The Learning and Skills Council
Funding Flows and Business Processes

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### How to respond

This consultation will end on 3 July 2000. We look forward to receiving your responses before that date if at all possible. You can send your responses, as well as any queries, to:

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1. Introduction

1.1 The Prospectus for the Learning and Skills Council was published in December 1999 followed by the first technical consultation on the LSC’s funding system in January 2000. These papers set out the context within which the LSC will operate and how the LSC and its funding system might be structured to meet the challenge of creating a lifelong learning society and ensure that provision was made in response to learner and employer demand.

1.2 We are grateful for the responses to these documents and the contributions of very many post-16 practitioners who have been undertaking further development work with us. Those comments and contributions are reflected in the present document, which explains how funding will flow from the Secretary of State to the LSC, and from the LSC to providers and LEAs, including the streamlined information and business systems that will support these processes.

1.3 By contrast to these issues of funding relations, a parallel consultation document, Post-16 Funding: Second Technical Consultation Paper (May 2000), sets out the framework governing how the LSC will calculate the amounts to be allocated to providers and LEAs - amounts totalling over £6 billion a year for around 6 million learners. We would welcome comments on both documents by 3 July 2000.

1.4 This document focuses on the funding relationships between
- the Secretary of State and the LSC,
- the national LSC and its 47 local arms - the local LSCs, and
- those local LSCs and providers, LEAs and employers.

1.5 The LSC will NOT have a direct relationship with schools. But in the parallel technical paper on funding, we propose that the LSC’s responsibilities for funding LEAs for their sixth forms should begin from 2002-03. From that point, much of the system described here in terms of LSC relations with providers will apply to LSC relations with LEAs over sixth form provision. The LSC will work closely with LEAs and schools to ensure these arrangements are effective and have minimal administrative consequences for schools. In Chapter 6 we raise an important issue in relation to pupil counts and pupil drop-outs within the new funding system and we would welcome comments on what is proposed there.

1.6 This will be a funding system in which money follows the learner. This has clear consequences for how volumes of provision will be allocated. In particular, for FE providers, there will be a need to adjust to an approach under which allocations will in future be tied directly to learners rather than to the indirect medium of “units” of funding.

1.7 Of course, the establishment of the LSC is still work in progress and is subject to the will of Parliament. But the intention is that the LSC will become responsible for ensuring that the arrangements described in chapters 2 to 6 evolve and work successfully in the future.
A note on terminology

1.8 The LSC will be able to contract directly with further education providers, and other private and voluntary sector organizations, including Education Business Link (EBL) organizations such as Education Business Partnerships (EBP), over the delivery of education and training. We use the term “provider” to cover all those organizations. Where we write specifically about further education providers, we use this term to cover general colleges of further education, specialist FE colleges, sixth form colleges and FEFC-funded “external institutions”. The LSC will not fund schools directly and for clarity we have therefore not used the term “provider” to cover either schools or LEAs. Where an issue has relevance to schools or LEAs we flag this up explicitly.

1.9 In this document we use the phrase “Qualifying for Success” to embrace all the A/AS level, vocational A level and key skill programmes sometimes referred to by others as “Curriculum 2000”. And we use the phrase “work-based training for young people” to refer to programmes for young people, eg apprenticeships, of the type currently funded by TECs.

1.10 To distinguish financial from academic years, we use a hyphen for the former (eg 2000-01) and an oblique for the latter (eg 2000/01).

SUMMARY AND KEY ISSUES FOR CONSULTATION

1.11 The main content of this paper is summarised very briefly below. We would welcome comments on any aspect of this paper but have suggested below some key issues for the consultation.

Summary

- Chapter 2 explains the national framework that will be set by the Secretary of State, to govern the funding and guidance he gives to the LSC.

- Chapter 3 builds on the LSC’s prospectus to explain how the LSC will ensure that provision meets the demands of individual learners, employers, local communities and the national economy. It also explains how local LSCs will be funded by the national LSC and sets out arrangements for a national LSC unit to deal with national and multi-site employers.

- Chapter 4 sets out how local LSCs will contribute to an effective planning process.

- Chapter 5 explains the basis on which local LSCs will work with providers and LEAs, including the processes and timescales governing allocations, and the intention to afford a single point of contact covering all of a provider’s allocations from the LSC. It underlines that allocations will be made in terms which tie funding explicitly to numbers of learners.

- Chapter 6 sets out how the LSC’s information and business systems will support the processes described above. It explains how, over time, there will be a common information system, how information and communications technology will be used to best effect, and how the systems will look at provider and LEA level.
Some key issues for the consultation

Will the proposals in this paper ensure that:

a) there is an effective framework within which the Secretary of State can guide the LSC as appropriate?

b) the LSC is able to respond positively to the demands and needs of (i) learners, (ii) communities and (iii) employers?

c) the LSC’s planning arrangements have a sufficiently local focus?

d) the LSC’s allocation arrangements are practicable and take proper account of provider and local authority plans?

e) the LSC’s operations are supported by streamlined and coherent information and business systems?

f) the LSC’s arrangements adequately promote equal opportunities?
2. A National Framework

Introduction

2.1 This chapter explains the framework that will be set by the Secretary of State, to govern the funding and guidance he gives to the LSC. As indicated in chapter 1, this is in the context of a system intended, above all, to be responsive to demand from learners and employers.

Role of the Secretary of State

2.2 The Secretary of State will guide the Learning and Skills Council in its work to deliver government policies and priorities. Each year the Secretary of State sends guidance letters to the DfEE’s non-Departmental public bodies (NDPBs) covering both policy issues and the allocation of grant to the organization itself. The LSC will receive such an annual guidance letter from the Secretary of State, setting out its grant and how this has been determined. The letter will cover in detail the LSC’s substantial funding responsibilities. The LSC will inherit budgets totalling over £6 billion.

Annual Guidance letter

2.3 The annual guidance letter to the LSC will be issued each November. It will confirm the LSC’s grant for the financial year beginning on the following 1 April, and it will include indicative figures for up to two subsequent years. It will also include performance targets for the LSC.

2.4 The guidance letter will also highlight key policy priorities. These will include, for example, guidance to the LSC on meeting the needs of the most socially disadvantaged communities; working with NTOs and others to develop a national workforce development strategy; and implementing the financial guarantees given by the Secretary of State, for example to school sixth forms and LEA-maintained Adult and Community Learning.

2.5 The Secretary of State’s letter will set out the assumptions that have determined the level of grant being provided to the LSC. For example, it will:

- identify separately the amounts assumed for young people and for adults and specify the numbers of young and adult learners that need to be covered by these amounts;
- show the indicative amounts for items like capital and LSC administration;
- set out how much of the funding allocation is assumed to flow through the national formula subject to any local variations, and how much through other funding;
- give guidance on the activities to be funded through non-formula funding, such as Investors in People and Education Business Partnerships; and
- offer any guidance as appropriate on fees for individual learners, or contributions to learning from employers.
Framework document

2.6 To regulate the long-term relationship of the Secretary of State and the LSC, the Secretary of State will also send the LSC, in November 2000, a framework document. This will set out:

- a) the role and priorities for the Learning and Skills Council in supporting government policies for lifelong learning;
- b) the arrangements for ensuring a close working relationship between DfEE Ministers and officials, and the LSC's Chair, Chief Executive and staff; and
- c) the protocol, management statement and financial memorandum with the DfEE under which the LSC will operate.

Financial Memorandum

2.7 The financial memorandum sets out the financial framework within which the LSC receives grant-in-aid or incurs public expenditure. It explains the financial duties of the LSC, its funding arrangements (including handling of receipts, charges and sources of revenue), the financial delegations within which it can spend, the controls of pay and staffing, internal and external audit arrangements, the treatment of virement write-offs, losses and special payments, and the conditions attached to the receipt of grant-in-aid. It also sets out the arrangements for the corporate planning process.

2.8 Although the LSC will be funding provider groups in three different sectors - independent, public and voluntary - with different accounting systems the LSC will nonetheless have to report, monitor and account for its expenditure on a uniform basis which conforms with the Department's accounting requirements.
Introduction

3.1 This chapter builds on the LSC’s prospectus to explain how the LSC will ensure that provision meets the demands of individual learners, employers, local communities and the national economy. It also explains the basis on which local LSCs will be funded by the national LSC and sets out arrangements for a national LSC unit to deal with national and multi-site employers.

Planning and customer demand

3.2 The LSC Prospectus made clear that building a new culture of learning will require more responsiveness in terms of meeting demand from individuals and employers. The LSC will have to develop a clear view of needs and how these should be met. The allocations made by the LSC, principally through its 47 local arms, must reflect those needs and demands, within available resources.

3.3 The LSC, nationally and locally, will work as a single, unitary, body. It will be able to draw on the work of a range of strategic partners in identifying demand:

a) national focus. The starting point for a national focus must be the Government’s national targets and any steers from the Secretary of State. The LSC will also have a clear national focus through its main Council, and through the two national committees for, respectively, young people and adults. It will also work with a range of national bodies, including employer bodies, the Small Business Service (SBS), the National Training Organisations, local authority representative bodies and UfI;

b) regional demand. The Regional Development Agencies (RDAs) have a crucial and statutory role in identifying skills needs at regional level as part of their regional economic development strategies. These priorities will feed into the LSC’s work both at national and at local level; and

c) local demand. The local arms of the LSC will establish demand by working closely with individuals, communities, employers, providers, Local Authorities, Local Learning Partnerships (LLPs), the Connexions Service, EBL providers and the SBS. They will also establish priorities for developing the skills of the workforce and targeted strategies for engaging and influencing employers, including SMEs.

3.4 The map of demand that emerges from the LSC’s work will be updated annually and will impact directly on the allocations made to providers and LEAs. We must ensure that skills shortages are tackled and that the right balance is struck between the different types of subjects and occupational areas being supported by LSC funds. But this will not be done through national planning or through rigorous tracking through to the level of say, individual engineering places needed from providers in each town. Chapter five describes a system in which there will be considerable flexibility for providers and LEAs to respond to demand.
3.5 The LSC planning process will reflect a commitment to mainstreaming equal opportunities in all policies and programmes.

**Targets**

3.6 The LSC will take over the work of NACETT. It will develop advice to the Secretary of State on future national targets.

**Role of LSC National Council and its main committees**

3.7 The initial framework document, the annual guidance letters, and the close working relationship with the DfEE will all help the LSC establish a clear sense of its strategic and administrative context. But it will be for the LSC’s Chair, Chief Executive and national council to ensure that the LSC carries out its responsibilities effectively.

3.8 The LSC’s national council will be responsible for ensuring that allocations are based on an appropriate analysis of demand, taking account of steers from the Secretary of State. It will ensure that the LSC:

- consults widely on priorities and targets, involving all key partners, as indicated above;
- draws up an assessment of current and future national skill needs;
- sets out plans for achieving the key National Learning Targets for which the LSC would be responsible including national workforce development plans; and
- sets further targets eg including tackling disadvantage and attainment in basic skills, and strategies for achieving them which would underpin the National Learning Targets.

3.9 The outcome will be reflected in a 3 year rolling corporate plan, published annually and supported by an operational plan. The corporate plan will describe national priorities and skills needs, the LSC’s strategies for achieving the National Learning Targets and any further targets. The operational plan will set out details of the LSC’s budget for each objective, together with target learner numbers. These plans will inform and steer the planning process of individual providers and LEAs and the 47 local LSCs.

3.10 The national LSC will be advised by two key statutory committees, one on Young People’s Learning and one on Adult Learning. Members will include people who have special knowledge, understanding and skills in education and training for young people and for adults.
Rates Advisory Group

3.11 In carrying out its funding and other responsibilities, the national LSC will receive advice from a wide range of organisations and individuals. A key area where it will need this advice is in setting national funding rates for different types of provision. Ultimately, only the LSC will be able to decide the rates that should apply, because of its responsibility for matching the rates to be paid with the volume of provision to be procured. But experience has shown that a national advisory group can be of invaluable assistance over such decisions. Proposals for this are set out in the parallel paper Post-16 Funding.

Allocating budgets to local LSCs

3.12 We consider that, initially, every local LSC should be funded largely according to the existing amount of spending in their area, i.e. reflecting the learning currently taking place in that area. The LSC will also need to ensure that it apportions fairly (a) spending related to disadvantage, so that it gets through to the areas which need it most; and (b) the different blocks of funding specified in the Secretary of State's annual guidance letter.

3.13 It would not be appropriate to allocate funds to local LSCs simply on a pro rata basis per head of population. That would take no account of the different learning needs or patterns of disadvantage across different areas. It could also require the support of complicated recoupment or pooling arrangements depending on the local patterns of travel to learning and cross-border effects. We intend to ask the LSC to review when and how to move away from budgets based purely on existing spending patterns of towards budgets related more closely to local need.

3.14 In addition, over time, local LSCs will bring their own influence to bear over the size of their budgets. They will wish to submit plans to the centre which define the volumes of provision they propose to secure, based on local demand and priorities, and the strategic targets set by the national LSC.

\(^1\)Detailed consideration of the proposed national funding formula is in the parallel Post-16 Funding: Second Technical Consultation Paper (May 2000)
Setting priorities

3.15 The LSC will have to consider a wide range of demands, including those based on its legal obligations to make proper provision for all 16-18 year olds and reasonable provision for adults. Inevitably, because the LSC will have to live within its overall resource allocation, this will mean setting priorities for local delivery.

3.16 In doing this, the LSC needs to find a balance between basing priorities on information about local, regional and national demand and the priorities of government. There are two processes which need to work in tandem:

- local LSCs will produce their assessments of local demand and priorities which they will feed up to the national LSC. The national LSC will produce an overall assessment of national skills and learning needs, drawing on the local LSC’s assessments, the skills analyses of RDAs, the work of the national advisory group of leading experts in skills research and information which it will convene with HEFCE, and the work of the Young People’s Learning and Adult Learning Committees. It will discuss this assessment with DfEE and present it to Ministers;

- the Secretary of State will then set guidance for priorities in his annual guidance letter to the LSC, which will form the basis of the national LSC’s operation guidance to local LSCs, which will include targets to achieve these priorities. Each local LSC will aim to achieve these targets in allocating its budgets to local providers.

3.17 The LSC will promote open debate about the current and future learning and skill needs making use of the full range of information it has available, from both national and local sources. This will in turn help to inform the Secretary of State’s developing priorities.

3.18 The LSC’s priorities need to take into account estimates of growth and decline in different sectors over the subsequent few years, and any influences which can distort the local picture of learning needs. An example would be where a local LSC area hosts a national centre of excellence for one subject area, or the head office of a major national employer. The priorities need to be based on wider issues in the economy, as well as demand from local learners and employers and communities.
4. Local planning to meet demand

Introduction

4.1 This chapter sets out how local LSCs will assess, and plan to meet, demand.

Role of local LSCs

4.2 Local LSCs will decide the destination of the great bulk of the LSC’s funds, as funds follow the learner and it is local LSCs which decide the allocation of volumes of provision. Those volumes must in turn reflect demand from learners and employers. The plans submitted to local LSCs by providers and LEAs will be a crucial element in determining that demand, and will be the basis of regular formal and informal discussions as described in chapter 5. All allocations will be subject to oversight by local LSC Boards within a national framework laid down by the LSC’s main Council.

4.3 Local LSCs have a responsibility to make an effective contribution to the local and national process of planning to meet demand. Each local LSC must be a magnet for data about learning and skills needs and demand and a catalyst for new data collection where current information is inadequate. It must also have the capacity to analyse data and draw valid conclusions which have clear implications for its work.

It will need to work with a variety of partners and stakeholders, including:

- local authorities;
- the Employment Service;
- the Small Business Services franchise;
- Regional Development Agencies;
- Local Learning Partnerships;
- the Connexions Service; and
- employers and their representatives.

Annual statements of needs and priorities

4.4 Each local LSC will publish an annual statement of learning and skill needs for their area and an annual statement of priorities for the development of local provision.

4.5 The annual statement of learning and skill needs will need to take account of local and national data on:

a) performance against national learning targets;

b) economic and labour market performance - reviews in this area should involve local authorities and RDAs;
c) skill shortages, by sector. This should reflect the regional skills action plans produced by RDAs in the context of their Regional Economic Strategies, and information from NTOs;

d) participation levels - performance against plans;

e) modes of participation - the growth of on-line and other new forms of learning. UfI will be a key strategic partner in providing data in this area;

f) the incidence and distribution of social disadvantage;

g) workforce development - achievement levels;

h) destinations of those completing learning successfully;

i) economic regeneration and development;

j) equal opportunities - performance against plans;

k) infrastructure development;

l) standards, including inspection outcomes, as evidenced by OFSTED and ALI published reports;

m) performance against benchmarking and performance indicator targets.

4.6 The analysis thus carried out will inform the local LSC’s annual statement of priorities.

UfI and learndirect

4.7 UfI will be a key strategic and business partner of the LSC. In their strategic relationship UfI will work closely with the LSC nationally and locally on issues including marketing and the promotion of lifelong learning, planning and the underpinning market information, how best to use and expand e-learning opportunities and compatibility of ICT systems.

4.8 We propose, for the first few years of UfI's operation, to give steers to the LSC on the minimum expenditure we shall expect on learndirect learners. For 2001-02 the UfI's business plan assumes £135m will be allocated by the LSC for learndirect learners. We intend that this will be the minimum allocated usually through the local LSCs. However, before the figure is finalised, there will be a bottom-up planning process to confirm volumes required locally. Having taken advice from UfI, local LSCs will agree volumes with individual learndirect hubs and centres, who may be eligible to attract more than the sums assumed initially for 2001-02 if that is justified in the light of local LSC consideration of their plans.
Local planning for local priorities

4.9 The national LSC will have targets to meet, set by the government. But each local LSC will also have its own priorities reflecting variations in local patterns of participation and employment.

4.10 The national LSC will allocate money to local LSCs in blocks for different age groups or types of learning. While local LSCs will have to get their high level plans approved by the national LSC, that is simply to ensure that a balanced picture is achieved across the country and that the LSC as a whole is meeting its priorities. Within those broad plans, it will be up to local LSCs to decide how to use their allocations role to meet demand in their area.

4.11 The high level plans will include the local LSC’s general indications of what they are going to buy, the kind of learning, the areas, and how much of each. The final decisions about purchasing will be made once the high level plans have been signed off by the national LSC. This system gives local LSCs a range of options to respond to their local needs, without compromising overall consistency.

Local LSC power to vary national rates

4.12 Local LSCs will exercise considerable discretionary power through their responsibility for allocating the great majority of the LSC’s total budget. Most of these payments will be structured and priced according to the formula approach set out in Post-16 Funding: Second Technical Consultation Paper. Around 10-15% of funds will be outside the formula approach, and for these funds local LSCs will make decisions about pricing as well as allocations. Within this 10-15% of funds there will also be a significant local initiatives fund to enable each local LSC to support important local learning and skills initiatives which would not otherwise be funded. In January we proposed that a further area of local LSC discretion should lie in the ability to vary national prices within limits set by the LSC nationally.

4.13 This will be a key local lever for LSCs to deal with exceptional cases of market failure. But we agree with the respondents to the first consultation who counselled against the routine use of this lever. It would be confusing and would run counter to Ministers’ intentions if every type of provision funded by the LSC was priced slightly differently from one local LSC to another. This is not least because of the cross border distortions introduced by such variations - a strong theme running through the consultation responses.

4.14 We do not wish to advocate a maximum figure for variation. Where the power is needed, the presumption should be that market failure has been detected perhaps identified by RDAs. Indeed, rather than set a maximum figure, we would rather that the LSC set a minimum figure for variation. This would avoid confusing small variations and would encourage local LSCs to vary the tariff only where this was clearly required, and by an amount that would definitely achieve the objective of influencing providers. The amount would need to be established by the LSC. A figure of 25% or more may be appropriate.
Introduction

5.1 This chapter explains the processes and timescales governing allocations to providers and LEAs, including the intention to afford providers a single point of contact covering all their allocations from the LSC. These “steady state” arrangements will need to be phased in as appropriate.

Purchasing principles

5.2 Local LSCs will be purchasing over £6 billion of provision. The following statements give the essence of the LSC’s purchasing policy. Decisions should:

a) meet the known and expected demand from learners and employers, and allow scope to respond to unexpected demand

b) stimulate new demand, in particular from non-traditional learners and those who have dropped out of learning

c) anticipate planned strategic and demographic growth

d) support the highest quality standards

e) meet other published priorities, set through national and local consultation

f) encourage diversity of provision and promote parity of esteem between different learning routes, both existing and new

g) represent sound investments. Local LSCs should aim to add value for individuals, employers and the community

h) ensure the contracting chain is as short as possible.

i) meet their commitment to ensure the provision of relevant EBL activity for school aged children

j) ensure through regular reviews that what is delivered matches demand within a flexible and responsive framework.

Agreeing provision - the funding cycle

5.3 Each year local LSCs will consult on and draw up their statements of needs and priorities, and will invite providers and LEAs to submit proposals for public funding to support these priorities and the levels of demand they have identified. The LSC is looking to secure the best available provision. There will be a framework - set centrally - for providers and LEAs to follow when they produce their proposals. There will then follow a negotiation. The decisions on which provision to fund must be based on demand, standards and value for money, and will be transparent to all the stakeholders of a local LSC.
5.4 Local LSCs will need to retain enough flexibility to make allocations to providers and LEAs at any time of the year and for periods which do not follow a conventional funding year. However, it would be chaotic for learners, providers, LEAs and the funding body if there were no standard cycle at all. We expect the LSC to adopt a standard cycle. And we shall be reviewing separately with schools and LEAs the appropriate funding cycle for sixth forms.

5.5 In the steady state, we would want local LSCs to have announced their main allocations by February each year. Allocations would be provisional until finalised with each provider and LEA and could be revised in the circumstances described below. Local LSCs would be able to make supplementary allocations in-year, for example to meet newly identified skills shortages or to cope with unforeseen demand. But in order not to unbalance the main allocation process, and potentially destabilise providers and LEAs, the main council of the LSC will set limits on what can be allocated in-year.

5.6 Where allocations are made on the standard cycle, and announced in February, these will usually cover the 12 months from August to July which will give providers and LEAs enough lead time to plan provision. In practice, lead times should be even longer as local LSCs will have been discussing plans from providers and LEAs with them throughout the autumn prior to the allocations. Moreover, as discussed in the January consultation document, many providers and LEAs will enjoy the facility of receiving indicative allocations three years ahead, where their provision is of an appropriate standard.

5.7 The steady state planning cycle will be as follows:

**September**  • local LSCs begin discussion of provider and LEA proposals

**November**  • national LSC receives annual grant letter from Secretary of State

**December**  • LSC makes allocations to local LSCs

**February**  • local LSCs make provisional allocations

**March**  • provisional allocations are refined where necessary, in further discussions with providers and LEAs, then finalised

**August**  • payments begin, based on final agreed allocations
5.8 Those providers which have previously been funded on a different period, such as April to March, will tend to benefit from the change, due to the extended lead times available. But transitional adjustments will be needed, and we propose that the initial allocation period in these cases should be longer than one year, as a shorter period would tend to undermine stability. So, in the example of those currently funded from April, their initial allocation period under the LSC would be 16 months. In addition, we recognise that there will need to be flexibility for some, for example those in business or who work to a calendar year under EU funding, to contract with the local LSC on another basis.

5.9 To give the time needed for the planning process, it must begin well before the guidance letter from the Secretary of State. In fact much of the early planning gathering information and views, assessing local and national needs will inform the Secretary of State’s guidance.

5.10 Several of the processes run in parallel. Providers and LEAs will be making their proposals, based on broad indications of the priorities for the year, at the same time as the national LSC is doing its main planning. Local LSCs will also be monitoring and reviewing performance with providers and LEAs through the year, gathering information which feeds into the decisions on allocations for the next year.

5.11 For new providers local LSCs will need to publicise appropriately what provision they expect to fund, to let new organisations know what to include in a proposal. They will need to explain clearly how to apply, and how the process will work for selecting providers and allocating provision.

5.12 The bulk of the LSC’s funding will be allocated following the standard cycle. The money for these allocations will be based on the formula funding which will be set nationally. Around 10-15% of a local LSC’s budget will be more flexible, and can be used at the local LSC’s discretion for uses such as ‘pump-priming’, information, advice and guidance for adults, and community-based provision for the most disadvantaged. Not all of this will be allocated on the same cycle local LSCs need to keep some funds back to give them flexibility for responding to change through the year.

5.13 Throughout the cycle, there is a two-way process, involving discussion and dialogue:

- between the national and local LSCs
- between local LSCs and employers, LEAs and providers, and
- between the LSC and some national and other large employers.
Proposals and funding agreements

5.14 To get funding, each provider or LEA will be required to submit their plans in the form of a proposal. This will need to set out the volumes the proposer intends to deliver, in terms of learner numbers; the achievement and retention rates and other outputs; and information on the numbers of learners who are likely to qualify as disadvantaged or as having additional learning needs.

5.15 We shall be looking for a minimum amount of disaggregation here. The LSC may need to stipulate that numbers of 16-18 year olds should be split by type of provision, eg those taking A levels and vocational A levels, as against numbers of apprentices; and adult learners may need to be split between, for example, those taking basic skills courses and others. But we do not wish to aim for a system in which proposals need to specify volumes down to the last engineering place.

5.16 Proposals will form the basis of negotiation, with proposers seeking to reach a funding agreement with the LSC. The funding agreement will set out the agreed volumes, including critically the learner numbers. The funding offered will be determined by reference to the formula funding system set out in the parallel Post 16 Funding: Second Technical Consultation Paper. Other requirements will be at the same level of detail as specified in proposals, taking the same minimalist approach. The LSC will produce frameworks both for proposals and for funding agreements.

5.17 Conditions within funding agreements with LEAs are discussed later in this chapter. In other cases, the funding agreement will set clear rules for providers on virement, ie on how far providers can switch funds or volumes from one agreed area to another. We consider that there should be very few rules here. As implied above, funding agreements will include only a limited number of broadly drawn categories - such as A level learners, apprentices, basic skills learners - so the scope for changing plans in-year will be considerable. Providers will also be able to go back to their local LSC to seek virement from one category to another if patterns of demand make that sensible. If a greater proportion of young people wish to become apprentices in one area compared to another the system should be flexible enough to allow this.

5.18 Virement of funds should be even less constrained. As long as a provider delivers what has been agreed, can live sensibly within their means, and does not let standards of any part of their provision suffer, there is no reason why the LSC would want to track every pound to ensure that it, say, A level funds are not spent on apprentices or vice versa. What would be an issue for the LSC would be failure to deliver on the agreed numbers of learners, or rates of achievement, retention, or agreed provision disadvantage or additional learning needs. This could lead to clawback of funds in line with the funding rates set for these outputs by the LSC.
Striking the right balance of provision

5.19 Each local LSC is responsible for getting the balance right in their area. This means offering a wide range of provision, covering different types of learning, sectors and learning methods. There must be a level playing field for all the different types of provider, sector and area of the country it should not be harder for providers to get into one area than another. We are bringing together all the different sectors of learning provision with the aim of treating them on a consistent basis.

5.20 Future flexibility will involve greater freedom for providers to diversify into new types of provision: for instance, work-based training providers might move to running vocational A levels as well as NVQs. This could lead to the emergence of a cadre of multi-functional providers whose ability to deliver a broad repertoire of provision reflects efficiencies of size. Conversely, we may at the same time see a greater degree of specialisation, with some providers concentrating on their areas of excellence and delivering a more targeted number of learning opportunities.

5.21 The LSC will need to develop strategies both nationally and locally for the provider network. It will need to ensure that provision exists to meet the identified needs of learners and employers and that the provider network is flexible enough to meet changes and fluctuations in demand.

5.22 There will need to be a process for managing changes in demand for provision and this should be one of dialogue and review. As ideas are shaped up about the pattern of provision needed for the coming year, local LSCs will talk to providers and LEAs about how they can respond to the changes.

5.23 Through the contractual review process the local LSC will gather information to see how demand is changing from what was expected. By conducting regular reviews the LSC and providers and LEAs will be able to respond to changing needs in a timely way.

New provision

5.24 The local LSC will be responsible for steering the development of the local provider infrastructure so that it is and remains capable of meeting local learner and employer needs. In doing so local LSCs will seek to develop and build on the distinctive strengths and capabilities of providers and LEAs in their area and promote, where appropriate, collaboration between them. Local LSCs will need to preserve and promote a diversity of types of provision and of types of provider, including smaller and “niche” providers.

5.25 Local LSCs will act to preserve and develop provision of strategic long-term importance in an area, including in circumstances where short-term changes in the pattern of demand might threaten that infrastructure. Local LSCs will be encouraged to develop and support provision in their areas which is of wider regional or even national significance, and the funding of local LSCs will reflect this.
5.26 New providers will have to meet a set of national quality criteria. These will make sure the provider will be able to manage the contract, meet their targets, and can show they meet standards on aspects such as health and safety and equal opportunities. But just because a provider makes a proposal and meets the LSC’s quality criteria does not mean that they will necessarily be allocated provision. For instance, they may be offering something that is over provided in that area.

5.27 The LSC will have a number of ways to support new providers. It will offer its own support and advice as well as putting them in touch with business mentors or possible partners to help them to build capacity. In some cases a provisional contract could be set up until the provider has had time to prove themselves. This would be linked to an action plan, with targets for achievements, and for meeting the criteria.

5.28 The LSC will not inspect providers, LEAs or schools itself; it will create agreements with OFSTED and the Adult Learning Inspectorate (ALI) to run the inspections, but will have a responsibility for quality management. It will provide this in an advisory capacity - offering expert support and guidance to providers meet quality standards.

5.29 A separate consultation paper has been issued on new post-16 inspection arrangements (Inspecting Post-16 Education and Training - April 2000) and a paper will be issued on the LSC’s improvement strategy for quality and standards. These describe in detail the standards that will be expected from providers, and how they will be monitored and inspected against those quality standards. The publication of inspection reports, and of provider performance tables, will both highlight good and bad performance and give a clear incentive for the rest to become as good as the best. That will provide important leverage in support of high standards and value for money provision. In the light of comments on the January consultation, we continue to see a place for a further measure, which is that allocations by local LSCs should take account of the quality and standards of provision.

Consistency

5.30 One of the most important benefits for providers from the new arrangements is that the LSC will be able to have common, standard arrangements for contracting, payments, audit, monitoring, management information, health and safety, and quality improvement throughout the country. This will benefit providers who currently deal with different TEC systems or with, for example, both FEFC and TEC systems. It will reduce the time such providers need to spend on paperwork and on understanding multiple systems, and increase the time they have to invest in the quality of the learning they deliver.
5.31 A consistent approach for all local LSCs will be encouraged by

- using the same processes for contracting in all local LSCs
- having a standard contract between LSCs and providers and LEAs
- publishing the targets and priorities which the contracts aim to achieve.

5.32 The LSC will need to bring together a range of very different traditions and cultures. The National LSC will take the lead on finding a consistent approach to bring all of these together and to ensure providers are treated fairly. Where a provider operates solely within one local LSC area, providing only to people living in that area, the relationship between the LSC and that provider will clearly be a straightforward matter of a funding agreement between the local LSC and that provider. However there are many providers who do not fit readily into this simple model and we need to look carefully at how we would expect the relationship between the LSC and such providers to work, and, where necessary, at transitional arrangements.

5.33 These providers include:

- national or multi-site employers who run publicly-funded learning programmes;
- local employers who run publicly-funded learning programmes;
- national or multi-site learning providers in the public, private or voluntary sectors;
- providers who are sub-contractors or franchisors to another “lead” provider;
- local providers with learners from a wider catchment area.

The circumstances of each type of case need to be looked at in turn.

National or multi-site employers who run publicly-funded learning programmes

5.34 Employers are key customers of the Learning and Skills Council and it is important that the right balance is struck in LSC/employer relationships. In the first consultation document we consulted on a proposal to establish a national unit to offer national or multi-site employers a one-stop shop with the authority to contract nationally for publicly-funded learning programmes with such employers, and this was widely welcomed. We consider, therefore, that for those employers who wish to use it, a national employer unit will be established by the LSC. The national employer unit will have wide-ranging functions:

- Bringing together flexibly LSC products (AMAs, iIP etc) into coherent workforce development packages for employers.
- Contracting - contracting for work-based training for young people and other publicly-funded learning or workforce development programmes.
- Account management and advice. Monitoring targets and reviewing performance. Arrangements for new provision and networking of major employers.
The unit will also be able to draw, as part of the LSC nationally, on the LSC’s work in respect of:

- Needs analysis - gathering and analysing economic and labour market information on skill and sector needs and performance indicator data; and
- Planning - informing local LSC plans about national employers’ provision and their needs.

Establishing a high quality unit of this type within the LSC will take a little time. We are currently in discussion with the National Training Partnership, which currently offers a service to national employers consolidating individual TEC contracts, about transitional arrangements.

Local employers who run publicly-funded learning programmes

Most employers are locally-based and will work with the local training provider network (colleges, private training providers, voluntary and public bodies) for most of their job-related training. Where a local LSC contracts directly with an employer, the employer will in effect become the training provider, i.e. they will need to meet all the local LSC’s quality requirements, including standards of provision, quality assurance mechanisms and management information returns, and demonstrate its ability to deliver the full learning package to the trainee. However, the employer will be able to arrange for some elements of the programme, such as off-the-job training, to be delivered by another provider working in partnership.

In the first consultation document we suggested that, in order to guard against excessive local contracting with employers who were unable to act as a provider, such arrangements might be subject to a limit of 10%. However, the majority of respondents thought such a limit would be arbitrary and unnecessary; we no longer propose that a formal limit of this type should be adopted.

National or multi-site learning providers in the public, private or voluntary sectors

In the first consultation document we proposed that there should be a clear presumption against national contracting with national or multi-site providers, as arrangements of this type would undermine the principle of local determination of the pattern of provision. Most respondents agreed with this proposal. Some multi-site or national providers argued that they should be able to have a single contracting arrangement with the LSC as they lack the resources to manage up to 47 separate contracts, even with standardised administrative systems across the LSC. Their view is that managing multiple contracts would divert resources from training into administration and would increase rather than reduce bureaucracy for them. We recognise that a number of national or multi-site providers already have national contracting arrangements, either through franchising from a college or as external institutions or through the National Training Partnership.
5.40 We believe that the principle of local planning is the right one, but that we may need to establish a variety of contractual arrangements which best fit the needs of learners, providers and the LSC. We therefore propose for national training providers who clearly act on behalf of either an individual national employer, or a consortium of employers (including for a sector of the economy), that the arrangements for national employers should apply.

5.41 In the case of other national or multi-site providers, we propose that they should be offered the option of streamlined contracting arrangements with a single contract and a lead account manager within the LSC. The contract would represent the amalgamation of the decisions of individual local LSCs to purchase from the portfolio of provision the provider was offering in their area. The local LSCs would also be responsible for ensuring the quality of provision in their local area. The lead account manager would not be able to over-ride local decision-making. However, we envisage that the single contract option would enable the LSC to make a single payment to the provider each month, based upon an agreed profile. We also expect that the point of contract will give a focus of liaison with the provider to co-ordinate and manage financial audit and inspection, and the overall development of the provider's portfolio.

5.42 The location of the lead account manager (at national level or with a local LSC) would be an internal decision of the LSC, and is likely to depend on the geographical coverage of the provider. Any large provider which wished instead to have separate contracting arrangements with each local LSC, would of course, be free to do so. Each large provider will be able to decide whether the administrative advantages of the single contract option outweigh the advantages of developing a close contractual relationship with each local LSC.

5.43 As with the arrangements for national employers we envisage that the streamlined contracting arrangements for other national or multi-site providers will take a little time for the LSC to establish. We therefore propose that current arrangements for such providers would continue for 2001-2, and in respect of work-based training programmes we are in discussion about transitional arrangements with the National Training Partnership which provides a service to national training providers consolidating contracts with individual TECs.

Sub-contractors

5.44 We continue to attach great importance to the reduction in inappropriate franchised provision. However, we do not wish to hamper genuine partnerships between different types of provider or to limit the involvement of employers or the voluntary sector. Past problems can be overcome where there is only one intermediary between the LSC and the learner, whether that intermediary is a dedicated provider of education or training, or an employer able to meet the LSC’s quality requirements, or a partnership which might involve a range of providers.
5.45 The normal relation of a local LSC and a provider - or partnership - will therefore be a direct one. However, we do not wish to preclude one level of sub-contracting a provider where it can add value. The provider responsible for sub-contracting would also need to ensure the quality of the sub-contracted provision, and take responsibility for the welfare of the learner. The local LSC would have a duty to monitor quality and assess the value added by the intermediary. We would expect the LSC to promulgate clear national guidance on the circumstances in which sub-contracting could take place, including sub-contracting over an extended geographical area, and that it could form only a small proportion of local provision. Sub-contracted providers would of course retain the option of contracting direct with the local LSC if they wished. Current FEFC funding requirements do not allow franchised provision to be sub-contracted again, and we expect to retain this limit for all sub-contracting arrangements under the LSC.

5.46 Within training programmes there will therefore be no bar on “managing agent” arrangements where there is clear employer demand for the service. The managing agent will become the single intermediary and be clearly responsible for the welfare of the learner. The LSC will not become a managing agent or provider itself, ie should not deliver training, organise a training service on behalf of an employer, or directly provide support services such as NVQ assessment. To do so would compromise the clear purchaser-provider split, and it would subject the LSC to inspection by the Adult Learning Inspectorate or OFSTED, which would be inappropriate given the LSC’s role as the funding and allocations body.

Local providers with learners from a wider catchment area.

5.47 Many schools, colleges, and other providers who learners from more than one local LSC area. This is very common in large urban areas, and is extensive in London. But this is not confined to the conurbations. For example, in Derbyshire 47% of all FE students in the County travel to attend Colleges located outside the County - mainly in South Yorkshire and Nottinghamshire). In a similar position are the specialist colleges who serve, the needs of a particular sector (for example the Agricultural Colleges, or those specialising in Arts and Design).

5.48 To meet the needs of both learners and providers in this situation, we propose that local LSCs should be able to offer a single contract covering all the provision that a provider makes. This will need to take account of any consultation the local LSC will need to have with any other local LSCs in whose area a substantial number of the provider’s learners live, and with the national LSC on specialist provision. Information on the volumes required, and the volumes actually delivered, will need to flow to/from the relevant local LSC. The resource allocation to local LSCs will reflect the extent to which such arrangements exist in their areas.
5.49 School sixth forms. As made clear in the January consultation paper, the LSC will not contract directly with schools, but via the maintaining local authority. Reflecting the general planning approach, the local LSCs will work to establish a funding agreement with each LEA for the provision of sixth form places to meet expected demand. As proposed in the parallel document Post-16 Funding, responsibility for funds currently disbursed by LEAs on sixth forms will transfer to the LSC from 2002-03. No LEA central spending will be reflected in this transfer. Therefore, the LEA will not need, or be able, to top-slice any of the amounts for schools.

5.50 LEA-maintained Adult and Community Learning. In this case, local LSC decisions on funding will be made in the light of commitments in Learning to Succeed that local authorities can expect to receive a substantial part of the LSC resource for adult and community learning.

5.51 During the first two years (2001-02 and 2002-03), the LSC will guarantee local authorities a minimum level of funding for adult and community learning, subject to the agreement of a satisfactory plan and provided they have not reduced spending in 2000-01.

5.52 Thereafter, local education authorities will continue to have a central role to play in helping the LSC to deliver its objectives, particularly for those groups who are most excluded from learning. The LSC will, for example, be required to consult LEAs in preparing plans and LEAs will have a key role to play in establishing clear links between local authority community plans and education and training provision funded by the LSC. From 2003-04, the LSC will therefore continue to contract with LEAs and, where appropriate, with other providers for the delivery of adult and community learning.

**European Social Funding**

5.53 There was general support during the consultation on the first technical funding paper for the proposed policy of co-financing. This is where the LSC will allocate both European funds and matched funds from their own budget simultaneously to a provider. The intention is to remove the bureaucracy and complicated bidding requirements which providers have faced in the past. We confirm that we do intend to go ahead with co-financing.

5.54 Naturally, the LSC will not administer all European funds. This would be inappropriate and would not meet EU requirements. ES and local authorities will also need to be able to apply for European funds. We shall therefore be maintaining the current regional arrangements, based on the Government Offices, with the fundamental difference that in future it will be the LSC that will be applying to the GOs, not individual providers. The latter will enjoy a much simpler allocation process direct from the LSC.
Co-financing at provider level

5.55 At present, providers bid direct for European funds within the current regional structure administered by the GOs. In future, that stage will be handled by the LSC. Providers will therefore no longer be required to make complicated bids. Instead, they will discuss their aspirations for European funding directly with local LSCs as part of their normal LSC funding discussions, as described earlier in this chapter. In the light of those discussions, local LSCs will allocate both the European funds and any LSC funds needed to match them. That will be in addition to any other LSC funds that may be allocated.

5.56 The ESF-related agreements will therefore operate in tandem with the funding agreements reached between local LSCs and providers about their other LSC funds. This will ensure that we harmonise as far as possible the allocation timetables and monitoring and audit arrangements. We expect providers to make significant gains in terms of reduced bureaucracy.

5.57 There may be cases where a provider wishes to supply the matched funding, rather than look to the local LSC. The system will be flexible to allow this. But the provider would still apply to the local LSC for the ESF monies, not to the GO.

5.58 We shall be developing the operational arrangements to support co-financing to ensure that the new system can come into effect in 2001-02. Interim arrangements will apply in the meantime.
Introduction

6.1 This chapter describes how the LSC’s Information and Business systems will support the processes described above and also contribute to the Corporate IT strategy for Public Service. We remain committed to as streamlined as system as possible. It will also ensure maximum consistency and coherence not only across the whole of the LSC, nationally and locally, but also across ES provision.

A Core Business system

6.2 Although the LSC will naturally have similar systems to those used to support any organisation - such as Payroll, Human Resources, Email, Office Systems - this chapter concentrates on the systems that will be needed to support the external business of the LSC. These core processes can be described in broad terms as:

- **Market Intelligence** - collection, collation and analysis of information relating to the demand for and supply of the programmes and initiatives that will be supported by the LSC. This will be information at both the macro and micro levels, and will cover demographic information relating to each LSC area. The information will come from a wide variety of sources, ranging from officially published statistics to softer information gleaned from contact with groups or individuals;

- **Planning and Allocation of funds** - translation of market intelligence and the Secretary of State’s priorities so that the LSC is able to respond to demand;

- **Payment and Accounting** - payment of providers and LEAs and suppliers of goods and services, production of statutory and management accounts;

- **Reconciliation of actual funding against profile** - for formula funded provision and other initiatives that may be paid on profile, a reconciliation at agreed times of the year between what has been profiled and what has been delivered. The result may be a revised allocation, reprofiling, or clawback of funds;

- **Monitoring** - using data and other information supplied directly by providers and LEAs, OFSTED and ALI Inspection Reports, and expenditure audit reports, to assess performance in delivering what has been agreed. This will be in terms of quantity, quality and value for money;

- **Evaluation** - using wide ranging sources of data to assess whether the provision as delivered by providers meets the strategic aims of the LSC and the government’s national priorities; and

- **Dissemination of Information** - provision of information to learners, prospective learners and stakeholders about the wider agenda of the LSC, its programmes, policies and strategic aims. This also covers providing information about the relative performance of providers and other information about learning, both in general and about specific courses at specific locations.
An Individualised Learner Record (ILR)

6.3 For formula funded learning provision, it is intended to introduce a single common Individualised Learner Record (ILR). This will be a combination of the Individualised Student Record (ISR), currently used in FE and in some aspects of Adult and Community Learning, and the Start/Leaver Certificate used for work-based training for young people. We shall also be exploring with LEAs and schools how the development of the ILR should relate to the parallel initiative to establish a common basic data set for schools.

6.4 It is also intended that the Employment Service will introduce the same form of record for New Deal. Providers will therefore be able to supply the same data in the same format to the LSC or to the ES, no matter where they are located.

6.5 The underlying principle is to collect data about individuals and use them for a variety of purposes, rather than have different data collections for every activity. So, for example, the LSC will use data based on an ILR for planning, funding, monitoring and evaluation. The data will also be invaluable to those involved in inspection and would be data that providers themselves should wish to collect for their own internal assurance systems.

Submission of data

6.6 In the “steady state”, it is envisaged that ILR records will pass between providers and the LSC in a variety of ways:-

- by means of a data file from the provider, taken from their own administrative system and sent electronically (the preferred method);

- for providers without an IT based administrative system, a “Web enabled form” will allow them to input data securely over the Internet; or

- in exceptional cases - a paper return sent to the local LSC

6.7 The local LSC will be able to provide guidance and support to providers in supplying their data and will be the first point of contact for any problems. Providers are free to choose and use a system that is best suited to their own business need provided it is able to produce an ILR return. The LSC will liaise with providers and the organisations which supply systems to them to ensure that providers are able to generate ILR returns.

6.8 It is not intended to move to a common ILR immediately, nor to insist on electronic submission of the data. It will take time to introduce a common form of record, and it will also take time for providers to amend their systems to collect and output any new data items that are not collected at present.
Counting learners

6.9 The LSC formula funding system will require that there be points in the year when learners are “counted” at each provider. Approaches to this currently vary between monthly counts (ES and TECs), tri-annual counts (FEFC), and two counts (secondary schools).

6.10 Approaches also vary between counting numbers actually in programmes at the review date as a basis for funding, and using information gathered at census points to reconcile the providers’ funding. Where part-time learners or those on shorter courses are concerned, it would be unacceptable to fund only those who were there on review dates. A more sophisticated approach is needed to ensure providers are paid for the full amount of guided learning undertaken by each learner - no more and no less. However, a balance has to be struck between accuracy and the audit burden involved in checking withdrawal data. Providers also argue that some withdrawals are beyond their control and their costs do not reduce proportionately as a result of losing learners from established groups. However, this point can be factored in to the determination of funding rates and the LSC’s Rates Advisory Group will need to take account of this.

6.11 We propose that there should be three points when learners are counted by providers for LSC funding purposes - one early in the funding year (1st October), followed by one on 1st February and another on 1st May. Most providers will of course be counting much more frequently than this for their own internal purposes. The arrangements for schools are discussed below. Each count will record all the activity that has been successfully undertaken and completed since the previous count, including learners who have withdrawn from study and those who are still in provision. The LSC’s proposed ILR database will be able to record this information automatically. The October count will allow a quick adjustment of providers’ cash-flow according to actual, rather than estimated, figures.

In-year and end-year reviews

6.12 The data from the counts will be translated into three annual returns to the LSC. Two of these will allow for in-year reviews, and where providers are not delivering in line with the funding agreement this will be discussed and a revised agreement may need to be determined. The final return would allow for a final end-year review and reconciliation.

6.13 Review points will be used to reconcile providers’ cash-flow based on those who remain in learning at that point. The relevant data on those learners who have completed shorter courses prior to review points will be picked up at the next point, and providers’ cash-flow adjusted accordingly.
Schools and LEAs: sixth form data

6.14 A key issue in relation to sixth forms concerns the frequency of pupil data collection. The LSC would look to LEAs rather than schools for data returns, as it will not be funding schools directly. Nonetheless, those LEA data returns would require some input from schools and we need to resolve whether that should be done using the returns already made to LEAs by schools or whether an additional data point is needed.

6.15 Moreover, at present, when secondary schools make their two data returns each year there is no abatement of funding for sixth formers who drop out after the second count in January. In FE, by contrast, there are three data returns (November, the following July and then an update of the July return in December to capture achievement and destination data) and FEFC stops funding once a student drops out. Some schools and FE providers have already commented to us on this issue during the recent consultation and we are now seeking a wider debate.

6.16 We need to ensure that we avoid unnecessary data requests while also seeking to achieve greater coherence across 16-18 provision. Some schools were sympathetic to change during recent consultations, seeing it as a worthwhile development in the post-16 sphere. Some also have voluntary experience of tri-annual returns under the LEA sixth form funding pilots. And schools have recognised that the real terms guarantee would operate in cases where drop-out rates might otherwise have led to a loss of funding.

6.17 We would welcome views to assist a careful weighing up of the issues in time for the 2002-03 change to the new sixth form funding arrangements. In broad terms we have so far identified three possible approaches:

a) retention of the status quo

b) no increase in the number of data collection points, but annual adjustment of funding based on drop out data for the previous year

c) a common approach across schools and FE.

Whichever of these approaches is adopted, as indicated above, we shall also wish to achieve as much harmony as possible between the LSC’s systems and the introduction of the common basic data set for schools.

Transition

6.18 In the transitional period 2001-2 it is intended that FE providers should submit the data in the same way that they do at present. Similarly, providers currently contracted with TECs should be able to submit the data to the LSC in much the same way as they do to the TEC now, or possibly choose a different method if it is more convenient. For such providers, the main benefit is that they will submit a single standard form of record.
6.19 In the transitional period, FE and Work Based Training Providers might have to submit some different data items, but in order to provide stability it is intended that new data items relating to individual Learners will be kept to the minimum necessary to administer any changes to method of funding.

Funding and Payments

6.20 As described earlier, for formula funded provision in the steady state, the vast majority of Providers will be paid on profile. Although we propose to remove training allowances from the funding methodology, we believe that the LSC should take on the responsibility for paying the allowances from April 2001 as a transitional measure.

6.21 Non-formula funded activity may be paid by a mixture of profile payments and payments made on receipt of evidence of the activity having taken place.

6.22 The vast majority of payments will be authorised by the local LSC, although physical production of the payment will be made centrally as a means of reducing administrative overheads. The regular contact for each provider will be the LSC with which they have concluded a funding agreement, so that any queries can be dealt with quickly.

6.23 A key objective for the information and business systems is to ensure that providers are paid on time and correctly.

Wide access to information

6.24 At the heart of the LSC core system will be linked learner and provider databases, widely accessible using web based technology. It is intended that a wide range of LSC partners will have access to information about learners and providers, and be able not only to access standard reports on line using browser technology, but also carry out a range of queries on the data. Individual learners should be able to view their own records; providers should be able to view records of their learners; aggregate performance information based on anonymised learner data should be available generally.

6.25 The Learner Database will become a learning tracking system, showing the learning record and achievement over time.

6.26 The Provider Database will give information about what range of opportunities are provided as well as indicating the performance of associated learners in terms of retention, completion and achievement and other key indicators. There will also be links to Adult Learning Inspectorate Reports to provide a comprehensive picture of each provider.
One of the drivers for making information widely available is the Corporate IT strategy for Public Service. The document e-government: a strategic framework for the public service in the Information Age was published on 3 April and has four guiding principles:

- building services around citizen’s choices
- making government and its services more accessible
- social inclusion
- using information better

Development of Information and Business systems for the LSC will be driven by these principles.

“Using information better” does not stop at the information collected by the LSC. There is a demonstrable need to share information between key partners such as the Employment Service, the Connexions Service, the Small Business Service, and Ufi. Interchange of information and coherence across systems will also allow the LSC to provide a fuller and more open service to Learners and Providers.