regarded as a part-time learner. Specific guidance relating to such learners who are claiming job seekers' allowance is given in annex I.

Learner profile full-time equivalents

25 For the purposes of monitoring learner numbers the Council is introducing a new definition for full-time equivalent (FTE) learners, to be called learner profile FTEs. These will only be used for the specific purpose of monitoring learner numbers.

26 A learner studying a programme of 450 or more planned glh in a 12-month period will count as one FTE.

27 A learner studying a programme of less than 450 glh in a 12-month period will be converted to a fraction of one FTE by dividing the planned glh of the learner's programme by 450.

28 This definition of learner profile FTEs is the same as that used by the Department for Education and Skills (DfES) and its introduction will promote consistency and comparability in the monitoring of learner numbers.

16-18 year old learner

Monitoring

29 For monitoring purposes, the definition of a 16-18 year old learner used by both the

¹ The 450 glh would include the glh associated within the 16-18 entitlement (assumed by the Council to be 180 glh per year)

DfES and the Council 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

30 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 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 16-18 year old learners does not change during an individual's programme if they become 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 institutions may continue to claim fee remission.

Adult learner

31 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.

Learner fees/remission

Assumed fee income

32 There is an expectation that, where

appropriate, learners (or their employers) will make a contribution to the costs of delivering their programme through the payment of tuition fees or a contribution towards the programme costs to the provider. This assumed fee income will, where relevant, be reflected in a reduction of the funding payable for the programme by 25% of the unweighted national base rate.

Fee remission

33 Certain categories of learners are not expected to pay tuition fees and in such cases the full national base rate will be paid. 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 benefits²
- the unwaged dependants (as defined by the Benefits Agency) of those listed above
- those taking programmes where the learning aim is basic skills
- asylum seekers in receipt of the equivalent of an income-based benefit (assistance under the terms of the 1999 Immigration and Asylum Act) and their dependants
- certain learners participating in Council-funded projects where identified in the project specification.

² Formerly known as means-tested benefits. The main income-based benefits are: Council Tax benefit, Housing Benefit, Income Support, Jobseeker's Allowance (income-based), New Deal 50 plus Employment Credit, and Working Families and Disabled Persons' Tax Credits (see annex I).

Disadvantage uplift

34 For 2002/03, a disadvantage uplift to funding will operate in a similar way to the Further Education Funding Council (FEFC) widening participation factor. 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 institutions in attracting and retaining such learners.

Learners eligible for the disadvantage uplift

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

36 The following groups of learners are eligible for the disadvantage uplift factor of 10%:

- basic skills learners
- those living in deprived areas (based on wards – 10% 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 or who have recently left care
- asylum seekers
- refugees
- ex-offenders
- full-time carers

- those recovering from alcohol or drug dependency
- single regeneration budget (SRB) funded learners.

37 People who fall into one of the following groups are not automatically eligible for a disadvantage uplift, unless they 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 taskforce areas
- learners enrolled on European Social Fund (ESF) funded provision.³

38 The disadvantage uplift factor for those living in deprived areas relies on using postcodes of home addresses to identify areas of disadvantage, which are measured by the DLTR index (adjusted) which is used widely as the best measure of disadvantage. Institutions will need to determine their own procedures for identifying learners whose disadvantage uplift factor is not determined by postcodes.

39 An updated file of postcodes with widening participation factors is available on the Council's website at (www.lscdata.gov.uk/data/wideningparticipation.html)

40 During the year an institution will be in the best position to identify whether new postcodes have appeared in areas it normally recruits from. For most institutions, it is unlikely that they will be significantly affected. If an institution does find a significant number of learners quoting new postcodes, as an

³ 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 Council in relation to the operation of ESF.

interim measure the institution 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.

41 Where learners automatically qualify for the disadvantage uplift, for example in the case of basic skills learners, postcodes are not used.

Homeless learners

42 A higher disadvantage uplift of 12% 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.

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

44 The disadvantage uplift for homeless learners is 12% in total.

Provision Definitions

Learning aim

45 A learning aim is defined as a single element of learning, which attracts a national base rate of funding at either a listed value or a loadbanded value reflecting glh.

Learning programme

46 A learning programme is defined as all of a learner's activities which involve the use of the resources of the institution at which the learner is enrolled. AS and A2 levels taken in subsequent years are considered to constitute a single learning programme. A learning programme may be composed of one or several learning aims.

Guided learning hour (glh)

47 A glh is 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 includes lectures, tutorials, and supervised study in, for example, open learning centres and learning workshops. It also includes time spent by staff assessing 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.

Learning provision

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

- qualifications - these are learning aims which lead to qualifications approved by the Secretary of State under sections 96 and 97 of the *Learning and Skills Act 2000*

and

- other provision - these are learning aims which do not lead to qualifications as defined above.

49 Further details are provided in section four, paragraphs 216 to 221.

Tri-annual periods

50 Funding is calculated using three periods per year, known as tri-annual periods. These are :

1 August to 31 December

1 January to 30 April

1 May to 31 July.

Start period

51 The start period for a learner is the first tri-annual period in which an institution 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 J.

Census dates

52 Census dates are used to determine whether funding is claimable in a tri-annual period. The census dates are 1 October, 1 February and 15 May.

Section Three: Rates

Elements of The National Base Rates

Introduction

53 The funding rates for individual learning aims enable each institution to determine the total amount of funding that may be earned for each learner enrolled at the institution. The key elements of the funding rates are described in section one and these are summarised below:

- the national base rate (incorporating core funding⁴, the assumed fee element and achievement)
- programme weighting
- disadvantage uplift
- area costs uplift.

54 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 paragraphs 95 and 96 for further details).

Impact of the new approach

Multiple learning aims

55 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.

56 **The Council is aware that there is a potentially perverse incentive for institutions to artificially split learning aims into multiple learning aims in order to gain additional funding. Any artificial splitting of learning aims in order to gain funding must be avoided and this will, therefore, be identified as a high risk area for external audit purposes for 2002/03.**

Modelling software

57 The Council has made available modelling software to enable colleges and other institutions to develop a greater understanding of the likely impact of the new funding arrangements at an individual institution level. The software is available on the Council’s website at (www.lscdata.gov.uk/data/software_download.html)

58 Institutions may wish to discuss the results of the modelling with their local Councils in the context of discussions about their 2002/03 funding allocations and, if necessary, the safety netting arrangements.

Pre-entry advice and guidance

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

60 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. Institutions should not claim separate funding for a learning aim which represents provision typically forming part of pre-entry advice and guidance or induction activities.

⁴ Core funding is a proportion of the national base rate paid for a learning aim. Core funding represents 65% of the national base rate before programme weighting, disadvantage or area uplift have been applied.

61 The successful outcome of pre-entry advice and guidance is a learning agreement signed on behalf of the institution 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
- support for the learner
- a brief description of the nature of the procedures involved in the process of advice and guidance.

62 The additional costs of specialised assessments of learners with learning difficulties and/or disabilities should be included in the additional learning support costs form (see annex C).

Fees and fee remission

Fee remission

63 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 33). Where fees are remitted for the learners who meet this criteria, the institution 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 72 to 78).

64 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 relating to their basic skills learning aim. If the learner wishes to undertake an additional learning aim which 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 section two, paragraph 33).

65 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 institution can claim tuition fee remission from the next census date until the end of the academic year and the individual learner record (ILR) should be amended accordingly.

66 This new approach is a reduction in bureaucracy and audit burden because it does not require termly sampling to be conducted during the year to check learner entitlement to fee remission. However, it remains the responsibility of the institution to establish eligibility for tuition fee remission at the start of each academic year for both learners who are starting and those who are continuing their studies.

Assumed fee income

67 Where fee remission does not apply, 25% 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 which were maintained in the FEFC methodology. In the

case of dedicated employer-based provision, the FEFC changed this assumption to 50% from 1998/99 onwards and this will be maintained in 2002/03.

Tuition fees

68 Institutions are able to set the levels of fees charged to learners. The local Council will monitor fee levels through the provider review process, to ensure that variations do not adversely affect provision in the area. Where institutions do charge more than 25% as fees, they will be able to retain the full amount charged.

69 The Council's funding approach makes the assumption that all learners, (other than those eligible for fee remission, including learners aged 16-18), are charged a tuition fee as a contribution. Where institutions do not charge fees, the full national base rate may be claimed where the Council's fee remission criteria apply and this is appropriately evidenced.

70 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 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 Council funding may not be claimed for this provision (see section four, paragraph 226).

Other fees for 16-18 year old learners

71 The DfES has indicated to the Council that it wishes to introduce a new condition of grant that no compulsory enrolment, registration or examination fees be charged to students aged 16-18 in full-time or part-time education (see paragraphs 264 to 267).

Achievement

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

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

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

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

75 Achievement funding may not be claimed for other provision that does not lead to certification of attainment.

Partial achievements of whole qualifications

76 In Circular 01/18, *Indicative Funding Rates for Further Education in 2002/03*, the Council sought comments on proposals to extend the funding of partial achievement. Of the 66 responses received, 74% favoured option two outlined in the circular, after taking account of the additional data requirement in relation to data collection and audit. Following this consultation, the NRAG has recommended a change to the way in which partial achievement may be claimed. For qualifications and externally certificated provision which is not fully achieved, an appropriate proportion of the achievement funding can be claimed where a learner has achieved at least one of the credits or modules towards the final award.

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

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

Programme weighting factors

79 Programme weightings recognise that some programmes are more costly to deliver than others. The FEFC's five cost weighting factors were based on the outcomes of consultation and the recommendations of the FEFC's Tariff Advisory Committee. The FEFC cost weighting factors applied only to the on-programme element of the funding. For 2002/03, programme weighting factors will apply to the national base rates.

80 Under the new funding formula, there will be six programme weightings, which have been adjusted from previous FEFC levels to maintain levels of funding in the new formula at existing levels. The effect of this will be to minimise funding turbulence between the historic and new funding approach. The reasons for this adjustment are:

- there is no longer a separate entry element; this has been incorporated within the national base rates, which have been increased accordingly
- under the FEFC formula, cost weighting was not applied to the entry and achievement elements, fee remission or assumed fee income. In the new arrangements, programme weighting will now apply to a larger proportion of the national rate for the learning aim
- the programme weighting will, therefore, apply to a much greater proportion of the total funding available for a learning aim. In order to reduce turbulence and ensure affordability, the programme weighting factors must be adjusted from the previous cost weighting factors.

81 The changes will ensure that future levels of funding are as close as possible to current levels.

82 Previously, basic skills provision attracted additional entry units to take account of additional diagnostic work with learners at the beginning of learning aims. Basic skills provision also attracts a weighting factor to reflect the need for small group delivery. These considerations will continue to be recognised in funding terms, and the programme weighting factor, adjusted to reflect the change in funding approach, will be 1.4.

83 The adjusted weighting factors are given below with the historic cost weighting factors for comparison (programme weightings by subject codes are set out in annex B):

Table 1: Adjusted programme weighting factors

	FEFC Cost Weighting Factors	Council Programme Weightings
A	1	1
B	1.2	1.12
C	1.5	1.3
D	2.0	1.6
E	2.2	1.72
Basic skills	1.5	1.4

84 The adjusted weightings will generate cash levels close to those generated by the FEFC's cost weighting factors. Providers will be able to assess the impact of these changes to the weighting factors by using the modelling software (see paragraphs 57 to 58).

85 The NRAG will, as part of its forward work programme, be reviewing the programme weightings to ensure that the extra costs associated with delivery of particular provision are reflected in the national rates, including the programme weightings. This review will include the costs of provision in specialist colleges.

86 The NRAG will also consider how coherence of programme weightings across learning sectors can be achieved.

Specialist institution factor

87 The 10% uplift for specialist colleges will continue in 2002/03. The issue was considered by the NRAG where a review of the values of higher programme weightings was deferred until after the research study on this issue has been completed.

88 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.

89 A specialist institution is defined as either an agricultural and horticultural college, or an art and design and performing arts college, or an institution with both of the following: 70% of the total provision is in one or two programme areas and 40% of the total provision in programme weights C, D or E.

Disadvantage uplift

90 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 section two, paragraphs 34 to 41 for the definition and further details).

91 Under the new funding formula the disadvantage uplift is applied to the full national base rate.

92 The Council has commissioned a study of the costs associated with delivering provision to disadvantaged learners. The NRAG will wish to consider whether the rates for funding disadvantage should be changed in the light of the results of the study. Following receipt of the NRAG's advice, the Council will consider any necessary changes to the funding rates for 2003/04.

Area costs uplift

93 For 2002/03, the area costs uplift arrangements will be similar to the FEFC approach. Responses to the DfES funding consultation showed a broad acceptance that only London and related areas currently justify a discrete geographical uplift. In view of this response and the fact that the existing FEFC arrangements are based on recent research, it has been decided to carry forward the current area costs uplift arrangements into 2002/03. The weightings indicated below will, therefore, be applied to FE institutions in 2002/03 in the same way as in 2001/02:

94 The NRAG will, as part of its work programme, be reviewing the coverage and level of the area costs uplift. As part of its review the group will consider rurality and other area issues which relate to the other learning sectors to inform future funding policy. No changes are, however, anticipated before 2003/04.

Additional learning support

95 The approach to claiming funding for additional learning support needs in FE in 2002/03 will be unchanged from the previous FEFC approach. The Council is consulting separately on new arrangements for funding additional learning support across the post-16 sector from 2003/04 (further details are provided in Circular 02/04, *First Stage Consultation on Additional Learning Support Arrangements from 2003/04*). The guidance provided in this document should, therefore, be considered as applicable for the 2002/03 funding year only.

96 Circular 01/18, *Indicative Funding Rates for Further Education in 2002/03*, did, however, seek views on two options for modifying slightly the FEFC approach as a result of the removal of the concept of funding units. Further details of this modification, the eligibility for, and funding of, additional learning support are provided in annex C.

Table 2: Area costs uplifts

Weighting Band	Weighting
Inner London A	1.18
Inner London B	1.12
Outer London	1.06
Fringe Area	1.03
Rest of England	1

Calculating Funding

Listed national base rates

97 The national base rates for listed learning aims are derived from previous FEFC values which have been converted to cash values, based on an average level of funding of £17.65, to include the funding previously available for entry, on-programme, fee remission and achievement. Specific considerations relating to the national base rates are described in annex D.

98 The national rates for generic individually listed learning aims are set out in annex A. The full national funding rate is shown for each programme weighting factor. The assumed fee income is shown separately. The rate payable where learners do not attract fee remission is the national rate less the assumed fee income.

99 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.

100 The national rates for other listed learning aims may be found in the learning aims database.

Loadbanded learning aims

101 The values available for learning aims not individually listed are determined by assigning the learning aim to a loadband based on the expected glh for the learning aim. Each learning aim is considered separately.

102 The values of national rates available for the loadbands in 2002/03 are set out in annex A. Some NVQs remain in the loadbands and the learning aims database can be used to identify these.

Calculating loadband rates

103 To determine the rate payable for a particular learning aim which is not individually listed, the institution 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.

104 Particular guidance applies to large loadbanded learning aims with durations 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. This is a change to the previous funding approach and is illustrated below.

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 tri-annual periods over three academic years, starting in April 2003 and finishing in December 2004. In each funding period, 160 glh are delivered, giving a maximum of 480 glh

in the year when delivery over three tri-annual periods takes place. The appropriate loadband to be used with this learning aim is, therefore, the 480 - 509 glh loadband.

In 2002/03, the one tri-annual period delivered is funded at one third of the 480-509 glh loadband rate. In 2003/04, when three tri-annual periods are delivered, the learning aim is funded at the whole of the 480-509 glh rate. In 2004/05, the one tri-annual period is funded at one third of the 480-509 glh rate.

Loadbands and basic skills

105 For 2002/03 the national rates for basic skills provision are given in annex A. Programmes delivered between 450 and 659 glh per year continue to be based on the previous listed rate. Programmes delivered in 660glh or more are funded through the loadbands.

106 Where a learner completes multiple basic skills learning aims where 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

107 In 2002/03 independent living skills programmes delivered between 450 and 719 glh will be funded at a national base rate of £2,394. Programmes of 720 glh or more will be funded through the loadbands.

108 Where a learner completes multiple learning aims in independent living skills where 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.

Funding and tri-annual periods

109 Funding is earned by an institution for each tri-annual period wholly or partly completed by a learner.

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

- the learner is enrolled at and attending the institution on the census day for the period
- the learner's programme began and finished between any two census dates and has not withdrawn.

111 In this case, the learner is deemed to have wholly or partly attended one period only, even where their programme actually spans two tri-annual periods.

Withdrawal

112 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/she is known to have made a decision to withdraw from the programme of study, or 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 auditable evidence of an intention to return).

113 These provisions apply also to distance learning, but with minor differences as described in annex E.

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

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

Withdrawals from short programmes

116 For learning aims which are 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 can be used with information held on the individual learning record (ILR), which includes the start date of each learning aim, the anticipated end date and the actual end date for each learner.

117 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 Council funding.

118 The approach to withdrawals will not change in relation to learning aims which are longer than 12 weeks, although the first census date has changed.

Funding taper

119 The Council 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 eventual cap on the level of funding which may be claimed for an individual learner. The funding taper starts to apply when a learner's programme is unusually large.

120 Institutions should note that the funding taper applies to both loadbanded and individually listed learning aims.

Learners and programmes affected by the taper

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

122 The taper applies to:

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

Operation of the taper

123 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 tri-annual period basis. The taper will operate as follows:

- learner programmes funded at national base rates of up to and including £1,105 per tri-annual period will not be subject to the taper
- learner programmes funded at base rates of above £1,105 per tri-annual period will be subject to a 50% discount rate for all national base rate funding above £1,105

- the maximum funded national base rate per tri-annual period that may be claimed, unless written authorisation as described above has been obtained, will be £1,326.

Non-application of the taper

124 Examples of programmes where the local Council 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 (i.e. across only one or two tri-annual periods) and the taper would unfairly limit funding
- programmes with high number of glh - often in practically based subjects and reflecting employment demands which provide high numbers of weekly glh and continue throughout the year.

125 If institutions believe certain learning programmes should be exempt from the taper, they should write to their local Council 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 the level of funding
- reasons why the institution considers the taper should not apply to the learning programme.

126 Where the local Council agrees with the institution's view, written approval to make a manual adjustment to the ILR to remove the effects of the taper will be issued.

Basic Skills

Key priority

127 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 Council, which charges the Council with the task of reaching the most disadvantaged people in our society and placing their interests and concerns at the heart of our provision.

128 The Council sets out its commitment to this task both in the Corporate Plan and the Council's delivery plan for basic skills, *Improving Adult Literacy and Numeracy*.

129 The Secretary of State makes clear in the Council's grant letter (10 December 2001) the high priority accorded to basic skills, including expectations to:

- "tackle the basic skills needs of those aged 16-18 who still need further help with literacy and numeracy in order to progress"

and

- "implement its adult literacy and numeracy strategy to ensure that at least 240,000 adults will have improved basic skills by achieving literacy and numeracy qualifications by the end of 2002".

130 The Council expects each institution to give particular attention to ensuring its basic skills provision contributes to the Council's target for this priority area.

Basic skills provision

131 In *Improving Adult Literacy and Numeracy*, adult⁵ basic skills provision is defined as provision which caters for the literacy, language (English for speakers of other languages - ESOL) and numeracy needs of post-16 learners including those with learning difficulties or disabilities, from pre-entry level to level 2, and covers the key skills of communication and application of number up to level 2, whether delivered as stand alone provision or as part of a vocational programme or bolt-on learning aim, and whether delivered full-time, part-time or through self study or ICT.

132 The national strategy for 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. Thus, the key skills of communication and application of number are included because these qualifications require learners to pass the new national test before they can be awarded. For similar reasons, the definition extends to GCSE English and mathematics which measure achievement up to level 2.

133 Institutions should ensure that learners are enrolled on learning aims which 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 example, through diagnostic assessment or previous educational attainment.

⁵ In the context of adult basic skills provision, adult is defined as any learner over the age of 16 (i.e. no longer in compulsory education). There is no upper age limit.

Charging basic skills learners

134 The Council indicated in Circular 01/18, *Indicative Funding Rates for Further Education in 2002/03*, paragraph 4.9, its commitment to supporting Ministers' intention that basic skills education should be free to the learner with no hidden costs passed on from providers. This principle will form part of the Council's funding agreement for 2002/03 with FE institutions (see section five, paragraph 262). Institutions will, therefore, wish to ensure that basic skills learning aims do not involve any costs for learners. Such costs may include registration or examination fees, the costs of materials, or administrative charges.

Funding basic skills

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

136 In summary, the Council's funding approach to basic skills learning aims in 2002/03 will include:

- ensuring provision is free to the learner
- paying the full national base rate for basic skills learning aims as these automatically attract fee remission
- weighted national rates for basic skills learning aims will not be less than the rates paid in 2001/02
- a programme weighting factor of 1.4 will be applied to basic skills learning aims (or will match the funding level applicable under the FEFC approach, whichever is higher)
- basic skills learners will attract a disadvantage uplift of 10%.

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

138 The Council seeks to support Ministers' wish to identify and recognise literacy, numeracy and language achievements which may be demonstrated through a variety of qualifications, including key skills and GCSE Mathematics and English. However, the Council seeks to fund provision in an appropriate manner which ensures that Ministers' priorities are fully supported with due regard to the effective use of public funds. Where qualifications falling within the generic definition of literacy, numeracy and language (see paragraph 131) are already funded at an established rate, these will continue to apply.

139 For funding purposes, the following provision will be funded as basic skills and will attract the relevant uplifts described in paragraph 136:

- learning aims leading to the new basic skills literacy, numeracy and ESOL qualifications at entry level and levels 1 and 2
- learning aims mapped to the national standards for basic skills in literacy, numeracy and ESOL
- key skills qualifications in application of number and communication at levels 1 and 2 where these do not form part of a full-time 16-18 year old learner's entitlement.

140 Other learning aims which have, in previous years, been claimed by institutions as basic skills provision, but which are not mapped to the national standards, will no longer be treated as basic skills provision.

They continue to be fundable but will not attract the uplifts associated with basic skills provision. This reflects Ministers' intention 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).

Basic skills delivered within the entitlement

141 The entitlement for full-time 16-18 year old learners includes funding for appropriate key skills provision at level 1 and 2. It is not anticipated that funding additional to the entitlement will be claimed for full-time 16-18 year olds in respect of basic skills at level 1 or 2 unless provision additional to the entitlement has been delivered.

142 A small proportion of such learners may have diagnosed basic skills needs at Entry Level and, in this case, additional funding to reflect the relevant Entry Level learning aim(s) may be claimed, including the basic skills uplifts.

Short learning aims for basic skills learners

143 The Council 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. This is intended to enable colleges and other institutions to provide attractive learning opportunities which will engage learners and will enable progression onto longer learning aims.

144 Learners over 19 years old 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 institution can demonstrate that the two programmes have significantly different learning goals. For example, an institution might use a 3 glh programme as an extended period of diagnostic assessment for individuals with adult basic skills needs (up to a maximum of one such assessment for each of the basic skills, that is, literacy, numeracy and ESOL).

145 After conducting the diagnostic assessment/s, one 6 glh programme in each of these areas may 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 programmes 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 (i.e. 3 x 3glh + 3 x 6glh).

Development of funding for basic skills learners

146 Further work is currently taking place to explore a range of funding issues for 2003/04, in particular around integrated embedded provision, outreach capacity, national tests and development funding for basic skills, particularly in the context of outreach activity. Research and pilots will take place during 2002/03, the results of which will inform the Council's approach for 2003/04.

Distributed and Electronic Learning, and Blended Learning

147 Distributed and electronic learning (DEL) is the term the Council uses to encompass

those forms of learning delivery sometimes called:

- distance learning
- on-line learning
- electronic learning (e-learning)
- open learning
- flexible learning.

148 These approaches are normally contrasted with 'traditional' methods, typically:

- a group of learners starting and finishing together in time and at a particular physical location
- a sequential series of study elements designed and organised by one or more lecturers
- lecturers are responsible for the transmission of knowledge through direct contact with learners using oral and written communication.

149 In practice, many programmes are a combination of any or all of the above learning delivery methods. These combinations are referred to as *blended learning*.

150 The different types of delivery which are being increasingly used by colleges and other institutions to fulfil learner needs are reviewed in annex E. **The Council's approach to funding such provision is also considered and the use of the distance learning multiplier (x 14) described. Institutions should note that any use of this multiplier must be approved in writing in advance by the local Council to ensure funding is properly claimed (see paragraph 14 of annex E).**

European Social Fund (ESF)

151 In 2001/02 and 2002/03 some traditional ESF projects which have been gained through a direct bidding process are being delivered by FE institutions. The Council is developing its approach to ESF as a co-financing organisation, and will be issuing separate guidance on both this new approach, and traditional ESF delivery.

Learner Support

152 Learner support funds comprise three separate allocations to meet childcare support costs for FE students wherever they study, residential accommodation costs for FE students who have to study away from home and general access costs (living and learning) for FE students studying in FE colleges and former external institutions. Learners on distance learning programmes are eligible for learner support and help may be given for the purchase of equipment or with travel or childcare needs in order to participate in face-to-face activities e.g. tutor support or opportunities for interaction with other learners.

153 These funds are distributed to institutions offering Council funded learning aims so that they may provide financial help to learners whose access to, or completion of, education might be inhibited by financial considerations. Institutions must have written policies for the disbursement of these funds, which are made widely available and which they are able to defend.

154 The timetable for the allocation of FE learner support funds will be similar to that for participation funds in order to allow institutions to integrate their planning of learning capacity and learner recruitment.

155 The Council publishes specific guidance on FE learner support funds including eligibility criteria. The latest information is given in Circular 01/08, *FE Learner Support Funds 2001/02*.

156 In order to inform learner support development institutions are requested to enter the categories of learner support received by the learner in the 'learner support reason' field of the ILR.

Learner support relating to higher education

157 HE students attending FE colleges and participating in learning aims directly funded by the HEFCE are not eligible for general FE learner support funds. These students are eligible for bursary and hardship funds currently administered by the DfES. HE students on franchised or partnership learning aims should apply for funding for associated living and learning costs from their franchiser or HE institution.

158 Students participating in learning aims of HE falling within paragraph 1(g) or 1(h) of Schedule 6 to the *Education Reform Act of 1998* will be eligible for FE learner support funds providing that the learning aims are funded by the Council. Paragraph 1(g) covers learning aims in preparation for a professional examination at a higher level than Level 3 (i.e. AVCE or AS/A2 level). Paragraph 1 (h) covers learning aims providing education at a higher level than level 3 which may not involve preparation for an examination.

A to Z of other Rates Considerations

159 A detailed A - Z description of rates in relation to specific learning aims is provided at annex D.

Section Four: Eligibility Arrangements 2002/03

Learner Eligibility for Funding

160 This section sets out the eligibility of learners and provision for Council funding.

Domicile

161 The Council 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 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.

162 For funding purposes the Council 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. If someone has not been ordinarily resident because he or she, their parent or their spouse were working temporarily abroad, they will be treated as though they have been ordinarily resident in the relevant area.

⁶ Relevant date is a reference to 1 September, 1 January or 1 April closest to the beginning of the first term of the person's learning aim. Learners who are ineligible at the start of their programme will not normally satisfy the residency criteria during the period of their learning programme.

⁷ As defined in the glossary

Learners eligible for funding

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

- a person 'settled' in the UK, 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'⁶ 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 Right of Abode in the UK. British citizens and certain other citizens have the Right of Abode in the UK
- 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)⁷ 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 exceptional leave to enter or remain (ELE/R) by the UK Government and 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.
- or voucher assistance from the National Asylum Support Service (NASS)
- or in receipt of assistance under the National Assistance Act 1948
- the Council will consider as eligible for funding any young, unaccompanied asylum seekers aged 16-18 who are placed in the care of social services
- persons with exceptional leave to enter or remain, their spouses and children
- persons with recently settled status including those with indefinite leave to enter or remain. This includes the spouse of a person with settled status, who has been both married, and resident in the UK, for one year

164 In addition to the groups outlined above, the Council will also consider the following groups of learners to be eligible for Council funding:

- persons who have legally been living in England for the three years immediately preceding the start of the programme ignoring temporary absences, not including persons with time limited leave to remain as a student but whose leave to remain does not extend to the expected end date of the proposed learning aim of study
- asylum seekers⁸ and their dependants in receipt of either:
 - income based benefits
 - or assistance under the terms of the Immigration and Asylum Act 1999 or the Children Act, 1989
- 16-18 year olds accompanying parents who have the right of abode or leave to enter the UK
- 16-18 year old dependents 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 Dependent Territories or 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 Dependent Territories Citizens have no automatic right of abode in the UK, nor do British Overseas Citizens or other non-EEA nationals).

⁸ Asylum seekers will not, however, be eligible to access learner support funds

165 In addition to learners in the categories listed in paragraphs 163 and 164 above, the Council will consider other exceptional circumstances. Where an institution believes a learner should be considered for funding under exceptional circumstances, they should contact their local Council.

166 Where a 16-18 year old is in the country only for a short stay, the practicality of providing a place needs to be considered.

Learners not eligible for Council funding

167 Council 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. This includes students whose main purpose has been to attend a fee-paying school in the UK. Short learning aims are generally regarded as up to six weeks duration, where up to 30 hours a week are spent in guided learning. This includes, in particular, holiday or summer school learning aims.

Learners from Wales and Scotland

168 Institutions are reminded that Wales and Scotland have their own funding arrangements. There may be exceptional circumstances where on occasions individual Scottish or Welsh learners may wish to travel to or reside in England to study where specialist provision is not offered locally. The Council has reciprocal arrangements with the funding Councils for Wales and Scotland for institutions close to the borders. However, it is not expected that institutions 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 institution 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 institution's local Council.

Overseas learners

169 For funding purposes, a learner will be defined as an 'overseas' learner where they do not meet the criteria defining a 'home' learner as set out in paragraphs 163 to 165. Overseas learners are not eligible for Council funding and the institution may wish to charge full-cost fees.

170 Institutions should ensure that they have at least one member of staff who is familiar with and able to advise the institution on the funding of learners from abroad. Where a learner is eligible for Council 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 Council funding is also being claimed.

Study outside England

Learners in the Armed Forces, Ministry of Defence (MOD) or Civil Service

171 The Council recognises that British armed services personnel may wish to continue in education and training whilst serving their country. The Council will fund eligible programmes of study for service personnel, MOD or civil servants, their spouses and dependants via a sector institution 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/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 Council will fund the programme to completion. It is expected that such provision will be made via distance learning or through Ufi, other than in exceptional circumstances. Franchised delivery to members of the armed forces overseas will not be eligible for funding.

172 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

173 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, their spouse and dependants will be considered eligible for Council funding providing 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

174 The Council recognises that learners who are eligible for funding as ordinary residents and are undertaking a substantial Council-funded programme in England may,

as part of this programme, spend a short period of time outside England. The Council will consider such provision eligible for funding where this provides a minor but essential part of a qualification, which cannot be provided in England. Institutions seeking to make such provision should seek advice from their local Council before entering into arrangements. An exception to this guidance will be made for learners serving in the armed forces (see paragraphs 171 and 172).

Learners studying English as a foreign language (EFL) and English for speakers of other languages (ESOL)

175 English as a Foreign Language (EFL) tuition is primarily designed for visitors to the UK who will be returning to their own countries once their studies are completed. Such provision may also be suitable for other learners depending on their proficiency in their first language.

176 English for Speakers of Other Languages (ESOL) is designed to equip people permanently resident in this country with functional language and literacy skills.

177 All learners who are eligible for funding will be considered eligible to receive funding for EFL and ESOL learning aims with the following exception:

- European law enables learners from other EU countries who are resident in England primarily for education (that is, not migrant workers) to access only vocational training in England funded by the Council. EFL and ESOL learning aims would not fall within the definition of vocational training as defined by the European Court of Justice and would not, therefore, qualify for Council funding.

178 EFL learning aims will continue to receive a programme-weighting factor of 1.0 and learners enrolled on EFL are not automatically eligible for fee remission.

179 ESOL programmes, which are included in the category of basic skills learning aims, will receive a programme-weighting factor of 1.4 and learners enrolled on ESOL learning aims will automatically be eligible for tuition fee remission.

Unforeseen events/special cases

180 The Council will issue guidance in-year in response to directives from the DfES, which identify exceptional circumstances, which may result in additional groups of learners becoming eligible for funding.

181 Such guidance will be issued to local Councils for forward transmission to institutions and posted on the Council's website.

Age

182 As stated in the *Learning and Skills Act 2000*, the Council 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

183 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."

184 Where parents seek to enrol a young person of compulsory school age on a full-time programme, institutions are advised to involve the school and local education authority (LEA) in discussions as appropriate. Institutions 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 an institution wishing to enrol a learner of compulsory school age should seek funding from the LEA or school if appropriate. Where a LEA declines to provide funds for a young person of compulsory school age at an institution, and the Council determines the circumstances are not exceptional and the institution wishes to enrol the young person, the institution may charge a fee.

Exceptional circumstances

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

186 In exceptional circumstances the Council will consider provision for learners of compulsory school age as eligible for Council 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 institution must obtain prior agreement from their local Council
- persons of compulsory school age are not eligible for the 3 and 6 guided learning hour learning aim arrangements, which are only available for adult learners.

Learners enrolled in schools

187 Where a learner is enrolled in a school, but wishes to undertake a part-time learning aim outside school hours which is not connected with their full-time programme at school, for example by enrolling on an evening class, they will be eligible for Council funding provided the learner is over compulsory school age. The Council will not fund evening resit GCSE programmes at an FE institution for such learners.

188 The Council will not fund learners who are enrolled full-time in a school and who wish to follow part of their programme in an FE institution 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.

189 The Council will separately fund a small number of special projects for 14 to 18 years olds.

Groups of Learners

Higher education learners

190 The Council 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 Council would normally expect this to be funded out of the resources provided by the HEFCE for the HE programme.

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

192 The Council may fund non-prescribed HE⁹ learning aims in Council-funded institutions. 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 Council in the context of local needs analyses.

193 The QCA is currently reviewing and accrediting qualifications in this area of provision.

⁹ Learning aims that fall outside the schedule of prescribed learning aims of higher education as defined in the Education (Prescribed Learning aims of Higher Education) (Wales) (Amendment) Regulations 1998

Staff employed by an institution as learners

194 Staff employed by an institution may be funded on eligible programmes providing that attendance is outside their contracted working hours or that they are released for training and make the time up, or are replaced. It is not expected that the numbers of such enrolments will be significant. Institutions should retain appropriate audit evidence.

195 Staff development for staff employed by the institution to develop new skills to achieve a particular objective identified by the institution is not normally eligible for Council funding. The institution would be expected to make provision for staff development from its main budget.

Persons detained by court order - resettlement of offenders

196 As part of the Government's intention to improve arrangements for the resettlement of prisoners, the Council plans 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.

197 Unlike the former arrangements under the FEFC there is no longer a direct prohibition on the Council funding individuals detained in custody. As for other non-Council funded providers, 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 Councils 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. Working with the DfES

Prisoners' Learning and Skills Unit, the Council will in 2002/03 review the current practice and provide further guidance on the scope for further involvement in support for prisoners and ex-offenders.

198 The focus for the Council 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. The DfES anticipate that this will cover up to 400 prisoners per year.

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

Community punishment orders

200 The Home Office recommends that part of Community Punishment Orders (CPOs) can comprise education and training relevant to the needs of the offender. Two types of training programmes are now recognised for eligible learners on these schemes:

- where additional time of up to 10% of the order is added to the scheme specifically for education and training. The time that can be spent on education and training for these schemes remains limited to 10% of the order
- where education and training is delivered concurrently with the scheme. The Council has agreed to the Home Office request to remove the 10% limit of education and

training in this case. It is intended that this will enable learners to engage in effective learning.

201 For 2002/03 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. Supervision for CPO is funded by the Home Office
- where the provision is franchised, the institution must ensure 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.

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

203 Funding should not be claimed for persons solely providing administrative services or assessment.

204 All cases should identify additional learning and not be specifically for the development of social skills.

205 Colleges and other institutions seeking to develop provision with CPO providers for the first time should consult their local Council at an early stage.

Enrolment at more than one Council-funded institution

206 Whilst recognising that learners may occasionally enrol at more than one institution, groups of learners enrolled on a full-time programme at an institution should not be enrolled on part-time programmes at

other institutions, 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 institution 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

207 The Council'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 and Social Services. Joint funding of integrated packages of learning and care, however, will continue to be appropriate in some circumstances. The Council will encourage agencies to work together at local level to develop joint packages of funding for programmes and activities for individuals. Institutions should consult their local Council when planning such provision.

Programme Eligibility for Funding

Introduction

208 This section sets out the general principles of programme eligibility and types of programmes that may be funded by the Council.

209 Institutions are reminded that they should consider the eligibility of provision for Council funding whilst planning provision and before enrolling learners. It is important when considering the eligibility of any provision that institutions work within the intention, the spirit and the framework of the funding guidance.

210 Where an institution intends to deliver any provision that is not clearly identifiable as within the implied terms of this document, the institution should contact their local Council and seek written clarification before proceeding and retain evidence of guidance given. This is especially important where new and/or possibly contentious modes of delivery are involved. This would include delivery via the Internet, delivery in new partnership arrangements with third parties and provision for which enhanced glh will be claimed.

211 Local Councils 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 distance learning or out-of-area provision should be discussed in advance with the local Council. It is not intended that there will be any restriction on the delivery of provision to learners from other local Council areas where, for example, this reflects travel-to-learn patterns or specialist provision with limited availability.

212 The Council reserves the right to disallow funding claims for ineligible programmes. Institutions should note that the eligibility of provision is subject to review by external auditors and subsequently by the Council.

213 Institutions are reminded that the learning aim database at (www.lscdata.gov.uk/data/) provides information about qualifications and other provision. It should not be used as the sole means of confirming the eligibility of qualifications for Council funding.

Funding of provision

214 The Council has powers to fund a wide range of provision. It will use its powers as flexibly as possible to enable colleges and other institutions to meet the targets set out in its corporate and local plans. However, Ministers emphasised in *Learning to Succeed* the expectation that the Council "will give priority to learning aims that lead to nationally recognised qualifications and - more generally - to encourage learning towards recognised qualifications".

215 The Council has, therefore, identified two broad types of provision eligible for Council funding:

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

Qualifications approved by the Secretary of State

216 The Council will fund all qualifications approved by the Secretary of State under section 96, which are available to eligible learners of above compulsory school age and under 19.

217 The Council will also fund qualifications approved by the Secretary of State under Section 97, which are available for eligible learners aged 19 and over. Individual units or modules of these qualifications are also eligible for Council funding for adult learners (i.e. aged 19 and over) provided that unit certification is available from the awarding body.

218 Qualifications approved under sections 96 and 97 are listed on (<http://www.dfes.gov.uk/section96>) and included in the Council's learning aims database. Newly approved qualifications will be added to this list as details become available. The Council is aware that some vendor certificates may become approved qualifications in 2002/03 and these will then become eligible for Council funding as separate learning aims.

Other provision

219 Provision which does not consist of qualifications (see paragraph 215) will be classified as other provision and will be eligible for funding apart from ineligible provision (see paragraph 226).

220 Other provision is available to all eligible learners over compulsory school age, and may include:

- learning aims with external certificates of attainment (e.g. QAA - validated Access to HE)
- learning aims with internal certificates of attainment (e.g. college certificated)
- learning aims with attainment and no certification (e.g. record of attendance only).

221 Other provision includes Access to Higher Education learning aims. It also includes higher-level vocational learning aims which have not been approved by the Secretary of State as qualifications. These 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.

Council priorities for funding

222 The Council regards the funding of qualifications as a key priority in order to meet its challenging basic skills and level 2 and level 3 targets. However, it is recognised that the funding of other provision is central to the Council's aim of increasing demand for learning by adults, particularly in the areas of first rung provision, for example, at pre-entry level.

223 Local Councils have some discretion as to the types and amount of other provision that will be funded. Institutions should discuss any plans to increase the volume of 'other provision' with their local Councils at an early stage. Local Councils will want to take into account the likely impact that any proposed growth in other provision may have on qualifications and basic skills provision.

224 Institutions are reminded that unhelpful competition should be avoided. Such issues will be considered as part of the provider review process and local Councils will discuss the outcomes of this with institutions.

Programmes for learners with difficulties and/or disabilities

225 The arrangements for other provision should ensure that all learners, including those with profound and complex needs, are able to access education and/or training.

Programmes or elements of programmes specifically designed for learners with learning difficulties and/or disabilities are eligible for funding, under the heading of 'other provision' (programmes may also include qualifications or for those aged 19 or over, parts of qualifications). In order to include all learners and different types of provision and providers, the determining factors for funding eligibility should relate to the programme, its structure and its delivery.

Ineligible provision

226 The following provision is not eligible for Council funding:

- prescribed HE which comprise:
 - learning aims for the further training of teachers or youth or community workers
 - post graduate 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, HNC or the Diploma in Management studies
- provision funded under the following schemes which are fully funded separately:
 - Foundation and Advanced Modern Apprenticeships
 - Life Skills funded through work-based learning
 - the Learning Gateway and all other training under the New Deal Options
 - NVQ training funded through work-based learning
- full cost recovery provision
- company-specific knowledge learning aims
- 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 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.
- primary driving or piloting skills
- inward collaborative provision
- any other learning aims that are considered to be fully funded from other sources.

Types of Delivery

Direct and partnership provision

227 The Council currently recognises two types of delivery arrangements for FE. These are direct provision totally delivered by the institution, and partnership provision, i.e. 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.

228 The following table should help institutions to distinguish between direct provision, direct partnership provision and franchised provision.

Table 3: Types of provision

Service Provided	Direct Provision	Partnership Provision	
	<i>Direct (institution)</i>	<i>Direct with Partner</i>	<i>Franchised</i>
Employer of teaching staff	Institution (may use a recognised employment/staffing agency or self-employed staff)	Institution (the institution may use a recognised employment/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	Institution	Partner	Institution or franchisee
Facilities e.g. computer hardware/software	Institution	Partner	Franchisee
Teaching and learning resources	Institution	Institution/partner	Franchisee
Responsibility for quality and audit	Institution	Institution	Institution
Marketing	Institution	Institution or partner	Institution or franchisee
Advice and guidance	Institution	Institution	Determined by institution and carried out by institution or franchisee
Enrolment procedures	Determined by institution and carried out by institution	Determined by institution and carried out by institution	Determined by institution and carried out by institution or franchisee
Teach learners	Institution	Institution	Franchisee
Teacher development	Institution	Institution	Institution/franchisee
Learner charter	Institution	Institution	Institution
Additional learning support	Institution	Institution	Provided by franchisee or access to institution support
Monitor the programmes - quality assurance and learner record sampling checks	Constant monitoring	Constant monitoring which may include scheduled and unannounced visits by the Institution	Constant monitoring including scheduled and unannounced visits by institution
Nature of contract	None	Based on resources provided rather than volume of provision	Based on volume of provision
Accreditation with awarding body	Institution	Institution	Institution (other than in exceptional circumstances)
Subject to franchising discount	No	No	Yes (other than in community based and widening-participation provision)

229 The Council 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 which was previously franchised.

Direct partnership provision

230 Partnership provision delivered in 2002/03 will continue to be funded at non-discounted rates. Institutions are advised to discuss direct partnership arrangements with local Councils prior to entering into agreements for this type of provision and enrolling learners. Where an institution fails to do so, the Council may have concerns about the eligibility of the provision for funding. The Council will provide further information on partnership provision in the audit guidance to be published in summer 2002. In-year work by learner number auditors on partnership provision may be requested by the Council.

231 The Council is considering maintaining a register of partners and recording details of partnership arrangements within the ILR.

Franchised provision

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

233 Institutions are reminded to consult and conform to existing guidance and any subsequent updates, including FEFC Circular 99/09, *Franchising, Fees and Related Matters*, and FEFC Circular 99/37, *Franchising and Fees*, before entering into franchise arrangements.

234 Key aspects of guidance include:

- the institution 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 institution's activity
- plans to offer provision which may be seen as contentious must be shared with the local Council prior to agreeing a contract and before enrolling learners.

235 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 an institution's local area. **The Council does not, therefore, expect any new contracts or increases in student numbers associated with distance franchise provision.** The Council is working with Sector Skills Agencies and National Training Organisations (NTOs), employers and colleges 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.

236 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 Council would have the duty to monitor

the quality and assess the value added. Where a local Council 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.

237 In relation to franchising, the Council will be adopting the approach outlined at paragraph 3.12 in the Department for Education and Employment (DfEE) publication, *The Learning and Skills Council Prospectus*. This stated that sub-contracting arrangements would need to be seen to add value. The DfEE consultation document, *Learning to Succeed: Post-16 Funding and Allocations*, also considered this issue at paragraphs 2.29 to 2.32. The Council will over time be developing direct relationships with training institutions that meet its threshold standards.

Arrangements for 2002/03

238 Institutions will be requested from time to time to provide details of their existing and planned franchised arrangements, and how they contribute to the achievement of their mission and strategic objectives. The information will usually complement the timing and structure of strategic plan returns. Information from the ILR will provide the Council with an indication of each institution's franchised provision and information about the organisations with which institutions have franchise arrangements. However the Council may request further information.

239 No Council funding should normally transfer from colleges to employers, including through third parties, as part of a franchise arrangement to provide education and training to their employees. Reasonable payments to

employers for the use of premises and equipment may be appropriate.

240 Arrangements for seconding an employer's staff may be contentious and FEFC has given further guidance on this and other issues in FEFC Circular 99/09 and FEFC Circular 99/37.

241 In franchise arrangements, an institution is responsible for ensuring that quality assurance arrangements for the franchised provision, including the application, where relevant, of the college charter to the provision, are in place.

242 Where the appropriate inspectorate has assessed an institution's leadership and management as inadequate, the Council will make it a condition of funding that the institution may not enter into new, or extend existing, Council-funded franchise arrangements until the appropriate inspectorate is satisfied that the deficiencies have been remedied. This will require institutions not to increase the student numbers for franchise arrangements above the numbers at the date on which the institution was notified by the Adult Learning Inspectorate (ALI)/OFSTED or previously by FEFC of the grading for leadership and management. The institution may claim funding for all legally binding contractual commitments existing at the date on which the grade was notified. Institutions 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 an institution has assessed itself as having inadequate leadership and management, the Council would not expect it to increase its franchised provision.

Funding of franchised provision

243 As stated in FEFC Circular 99/37, *Franchising and Fees*, the Council has confirmed that the funding associated with franchised provision should be multiplied by a discounting factor of 0.67, other than for provision:

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

High risk provision

244 The Council considers the following examples, including certain partnership arrangements for the delivery of the provision, raise potential issues of eligibility where care is required:

- former franchise partnerships transformed to direct delivery by any of the following means:
 - secondment arrangements
 - facilities management, including the leasing and support of computer hardware, software, the provision of educational materials or administrative support
 - distance learning arrangements
 - staffing agency arrangements, particularly when teaching on the agency's own premises
 - voluntary tutors that 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 delivered by distance learning, particularly on-line via the internet
- any use of the distance learning multiplier (x 14), **which must be approved, in writing, in advance by the local Council.**

245 The Council 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.

246 Institutions wishing to deliver learning aims on-line via the internet, other than recognised Ufi learning aims, or to enter into partnership arrangements including, but not restricted to those described in table 1 (paragraph 228), are advised to contact their local Council in advance of the delivery of provision. Where an institution fails to do so, the risk that the Council may subsequently not fund the provision is much higher. The Council is likely to request additional audit checks on provision described above in 2002/03.

247 Institutions were advised of the risks inherent in certain types of provision in FEFC Circular 99/43, *Audit of the 1999-2000 Final Funding Unit Claim and of the 1999-2000 Individualised Student Record Data*, Supplement B. The Council provided the most recent self-assessment checklist of risk factors in Circular 01/16, *Interim and Final Funding Unit Claims 2000/01* (annex I). This enables institutions to classify provision as higher, medium or lower risk. The assessment of risk approach will be used by institutions and their external auditors in compiling the audit-testing programme for provision made in 2001/02 and in planning provision for 2002/03.

Learning Associated with Employment

Length of programmes delivered in the workplace

248 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

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

Employer dedicated provision

250 The Secretary of State has asked the Council to put in place arrangements for securing additional contributions from employers. The assumed fee income is 50% of national base rates for dedicated provision for employers (see paragraph 67). This applies to eligible provision delivered either by an institution, an independent training institution 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.

251 Institutions should note that where dedicated employer provision is delivered through franchise arrangements, the funding available is discounted by one-third in accordance with the Council's guidance on franchising. The discount should be applied to the cash sum after the 50% fee income has been deducted from the national rate. If learners attract a disadvantage uplift, the discount relating to franchising will not apply.

252 Institutions should discuss any provision which may be employer-dedicated with the local Council, before delivery commences, to ensure the provision is correctly categorised. Provision will not be considered to be employer-dedicated in the following circumstances:

- for provision which is advertised as open to the general public and advertised and run so the public could reasonably be expected to attend
- for normal day-release provision or equivalent on institution premises
- where the programme includes staff of more than one employer being taught at the same time providing each employer has confirmed that members of the general public may attend
- for basic skills provision made in the workplace.

253 It is not envisaged that this will affect small employers as their staff more commonly attend provision open to the public. The Department of Trade and Industry define a small employer as having fewer than 50 employees and an annual turnover of less than £8 million.

Section Five: Funding Colleges and Other Institutions

Types of Institutions Funded to Deliver Further Education

Further Education colleges and Higher Education institutions

254 The majority of Council-funded FE provision is delivered by FE colleges incorporated or designated (specialist designated institutions) under the Further and Higher Education Act 1992. The Council will continue to fund FE colleges in 2002/03 through grant-in-aid and under a financial memorandum. 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 Council and the college commensurate with a long term funding relationship. The Council has a unique relationship of both main regulator and main funding body of FE colleges.

255 The Council also funds institutions regulated by the HEFCE to deliver eligible provision. These institutions account for their student numbers through their returns to the Higher Education Statistics Agency (HESA).

Former external institutions

256 The Council also funds other institutions, formerly known as external institutions, for FE. The majority of these institutions are LEA maintained institutions; a smaller number are voluntary organisations or businesses. These institutions have until the 2001-02 financial year been funded through a grant agreement. All institutions funded under grant agreements are currently expected under these agreements to demonstrate a proper use of public funds. This requirement and the associated annual audit of expenditure of the proper use of these funds will remain for LEA maintained institutions, as public bodies. The Council is considering changing the funding agreement for those institutions in 2002/03 that are not public bodies. This would change the funding agreement from a requirement to demonstrate 'the proper use of public funds' to instead show the application of Council funds 'for the purposes given'. Institutions funded in this way would not be subject to an annual audit of their spending of Council funds. All institutions receiving FE funding will be subject to annual audit coverage of their learner data returns, as at present. The Council's approach set out above to non-public sector institutions is likely to be extended to new non-public sector providers of FE that are agreed in 2002/03.

New Providers

257 Organisations seeking to become funded by the Council should approach their local Council for a preliminary discussion.

258 In order for a new FE provider to receive Council funding the following criteria must be met:

- an assessment of the adequacy and quality of provision in the local area will be carried out by the local Council and unmet need will be identified
- the initial assessment of new providers must be completed successfully. This will determine whether the provider meets the minimum requirements for contracting with the Council in respect of financial assurance, quality of education and training, leadership and management, quality assurance and continuous improvement, data management, health and safety and equality of opportunity. The initial assessment process may not be necessary if a provider is already receiving Council funding for the relevant provision. In such cases, advice from the local Council should be sought at an early stage
- the local Council determines that it is appropriate for the new provider to be funded and confirms its wish to fund the provider. The Council identifies the funding stream and mechanism by which the new provision will be funded.

Funding Agreements and Monitoring

Funding agreement

259 The Council will enter into a funding agreement with each institution. The funding agreement will set out the funds for the provision of FE that the Council has agreed to pay to the institution, and the education and training programmes which the institution has agreed to provide in return. Specifically, the institution will be expected to provide the education and training programmes contained in its strategic plan, or the equivalent, subject to responding to unforeseen circumstances and to:

- generate at least the total number of learner numbers and cash earned included in the institution's funding agreement with the Council
- increase the number of students broadly in each growth category in line with their growth allocation
- maintain the number of students in other categories where the institution's level of funding is maintained
- notify the local Council in writing at the earliest opportunity of any likely significant shortfall.

Existing conditions of funding

260 The Council will attach conditions to its funding of colleges and other institutions.

Conditions (a) to (c) are required by the Secretary of State:

- a. tuition¹⁰ fees shall not be charged to students aged 16-18 in full-time or part-time education. For the purposes of the funding agreement, '18', means 'under 19 on 31 August in the calendar year when the student commences a programme of study'; it is intended that such a student should continue to receive free tuition in any consecutive subsequent year of study on the same programme;
- b. colleges in the FE sector shall provide the data required by the Secretary of State to permit the publication of comparative performance tables on student 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 student 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;
- c. colleges in the FE sector shall have a college charter as envisaged in the Charter for Further Education;
- d. colleges shall publish a disability statement;
- e. institutions should supply other information as required by the Council in order to enable it to report to the Secretary of State on equality issues;
- f. where the appropriate ALI/OFSTED/FEFC inspectorate has assessed a curriculum or subject area as weak, the institution shall not increase the learner numbers enrolled on to 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. Where institutions which were inspected previously by the FEFC still have outstanding grades 4 or 5 for a curriculum area, the Council will apply the same conditions;
- g. if the ALI/OFSTED/FEFC inspectorate assessed the leadership and management as inadequate, the institution may not enter into new, or extend existing, Council-funded franchise arrangements, until the inspectorate is satisfied that the deficiencies have been remedied. The institution 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. Where institutions that were previously inspected by the FEFC still have outstanding grades 4 or 5 for quality assurance, governance or management, the Council will apply the same conditions;

¹⁰ The Council has received advice from the 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.

- h. the institution shall endeavour to provide for at least the same number of students with learning difficulties and/or disabilities as it did in 2001/02 and at least to maintain the proportion of such students in its overall enrolment total.

261 In certain circumstances, the Council may not wish its funds to be used by an institution 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 institution, the Council may wish to include a specific condition of funding in that institution's funding agreement. Such conditions will be subject to a moderation process within the Council to ensure a consistent approach nationally.

New conditions of funding

Basic skills

262 No fees or charges shall be made to learners in relation to basic skills learning aims. The basis for this decision is outlined in section three, paragraph 134. Further guidance on the funding of basic skills provision is detailed in section 3, paragraphs 135 to 145.

Health and Safety

263 The Council's duties under the Learning and Skills Act are to secure proper facilities for learners aged 16-19 and reasonable facilities for learners over 19 years. In performing these duties, the Council 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 institutions they shall supply information, as required by the Council on learner health and safety.

Proposed new condition of funding

Charging 16-18 year old learners

264 The DfES has indicated to the Council that it wishes to introduce a new condition of grant that no compulsory enrolment, registration or examination fees are charged to learners aged 16-18 in full-time or part-time education. The DfES wishes to ensure there is a common approach to charging policy between schools and FE institutions. Compulsory charges may be a barrier to participation, particularly where a sixth form or tertiary college is the sole provider in an area. The intention is that institutions will, however, be able to seek voluntary contributions from learners or their sponsors.

265 Institutions would also be able to apply reasonable conditions of attendance in order to qualify for free examination entry, similar to conditions applied in schools.

266 This condition of funding would not apply to other charges, for example relating to equipment and materials for vocational learning aims.

267 Comments from the FE sector on this proposed new condition of grant were invited in Circular 01/19, *Arrangements for Planning and Budgeting for Further Education in 2002/03*. The outcomes received have been submitted to the DfES for a Ministerial decision on whether to introduce this condition for 2002/03. Further guidance will be issued as soon as it is available.

Section Six: Planning and Budgeting Arrangements

Introduction

268 This section provides guidance on the planning and budgeting arrangements for 2002/03. It explains how colleges and other institutions' baseline allocations will be calculated, including the allocation of growth funding.

269 The funding round process in 2002/03 is significantly different from that followed in 2001/02.

270 The process is based on discussions between institutions and their local Councils within the framework set out in this document, informed by the Secretary of State's guidance. The dialogue with local Councils will establish institutions' baseline allocations for 2002/03 and will enable proposals for growth in activity to be considered.

Summary of Key Changes to The Planning and Budgeting Process

271 The key changes to the planning and budgeting process for 2002/03 are as follows:

- the introduction of cash-based rather than unit-based funding
- baseline data issued to local Councils for each institution using 2000/01 out-turn figures and 2001/02 allocations data
- the introduction of learner profiles as a measure of volume for planning and monitoring purposes
- growth funding allocated to local Councils for distribution in accordance with Council and Ministers' priorities

- the protection (safety net) arrangements to address changes in funding arising from the introduction of the new funding formula for FE
- end of year reconciliation arrangements
- the introduction of new conditions of grant:
 - that no costs are charged to learners on basic skills provision
 - that institutions should supply information, as required by the Council, on learner health and safety.

Council's Approach to Planning and Budgeting

272 For 2002/03 the Council's approach to the planning and budgeting arrangements for colleges and other institutions is as follows:

- an initial baseline allocation of funding will be issued to local Councils for discussion and agreement with each institution to support the provision set out in their strategic plans
- a separate allocation of funding will also be made to local Councils in respect of targeted activity. For example, growth funds in 2002/03 for full-time 16-18 year old learners and for adult provision
- the Council will agree with each institution the provision it will make in line with its funding agreement. This provision will be expressed in cash terms and also the number of full-time 16-18 year olds and the number of adult learners
- institutions are free to enrol additional students, as they consider appropriate.

The Council cannot guarantee to fund such additional recruitment beyond the responsive growth funding available (see paragraphs 298 to 299) in 2002/03. However, institutions' performance in 2002/03, reflecting the local Council's strategic plan, will be a persuasive argument for increased allocations for 2003/04

- the Council expects institutions to continue to give priority to learning aims that lead to qualifications recognised by the Secretary of State. Institutions should, therefore, not plan to increase "other provision" at the expense of existing provision leading to qualifications. Institutions 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 Council (see section four, paragraphs 222 to 224)
- each institution's performance is monitored against its funding agreement. Funding will be reduced if there is a shortfall in relation to the funding agreement subject to the conditions described in paragraphs 313 to 322 and 336 to 340
- the Council will establish safety net arrangements to allow providers who lose under the new system time to adjust to the new funding approach.

Timetable

273 The timetable for the planning and budgeting process in 2002/03 has been revised since Circular 01/19, *Arrangements for Planning and Budgeting for Further Education in 2002/03*, was published. The target date for formal responses from institutions to local Councils is 19 April 2002. Responses from local Councils to the national office on proposed allocations for all institutions has now been extended from 5 April to 26 April 2002.

275 Baseline allocations are calculated as follows:

- data based on institutions' 2001/02 allocation from individualised student record (ISR)20 (31 July 2001; 2000/01) and ISR19 (31 December 2000; 1999/2000) has been used to estimate the pattern of provision in addition to information on outturn data/achievement of target in 2000/01

Table 4: The timetable for the planning and budgeting process in 2002/03

February 2002	Baseline data issued to local Councils for discussion and agreement with each institution.
February/March 2002	Growth funding allocated to local Councils to determine distribution to institutions. Local Councils discuss proposed allocations and learner numbers with each institution. Guidance on FE funding and funding eligibility and rates 2002/03 published.
19 April 2002	Target date for formal responses from institutions to local Councils on proposed allocations.
26 April 2002	Target date for responses from local Councils to the national office on proposed allocations for all institutions
April/May 2002	Adjustments in funding will be agreed across local Councils by moderation and subject to local and national priorities.
June 2002 onwards	Final funding allocations (including any Ufi allocations) and funding agreements issued by local Councils.

Baseline allocations

274 The purpose of baselines is to form a starting point for discussions between local Councils and each institution. The initial baseline funding allocation is based on the funding allocated for 2001/02 and the 2001/02 anticipated volume of provision (excluding any Ufi allocation). Annex F provides illustration of how the baseline allocation is constructed.

- from the 2000/01 outturn data the percentage of units will be divided into 16-18 year olds, adults and adult basic skills and these percentages will be applied to the 2001/02 baseline units to estimate the proportion of provision in each category.

276 Each institution's total funding allocation will consist of the agreed baseline allocation plus any growth elements agreed by the local Council. This allocation will take account of

the Council's estimate of changes arising from the application of the new formula. Where institutions do not yet have a final allocation agreed for 2001/02, the rate at which they are being paid will be used as the basis for their initial baseline funding allocation.

277 The Council will calculate the cash to be allocated by adjusting where applicable for London weighting, the institution's disadvantage factor and specialist college uplift factor, if applicable.

278 The baseline allocation is then calculated as follows:

- growth for 2001/02 is allocated as follows:
 - 16-18 growth and Curriculum 2000 allocation added to 16-18 provision
 - adult growth added to adult provision
 - basic skills growth added to adult basic skills
 - units multiplied by 2001/02 ALF to calculate the funds for each category
- the funds in each category is uplifted by 2.5% to give the baseline funds for 2002/03
- additional information is shown as a subset of the data as follows:
 - partially funded ESF students
 - adult basic skills students
 - funds for additional learning support.

Learner profiles

279 Institutions and the Council will need to work closely together to achieve the rise in participation and achievement targets at both national and local level, which the Council has

established. It is important, therefore, for institutions to agree and deliver minimum learner numbers as part of their funding agreement with the Council. The introduction of a learner profile alongside cash values will enable the Council to monitor planned learner numbers in key categories of provision.

280 The learner profile will show learner numbers, FTEs and funds by age and mode of attendance for 2001/02. The source of information will be indicative learner numbers for 2000/01 taken from ISR20, along with information on growth funded in 2001/02 and planned growth in 2002/03.

281 The learner profile for 2002/03 will be finalised through discussions between the local Council and the institution. Any proposed amendments to the learner profile should be supported by robust evidence.

282 An example of the learner profile is shown in annex F.

283 The adult numbers in basic skills, disadvantage and qualification provision are subsets of overall learner numbers. The categories are not exclusive (for example all basic skills students are classified as disadvantaged for funding purposes).

284 An FTE is defined in section two, paragraphs 25 to 28.

Ufi hubs

285 In 2001-02 financial year, £135 million was made available for learners enrolled on Ufi provision. Most of this funding was allocated through 55 recipient colleges, although 11 hubs have been funded directly. In 2002-03 financial year, £145.5 million has been set aside for learners enrolled on Ufi provision.

286 The Council has agreed with Ufi the method of allocating these funds, taking into account the particular circumstances of the rapid development of Ufi provision and variations between hubs. Ufi has requested that institutions that wish to receive funds for Ufi provision in 2002/03 should apply to Ufi by 5 April 2002.

287 The local Council, local Ufi representative and hub will agree an allocation which reflects (for national hubs, the National Contracts Service (NCS) agrees the allocation):

- an appropriate amount of funding taking into account the hub's target and aims
- the ability of the hub to deliver against the funding for which it has applied.

288 The allocation will comprise an element for the period from August 2002 to the end of March 2003, and an indicative sum for April 2003 to the end of July 2003, which falls in 2003-04 financial year. The April-July 2003 element of the allocation will be confirmed following a mid-year review of hub performance to be undertaken jointly by the Council and Ufi in early 2003. The local Council/NCS will notify the hub of their allocation from 26 April 2002 onwards.

289 Funds for Ufi provision will be included, but identified separately, in final allocations for 2002/03. Institutions should refer to Ufi guidance for further details.

Local planning

290 Local Councils face a variety of different needs, and their strategic plans will reflect this and will show how each local Council plans to contribute to the achievement of the Council's national targets. Local Councils will want to consult with providers to establish participation target levels and address the

specific needs of their localities whilst working within the context of the Council's national vision, mission and key objectives.

291 In addition to their strategic plans, local Councils have produced basic skills delivery plans, setting out how they intend to meet their targets for basic skills.

292 Institutions' learner profiles will be agreed as part of the local strategic planning process and learner numbers should relate to local Councils' plans and priorities.

293 The Council recognises that some employer groups have preferred to make national arrangements via the Council. These are dealt with via the NCS. Institutions involved will be informed separately of the arrangements for data collection and target allocation relevant to this provision.

Growth

294 Ministers have allocated to the Council and institutions a key role in raising skills and qualifications levels. Such improvements will enable individual potential and economic benefits to be achieved.

295 The Council will be seeking to fund colleges and other institutions in two different ways to reflect growth in learner numbers and volumes of provision. Planned growth, paid at full national rates, will be agreed in advance and included in institutions' final funding allocations for 2002/03. Responsive growth will be paid at 60% of national rates, retrospectively, where institutions are able to improve retention, achievement or meet unanticipated learner needs. Both types of growth are described in more detail below.

Planned growth

296 Local Councils will determine the distribution of funding for planned growth in 2002/03. The decisions reached will be influenced by both local and national priorities, including:

- increases in 16-18 year old participation levels
- increases in adult basic skills learners
- increases in the number of learners achieving level 2 or level 3 qualifications
- ensuring additional learning support needs are met.

297 Funding for planned growth has been allocated to local Councils and the distribution of these funds will be agreed with institutions during the 2002/03 funding round discussions. Some local Councils may wish to fund more planned growth than their allocation permits. A regional or national re-allocation of any unused planned growth funding is, therefore, planned in May 2002.

Responsive growth

298 In addition to agreed allocations for planned growth, the Council will seek to fund other growth which occurs in 2002/03. This growth is likely to include:

- improvements in retention and achievement
- unanticipated growth in learner numbers as institutions respond to unexpected demand
- increases to the size of learning programmes as a result of individual learner demand; intended expansion in volumes of provision for groups of

learners should have been discussed with the local Council in the context of planned growth.

299 The Council recognises the need to ensure that adequate funding is available to enable colleges and other institutions to be responsive to changes in learner choice and to reflect the impact of the new approach. The policy and financial parameters within which responsive growth will operate are set out below:

- the extra funding the Council can release to institutions will be limited by the funding available. However, the Council will seek to provide funding at 60% of the standard rates, reflecting the typically marginal nature of responsive growth, but at the same time offering institutions financial recognition of quality improvements and responsiveness to learner demand
- the Council will seek to fund up to 5% of responsive growth, which would represent up to 3% of additional funding at 60% of the national rates
- additional funding (up to the 3% cap) will normally be paid to institutions retrospectively as part of the final funding claim for 2002/03 provided this is submitted by 9 February 2004. The Council will consider earlier release of funds where an institution is able to provide robust evidence of additional activity. Institutions that wish to seek funding in these circumstances should approach their local Council. Additional funding will not be guaranteed where final funding claims for 2002/03 are not received by 9 February 2004
- indications of the level of responsive growth likely to be achieved by

institutions in 2002/03 will be used by local Councils to inform 2003/04 funding round negotiations

- the actual levels of responsive growth will be known in early 2004. The sums relating to responsive growth will not be automatically consolidated into baseline allocations for 2003/04.

Impact of quality on growth

300 The Council will continue the practice of restricting growth in curriculum areas, which require re-inspection (see section five, paragraph 260). *Learning to Succeed, First Technical Consultation Paper* (paragraph 2.21) confirmed Ministers' intention to ensure the link made by the FEFC between quality and funding allocations should be maintained whilst allowing the institution the opportunity to improve.

301 Where an institution has assessed itself as having a weak curriculum or subject area, the Council would not expect it to plan to increase the numbers of students taken on to the first year of the programme in the curriculum area or areas in question.

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

Virement

303 The Council is allocated funds by the DfES for specific purposes and Ministers' expect the Council to use the relevant level of funding for the purpose intended. In respect

of the main recurrent funding available for FE, the DfES allocation is in two funding blocks, reflecting two intended uses:

- to support provision for 16-18 year old learners
- to support provision for adult learners.

304 The Council is required to use the relevant sums to support provision for the relevant categories of learner, and is restricted in its ability to transfer (vire) between the two funding blocks.

305 The Council will, therefore, be monitoring the use made by institutions of the funds allocated in relation to the two funding blocks. This process has started with the identification in institutional baselines of cash sums relating to 16-18 year old learners and adults. This separation is likely to continue in future years to reflect the DfES allocation of budgets to the Council.

306 Previously, institutions have been monitored only in relation to the growth funding allocated for 16-18 year old learners and adults, and have been free to use their base funding allocation without distinction. The Council recognises the importance of institutions having flexibility in their use of resources.

307 However, previous institutional behaviour has shown that, at a national level, there is a trend for funding intended for 16-18 year old learners to be used for adult learners. Typically this reflects learner choices, made by young people early in the academic year, to which institutions respond by increasing part-time provision during the academic year, attracting mainly adult learners.

308 In order to maintain the responsiveness of institutions to changing learner demands, the Council will seek to work with institutions

in 2002/03 to ensure that local demand from 16-18 year old learners is met in full. If the Council is confident that this is the case, the use of funding allocated for 16-18 year old learners which is not required locally for that purpose can be used by institutions to address unmet local adult need.

309 In order to support this approach, the Council will:

- seek confirmation that institutions intend to meet demand from 16-18 year old learners who wish to engage in learning, provided appropriate programmes of learning are available, existing resources are sufficient to accommodate the learner and, at individual level, the learner meets the institution's entry requirements
- provide extra funding through the responsive growth mechanism for 2002/03 for any additional 16-18 year old learners that are recruited by institutions in excess of those already funded. The level of funding will be determined by budgetary considerations and the conditions within which responsive growth will be funded (see paragraphs 298 to 299)
- require institutions to notify local Councils promptly and in writing of significant¹¹ changes in 16-18 learner numbers or any significant shifts in the pattern of provision between 16-18 year old learners and adults in 2002/03 compared to previous years' levels. This could include providing information in early monitoring returns
- require institutions that experience an unexpected variation, up or down, of more than 5% in 16-18 learners in the

autumn term compared to the number for which funding has been allocated, to discuss the appropriate action with their local Council before 20 December 2002. Appropriate action may include institutions seeking to transfer funds to reflect patterns of recruitment, offering provision with flexible start dates or developing provision which reflects unmet local need.

310 Local Councils will wish to consider institutions' performance in relation to 16-18 learner numbers in 2002/03 to inform funding allocations for 2003/04.

311 Institutions are expected to work collaboratively and co-operatively to increase participation among all learners. Any unnecessary competition between institutions will be monitored by local Councils and may influence future planning and funding decisions.

Monitoring growth

312 Institutions' achievement of planned growth in learner numbers, for which funds have been allocated by the local Council, will be monitored. The pattern of growth achieved overall will be a significant aspect of an institution's performance in relation to the Council's performance review process and is likely to inform local Councils' decisions in respect of the subsequent year's funding allocation. However, variations in learner numbers will not be used to adjust final funding claims (see paragraph 315).

¹¹ Changes of more than 5% are considered to be significant in this context

Performance against Funding Agreement

313 Institutions are expected to monitor actively their level of performance against their funding agreement with the Council. Where an institution identifies a potentially significant shortfall in the volume of provision being delivered compared to the volume for which funding is being paid, this information should be notified in writing to the local Council at the earliest opportunity.

314 Local Councils will wish to ensure that funding is available to support provision for learners. Unanticipated variations in demand may result in a mismatch between the funding paid and the provision being delivered. In such instances the Council will encourage institutions to return allocated funds for local redistribution so that funding allocations can be more closely matched to the delivery of provision.

315 The funding allocated for planned growth will not normally be recovered where the institution has met its overall learning activity target provided the guidance given in paragraphs 303 to 311 on virement has been followed. Nevertheless, institutions are expected to use their best endeavours to address the priorities agreed with the local Council in the allocation of planned growth. Local Councils will take account of the institution's performance in the subsequent year's funding allocation.

Effect of performance in 2001/02 and 2002/03

316 The initial assessment of an institution's performance against its funding agreement for 2001/02 will be based on the ISR21 (1 November 2001; 2001/02) return made to the Council. The Council will include with the

indicative baseline allocation, notification of an all-year estimate of funding units for 2001/02. The all-year estimate will be calculated by applying the units generated for the autumn period from ISR21 (1 Nov 2001; 2001/02) to the profile of units generated in the autumn period for 2000/01 from ISR20 (31 July 2001; 2000/01).

317 Institutions should discuss with local Councils any significant differences between the total funding units allocated and estimated performance in 2001/02. Where the notified all-year estimate is significantly different to institutions' own calculations, institutions should provide details to their local Council of their own all-year estimate with details of how it has been calculated.

318 Confirmation of the level of growth offered in 2002/03 will result from discussions between the institution and the local Council. Institutions that are expected to be significantly below target compared with their 2001/02 funding agreement and those that have not returned ISR21 are unlikely to be allocated any growth for 2002/03.

319 Where an institution is not expected to meet its 2001/02 funding agreement, it will be expected either to:

- identify, with supporting evidence, how it intends to generate in 2002/03 at least the learner numbers and earned income in its 2002/03 initial baseline allocation
- propose a reduction in the initial baseline as part of its response to its 2002/03 baseline allocation.

320 If, after discussion with the local Council, there is some doubt that an institution can earn the income in its 2002/03 baseline allocation the Council may offer only the cash equivalent to the number of units the institution is predicted to generate in 2001/02.

Each institution will have a minimum funding allocation in 2002/03 of 90% of its 2001/02 allocation. This will be subject to any adjustment described in paragraph 336 to 340.

321 A final funding claim for the teaching year 2001/02 will be required after the year-end in February 2003 from each institution. Should the out-turn achieved by an institution be significantly less than that set out in its 2001/02 funding agreement, the Council may review in-year the institution's 2002/03 funding allocation. The Council will also consider the data from the first ILR return for 2002/03 as an indication of likely achievement in 2002/03, and may monitor achievement of student numbers through an early monitoring return and discussion with the institution.

Outstanding audit certificates

322 A number of institutions have audit certificates relating to the use of funds or funding claims outstanding. The Council will consider, on an individual basis, appropriate action, which could result in a reduced allocation for 2002/03 pending the receipt of a final claim.

Mechanisms of the 2002/03 Funding Round

Responses to baseline allocations

323 Each institution has been notified of its initial baseline allocation (or the reason why this has been delayed). Institutions will have an opportunity to respond to the initial baseline allocation before final allocations are issued.

Variations to baseline allocations

324 Institutions that seek significant variations to the baseline allocation should discuss this with their local Council as early as possible and gather robust evidence to support any proposed changes. These may include, for example, adjustments to reflect prior or current levels of ESF activity or anticipated effects of the new approach.

325 In the longer term the expectation is that an institution's provision will also reflect the local Council strategic plan.

326 Where an institution is not expected to meet its 2001/02 funding agreement, supporting evidence will be required in order to support the same level of funding in 2002/03. Alternatively, institutions may propose a reduction in the initial baseline allocation as part of its response to its 2002/03 baseline allocation.

327 Further details on the implications and process of accepting baseline funding allocations are given in annex G.

Exceptional features

328 An institution may identify whether it has any exceptional features it wishes the Council to take into account when considering its funding allocation. To have a potential impact on an institution's funding allocation any features identified should meet **all** the following criteria:

- differentiation - the feature should be one that most institutions do not share, for example being the sole institution of a specialism in a region
- scale - the feature should relate to a significant proportion of the institution's existing provision that is at least 30%.

Institutions are expected to maintain small-scale specialisms within the funding allocated by the Council

- proper and reasonable - the feature should have an evident bearing on the Council's duty to secure proper and reasonable facilities for FE in England.

329 Where an institution has circumstances that are judged to be exceptional against these criteria, its funding allocation will be reviewed to ensure the Council can meet its statutory duty under the *Learning and Skills Act 2000* in relation to securing facilities for FE.

Tolerance of Performance against Funding Agreement

330 The FEFC funding methodology enabled institutions to carry forward 2% of over- or under-performance between years.

Institutions were notified in March 2001 (FEFC Circular 01/05, *Guidance on Funding Allocations 2001-02*, paragraph 100) that the tolerance system would end in July 2002.

This was confirmed in November 2001 (Circular 01/19, *Arrangements for Planning and Budgeting for Further Education 2002/03*, paragraph 76).

331 The tolerance system has run for five years from 1997/98 to 2001/02 and will be wound up from the end of the 2001/02 funding year. The Council will not allow any tolerance balances to run forward after the end of the 2001/02.

332 The Council will produce a final tolerance balance for each institution and adjust its funding accordingly. Further technical details of the calculation approach will be published separately.

In-Year Performance

333 Learner Profiles will be used in 2002/03 for planning and monitoring purposes only and will not form part of the reconciliation process.

334 Institutions will wish to consider their likely position in relation to the impact of the new formula and potential safety net position as part of the 2002/03 funding round discussions (see paragraphs 341 to 348).

335 Local Councils will discuss differences between planned enrolments and outcomes in 2001/02 with institutions and may agree a different balance or volume of provision for 2002/03 so that learner number expectations more closely match the funding allocated to the institution.

Approach to Recovery of Funds for 2002/03

336 Institutions, for planning and forecasting purposes, should assume that any shortfall in cash terms in relation to funding claims will be recovered in full as part of the final funding claim adjustments for 2002/03.

337 The Council is seeking to develop a strategic approach to the funding of FE institutions, which reflects the role of the Council, at local and national level, in both the planning and funding of post-16 provision. The mechanisms used to respond to institutions' under-achievement in relation to their funding agreement is likely to form part of this strategic approach and will be consulted on in summer 2002.

338 The outcomes of the consultation process will inform the future development of policy in relation to the recovery of funds.

Protection of funding

339 An institution will be protected at 90% of its previous year's allocation each year for a maximum of two years. It is intended to follow previous practice under the FEFC methodology. Where an institution has failed to achieve 90% of its 1999/2000 allocation in 2000/01, and appears unlikely to achieve 90% of its 2000/01 allocation in 2001/02, the Council will adjust the allocation for 2002/03 to reflect more accurately the institution's performance.

340 This adjustment will be reviewed in the light of the institution's audited final claim for 2001/02. If the institution delivered more funded activity than originally used in calculating the allocation for 2002/03, the additional provision achieved, up to 90% of the institution's 2001/02 allocations, will be added back into the 2002/03 allocation provided the increase in provision appears likely to be at least maintained in 2002/03.

Safety Netting

Introduction

341 The Council will protect institutions that would otherwise lose funding in 2002/03 compared to 2001/02 national rates solely as a result of the new funding approach¹². This protection is referred to as safety netting.

Principles of safety netting

342 The intention of safety netting is to ensure institutions have time to adjust to the new formula and have a basis for making planning and budgeting assumptions for 2002/03. It is not intended that institutions

will be protected completely from the impact of the new approach. Safety net protection is, therefore, provided at 2001/02 national funding levels. Any increase in provision above 2001/02 volumes will be excluded from the safety net calculation.

343 Institutions will have their cash income for 2002/03 protected at 2001/02 national funding levels provided the volume and nature of the provision delivered does not change between 2001/02 and 2002/03. Any changes which affect the cash amount generated in 2002/03 compared to 2001/02 will be taken into account in the calculation of a safety netted cash sum for 2002/03.

344 The Council intends the approach to the calculation of safety net figures to be as simple as possible and based on actual institutional data for 2001/02.

345 Safety netting will operate at whole institution level only; consideration of gains and losses made on individual learning aims as a result of the new approach will not form a part of the safety net approach.

346 Safety net protection will be applied retrospectively to the final funding claim for 2002/03, to adjust the amount of any recovery of funds which would otherwise be applied.

347 This approach to safety netting is intended to apply for 2002/03 only. The Council intends to review institutions' position during 2002/03. If a small number of institutions require protection in 2003/04 it may be more appropriate for individual institution action plans to be agreed with the Council, showing how adjustment to the new formula is planned.

348 The technical details of the Council's approach to safety netting are described in annex H.

¹² i.e. where the volume and nature of provision does not change between 2001/02 and 2002/03

Support for Institutions in Financial Difficulty

349 The FEFC's approach to dealing with colleges in financial difficulty included the option of rebasing some institutions. The process of rebasing was described in FEFC Circular 99/09, *Franchising, Fees and Related Matters* (annex B, paragraphs 6 and 7). The new approach based on cash means that rebasing is no longer appropriate. All institutions 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 Council may offer additional support on specified conditions, set out within an agreed recovery plan.

Reorganisations (including mergers)

350 The Council's transitional and interim approach to considering reorganisations (including mergers) involving FE colleges is described in Circular 01/10, *Further Education Corporation Reorganisations and Rationalisation Fund Support*. This confirms the Council's arrangements for considering applications from FE corporations for the dissolution and establishment of FE corporations, including mergers between FE corporations and transfers of FE corporations to the HE sector. It does not, however, extend to reorganisations involving institutions outside the further and HE sectors. Details of the arrangements for the final year of the Rationalisation Fund 1999-2002 are also included in Circular 01/10.

351 Institutions that are considering reorganisation are advised to contact the appropriate local Council for guidance and to discuss the support that may be available.

352 The Council is currently developing its policy in relation to reorganisations for all sectors and will publish its approach and arrangements in due course.

353 Where institutions with an individual convergence track as part of an exceptional financial support arrangement (see paragraph 349) merge with other Council-funded institutions funded at national rates without any additional financial support in 2002/03, the Council will normally combine the individual allocations to provide a single final allocation. The combined funding allocation will be used for reconciliation for 2002/03.

354 Funds allocated separately to merging institutions will be added together for allocation to the merged institution. Monitoring returns of expenditure in the year of the merger may be made against separate or combined allocation of funds.

355 Where FE institutions are merging, the Council will combine the individual baseline allocations to provide a single final allocation.

Next Steps

356 The 2002/03 academic year will be an important one for institutions and the Council. It will provide a substantial opportunity to realise the shared aspirations of stimulating, identifying and meeting local learning needs. The FE sector will play a crucial role in delivering Ministers' learning and skills agenda and institutions will wish to engage in a full dialogue with their local Council during the 2002/03 funding round to ensure effective and soundly based plans are developed and supported. Local Councils should also be contacted to discuss any queries arising from the guidance in this document.

Annex A: Further Education Listed Rates for 2002/03

National Base Rates (including assumed fee element)

Qualification	Assumed Fee Element	A (1.0)	B (1.12)	C (1.3)	D (1.6)	E (1.72)	Basic skills (1.4)
EDEXCEL National Diploma (new syllabus) studied in a full-time programme	£1,243	£4,970	£5,567	£6,461	£7,952	£8,549	
EDEXCEL National Award (new syllabus) studied in a full-time programme	£518	£2,073	£2,322	£2,695	£3,317	£3,565	
EDEXCEL First Diploma (new syllabus) studied in a full-time programme	£518	£2,073	£2,322	£2,695	£3,317	£3,565	
EDEXCEL National Diploma (old syllabus)	£1,108	£4,434	£4,966	£5,764	£7,094	£7,626	
EDEXCEL National Certificate (old syllabus)	£475	£1,898	£2,126	£2,468	£3,037	£3,266	
EDEXCEL First Diploma (old syllabus)	£572	£2,287	£2,562	£2,974	£3,660	£3,934	
EDEXCEL First Certificate (old syllabus)	£272	£1,089	£1,219	£1,415	£1,741	£1,872	
Vocational GCSE studied in the day	£261	£1,043	£1,168	£1,355	£1,668	£1,793	
Vocational GCSE studied in the evening	£169	£678	£759	£881	£1,084	£1,166	
Vocational A level (12 unit) - (previously, full award GNVQ)	£1,001	£4,005	£4,485	£5,206	£6,407	£6,888	
Vocational A level (6 unit) - (previously, single award GNVQ)	£518	£2,073	£2,322	£2,695	£3,317	£3,565	
Vocational A level (3 unit) - (previously, part award GNVQ)	£277	£1,107	£1,240	£1,439	£1,771	£1,904	
Each additional NVQ or GNVQ unit	£25	£101	£114	£132	£163	£175	

Annex A: Further Education Listed Rates for 2002/03

	Assumed Fee Element						Basic skills (1.4)
		A (1.0)	B (1.12)	C (1.3)	D (1.6)	E (1.72)	
Qualification							
GCE AS level or A2 studied during the day (except General Studies)	£166	£663	£742				
Key skills qualifications (Application of Number, Communications and ICT)	£46	£186	£208				£260
GCE AS or A2 in General Studies (day or evening)	£80	£320	£358				
GCE AS or A2 studied during the evening (excluding General Studies)	£116	£464	£520				
GCSE studied during the day	£120	£479	£536				
GCSE studied during the evening	£85	£339	£379				
Short-course GCSE studied during the day	£74	£296	£331				
Short-course GCSE studied during the evening	£51	£205	£230				
Access to Higher Education (studied at a rate of over 150 glh per tri-annual period for 3 or more periods)	£599	£2,394	£2,682	£3,113	£3,831	£4,118	
3 guided learning hour courses (ICT and basic skills)	£7		£32				£47

Comments

The above table shows a selection of the new rates (rounded to the nearest £).

The complete list of rates will be supplied within the learning aims database to be published on the Council's website.

The figures for 2002/03 include an element for entry funding that is now incorporated into the national rate.

In 2002/03 approved basic skills courses will have a weight of 1.4.

Entitlement for 16-18 year old learners will be funded at £596.53 which includes core funding and fee remission.

Achievement funding for the key skills element in entitlement will be funded at 10% of the appropriate key skills national base rate.

Further Education Loadband Rates for 2002/03

National Base Rates (including 2.5% increase)

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	£13	£51	£57	£67	£82	£88	£72
9	13	£19	£77	£86	£100	£123	£132	£142
14	19	£24	£97	£109	£127	£156	£167	£142
20	29	£29	£117	£131	£152	£187	£201	£180
30	39	£46	£186	£208	£241	£297	£319	£297
40	49	£55	£219	£246	£285	£351	£377	£341
50	59	£63	£253	£284	£329	£405	£436	£387
60	89	£80	£320	£358	£416	£511	£550	£478
90	119	£123	£491	£549	£639	£785	£845	£687
120	149	£148	£590	£661	£768	£945	£1,016	£827
150	179	£173	£691	£774	£898	£1,105	£1,188	£967
180	209	£198	£791	£887	£1,029	£1,266	£1,361	£1,108
210	239	£223	£892	£998	£1,159	£1,427	£1,533	£1,248
240	269	£248	£992	£1,111	£1,289	£1,588	£1,707	£1,389
270	299	£273	£1,093	£1,224	£1,421	£1,749	£1,880	£1,530
300	329	£298	£1,193	£1,337	£1,551	£1,909	£2,052	£1,670
330	359	£323	£1,293	£1,447	£1,680	£2,068	£2,223	£1,810
360	389	£348	£1,393	£1,560	£1,811	£2,228	£2,395	£1,950
390	419	£373	£1,493	£1,673	£1,941	£2,389	£2,569	£2,091
420	449	£398	£1,594	£1,786	£2,073	£2,550	£2,742	£2,231
450	479	£518	£2,073	£2,322	£2,695	£3,316	£3,565	£3,099
480	509	£518	£2,073	£2,322	£2,695	£3,316	£3,565	£3,099
510	539	£518	£2,073	£2,322	£2,695	£3,316	£3,565	£3,099
540	569	£518	£2,073	£2,322	£2,695	£3,316	£3,565	£3,099
570	599	£524	£2,095	£2,346	£2,723	£3,352	£3,604	£3,099
600	629	£542	£2,167	£2,427	£2,817	£3,467	£3,727	£3,099
630	659	£559	£2,238	£2,506	£2,909	£3,580	£3,849	£3,133
660	689	£577	£2,309	£2,586	£3,002	£3,695	£3,972	£3,233
690	719	£595	£2,380	£2,666	£3,094	£3,808	£4,094	£3,332
720	749	£613	£2,451	£2,745	£3,186	£3,922	£4,216	£3,459
750	779	£631	£2,523	£2,825	£3,279	£4,036	£4,339	£3,595
780	809	£648	£2,593	£2,905	£3,371	£4,149	£4,461	£3,730
810	839	£666	£2,665	£2,985	£3,465	£4,264	£4,584	£3,866
840	869	£684	£2,736	£3,064	£3,557	£4,377	£4,706	£4,001
870	899	£702	£2,807	£3,145	£3,650	£4,492	£4,829	£4,137
900	929	£720	£2,878	£3,224	£3,741	£4,605	£4,951	£4,272
930	959	£737	£2,949	£3,303	£3,834	£4,718	£5,072	£4,409
960	989	£755	£3,021	£3,384	£3,927	£4,833	£5,196	£4,543
990	1019	£773	£3,091	£3,462	£4,019	£4,947	£5,318	£4,678

Note The national base rates include the assumed fee element

Annex B: Programme Weightings by Subject Codes

1 Different qualifications in some sub-categories may attract different programme weighting factors. This annex shows the most likely programme weighting factors. The learndirect codes, that have replaced the superclass II codes are indicated.

2 Individual qualifications should be checked against the latest version of the learning aims database. Where anomalies in the learning aims database are identified, institutions are asked to notify the funding and data support desk by fax on 024 7649 3749.

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 & 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 & distribution	
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
C	Information Technology and information	
CJ	computer technology	B
CK	computer science / computer systems	B

Annex B: Programme Weightings by Subject Codes

Code	Title	Most likely programme weighting factor
CL	software engineering	B
CM	computer operations	B
CN	computer use	B
CP	using software & 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	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
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

Code	Title	Most likely programme weighting factor
H	Family care/personal development/personal care & appearance	
HB	personal & 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 & crafts	
JA	art studies	C
JB	art techniques / practical art	C
JC	design (non-industrial)	C
JD	museum / gallery / conservation skills & studies	B
JE	collecting / antiques	B
JF	arts & 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 & furniture crafts	D
JR	glass / ceramics / stone crafts	C
K	Authorship/photography/publishing media	
KA	communication / media	A
KB	communication skills	A
KC	writing (authorship)	A
KD	journalism	A
KH	print & publishing	D
KJ	moving image / photography	C
L	Performing arts	
LA	performing arts (general)	B
LB	dance	B
LC	theatre & dramatic arts	B
LD	variety circus & modelling	B

Code	Title	Most likely programme weighting factor
LE	theatre production	C
LF	music history / theory	C
LG	music of specific kinds / cultures	B
LH	music performance	C
LJ	music technology	D
M	Sports games & recreation	
MA	sports studies / combined sports	B
MB	air sports	B
MC	water sports	B
MD	athletics gymnastics & combat sports	A
ME	wheeled sports	B
MF	winter sports	B
MG	ball & 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 & drink processing	C
NF	cookery	C
NG	home economics	C
NH	food science / technology	B
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 & 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 / psycho / therapies	B

Code	Title	Most likely programme weighting factor
PK	psychology	A
PL	health & 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 & rescue services	B
R	Sciences & maths	
RA	science	B
RB	mathematics	A
RC	physics	B
RD	chemistry	B
RE	astronomy / space science	B
RF	earth sciences	B
RG	land & 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	C
SL	agricultural / horticultural maintenance	E
SM	rural / agricultural business organisation	B

Annex B: Programme Weightings by Subject Codes

Code	Title	Most likely programme weighting factor
SN	veterinary services	C
SP	pets / domestic animal care	D
SQ	land based studies	E
T	Construction & 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 services / maintenance	C
TJ	interior design / fitting / decoration	C
TK	construction site work	C
TL	civil engineering	C
TM	structural engineering	C
	all NVQs in construction	D
V	Services to industry & commerce	
VD	quality & reliability management	A
VE	industrial control / monitoring	C
VF	industrial design / research & 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 & inspection	C
WE	chemical products	B
WF	glass / ceramics / concretes manufacture	C
WG	polymer processing	C
WH	textiles / fabrics (industrial)	D
WJ	leather footwear & fur	D
WK	woodworking / furniture manufacture	C
WL	paper manufacture	C
WM	food / drink / tobacco (industrial)	C
	all manufacturing NVQs (WA and WB)	D

Code	Title	Most likely programme weighting factor
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
XK	power / energy engineering	C
XL	electronic engineering	C
XM	telecommunications	C
XN	electrical / electronic servicing	C
XP	aerospace / defence engineering	C
XQ	ship & boat building / marine / offshore engineering & 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 & gas operations	C
YC	chemicals / materials engineering	B
YD	metallurgy / metals productions	C
YE	polymer technology	C
Z	Logistics/distribution/transport/driving	
ZH	logistics	A
ZN	purchasing & procurement	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

Annex B: Programme Weightings by Subject Codes

Code	Title	Most likely programme weighting factor
	Art & design	B
	Astronomy	B
	Biology	B
	Botany	B
	Building studies	B
	Catering	B
	Chemistry	B
	Communications studies	B
	Computer science	B
	Craft & design	B
	Dance	B
	Design & 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
	Physics	B
	Psychology	B
	Science	B
	Social biology	B
	Textiles	B
	Theatre studies	B
	Zoology	B

Annex C: Additional Learning Support

1 The Council's approach to funding additional learning support in 2002/03 will remain largely unchanged from the previous FEFC approach. Circular 01/18, *Indicative Funding Rates for Further Education in 2002/03* did, however, seek views on two options for modifying slightly the FEFC approach as a result of the removal of the concept of funding units. Details of the modification that has been made to the FEFC approach are provided in paragraphs 17 to 20 of this annex.

2 The Council is consulting separately on new arrangements for funding additional learning support across the four learning sectors from 2003/04. The guidance provided in this document should, therefore, be considered as applicable for the 2002/03 funding year only.

Definition

3 Additional funding may be claimed where an institution provides additional learning support to an individual and the extra costs of doing so are above a threshold level. Additional learning support is defined as:

any activity that provides direct support for learning to individual learners, over and above that which is normally provided in a standard learning programme which leads to their learning goal. The additional learning support 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 or disability, or from literacy, numeracy or language support requirements.

4 The activities for which additional learning support may be claimed are intended to be additional activities which 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 additional learning support, for funding purposes, does not include childcare or transport to the institution, although it could include transport within the institution for learners with mobility difficulties.

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

6 Additional learning support should not be used to lengthen artificially the working week or working year for learners where the institution has reduced the hours for the standard learning programme.

7 It is not intended that additional learning support 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 or for such activities as preparing for university entrance.

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

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

10 In many cases, a learner requiring additional learning support will have had a statement of educational need when a school pupil. Institutions will wish, in designing a learning programme, to have regard to a learner's statement which is likely to contain useful information.

11 The types of additional learning support provided for learners may include:

- additional teaching - either to reduce class sizes or to provide in or out of class support
- 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 or learning difficulties); specialist tutor (for example, teacher of the deaf, 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; 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 additional learning support, such support should be funded by the institution and is eligible for additional learning support. 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 additional learning support, 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/her learning goal
- transport between sites and to other off-site activities, for learners with mobility difficulties, but not home-to-institution transport

- administration linked directly to individual learners in excess of usual requirements, for example, time spent negotiating or delivering special examination facilities.
- as additional learning support where the learner's programme has a learning goal which is not literacy, numeracy or ESOL, but where additional help in any of these areas is provided to the learner.

Equipment costs and depreciation

12 Whilst actual equipment costs cannot be claimed through the additional learning support 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 may be claimed. If the lease costs are a revenue charge, for example an operating lease, the institution may claim the proportionate cost of the lease charge. 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 an institution's finance department and must be shown in an institution's accounts.

Basic skills

13 Institutions may claim funding for providing programmes in numeracy, literacy and ESOL in one of three ways:

- 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 (see section three, paragraphs 127 to 146)
- the addition of an individually listed numeracy/literacy/language learning aim to a learner's main programme of study

14 The second option indicated above, that is, the addition of an individually listed numeracy/literacy/language 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 their main learning outcome.

Additional learning support costs form

15 Where the institution wishes to claim additional learning support, it should complete the standard additional learning support costs form. The form should be signed by a member of the institution's staff and the learner. In reviewing the additional support mechanism, it was found that this requirement for the learner's signature created practical difficulties. This issue will be considered as part of the review of funding arrangements for additional learning support across the post-16 sector, to be implemented from 2003/04.

16 The guidance notes on how to complete the form and on the costing of additional learning support activities are given in appendix 1 to this annex and the form is available on the Council's website at (www.lsc.gov.uk), as part of the *Guidance on Further Education and Funding Eligibility and Rates 2001-02*. The form will be updated onto the Council's website as a pdf file in the coming months. The form is intended to provide a standard framework against which institutions 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 an institution.

Claiming funding for additional learning support

17 Circular 01/18, *Indicative Funding Rates for Further Education in 2002/03*, indicated that the FEFC approach to claiming funding for additional learning support will continue in 2002/03 only. It did, however, also highlight the need to modify the approach to take account of the removal of the concept of funding units and the move to expressing rates in cash values.

18 Circular 01/18 consulted on two options for modification in 2002/03. In summary, option one would retain additional learning support bands but would express the bands as cash values rather than units, whilst option two would enable institutions to claim for the actual costs incurred for each learner.

19 The Council received only 65 responses to the consultation. Of these, 74% indicated a preference for the modification described in option two. The NRAG has considered the results of the consultation and has advised the Council to implement option one, i.e. to retain additional learning support bands, to give more time to consider the implications of moving to actual costs as a basis for claims, in particular for the operation of the area costs uplift and specialist college factor. Whilst acknowledging that this modification does not concur with the majority of consultation

responses, the Council considers it preferable to retain, as far as possible, the features of the previous FEFC approach, given the development of new arrangements for 2003/04. This reflects the general view of many in the sector that, in reaching an integrated funding approach, the sector should be subjected to the minimum of staged changes. Option one will, therefore, be retained for 2002/03.

20 The additional learning support bands, and their corresponding cash values, are set out in appendix 2 to this annex. The opportunity for institutions to request support beyond £19,000 for a learner in a year is retained, as indicated in paragraph 29.

Calculating cash values

21 Institutions should use the standard additional learning support costs form to calculate the extra costs incurred in the teaching year August 2002 to July 2003 to meet the extra needs of the particular learner. The total sum will enable institutions to identify the appropriate additional learning support band to be claimed.

22 The cash values listed in appendix 2 relate to the cost of the individual's additional learning support provided for one year, including programmes completed in less than one year. Where a programme is completed in one period, all of the additional learning support costs can be claimed for that period. If the programme is completed in two periods, half the additional learning support costs may be claimed for each period.

Thresholds

23 The thresholds for part-time and full-time full-year learners' costs remain at £170 and £501 respectively. Anticipated additional learning support 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 two, paragraphs 22 to 24. These thresholds will be applied on a per period basis where the costs connected with the planned additional learning support provided for a learner meet or exceed the threshold for an additional support cost band. If the learner subsequently withdraws from their programme, the additional support rate can be claimed on a per period basis. This will ensure that institutions 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 additional learning support funding.

24 Additional learning support claims should be calculated using the expenditure incurred in a tri-annual period. This expenditure should be increased pro rata to reflect the number of tri-annual 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 (see paragraph 23) for additional learning support funding to be claimed.

25 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 tri-annual period of the programme that the learner completes.

26 For example, a learner on a programme planned for three tri-annual periods withdraws after only completing one period. If the actual amount spent in providing additional learning

support during this period was £200, the additional support claim for the full learning programme would be calculated as the amount spent multiplied up to the implied amount which would have been spent if the three tri-annual periods had been completed, i.e. $£200 \times 3 = £600$.

27 Since £600 exceeds an annual support cost threshold i.e. £501 - £1000, the institution can claim $\frac{1}{3}$ of the annual rate, i.e. $£751 \times \frac{1}{3} = £250$.

28 Claims for additional learning support 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 additional learning support cost band.

29 Institutions may apply to their local Council for specific additional financial support for learners whose additional support costs exceed £19,000. In such cases, it will be necessary to demonstrate the need for such additional funds.

30 The Council is prepared to make further additional learning support funds available to enable institutions to maintain learner numbers (FTEs) whilst meeting the additional learning support needs of learners. Institutions should discuss such a requirement with their local Council as part of the process of agreeing their funding allocation.

Audit evidence

31 Where the institution wishes to claim additional learning support, the individual's learning agreement should give a summary of the additional learning support to be provided to the learner and a copy of the additional learning support costs form should be retained

with the learning agreement. It is intended that the form be retained by the institution as auditable evidence in support of a claim for additional learning support. Care should be taken to ensure that planned expenditure does not make disproportionate use of public funds.

32 The institution should also be able to make available to its auditors sufficient evidence to show that the additional learning support claimed was made available to the learner.

33 Further audit guidance will be published in summer 2002.

Appendix 1: Guidance on Completing the Additional Learning Support Costs Form

Introduction

1 This guidance is based on the advice provided previously to the FEFC by a subgroup of its learning difficulties and/or disabilities committee chaired by Professor John Tomlinson.

2 The Council recognises that some learners will need additional learning support in order to reach their learning goal. The need for additional learning support may arise as a result of one or more of the following:

- the learner has a learning difficulty and/or disability which has implications for their learning
- the learner needs help with literacy or numeracy
- English is not the language spoken at home and the learner requires language support.

3 Institutions can claim funding for additional learning support if the costs of the additional learning support provided fall into one of the additional learning support cost bands included in the national rates.

Institutions that are planning to increase significantly the number of learners requiring additional learning support should contact their local Council.

Initial assessment of learning support needs

4 The evidence for claiming additional learning support funding, that is, the completed form, is the outcome of the process of initial assessment for learning support. The form is available on the Council's website at (www.lsc.gov.uk), as part of the *Guidance on Further Education and Funding Eligibility and Rates 2001-02*. 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 additional learning support.

5 Institutions will use a range of assessment instruments and strategies throughout the learning programme to identify individuals' additional learning support needs. The assessments carried out should be relevant and identify an individual's need within the context of the curriculum they will be following. There is no standard assessment method which all institutions should use, and institutions will make their own judgements as to the most relevant assessment methods and materials to use for particular learners.

6 Once the provision required to meet an individual's support needs has been identified, it can be costed and the additional learning support costs form completed. This stage of the process will typically take place during the induction phase of the learning programme.

7 There are some learners who will have needs which 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 additional learning support costs form completed.

An individual's learning support needs may change during the programme and, if a review of their needs leads to a significant change in the provision being offered to them, the form should be revised. This is particularly important where the change in provision may lead to a change in the additional learning support cost band into which the support costs fall.

8 Possible stages in the process of identifying and providing additional learning support are set out in Table 5.

Table 5: Stages in the process of identifying and providing additional learning support

Timing	Process	Council Requirements
Previous institution year	Strategic planning including activities such as schools liaison, 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 additional learning support and the level of their needs	Provision of supporting information to local Council, including an estimate of the amount of additional learning support funding required
Pre-entry/entry	Initial identification of needs, that is, the admissions and induction processes Detailed assessment of each individual's additional learning support needs	Back-up evidence for the additional learning support costs form
Entry/induction	Development of a plan to support learning and costing the additional learning support to be provided	Completion of the additional learning support costs form
On-programme	Regular review of additional learning support needs	Revision of the additional learning support costs form as required
Achievement	Identifying support requirements for end-of-programme review, assessment, accreditation	Estimate of costs to be included in additional learning support costings

Providing audit evidence of additional learning support

9 In planning its provision for 2002/03, an institution will have prepared an estimate of the funding for additional learning support required for the year. The estimate of additional funding will draw on information derived from strategic planning activities, including multi-agency collaboration, school links, careers information and other activities.

10 Once the learners are engaged on their learning programmes, the institution is required to provide evidence of the additional learning support being provided in order to account for the additional learning support funding claimed.

11 The additional learning support costs form provides information on the costs of providing additional learning support. It will form part of the audit evidence to be retained by the institution in support of its claim for additional learning support funds. In addition, institutions should have available evidence of the assessments which were carried out as part of the process of identifying the support required by the individual.

12 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. Institutions should consider how the various documents and auditable evidence required for the entry element are co-ordinated.

Costing additional learning support

13 The outcome of the initial assessment is an additional learning support plan which details the provision a learner will need to achieve his or her learning aims. This provision should be costed as part of the process of

completing the additional learning support costs form. The costings used in completing the form should reflect the actual costs borne by the institution. Institutions should adopt costing formulae which reflect the variations in their provision.

14 The following points may be helpful when costing the provision:

- institutions 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 on-costs and contracted hours
- costs for support staff could be calculated in the same way as additional teaching costs
- 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 in the form. Before claiming any additional costs, institutions should reassure themselves that there is a clear rationale based on the needs and characteristics of the learners to restrict the size of the group. Institutions 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

- institutions 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
- costs of any assessments required to identify equipment needs can be included in the costing of initial assessment
- maintenance of the 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 additional learning support 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 institution 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.

Appendix 2: Additional Learning Support Bands

Band	Additional learning support 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 D: A - Z of Rates Considerations

Access to Higher Education

1 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) and other locally devised programmes outside the QAA framework. 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). Institutions are reminded that learners on QAA-recognised Access learning aims should, as part of QAA regulations, be aged 21 or over at the start of the programme.

2 Some Access to Higher Education learning aims which are followed for at least 150 glh per tri-annual 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

3 This is a process where the learner's prior knowledge and experience contributes 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).

4 For a learning aim that is not individually listed, the value claimed for APL should be the value for the loadband into which it falls.

5 It would be unusual to gain full certification by APL and it is expected that some guided learning would be required. Where institutions 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 59 to 64 of this annex for further details).

Advanced levels (GCE, AS/A2)

6 For AS and A2 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 qualifications in year one together with entitlement, followed by three A2 qualifications in year two together with entitlement. Hence, there are nine

elements in the learning programme. Under FEFC funding arrangements, eight entry units could be claimed for this programme. For 2002/03, the rate for each of these qualifications includes eight ninths of an entry unit in the national base rate for AS and A2.

7 Since the publication of Circular 01/18, the Council has followed advice from the NRAG that the funding rate for AS and A2 provision should be increased to account for changes in the assumptions of key skills qualifications achieved by typical learners. The national base rate for AS and A2 has been adjusted to maintain funding levels reflecting learners typically achieving one key skills qualification in each year of their study.

8 The NRAG also considered AS and A2 qualifications studied part-time in the day. It recommended that the national base rates described in paragraph 6 would apply but that further considerations should be given to these rates for 2003/04.

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

10 For AS or A2 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.

Advanced vocational certificates of education (AVCEs)

11 AVCEs are available as subsidiary (3 units), single (6 units) and double (12 units) qualifications.

12 AVCEs and Advanced GNVQs are funded as listed qualifications as detailed in annex A except where a learner having previously part finished the GNVQ or AVCE at the same or another institution 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.

Edexcel first and national qualifications

13 The Council has received representations from institutions concerning the effects of introducing Curriculum 2000 on programmes containing first and national diplomas. Concerns were expressed about the degree of overlap between common skills in these qualifications and the key skills and whether the reduction in funding for the diploma qualifications between 1999/2000 and 2000/01 was justified.

14 Edexcel has announced that the first and national qualifications have been revised for 2002/03 and has requested that the Council reflect the changes in the funding arrangements. The changes have been considered by the NRAG, whose recommendations have been accepted by the Council.

15 The changes are summarised in the following table. All of the new qualifications may be studied in programmes that are full-time or part-time:

Table 6: Changes in funding of edexcel first and national qualification

Qualification	Number of delivery units for 'old' structure	Number of delivery units for 'new' structure
Edexcel first certificate	5	[Withdrawn]
Edexcel first diploma	8	6
Edexcel national certificate	10	12
Edexcel national diploma	16	18
Edexcel national award	[Not applicable]	6

16 Rates are required for the 'old' qualifications in 2002/03 since there will be second year national certificate and diploma learners and also other learners who are completing their programmes. Analysis of ISR data from July 2001 for full-time diploma learners shows a reduction in glh suggesting that there is some overlap between common skills and key skills. The NRAG recommended that national base rates are £2,300 (based on 80 basic on-programme unit (bopu)¹³ per year).

17 Rates for the 'new' qualifications have been calculated in the following ways. Provision studied full-time is considered to involve more glh than that studied part-time.

For full time provision:

- the new first diploma contains six delivery units, the same as AVCE (6 unit) and will be funded as a typical full-time learning aim at £2,085 (based on 72 bopu)
- the new national award also contains six delivery units, the same as AVCE (6 unit) and will also be funded as a typical full-time learning aim at £2,085 (based on 72 bopu)
- The new national diploma contains 18 delivery units. The national base rate will be £4,998 (based on 180 bopu). This is the same rate per delivery unit as the 'old' first and national diplomas

- The new national certificate contains 12 delivery units. The NRAG recommended that, since glh data was not available for such programmes, it should be funded for 2002/03 using the loadband method. The national base rate will be reviewed once glh data becomes available

For part-time provision

- for all these qualifications, the NRAG recommended that since glh data were not available for such programmes, it should be funded for 2002/03 using the loadband method. The national base rates will be reviewed once glh data becomes available.

Entitlement curriculum (see also key skills)

18 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.

19 The Council 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.

¹³ In the FEFC methodology, units for the on-programme elements of a course before cost weighting factors were applied were referred to as basic on-programme units (bopus)

The performance review process includes consideration of the entitlement provision delivered by institutions and it is also reviewed during inspection.

Learners eligible for entitlement

20 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 two, paragraphs 22 and 23.

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

- aiming to achieve any of the relevant QCA key skills qualifications at level 2, that is, communication, application of number and IT, that they have not already achieved at GCSE grade A* - C or equivalent
- 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.

22 Where a learner has learning difficulties and/or disabilities, which make the QCA key skills qualifications inappropriate, institutions may still claim entitlement funding if the learner is enrolled on appropriate entry level alternatives.

Key skills

23 The Council, in line with Ministers' priorities, encourages institutions to enable learners to progress towards appropriate key skills levels throughout the whole of their programme. However, the Council 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. Under these circumstances the full funding may still be claimed provided the overall glh for entitlement are in accordance with paragraphs 19 and 32.

Key skills look-alike list

24 Key Skill 'look-alikes' are learning aims which the Council considers demonstrate similar content 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 institution certificated or non-certificated provision in literacy, numeracy or ICT at the same level as the QCA key skills qualification which they are aiming to achieve.

25 Examples of 'look-alike' qualifications are published on the Council's website and can be accessed at: www.lsc.gov.uk/documents.cfm. Institutions are asked to note that:

- the look-alike examples are not a definitive list of qualifications which are ineligible for funding if studied alongside the entitlement. Providers are advised to seek guidance from their local Council if they are unsure whether a qualification has content which overlaps with one of the key skills qualifications

- 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

26 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.

27 Only qualifications that appear on the QCA list 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 appropriate.

28 The full list can be found on the QCA website at (www.qca.org.uk/nq/ks/proxy-qualifications.asp)

29 Where learners study proxy qualifications instead of the relevant key skills qualifications which form part of the entitlement, institutions 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.

Enrichment

30 Some examples of appropriate enrichment activities are:

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

31 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 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

32 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.

33 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).

34 Where a learner in receipt of Curriculum 2000 entitlement funding achieves all three of the key skills qualifications during the first year of their programme, and goes on to achieve the next level in the key skills in the second or subsequent years of their programme, achievement funding may be claimed for each key skill at each level.

35 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.

Entry level

36 Entry level is the first level of the national qualifications framework, below level one. It is sub-divided into three levels (one, two and three) which are broadly comparable with levels one, two and three 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 list, to be found at (www.dfes.gov.uk/section96) contains the entry level qualifications that can be used. Those that have been accredited by QCA are described as entry level qualifications of achievement.

Exemptions

37 An institution 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. Institutions are expected to adjust the amount of funding claimed to reflect this guidance.

Free-standing mathematics units

38 There are 11 free-standing mathematics units (FSMUs) at foundation, intermediate and advanced levels. Each unit is a national qualification in its own right, accredited by the QCA. The QCA has confirmed that these awards do not relate to the key skill of application of number and cannot, therefore, form part of the key skills element of the entitlement. The FSMUs delivered in gln additional to the learning programme can be funded under the loadbands.

General Certificates of Secondary Education (GCSEs)

39 For conventional GCSEs studied in the day, in a similar way to AS and A2 programmes, eight entry units were available under the FEFC approach for full-time GCSE students who typically take five GCSEs. The indicative 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 2002/03 rates.

GCSEs in vocational subjects

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

science. Vocational GCSEs enable progression to further study at intermediate or advanced level, including GCEs and AVCEs.

41 GCSEs in vocational subjects are considered equivalent to two GCSEs in terms of size and demand, similar to the existing Part One GNVQ, and this is reflected in the listed national base rate for these qualifications.

GCSE (short learning aim) qualifications

42 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 which reflects the size of these qualifications.

General National Vocational Qualifications (GNVQs)

43 Six-unit foundation and intermediate GNVQs will continue to be available to learners alongside the eight GCSEs in vocational subjects in the short-term, but learners will not be able to commence learning aims leading to these qualifications after 31 August 2004.

International baccalaureate (IB)

44 The Council has been advised by the NRAG, following guidance from the DfES and QCA, that the International Baccalaureate should be regarded as equivalent to four GCE A levels studied over two years. A national base rate for the full qualification in 2002/03 of £5,302 (excluding entitlement) has been agreed by the Council following the NRAG's advice.

Key skills (see also entitlement)

45 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.

46 Although it is not compulsory for full-time 16-18 year old learners to take these qualifications, Ministers' expectations are that learners who have not achieved Mathematics, English or IT at GCSE grade A* - C, are expected to enrol on key skills qualifications. In addition, learners commencing level 3 programmes of study, with the aim of pursuing a further professional or higher qualification, should be supported by institutions in gaining at least one relevant key skills qualification at level 3.

47 For 16-18 year old full-time learners, the core funding and fee element for key skills of communication, application of number and IT is incorporated within the funding for entitlement. Funding for achievement is paid separately based on the listed values and relevant programme weightings (see table 7 below). Further information on key skills as part of 16-18 year old learners entitlement is given in paragraphs 23 to 29 of this annex.

48 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 to 39 glh load band.

49 The programme weighting factors that apply to key skills are shown in the following table:

Table 7: Key skills programme weighting		
Qualification	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

50 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.

51 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.

Mathematics AS/A2 levels

52 The QCA has informed the Council that following a review of the implementation of Curriculum 2000, interim arrangements are being put in place for AS mathematics.

53 It has been identified that the content of AS mathematics requires review as there is concern that some aspects that may be more appropriate in the A2 are currently a requirement in the AS. Pending this review, the Secretary of State has agreed to an interim solution for 2002/03 and 2003/04, which is to introduce an autumn examination (in addition to the summer assessment), so that those learners requiring more

study time can delay their examination entry and extend the length of their study. It is not intended that the funding arrangements described in paragraphs 54 and 55 for learners delaying examination entry until the autumn should be used for learners wishing to resit the examination.

54 The NRAG considered that the funding implications of the additional work required to support learners extending their study time and delaying examination entry until the autumn should be recognised. They recommended a rate of £148 (equivalent to six bopu plus tuition fee remission), that is, slightly less than one-third of the equivalent full-year rate.

55 The following national base rates for 16-18 full-time learners studying AS mathematics depend upon the length of time taken to complete and achieve the qualification:

- completed and achieved in one year: £663
- completed and achieved in autumn after extending teaching time into fourth term: £663 + £148 = £811
- completed in one year but only achieved after re-sitting examination: £663 + loadband determined by glh delivered for resit programme.

Minimum learning aim duration

56 The minimum learning aim duration for 16-18 year old learners is nine glh.

57 For learners aged 19 and over, the minimum is six glh, except for basic skills and information and communication technology learning aims, where the minimum is three glh. The conditions which apply to the three and six glh learning aims are set out in paragraphs 68 to 73 of this annex.

58 The minimum learning aim duration for distance learning provision for learners aged 19 or over is six enhanced guided learning hours (eglh). For 16-18 year old learners, the minimum number is nine eglh.

National Vocational Qualifications (NVQs)

59 NVQs are listed by the Council where robust data is available on the number of glh in which the qualification has been delivered in previous years. The framework of NVQ delivery methods for listed NVQs is set out in table 8. 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 in paragraphs 79 to 82.

Table 8: Framework of NVQ delivery methods						
Delivery by	Solely institution		Institution and employer jointly		Institution and employer jointly	
Location	Entirely at institution		Mainly at workplace (partly at institution)		Entirely at workplace	
Component	Provider	glh	Provide	glh	Provider	glh
Skills-training (on the job)	Institution	✓	Employer	✗	Employer	✗
Underpinning knowledge and understanding (off the job)	Institution	✓	Institution (at workplace for institution)	✓	Employer	✗
Support and assessment	Institution	✓	Institution	✓	Institution	✓
National Base Rate	£2,395		£951		£635	

60 In determining the appropriate national funding rate to be claimed for an individually listed NVQ, institutions should consider the following:

- which of the three components are delivered by the institution
- the number of glh delivered
- the length of time over which the programme is delivered
- any overlap in content with any other NVQ or other qualification which is part of the learner's programme of study
- for work-based learning, institutions must be able to demonstrate the delivery of actual glh as distinct from work-related supervision
- for franchised provision, the institution must be able to demonstrate effective control

- institutions are expected to provide NVQs according to their current pattern. If an institution is introducing an NVQ funded through the loadbands for the first time, it should seek the advice of the awarding body and/or other institutions with experience of offering the qualification to establish the appropriate glh for the learning aim.

61 The NVQs which are currently individually listed are included in the learning aims database, and institutions should check the database for listings of NVQs. All other NVQs will remain in the loadbands. Assumed fee income is 50% of national base rates for employer dedicated provision as explained in paragraph 250 of section four.

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

63 Some NVQs are delivered in the workplace and funded through the FE streams. Where institutions provide support and assessment only for a loadbanded NVQ, it may be relevant for the distance learner multiplier of 14 to be applied to the glh.

The use of the distance learning multiplier must be authorised in writing in advance by the local Council. The multiplier would apply only to this mode of delivery and would be capped to allow up to 10 hours of one-to-one delivery. When multiplied up to become 140 enhanced glh, the maximum national base rate claimable would relate to the loadband of 120-149 glh. Where part of the delivery is in groups, these glh should not be enhanced by the multiplier.

64 The following notes apply to all listed and loadbanded NVQs:

- where a learner is in full-time employment a maximum national base rate of £1,193 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, institutions 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 an institution, 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 institution only provides assessment this is ineligible for Council funding

- Council funding should not be claimed for learners on NVQ programmes who are not registered with an awarding body
- institutions should note that where NVQ 'D' units 32 to 36 are claimed as separate qualifications as part of a learning programme designed to train an individual as an assessor or verifier, the learner should have an expert knowledge of his or her subject area before commencing the 'D' units. For example, combining 'D' units with diving qualifications below instructor level would be considered inappropriate and would be ineligible for Council funding. From 1 June 2002, the current Training and Development standards are being replaced by a revised set of standards, which can be obtained from the Employment NTO at (www.empnto.co.uk/).

Religious education

65 The programme of study approved by the National Board of Religious Studies will be funded at a cash value of £102.

Resits

66 Many learning programmes are designed to enable learners to resit examinations and assessments. These are eligible for Council 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.

67 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.

Short programmes of 3 and 6 glh

68 The rates for short learning aims are set out in annex A. The NRAG has reconsidered the funding for 3 glh learning aims. For 3 glh basic skills learning aims, the national base rate of £47 is derived from the FEFC rates. For ICT 3 glh learning aims, the Council has accepted the NRAG recommendation that the new national based rate should be half the 6-8 glh hour loadband rate (i.e. £32). Short learning aims in basic skills, ICT and adult learning are eligible for funding for learners aged 19 or over.

69 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 of adult learning and employment skills, including learning aims for family learning
- unitised programmes.

70 These learning aims should be targeted at adults, aged 19 and over, who may not previously have had access to Council-funded provision or who are 'technologically disadvantaged.'

71 The Council 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. If institutions intend to use the distance learning multiplier in relation to any provision, its use must be approved in writing in advance by the local Council (see annex E, paragraph 14).

Multiple short learning aims

72 A learner should not be enrolled on more than one 3 glh taster learning aim in ICT before moving onto 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.

73 Further guidance in relation to short learning aims in relation to basic skills is given in section three, paragraphs 143 to 145.

Subsidiary or equivalent learning aims

74 The Council will not fund learning aims which are subsidiary to other learning aims within a learning programme within a 12-month period. For example, a learning programme comprising GCSE Spanish and AS Spanish within the same 12-month period would not be funded for the subsidiary GCSE learning aim.

Trades union congress learning aims

75 The DfES provides additional funding for Trade 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.

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

77 Institutions 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 institution.

78 Institutions should not charge tuition fees to learners on TUC learning aims as the full national base rate¹⁴ will be available for all learners on these learning aims.

Unitisation

Adults

79 The Council will fund unitised programmes for adult learners which consist of one or more units of qualifications. 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

80 The funding of unitised provision continues to apply only to adult learners. The Council expects learners aged 16-18, either full or part-time, to receive a substantial programme of study, comprising of 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 Council may agree to fund such provision, on a pilot basis, as part of the institution's recurrent funding allocation. If institutions 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 Council.

Units

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

Funding

82 Most units will be funded through the loadband and should be delivered in the glh normally allocated to the same units in the institution's standard provision. The Council does not expect institutions to artificially extend the glh of units of qualifications which would result in a higher level of funding claimed for a qualification delivered through unitisation compared to that delivered as one learning aim.

¹⁴ With achievement funding payable where the learner achieves according to the Council's funding guidance

Annex E: Distributed and Electronic Learning, and Blended Learning

The Council's approach

1 In 2001, the Council established the Distributed and Electronic Learning Group (DELG) to advise it on a number of issues, including funding. The group's conclusions are likely to influence the funding system in 2003/04. The funding approach in 2002/03 is an adaptation of the FEFC methodology, described in this annex.

2 Whilst different varieties of DEL differ from one another pedagogically, the Council's funding methodology seeks to distinguish between those approaches which are very similar in cost to 'traditional' delivery and those which are significantly different. For funding purposes, the Council recognises distance learning as having a different cost structure.

Distance learning

3 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.

4 Distance learners are typically work or home based and have only occasional in-person contact with the provider. Open learners, by contrast, frequently study in learning centres, computer workshops, open

access and drop-in centres, where they can directly access a range of curriculum resources and tutor support and guidance.

5 An increasing amount of provision features some distance or open learning, but only a minority of provision is delivered wholly or mainly by these methods. E-learning is a relatively new phenomenon in the public sector. It has similarities with both open and distance learning but there is as yet little data to determine whether it warrants a distinctive approach to funding. The Council expects to be guided by DELG on this issue.

6 All distance learning programmes (excluding learndirect) are loadbanded and the funding rates are derived from glh. Some or all of those hours are, in appropriate circumstances, calculated by multiplying the actual contact time by 14. Glh treated in this way are known as enhanced guided learning hours (eglh). For guidance on the circumstances in which glh becomes eglh, see paragraphs 13 to 16.

Description of provision

7 Distance learning involves a substantial amount of self-directed work as described in paragraph four. The learning materials and the support may be provided by a paper-based correspondence learning aim, by video or audio-tape, by accessing electronic materials on-line 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 institution provides learning support and counselling facilities, together with access to materials and resources.

8 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
- the delivery method should be clearly identified in the programme literature and the learning agreement.

Tutor support

9 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.

10 The marking service provided should include feedback on the programme content, assignments, and 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 which is no more than an administrative process (for instance on-line 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, video conferencing, or other electronic means.

Additional learning support

11 Additional learning support should be provided where necessary and appropriate for learners with language, literacy and numeracy needs or where learners have learning difficulties and/or disabilities.

Supporting activities

12 Opportunities for learners to interact with each other and for peer support are encouraged. Providers should not claim funding, however, for self-help groups either traditionally convened or on-line where there is no tutor contact for guided learning. A number of institutions have provided a free telephone helpline for learners which is available particularly in the afternoon and evening, including weekends. In other instances, tutorial centres have been established close to learners' homes which would seem to be particularly useful for distance learning students.

Funding of distance learning (excluding learndirect)

13 The particular methodology for calculating the funding of distance learning (the 'interim tariff' of the FEFC) recognised the likelihood that the limited opportunity to teach learners in groups adds to the cost. The actual time, as defined as a glh, spent by a member of staff in contact with a learner is multiplied by a factor of 14 to produce an enhanced guided learning hour. Enhanced guided learning hours are totalled and assigned to a loadband from which the national base rate for the learning aim can be determined.

14 There is evidence that some institutions have not understood fully how the distance learning multiplier should operate. This has led to subsequent losses in funding where claims have been disallowed because the appropriate records have not been available. **Any use of the distance learning multiplier must, therefore, be approved in writing by the local Council in advance. The use of the distance learning multiplier represents an area of high risk for institutions and is likely to be given specific attention during the external audit process for 2002/03.**

15 Programmes can comprise a mixture of distance learning and other delivery methods. The diagram at the end of this annex illustrates the ways in which those combinations influence funding.

16 Staff time is deployed to support learners in a variety of ways. Time spent by relevantly qualified staff directly supporting learning is counted as glh. Activities which normally lack the opportunity for group work, count as enhanced glh where the actual time of the staff in question is multiplied by 14. Some activities indirectly support the learning process. These are not counted as glh at all

and the costs are deemed to be incorporated in the relevant national rate. Time spent by the learner and not by the institution is also not included as glh. Examples of all such types of activity in the context of distance learning are given below:

normal glh:

- learning workshops
- open access or drop-in centres
- group tutorials whether face-to-face or by telephone, video conferencing or live on-line conferencing and chat rooms

enhanced glh:

one-to-one support provided through:

- face-to-face tutorials
- video conferencing
- telephone tutorials and help lines
- on-line tutor support (via email, conferencing and chat rooms)
- time spent assessing learners' work and providing robust feedback as described in paragraph 9 above

not glh:

- time spent by administrative staff monitoring learners' continuing participation
- administrative contact with learners
- self help learner groups without active tutor participation
- time spent by learners accessing learning materials without active tutor participation

- staff administering a marking template, scoring multi-choice questionnaires, extracting the outcomes of an on-line assessment process etc
- time spent on homework or assignments.

Applicability of guidance to distance learning

17 The funding principles and guidance on the Council's priorities for funding apply equally to distance learning. It should be noted that all guidance given in this document applies equally to distance learning unless specifically excluded. Guidance specific to distance learning is given in paragraphs 18 to 27.

Comparison with traditional delivery

18 The Council expects to fund the normal efficiently delivered costs of provision. It would not expect providers to claim for a distance learning programme higher funding than would be attracted by the same programme delivered by traditional means, either at listed or loadbanded values. In addition, institutions should not claim funding for distance learning provision which implies a higher number of glh than those indicated by the relevant external awarding body.

Guided learning hours and length of programme

19 The Council will not fund distance learning programmes for any learner of less than 6 eglh (that is, of less than 26 minutes actual glh). It will not fund distance learning programmes for learners under the age of 19 of less than 9 hours (that is of less than 39 minutes actual glh).

20 The Council considers that distance learning is rarely the appropriate delivery method for full-time learners. Programmes of greater than 196 eglh (i.e. 14 actual glh) are ineligible for funding as distance learning without the prior approval, in writing, of the local Council.

21 Distance learning students should be encouraged and supported to achieve the qualification or learning aim outcome in as short a time as possible to minimise the possibility of non-completion. However, in some circumstances, it is accepted that the programme may take longer to achieve than if delivered by conventional means. It is considered unlikely that the programme should take longer than two years. Institutions planning or expecting a longer period for completion should consult their local Council.

22 The Council's requirements for claiming funding for withdrawn learners apply equally to distance learning. New arrangements are introduced in 2002/03 in respect of programmes which have a planned duration of less than 12 weeks (see section three, paragraphs 116 to 118). In the interests of avoiding unnecessary bureaucracy, learning aims of less than one week planned duration have less onerous monitoring requirements. The guidance given applies to all provision but will be especially relevant to DEL which has a very significant amount of short duration provision.

23 A learner should be considered to have withdrawn:

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 one and less than 12 weeks planned duration:	If he or she fails to complete at least 50% of the programme (e.g. the provider has no evidence of the learner's continued participation after the 6th week of a twelve 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

24 Institutions should endeavour to confirm the status of any learner whose continued participation is in doubt. Where providers monitor continued learner activity by telephone calls made by administrative staff, these should not be counted as guided learning.

25 Institutions can claim full funding for learners who successfully complete their programme in less time than the planned duration.

NVQs

26 The Council does not expect that NVQs will be gained entirely by distance learning methods because of the nature of the assessment process.

Domicile

27 The residence criteria set out in section four concerning learner eligibility for Council funding applies equally to distance learning provision.

Open learning

28 The term 'open learning' covers those forms of delivery which take place in learning support workshops, open access and/or drop-in centres where the institution 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 which individually suits 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 institution.

29 Institutions should be realistic in the length of time assigned to a particular learning aim delivered by open learning. For example, for a learning aim which is normally delivered in 120 glh in a traditional setting the provider should not seek to require learners to adopt an unreasonable attendance pattern which they are unlikely to achieve, and which 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.

30 Institutions should give particular attention to retention and achievement in this type of provision.

31 Institutions should claim the national rates for listed or loadbanded learning aims, as shown in annex A, for provision delivered using open learning methods.

Funding of blended learning

32 As noted elsewhere, much provision contains some elements of distance and/or e-learning (DEL). The Council wishes to encourage providers to develop programmes, including DEL, particularly where it forms an integral part of a coherent programme including more traditional methods.

33 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. 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 which aid retention and achievement. Conversely, low retention and achievement rates have been shown to be associated with

programmes delivered exclusively by distance learning methods.

34 Many quite conventional programmes have some elements which are delivered by distance or e-learning methods. The Council's funding methodology is intended to encourage providers to use combinations of delivery styles which are appropriate to student needs, without treating all of them as distance learning.

35 For this reason, programmes for which distance learning accounts for less than 50% of the total glh, will be treated as traditional delivery provision and all glh should be calculated and recorded without the use of the multiplier.

36 The decision tree shown at the end of this annex gives the steps in determining the value of distance or blended learning programmes.

Funding of e-learning

37 For funding purposes, e-learning is not distinguishable from open learning or distance learning. Funding is calculated by reference to the mix of traditional (or open) learning and distance learning as described earlier in this section.

Learndirect and Ufi

38 Ufi Ltd was established in April 1999 to:

"boost individuals' employability and organisations' competitiveness and effectiveness 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".

39 Around 1,200 Ufi 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.

40 The majority of **learndirect** learning opportunities are short learning aims with no accredited outcome, although packages may be linked together to lead to externally accredited certification. Most, but not all, learning aims are accessed on-line. These short opportunities for learning are intended to reach a wider range of learners than are traditionally attracted to education and training and to offer access to a wide range of learning opportunities, including basic computer literacy and basic skills.

Funding hubs

41 Most hub partnerships are funded by the Council via a nominated FE college (known as the 'recipient college'). The recipient college is responsible for putting in place the quality assurance, audit and monitoring arrangements on behalf of the hub. These arrangements were necessitated by the statutory powers, and their limitations, of the FEFC. The same constraints do not apply to the Council. In 2001/02, a small pilot group of hubs have been directly funded while others continue to receive funding through a recipient college. It is expected that more hubs will contract directly with the Council in 2002/03 and subsequent years. For directly funded hubs, the 'hub operator' takes on the management, quality assurance and monitoring responsibilities otherwise undertaken by recipient colleges.

42 **Learndirect** provision is innovative and to some extent still experimental. The Council and, formerly the FEFC, agreed that, in these circumstances, it should reduce the uncertainty associated with the loadbanding method of funding by providing individually listed values for as many **learndirect** learning aims as possible. In 2000/01 only adult basic skills programmes were not listed. Since April 2001, the funding value of all learning aims have been agreed with the Council and are included in the learning aims database. Not all **learndirect** learning aims attract Council funding. Ufi publishes a list of learning packages, which is updated regularly. The rates for current **learndirect** learning aims are set out in the learning aims database and in the relevant Ufi Guidance Notes.

43 To inform further development of the funding arrangements for **learndirect**, providers are requested to enter the glh delivered to the learner in the ILR. Specific instructions on completion of ILR for these learners are published separately by the Council.

Other provisions specific to learndirect

Withdrawal

44 The guidance on learner participation and withdrawal in respect of distance learning provision applies to learndirect provision with minor variations in the definitions of contact (see paragraph 45). A learner should be considered to have withdrawn:

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 one and less than 12 weeks planned duration:	If he or she fails to complete at least 50% of the programme (e.g. the provider has no evidence of the learner's continued participation after the 6th week of a twelve 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

45 Participation or contact, in the learndirect context means:

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

Types of learner

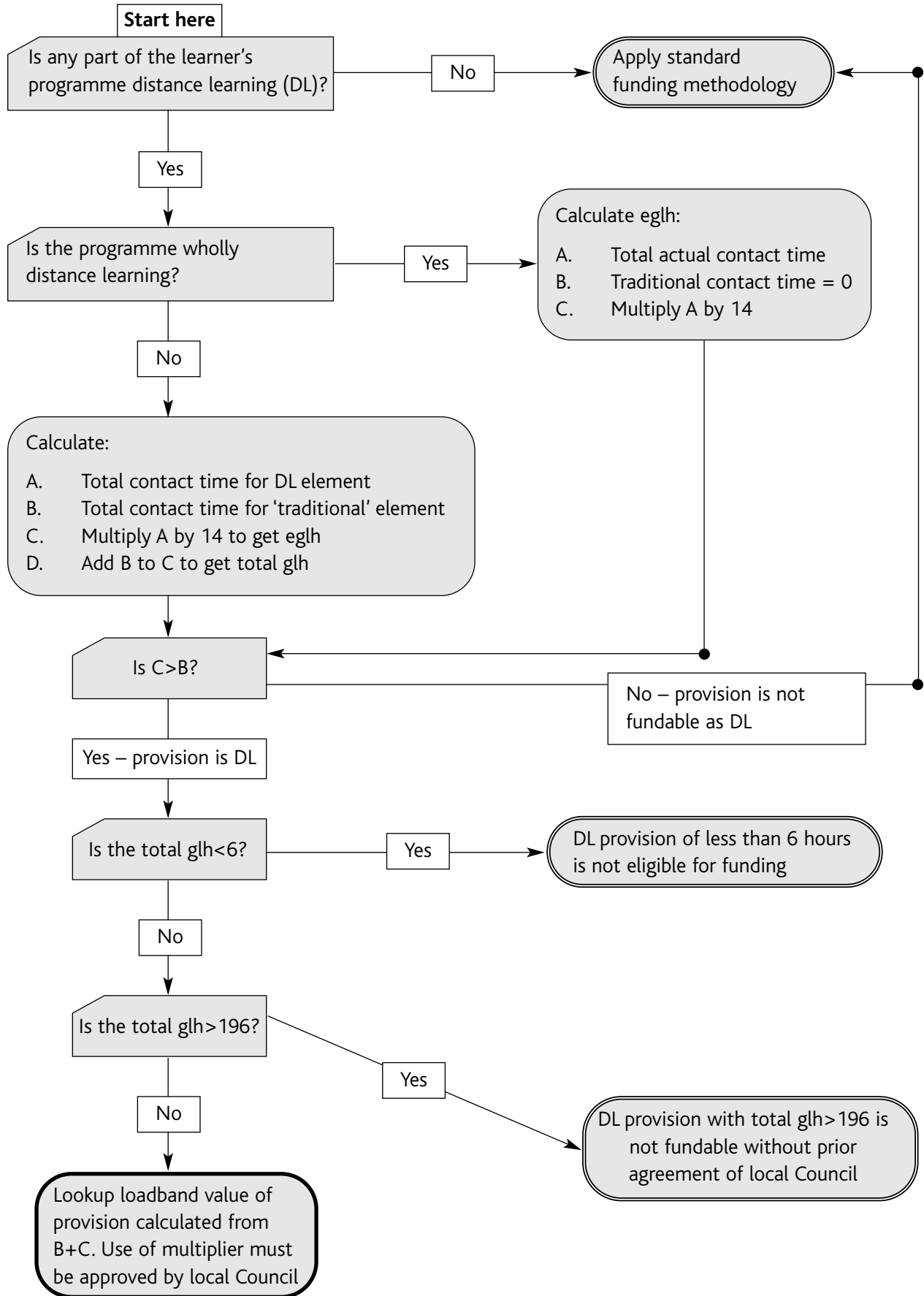
46 Learndirect provision is intended primarily for adult learners and any 16-18 year old learners already enrolled on programmes will only be funded for learndirect in exceptional circumstances where prior agreement has been obtained from the relevant Ufi regional office.

Learner information

47 In 2001/02 the majority of learndirect learners have been recorded as enrolments by the recipient college (see paragraph 41 of this annex). Directly funded hubs are required to submit their own ILR, though they may outsource this service to another agency including to another provider. In 2002/03 all learndirect provision must be reported through a separate ILR registration and data return. Only the reporting entity (recipient college or directly funded hub) should record learndirect

learners. Particular care should be taken to ensure that appropriate funding is claimed for learndirect learners who are also learners on college learning aims. Only the recipient college (or directly funded hub) should make the claim. Colleges with learndirect centres should not include learndirect learners on their own ILR return.

Distance learning decision tree



Annex F: 2002/03 Initial Baseline Funding Allocation

Baseline example

Institution:	Casterbridge College
Local Council:	Castershire
Institution code:	CSTBR
Institution Type:	COL

1 London weighting factor 2001/02	1.00	a
2 Specialist college factor 2001/02	1.00	b
3 Average level of funding (ALF) 2001/02	17.22	c

	Baseline	Growth	Total	
4 2001/02 funding units <i>Status of 2001/02 allocation: final</i>	330,194	26,341	356,535	f Excludes Ufi

	Under 19	Adult (19+) non basic skills	Adult (19+) basic skills	Additional support
5 Split in provision 2000/01 <i>source: ISR20 (31 July 2001;2000/01)</i>	65.0391%	34.3802%	0.3591%	0.2217%

6 Estimated baseline units 2001/02	214,755	113,521	1,186	732
7 Growth units for 2001/02	20,826	2,028	1,372	2,115
8 Total units for 2001/02	235,581	115,550	2,558	2,847
9 Total funds for 2001/02	4,056,714	1,989,768	44,044	49,024
10 Cash baseline for 2002/03	4,121,621	2,021,604	44,749	49,808
11 Total baseline funds for 2002/03				

Grand total 6,237,783 ae

Guidance notes

1, 2, 3 The London weighting factor, specialist college factor and average level of funding are taken from the 2001/02 final provisional or agreed funding allocation.

4 The 2001/02 funding units are taken from the final or agreed allocation where available, otherwise from the provisional allocation or the institution's response, as indicated. These figures exclude any Ufi allocation.

5 The split in provision for 2001/02 is expressed as a percentage of total funding units. These are estimated from ISR20, taking account of the achievement element of funding from ISR19. Where not available, ISR19 has been used, or cell e from the final allocation 2001/02. Learner age is the age of a learner at 31 August of the teaching year. The adult basic skills category covers learners aged 19 or above enrolled on at least one basic skills qualification. The figures in cells g, h and i exclude additional support, as identified in cell j.

6 Estimated baseline units for 2001/02 are estimated by multiplying cell d on this form by cells g to j respectively.

7 Growth units for 2001/02 are taken from the final funding allocation 2001/02. The 16-18 category covers cells r, t and z from the 2001/02 allocation. The adult figures are taken from cells v and x of the 2001/02 allocation respectively and additional support from cell ab.

8 Total units for 2001/02 are obtained by adding the growth units to the baseline.

9 Total funds for 2001/02 are obtained by multiplying the total units by £17.22.

10 The cash baseline for 2002/03 is based on the total funds for 2001/02, uplifted by the inflationary increase of 2.5%, but taking no account of the revised rates of funding. There may be rounding differences between these figures and other sources by the equivalent of up to one funding unit.

11 The total baseline funds are the sum of the individual baselines shown at line 10, and any funds associated with a recovery plan or exceptional support.

Annex F: 1999/2000 and 2000/01 Learner profile out-turn data

Institution: Casterbridge College
Local Learning and Skills Council: Castershire
Institution Code: CSTBR
Institution Type: COL
London Weighting Factor: 1.00
Specialist College Factor: 1.00

1 1999/2000 outturn data

	Under 19 full-time	Under 19 part-time	Adult (19+) full-time	Adult (19+) part-time		Adult (19+) basic skills	Disadvantaged	Additional support
Learner numbers	1,140	310	203	4,965	of which	104	1,380	13
Full-time equivalents	1,140	55	203	569		11	268	n/a
Estimated funds at 2002/03 funding level (£)	2,997,996	110,910	358,808	1,130,391		n/a	n/a	13,174
Partially funded ESF learners	0	0	0	154				

Source: ISR19 (31 Dec 2000; 1999/2000)

2 2000/01 outturn data

	Under 19 full-time	Under 19 part-time	Adult (19+) full-time	Adult (19+) part-time		Adult (19+) basic skills	Disadvantaged	Additional support
Learner numbers	1,213	423	144	7,731	of which	103	1,418	14
Full-time equivalents	1,213	51	144	634		48	230	n/a
Estimated funds at 2002/03 funding level (£)	3,446,621	133,303	194,826	1,720,246		n/a	n/a	0
Partially funded ESF learners	0	0	0	106				

Source: ISR19 (31 Dec 2000; 1999/2000)

1999/2000 and 2000/01 Learner Profile Out-turn Data

Guidance notes

Learner age is the age of a learner at 31 August of the funding year. A learner is defined as full-time if either their expected or actual current year glh are at least 450. All other learners are classed as part-time.

All full-time learners have been assigned a full-time equivalent weighting of 1. Part-time learners have been given a FTE weighting equal to their current year expected glh divided by 450.

Adult basic skills learners are those enrolled on at least one basic skills qualifications.

Disadvantaged learners are those for which widening participation units were claimed.

Additional support learners are those for which additional learning support units were claimed.

Learners on provision counting towards national training targets are those enrolled on at least one qualification at levels 2, 3, 4 or at least one basic skills qualification.

Estimated funds at 2002/03 funding levels are calculated by multiplying the number of units generated for the relevant category of learner multiplied by £17.65.

Partially-funded ESF learners are those shown with a major or minor source of funding other than Council-funding.

Annex G: Mechanisms of 2002/03 Funding Round

Acceptance of Baseline Funding Allocation

1 In accepting the funding offered, the accounting officer for the institution (that is, normally the principal or head of the institution), is agreeing that:

- the provision the Council funds through the institution falls within the relevant definitions in this publication
- the provision is consistent with the institution's strategic plan, or the equivalent
- the institution considers that, with all reasonable endeavour, it will deliver the learner numbers associated with its baseline allocation, and that it will notify the Council at the earliest possible opportunity, through the local Council, of any likely significant shortfall. The Council should also be made aware of instances where institutions are likely to significantly exceed baseline allocations.

2 Whilst it is recognised that sometimes institutions will wish to modify their planned learner numbers in-year to meet shifts in demand, the Council has limited powers to vary the allocation of funds between 16-18 and 19+ funds. Any resulting variation of funds must conform to the guidance in section six, paragraphs 303 to 311. The Council will need to be satisfied that local learning needs are met and particularly that 16-18 year olds' entitlement to a learning opportunity is respected.

3 Each institution should return a response to the baseline funding allocation to the executive director at the local Council by 19 April 2002.

4 For each institution the response pack will include:

- a *response to baseline funding allocation 2002/03* cover sheet
- a form headed: *Response to baseline funding allocation 2002/03*. This will accompany the baseline funding allocation for each institution. The form must have an original signature of the accounting officer; usually the principal or head of the institution, to confirm that it is valid. Copies or alternative signatures will not normally be accepted
- a commentary on the institution's response
- a form SP02 CHG (APR) to notify of any withdrawal of provision
- a form SP02 BA-SK (APR) to notify of basic skills enrolments
- a form SP02 SH-CS (APR) to notify of short learning aim enrolments.

5 Each of the forms can be downloaded from the Council web site at ([http://www.lsc.gov.uk/documents/other documents](http://www.lsc.gov.uk/documents/other_documents)). The information to be provided by institutions in each section of the response pack is also given.

Cover sheet and response form

6 The cover sheet should accompany all returns. Institutions should use the form for initial response to baseline funding allocation that will accompany the baseline allocation. The form must have an original signature of the principal or head of the institution to confirm that it is valid.

7 In responding to the initial baseline allocation, institutions will be asked to indicate, by category, either acceptance or a requested reduction in funding. If institutions do seek a reduction in funding, this may become available for reallocation. Consequently, for the growth elements there will also be the opportunity to request additional funding should it become available.

Changes in strategic planning objectives

8 Institutions are requested to provide a commentary which should be consistent with the response to the initial baseline funding allocation and which provides references to the last strategic plan (or equivalent) returned to the Council.

9 Institutions should indicate any significant change to their strategic objectives as set out in the latest planning information and provide information on any factors that may have influenced these objectives. Such factors may include, for example, the availability of learner finance or changes in the circumstances of major employers. Institutions are asked to identify the factors that pose the greatest risk to the achievement of their objectives and indicate their impact on projected learner numbers or pattern of provision.

Commentary

10 Institutions are invited to comment on any significant changes that have occurred between the most recent overall projection of learner numbers (provided to the Council in September 2001) and the reasons for the changes. For example, the difference may result, in whole or in part, from information supplied in 2001 which has subsequently proved to be inaccurate.

11 The commentary will be used by the Council to assist in considering each institution's strategic planning information in the following way:

- to test that the provision for which the funding is to be provided is consistent with the institution's strategic plan, or equivalent and reflects the local Council's strategic plan
- to supplement the Council's general understanding of the institution's plans prior to the return of strategic planning updates
- to provide the rationale behind the response to the baseline funding allocation and evidence to support it.

12 The commentary should particularly include explanation and all supporting evidence in relation to each of the following areas (as applicable):

- requested reductions in baseline allocation
- growth in numbers of full-time 16-18 year olds
- growth in numbers of adult learners
- growth in numbers of basic skills learners.

13 Other issues may be included if they have a particular local relevance.

Basic skills enrolments

14 Institutions are also requested to return information on basic skills and short learning aim enrolments, together with their response to the baseline funding allocation, by 19 March 2002. This is an update of the information returned to the Council as part of the strategic planning return.

15 In the light of the Moser report, *Literacy and Numeracy: A Fresh Start*, and more recently *Skills for Life - the national strategy for improving adult literacy and numeracy*, institutions were asked to include details of their basic skills provision and planned basic skills developments as part of their response to their provisional funding allocation for 2000/2001 and 2001/02. Basic skills continues to be one of the Council's key priorities and all institutions are now requested to provide an update of this information on the basic skills enrolments - form SPO2 BA-SK (APR).

16 Returns should be completed fully as they will form the basis of ongoing discussions with local Councils during the coming year.

17 The Council needs to gather information on the number of enrolments on learning aims in basic skills in 2001/02, and planned enrolments for these learning aims in 2002/03. Guidance for completing form SPO2 BA-SK (APR) is given below:

- institutions should record their information based on enrolments (i.e. a learner studying any combination of basic skills learning aims should be recorded once for each learning aim). For example, a learner enrolled on literacy, numeracy and ESOL learning aims, separately,

should be recorded three times on the form

- learners enrolled on joint literacy and numeracy learning aims should be placed in the category that makes up the majority of their study
- learners enrolled on full-time vocational programmes, who also attend a part-time literacy, numeracy or ESOL class (which is not funded through the mechanism of additional learning support) should be considered as **separate enrolments** for **each** of these part-time learning aims and recorded accordingly.

18 It would be helpful if this update could include details of provision which is planned and/or delivered in collaboration with local partners.

Short learning aim enrolments

19 The Council wishes to receive information regarding enrolments on short learning aims. Institutions should return their short learning aim information to the Council on short learning aim enrolments - form SPO2 SH-CS (APR)

20 Institutions should return information based on the number of enrolments for each short learning aim.

Additional learning support

21 The Council will consider increasing or decreasing the funding received by an institution where there are changes in the number of learners requiring additional learning support. This would apply in the following circumstances:

- where the number of learners requiring additional learning support for 2002/03 is expected to be significantly above or below that in previous years
- where the institution's projected profile of additional learners with learning support needs for 2002/03 is expected to be significantly different from previous years.

Annex H: Safety Netting

Principle of Safety Netting

1 The safety net arrangements will protect providers at 2001/02 national rates in 2002/03. Individual curriculum areas will not be subject to protection; the protection is calculated on the whole of the provision delivered by an institution. See paragraphs 341-347 in the main document for further details of context.

Calculation of the safety net

2 The Council will use 2001/02 ISR data to calculate two figures:

- a. the level of funding generated in 2001/02 through the FEFC funding methodology;
- b. the level of funding which would have been generated in 2001/02 if the new formula had been in operation (using 2001/02 rates).

3 Comparison of these two figures will show whether an institution would have lost or gained had the new formula been in operation in 2001/02. The funding generated under the new approach is then increased by 2.5% to establish the cash figure for 2002/03. If this figure is still below the 2001/02 FEFC figure, the safety netting arrangements will apply.

4 The following examples illustrate how safety netting will protect institutions, depending upon the volume of provision that they deliver in 2002/03:

Examples of how the safety netting rate is calculated

5 The institution in the example below generates the following funding outturns under the FEFC and the new Council approaches:

	FEFC £m	New Approach £m
achieved in 2001/02	5.000	
under new approach in 2001/02		4.800
increased by 2.5% for 2002/03		4.920.

6 Under this comparison, the old approach generates 1.0163% more funding than the new approach (calculated by dividing the 'old' funding total by the 'new' funding total i.e. £5.000m divided by £4.920m = 1.0163). This is the percentage protection that will be applied for this institution.

7 Scenario 1 where the institution delivers the same volume of provision in 2002/03 as in 2001/02:

Funding volume achieved:

	£m
2002/03 actual	4.920
subject to protection	$4.920 \times 1.0163 =$ £5.000m

8 For the same volume of provision, the percentage protection is applied so that the institution receives the same level of funding as in 2001/02.

9 Scenario 2 where the institution delivers a lower volume of provision in 2002/03 compared to 2001/02:

The safety netting will be proportionate to the level of provision the institution actually delivers in 2002/03. Where the institution delivers **less provision in 2002/03 than in 2001/02**, the same percentage protection will be applied, but to the lower cash figure as follows:

	£m
2002/03 actual	4.850
safety net protection	$4.850 \times 1.0163 =$ £4.929m.

Examples of how the safety netting process operates in conjunction with the 2002/03 allocation:

10 Institution receives the following allocation for 2002/03:

	£m
Baseline	5.125 (being 5.000 + 2.5%)
Planned Growth	<u>0.300</u>
Allocation	<u>5.425.</u>

11 Scenario 3 where the institution increases its volume of delivery, but is below the total growth allocation for 2002/03:

Where the **institution increases its volume of delivery**, any agreed growth will be allocated at the 2002/03 funding levels and will not be subject to safety net protection, for example:

	£m
Increased volume delivered for 2002/03	5.200
Of which £4.920	
subject to protection	$£4.920 \times 1.0163 =$ 5.000
Balance of £0.280 (growth above 2001/02 actual) not adjusted	
Total payable	£5.280m.

12 Scenario 4 the maximum protection offered by safety netting, before the application of a 'capping' process:

Where an institution delivers volume that exceeds 2001/02, but is below the total allocation for 2002/03, there is a 'cut off point' at which the final claim is capped. The following scenario shows the cut off point, and scenario 5 following illustrates the 'capping' process:

	£m
Increased volume from 2001/02	5.345
Safety net £4.920 x 1.0163	5.000
Growth above 2001/02	0.425
Total claim	5.425m.

13 In the above example the effect of the safety net plus the payment of growth is equal to the 2002/03 funding allocation, and is payable. Where the protection causes the final claim to exceed the final allocation a 'cap' is applied. See the next scenario for an illustration of this.

14 Scenario 5 where the institution would exceed its 2002/03 allocation as a result of safety netting protection:

In this example, the institution has the following allocation for 2002/03:

	£m
Allocation	5.125
Growth	0.300
Total Allocation	5.425
Increased volume from 2001/02	5.400
Of which £4.920 is protected	$£4.920 \times 1.0163 = 5.000$
Growth above 2001/02	0.480
Claim	5.480
Capped at 2002/03 target	5.425m.

15 Scenario 6 where the institution exceeds the 2002/03 allocation through increased provision, before application of the safety net:

In such cases the institution will not require the application of the safety net, and responsive growth will be funded at the 60% rate, for any provision above the 2002/03 allocation (to a maximum of 5% of the funding allocation):

	£m
Increased volume from 2001/02 - total claim	5.500
Growth above allocation	$£5.500 - £5.425 = 0.075$
Responsive growth funded at 60%	$£0.075 \times 0.6 = 0.045$

Total claim calculated as follows:

Original allocation	5.425
Plus responsive growth	0.045
Total	5.470m.

Operation of safety netting

16 A calculation will be made at final funding claim stage (in February 2004) where institutions' final funding claims are below their funding agreement, to ensure that the cash income levels are protected.

17 The protection offered to institutions by safety netting is essentially retrospective in nature. Institutions likely to require safety net protection will not, therefore, be precluded from seeking growth from local Councils for 2002/03. However, institutions that anticipate any decrease in the funding generated under the new approach, whether this is more than 2.5% (i.e. which would indicate safety netting would apply) or less than 2.5% (i.e. safety netting would not apply) should consider how growth in provision, within the baseline allocation, could be generated to address the anticipated shortfall. Local Councils will wish to ensure that this aspect has been fully considered by institutions before additional growth is sought.

18 The protection calculation will be applied as a multiplier to the relevant final funding claim cash sum. The application of the factor will be to increase the relevant portion of the 2002/03 final funding claim to reflect FEFC national rates of funding at 2001/02 levels and the 2001/02 volume of provision.

19 Any agreed planned growth achieved would then be added back to give a final funding claim figure. Responsive growth will not apply to final funding claims which have been adjusted to reflect safety net protection.

20 The operation of the safety net approach is summarised in table 9.

Self assessment of safety net position

21 Institutions will be able to use the modelling software available on the Council's website (www.lscdata.gov.uk/data/fm.html) to self-assess their likely position in relation to safety netting to give an indicative protection ratio. The results of this self-assessment should be shared with the relevant local Council which will have access to the Council's indicative protection ratio based on historical data. These figures will be given consideration during the 2002/03 funding round discussions. The Council will use 2001/02 final ISR data in early 2003 to calculate an actual protection ratio, which will include adjustments to ensure the likely impact of the new approach are included, for example the change in the first census date. This ratio will be used to adjust an institution's final funding claim in early 2004.

Safety netting institutions in special measures

22 The Council intends to offer institutions in special measures a comparable level of safety net protection to that available to other institutions. Institutions in special measures should not receive either favourable or unfavourable safety net protection compared to others. The safety netting approach is based on protecting institutions in 2002/03 at 2001/02 national rates. Institutions that were funded in 2001/02 at ALFs above £17.22 will not automatically be protected at this level in 2002/03. Such institutions will be operating within an agreed recovery plan and, if it seems likely that safety net protection will be required in 2002/03, the local Council and institution should review the recovery plan to establish an agreed framework which will offer an appropriate level of protection.

23 The following table provides examples of how the safety netting approach will be applied (explanations of the calculations are provided in paragraphs 5 to 15).

Table 9: Safety netting				
Background Data				
	2001/02	2002/03	Protection	Comments
	£m	£m	Ratio	
Funding (FEFC)	£5.000			
Funding (New Approach)	£4.800			Loss of funding of 4% before inflation
New approach + inflation		£4.920		Safety netted claim (£4.800m * 1.025)
@2.5%				
Protection Ratio			1.0163	£5.000m / £4.920m
		2002/03		
		£m		
Allocation for 2002/03				
Baseline	£5.125			£5.000m + 2.5%
Growth	£0.300			
Allocation	£5.425			

Operation of Safety Net		2002/03 actual	2002/03 protected	Funding claim	Comments
Scenario 1					
<i>Same volume as 2001/02</i>		£4.920	£5.000	£5.000	£4.920m x 1.0163
Scenario 2					
<i>Reduced volume from 2001/02</i>		£4.850	£4.929	£4.929	£4.850m x 1.0163
Scenario 3					
<i>Increased volume from 2001/02</i>		£5.200			
Safety net		£4.920	£5.000		£4.920m x 1.0163
Growth above 2001/02 actual		£0.280			Not increased by protection ratio
Claim			£5.280	£5.280	
Scenario 4					
<i>Increased volume from 2001/02</i>		£5.345			
Safety net		£4.920	£5.000		£4.920m x 1.0163
Growth above 2001/02 actual		£0.425			Not increased by protection ratio
Claim			£5.425	£5.425	Met 2002/03 target including planned growth
Scenario 5					
<i>Increased volume from 2001/02</i>		£5.400			
Safety net		£4.920	£5.000		£4.920m x 1.0163
Growth above 2001/02 actual		£0.480			Not increased by protection ratio
Potential claim			£5.480		
Claim for baseline + planned growth				£5.425	Capped at the allocation (baseline + growth)
Responsive growth		£0.000			Responsive growth is based on the volume achieved above the allocation. It may not be claimed on uplift from the safety net
Total claim				£5.425	
Scenario 6					
<i>Increased volume from 2001/02</i>		£5.500			
2002/03 allocation			£5.425		
Growth above allocation		£0.075			
		£0.045	£5.470		Funded for 60% of responsive growth achieved (based on up to 5% of allocation)
Responsive growth					
Total claim				£5.470	

Annex I: Job Seekers' Allowance and Tax Credits

Job Seekers' Allowance

1 The Job Seekers' 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) will continue to be excluded from benefit as unemployed people. People undertaking part-time programmes will be able to receive the JSA provided 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 Council, 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 institution, but not any other document, will provide evidence of a learner's average glh for the purposes of determining entitlement to benefit. Institutions 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.

Working families' tax credit and disabled person's tax credit

3 Working Families' Tax Credit (WFTC) was introduced from 3 April 2000. Disabled Person's Tax Credit (DPTC) follows the same guidance as WFTC. Learners claiming either WFTC or DPTC will be issued with an award notice which gives the date the award started, the number of weeks it is for, how it is to be paid and the name of the recipient. The award notice will also state how much, if anything, has been deducted from the maximum credit. If nothing, or less than £72.20 has been deducted, then the learner and their partner are entitled to fee remission. If £72.20 or more has been deducted, the learner and their partner are not eligible for fee remission.

4 Learners claiming fee remission based on WFTC or DPTC 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 If learners require guidance on applying for tax credits, they may call the Tax Credit Office Helpline on 0845 609 5000 who can also provide them with an application pack, if they are eligible.

Annex J: Learning Programmes and their Corresponding Start Periods

Learning programme

Starts between 1 Aug and 1 Oct 2002

Starts and finishes between 2 Oct and 31 Dec 2002

Starts between 2 Oct and 31 Dec 2002 and continues into the next tri-annual period

Starts between 1 Jan and 1 Feb 2003

Starts and finishes between 2 Feb and 30 Apr 2003

Starts between 2 Feb and 30 Apr 2003 and continues into the next tri-annual period

Starts between 1 May and 15 May 2003

Starts and finishes between 16 May and 31 Jul 2003

Starts between 16 May and 31 Jul 2003 and continues into the next teaching year

Start period

Autumn 2002 (1 Aug - 31 Dec)

Autumn 2002 (1 Aug - 31 Dec)

Spring 2003 (1 Jan - 30 Apr)

Spring 2003 (1 Jan - 30 Apr)

Spring 2003 (1 Jan - 30 Apr)

Summer 2003 (1 May - 31 Jul)

Summer 2003 (1 May - 31 Jul)

Summer 2003 (1 May - 31 Jul)

Autumn 2003 (1 Aug - 31 Dec)

Annex K: Local LSC Contact Details

LSC, Bedfordshire and Luton

2 Railton Road
Woburn Road Industrial
Estate
Kempston
Bedford
MK42 7PN

Tel: 0845 019 4160

LSC, Berkshire

Pacific House
Imperial Way
Reading
Berkshire
RG2 0TF

Tel: 0845 019 4147

LSC, Birmingham and Solihull

Chaplin Court
80 Hurst Street
Birmingham
B5 4TG

Tel: 0845 019 4143

LSC, Black Country

1st Floor Black Country
House
Rounds Green Road
Oldbury
Warley
West Midlands
B69 2DG

Tel: 0845 019 4186

LSC, Bournemouth, Dorset and Poole

Provincial House
25 Oxford Road
Bournemouth
Dorset
BH8 8EY

Tel: 0845 019 4148

LSC, Cambridgeshire

Stuart House
City Road
Peterborough
Cambridgeshire
PE1 1QF

Tel: 0845 019 4165

LSC, Cheshire and Warrington

Dalton House
Dalton Way
Middlewich
Cheshire
CW10 0HU

Tel: 0845 019 4163

LSC, County Durham

Horndale Avenue
Aycliffe Industrial Park
Newton Aycliffe
County Durham
DL5 6XS

Tel: 0845 019 4174

LSC, Coventry and Warwickshire

Oak Tree Court
Binley Business Park
Harry Weston Road
Coventry
CV3 2UN

Tel: 0845 019 4156

LSC, Cumbria

Venture House
Regents Court
Guard Street
Workington
Cumbria
CA14 4EW

Tel: 0845 019 4159

LSC, Derbyshire

St Helens Court
St Helens Street
Derby
Derbyshire
DE1 3GY

Tel: 0845 019 4183

LSC, Devon and Cornwall

Foliot House
Budshead Road
plymouth
Devon
PL6 5XR

Tel: 0845 019 4155

LSC, Essex

Redwing House
Hedgerows Business Park
Colchester Road
Chelmsford
Essex
CM2 5PB

Tel: 0845 019 4179

LSC, Gloucestershire

Conway House
33-35 Worcester Street
Gloucester
Gloucestershire
GL1 3AJ

Tel: 0845 019 4189

LSC, Greater Manchester

Floor 9
Arndale House
Arndale Centre
Manchester
Greater Manchester
M4 3AQ

Tel: 0845 019 4142

LSC, Greater Merseyside

Tithebarn House (3rd Floor)
Tithebarn Street
Liverpool
Merseyside
L2 2NZ

Tel: 0845 019 4150

LSC, Hampshire, Isle of Wight and Portsmouth

25 Thackeray Mall
Fareham
Hampshire
PO16 0PQ

Tel: 0845 019 4182

LSC, Hereford and Worcestershire

Chamber Court
Castle Street
Worcester
Worcestershire
WR1 3ZQ

Tel: 0845 019 4188

LSC, Hertfordshire

45 Grovesnor Road
St Albans
Hertfordshire
AL1 3AW

Tel: 0845 019 4167

LSC, Humberside

The Maltings
Silvester Square
Silvester Street
Hull
HU1 3HL

Tel: 0845 019 4153

LSC, Kent and Medway

26 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4AE

Tel: 0845 019 4152

LSC, Lancashire

Caxton Road
Fulwood
Preston
Lancashire
PR2 9ZB

Tel: 0845 019 4157

LSC, Leicestershire

Meridian East
Meridian Business Park
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LSC, Lincolnshire and Rutland

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LSC, London – East

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LSC, London – North

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LSC, London – South

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**LSC, Milton Keynes/
Oxfordshire and
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LSC, Nottinghamshire

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LSC, Tyne and Wear

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Glossary

2002/03	Denotes an academic year
2002-03	Denotes a financial year
ACL	Adult and Community Learning provision for adults previously funded by LEAs
ALI	Adult Learning Inspectorate
ALF	Average level of funding
AVCE	Advanced Vocational Certificate of Education
Baseline	The starting point for discussions to agree the 2002/03 funding allocation, based on the 2001/02 funding allocation, adjusted to reflect the inflationary increase of 2.5%
Base rate	See national base rate
Core funding	A proportion of the national base rate paid for a learning aim. Core funding represents 65% of the national base rate before programme weighting, disadvantage or area uplift have been applied
Council	The Learning and Skills Council
DEL	Distributed and electronic learning
DfES	Department for Education and Skills
EEA migrant worker	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
eglhs	Enhanced glh which have been subject to the distance learning multiplier (x 14)
Entry	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

Glossary

EU	European Union. The member states of the EU are: Austria; Belgium; Denmark; Finland; France; Germany; Greece; Ireland; Italy; Netherlands; Portugal; Spain; Sweden; United Kingdom; Luxembourg.
EEA	European Economic Area. The member states of the EEA are states of the European Union (see above) plus Iceland, Liechtenstein and Norway
FE	Further Education
FEFC	The Further Education Funding Council, now replaced by the Learning and Skills Council
Final funding claim	An audited claim based on Council funded provision for eligible learners recorded on the ILR. This is prepared after the end of the year to enable all activity including achievement data to be recorded
glh	guided learning hour
HE	Higher Education
ICT	Information/Communication and Technology
ILR	Individualised Learner Record. The data collection system to be used by Council-funded providers from 2002/03 to record comprehensive data about learners and to make regular data returns. The ILR replaces the individualised student record (ISR)
ISR	Individualised Student Record
LEA	Local Education Authority
Learndirect	The brand name for provision delivered by Ufi learning hubs and centres
Loadbands	Ranges of guided learning hours to which specific national base rates are allocated
NRAG	National Rates Advisory Group. An independent group of provider representatives which advises the Council on the national funding rates and programme weightings for all provision funded by the Council
NTOs	National Training Organisations
National base rate	Reflects the length of the learning aim and the basic cost of delivery of that learning aim. Includes assumed fee income/remission and achievement

Ordinarily resident	For funding purposes the Council 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. If someone has not been ordinarily resident because they, their parent or their spouse were working temporarily abroad, they will be treated as though they have been ordinarily resident in the relevant area
Partnership provision	Learning provision which is delivered with the involvement of a third party
QAA	Quality Assurance Agency for Higher Education
QCA	Qualifications and Curriculum Authority
Recently settled status	Persons with recently settled status are those having been granted indefinite leave to remain or enter, right of abode or British citizenship within the three years immediately preceding the start of the learning programme
Right of abode	Persons with right of abode include British citizens and persons who have a right of abode sticker or vignette on their passport
Safety netting	Protection made available by the Council to institutions which lose funding as a result of the new approach
Settled	Having either indefinite leave to enter or remain, or having the right of abode in the United Kingdom
Turbulence	Changes to the level of funding generated by the same provision as a result of the change in the funding approach
Ufi	University for Industry (Ufi Ltd) - Learndirect is the brand name for provision delivered by Ufi learning centres.

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