

# Policy Requirements for Planning: Indicative funding rates 2006/07

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## January 2006

# Policy Requirements for Planning: Indicative funding rates 2006/07

## Introduction

1. On 21 October 2005, the Learning and Skills Council (LSC) published two documents called *Priorities for Success – Funding for Learning and Skills* and *Priorities for Success – School Sixth Form Funding*. These documents give details of proposed funding arrangements for 2006/07 and 2007/08 that relate to school sixth forms, further education, work-based learning and the new national employer training programme.
2. This document provides more detail of the funding rate arrangements for 2006/07 in school sixth forms, further education and work-based learning. The document covers funding rates and not funding allocations details of which are being published separately.
3. This document is primarily focussed on 2006/07. The LSC has consulted on future funding arrangements within *agenda for change* and is currently reviewing responses on *Funding Reform – Technical Proposals*. Further information will be published from spring 2006.
4. Information on funding Train to Gain (the brand name for the National Employer Training Programme) and Personal and Community Development Learning (PCDL) is being issued separately.

## School sixth forms

### ***General increase in funding rates***

5. The funding rates for each qualification will be increased by the Minimum Funding Guarantee of 3.4 per cent in 2006/07 that was announced by the Secretary of State on 6 December 2005. The rates will increase by a further 3.7 per cent in 2007/08. The increases will be implemented in April each year.

### ***Maximum funding per pupil***

6. There will be a change to the arrangements for the maximum funding that may be claimed for each pupil. The rationale for the change is set out in paragraphs 38 to 41 of *Priorities for Success – Funding for Learning and Skills* and paragraphs 28 to 33 of *Priorities for Success – School Sixth Form Funding*.

7. The current arrangement of a maximum of five qualifications per pupil in any year will remain. In addition there will be a maximum funding limit to the equivalent of 4.25 AS/A2 qualifications, calculated as the average for the whole sixth form. This will be applied as a maximum of £3,802 per pupil at 2006/07 rates. This includes programme weighting but not area costs nor disadvantage. Entitlement will be funded in addition to this amount.

### ***Real terms guarantee***

8. The real terms guarantee will begin to be withdrawn in a phased way as set out in paragraphs 34 to 39 to *Priorities for Success – School Sixth Form Funding*.

### ***Minimum Funding Floor***

9. There will be a Minimum Funding Floor as explained in paragraphs 40 to 44 of *Priorities for Success – School Sixth Form Funding*. In effect, the funding per pupil from September in 2006/07 will be protected to at least the 2005/06 level.

## **Further education**

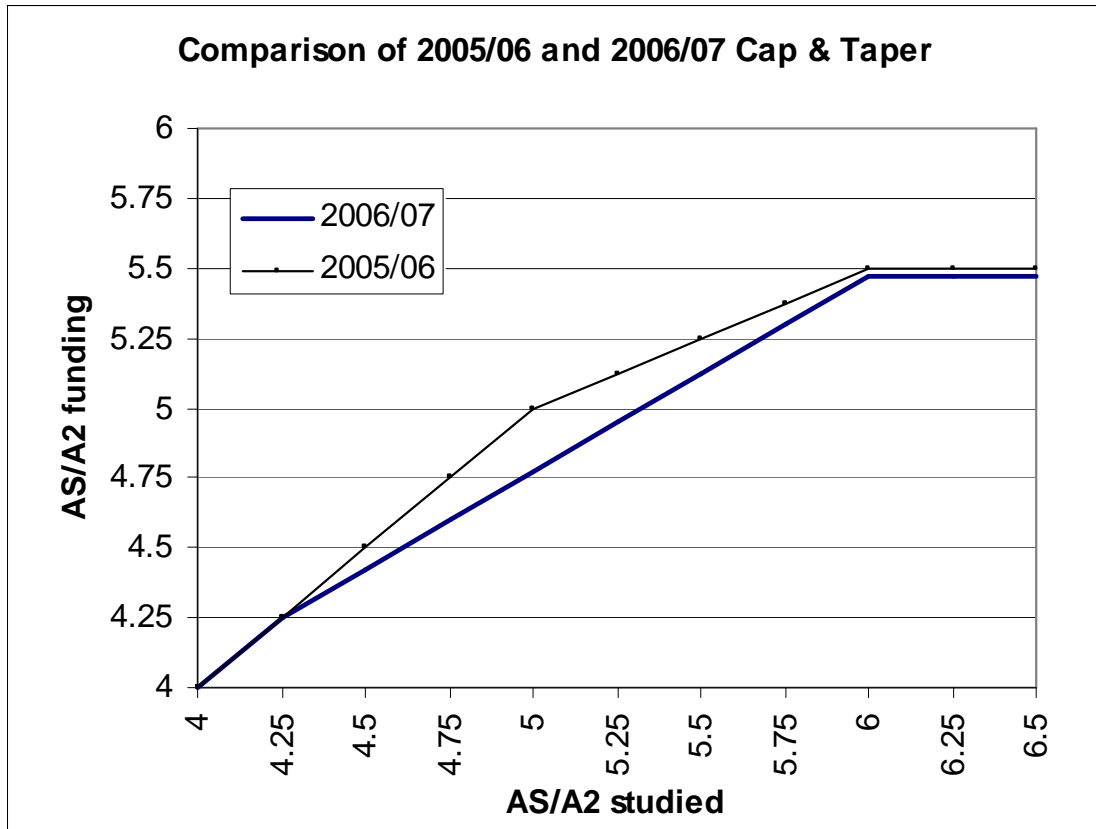
### ***Funding rates***

10. Funding rates of learning aims studied by young people aged 16 to 18 will be increased by the Minimum Funding Guarantee of 3.4 per cent in 2006/07.
11. Funding rates of learning aims studied by adults aged 19 and over will be increased by 2.5 per cent.
12. The definition of '16 to 18' for funding purposes will be based on when the learners start their programmes – this is same as for the current arrangements for fee remission and entitlement as set out in paragraph 88 of *Funding Guidance for Further Education in 2004/05*. For instance, learners who are aged 19 when they start the second year of their programmes are considered as 16 to 18 for funding purposes and the funding rates for these learners will be increased by the Minimum Funding Guarantee.
13. A consequence of the Minimum Funding Guarantee is that there will be two funding rates for every learning aim. This issue was considered by the National Rates Advisory Group. The group recommended that the lower rates will be quoted in the 2006/07 funding guidance and in the Learning Aims Database. There will be a multiplier in the Learner

Information Suite software that will be used to calculate the correct level of funding for each age group.

***Maximum funding per learner***

14. *Priorities for Success*, in paragraphs 33 and 38 to 41, set out policy changes designed to restrain growth in the average funding per 16 to 18 learner. The current limits on the amount of funding per learner will be tightened in both school sixth forms and further education to remain within budget. However, the maximum funding limit operates at an individual learner level in further education, but in schools is applied as an average across the whole sixth form.
15. For further education, the system based on individual learners will apply as in previous years but the limits and proportion of funding paid will be changed. Funding will be calculated on a per-period basis, as follows:
  - The programmes equivalent (in funding) to the first 4.25 AS/A2 qualifications will be fully funded at standard rates.
  - The equivalent of the next 1.75 AS/A2 qualifications will be funded at two-thirds the standard rates.
  - No funding will be paid for parts of programmes larger than the equivalent of six AS/A2 qualifications.
16. This means that some funding is available for the equivalent of all of the first six AS/A2 qualifications. This is the same as in 2005/06.
17. These changes have the same effect as the new arrangement being introduced into the funding of school sixth forms. In both cases funding is limited to the equivalent of the first 4.25 AS/A2 studied, with arrangements being made to protect providers offering larger programmes.
18. Modelling of the expected effects of this change on colleges and other providers will be made available in the 'tool-kit' from local LSCs.
19. A comparison of the effects of the caps and tapers in 2005/06 and 2006/07 is shown in the following graph. There is a reduction in funding for programmes between the equivalents of 4.25 and 6 AS/A2 qualifications. For programmes of six or more AS/A2 equivalents the levels of funding will be reduced only very slightly.



### ***Tuition fees***

20. The tuition fee element of learning aims will be increased in 2006/07 to 32.5 per cent, as set out in paragraph 62 of *Priorities for Success – Funding for Learning and Skills*.

### ***Area costs***

21. No changes will be made in 2006/07. The LSC has undertaken an initial internal review of area costs adjustments and decided to consider them again within the implementation of *agenda for change* in 2007/08.

### ***Disadvantage***

22. No changes will be made in 2006/07. Changes will be proposed within the implementation of *agenda for change* in 2007/08.

### ***Eligibility for funding of short learning aims***

23. Paragraph 54 of *Priorities for Success – Funding for Learning and Skills* indicates that the LSC will cease funding very short learning aims below nine guided learning hours.
24. The definition of the aims that will no longer be funded in 2006/07 is to be found in *Policy and Criteria for Funding Very Short Courses from 2006/07* that is being published at the same time as this document.

***Eligibility for funding provision that meets employer responsibilities***

25. Paragraph 57 of *Priorities for Success – Funding for Learning and Skills* indicates that there is an option for the LSC to cease funding this provision but the LSC will consult with key partners on the implications of making this change.
26. The definition of the aims that will no longer be funded in 2006/07 is to be found in *Policy and Criteria for Funding Health and Safety, First Aid and Food Safety Provision from 2006/07* that is being published at the same time as this document.

***Funding of ICT provision***

27. In August 2005, the LSC commissioned external consultants to review the appropriateness of the current programme weighting factors for Information and Communications Technology (ICT) provision. The consultants reported their recommendations to the National Rates Advisory Group in December 2005 and the LSC is implementing the recommendations in full.
28. The review found that there are differences in cost between different levels and types of ICT provision that is delivered in further education. The programme weighting factors for ICT provision will be adjusted from 2006/07 according to the table below, with the exception of GCSE and academic A-levels which will remain weighted at 1.12, in line with all other learning aims of these types.
29. The review recommended that programme weights should depend on whether the ICT qualification is 'user' or 'practitioner'.
30. ICT User qualifications involve studies and skills in the use of ICT and include keyboard skills, using IT and operating IT.
31. ICT practitioner qualifications involve studies and skills in the design, development, testing, installation, maintenance, support and management of information and communication hard and software technologies, architectures, systems and networks.

Type of qualification	Level	PWF 2006/07
ICT User	Entry / 1	A – 1.0
	2	B – 1.12
	3	B – 1.12
ICT Practitioner	Entry / 1	B – 1.12
	2	C – 1.3
	3	C – 1.3

32. The external consultants were Tribal Education and their full report is available on the LSC's website ([www.lsc.gov.uk](http://www.lsc.gov.uk)).

### ***Funding rates for individual learning aims***

33. The funding rates for all learning aims have been considered by the National Rates Advisory Group. The group examined data extracted from individualised learner records (F04) in 2004/05 and has recommended changes to the listed rates for 74 learning aims that are already listed. A further 62 aims that are currently load banded should become listed. A final 34 aims are currently listed but have guided learning hour data in 2004/05 that is inconsistent and some changes have been made to their listed rates.
34. A significant qualification affected by these changes is the Diploma in Foundation Studies (Art and Design) that is offered by several awarding bodies. Details are explained within annex A of this document.
35. Details of all the changes will appear on the LSC's website ([www.lsc.gov.uk](http://www.lsc.gov.uk)), and later will be published within the Learning Aim Database.

## **Apprenticeships**

### ***General funding rates***

36. The funding rates for learners starting their Apprenticeship when aged 16 to 18 will be increased by 2.5 per cent as was announced in paragraph 46 of *Priorities for Success – Funding for Learning and Skills*.
37. Paragraph 48 of *Priorities for Success – Funding for Learning and Skills* indicated that the Government's contribution to the costs of Apprenticeships for 19 to 24 year olds would be reviewed in the light of wider fees policies and the introduction of Train to Gain (NETP). Whilst discussions about the relationship with Train to Gain are continuing, the LSC has decided that the funding rates for Apprenticeships for learners aged 19 to 24 will be unchanged in 2006/07. This means there will be no inflation increase in 2006/07 and reflects the increase in the fee element in further education courses.
38. Paragraph 57 of *Priorities for Success – Funding for Learning and Skills* indicates that there is an option for the LSC to cease funding provision that meets employer responsibilities and the LSC will consult with key partners on the implications of making this change.
39. The definition of the aims that will no longer be funded in 2006/07 as technical certificates within Apprenticeships is to be found in paragraph 15 of *Policy and Criteria for Funding Health and Safety, First Aid and Food Safety Provision from 2006/07* that is being published at the same time as this document.

***Review of funding rates for Apprenticeships***

- 40 The LSC has commissioned consultants to review the funding rates for the Apprenticeships with the ten highest numbers of learners. This work will, in particular, consider the levels of potential overlap between the NVQ and the technical certificate element of frameworks. The results of the study and any implications for 2006/07 are expected to be announced in spring 2006.

***Review of funding rates for technical certificates***

- 41 The LSC is reviewing the rates for technical certificates.

***New employer contracts with the National Employer Service***

- 42 With effect from 2006/07 the LSC is looking to introduce a reduction in funding for new employers who contract with the LSC through the National Employer Service. This change is to reflect the reduced administration costs of contracting with the LSC through one point of contact with the National Employer Service.

***Ministry of Defence gap analysis***

- 43 2006/07 sees the final year of implementation of the Ministry of Defence gap analysis, therefore the full reduction will apply. The LSC contracts with various branches of the Ministry of Defence (MoD) for delivery of formula-funded provision. As the MoD already receives government funding for training, it is not appropriate for the LSC to pay 100 per cent of the national rate without jointly assessing double funding. This applies to training providers who hold contracts with the LSC to deliver provision to MoD learners.

## **Entry to Employment**

- 44 The funding rate will be increased by 2.5 per cent, which was announced in paragraph 46 of *Priorities for Success – Funding for Learning*.

## **National Employer Training Programme**

- 45 The National Employer Training Programme, which is branded *Train to Gain*, will be launched from 1 April 2006. It will operate in the existing 20



LSCs where Employer Training Pilots are currently running and become available for the rest of the country from August 2006. Details of the funding arrangements will be published separately.

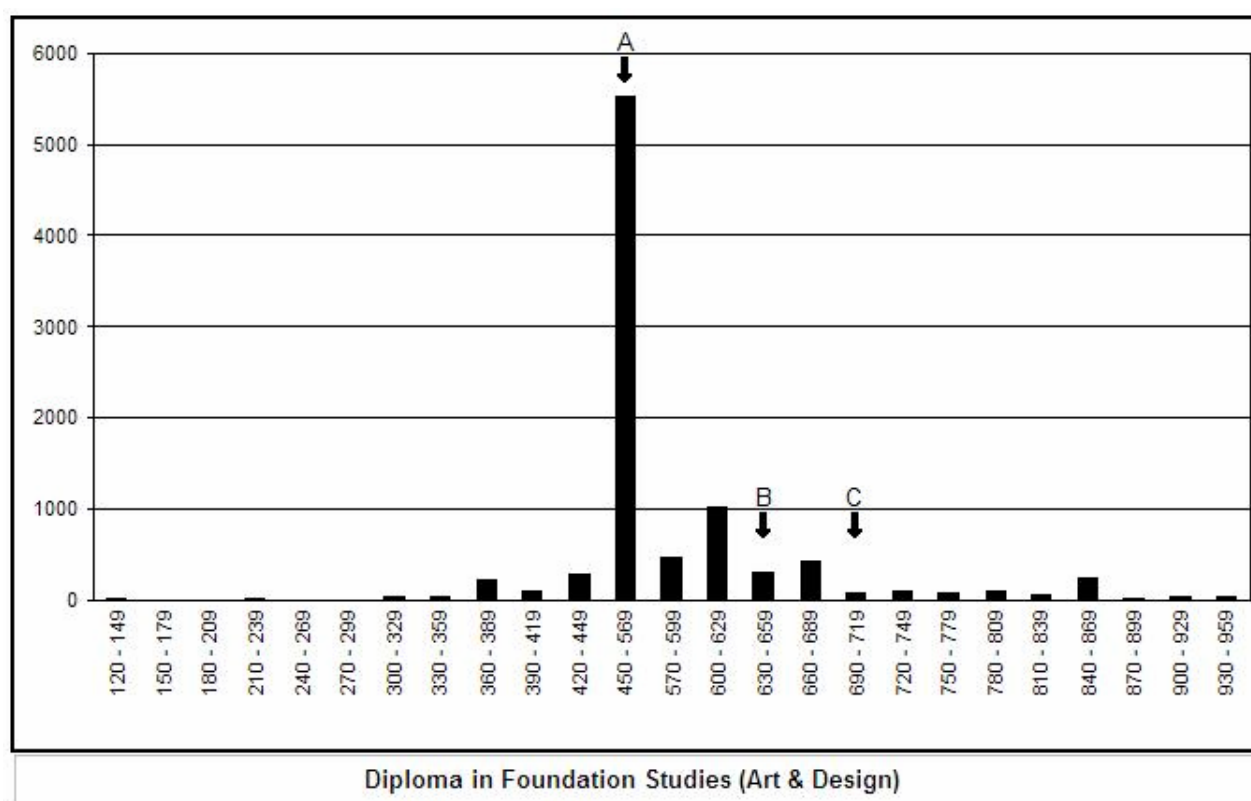
## **Further information**

- 46 For further information, providers should contact their local LSC in the first instance. Details of local offices can be found on the LSC web site ([www.lsc.gov.uk](http://www.lsc.gov.uk)).

## Annex A

### Diploma in Foundation Studies (Art and Design)

- Below is a chart that details how the Diploma in Foundation Studies (Art and Design) was delivered across the further education sector in 2004/05. It is a composite chart across the three awarding bodies that offered this qualification in 2004/05.



Awarding Body GLH	540
Institutions	203
Enrolments	9330

Mean GLH	548
Median GLH	540
Mode GLH	540

- Point A indicates the following:
  - The Awarding Bodies' recommended guided learning hours, which is 540.
  - The most common number of guided learning hours taken to deliver the qualification (59 per cent of all the qualification aims delivered in 2004/05 were delivered in the 450 - 569 guided learning hours band).
  - The mean guided learning hours taken to deliver the qualification, which is 548.
  - The median guided learning hours taken to deliver the qualification, which is 540.

3. Point C indicates the guided learning hour equivalent to the level of current LSC funding for this qualification, which is around 700.
4. Point B indicates the guided learning hour equivalent to the level of LSC funding for this qualification in 2006/07, which is 630 - 659. This is a move of the equivalent of two bands in the loadbanded approach.
5. Paragraphs 41 and 42 of *Funding Guidance for Further Education 2004/05* explain the cost basis for LSC funding and the relationship between cost and guided learning hours.
6. The National Rates Advisory Group that met in December 2005 considered the funding of this qualification carefully. While there is overwhelming evidence to support it being funded at a significantly lower rate than currently, the qualification's specialist nature and the dependence of some small and specialist providers on it meant that the group felt that the reduction should be phased.
7. It was subsequently agreed at the meeting that the maximum adjustment (whether an increase or decrease) to any national rate would be equivalent to a move of no more than 2 loadbands. The change to the rate for this qualification is therefore consistent with the agreed general approach.
8. In summary:
  - The 2005/06 listed funding rate for this qualification is £2,904.
  - The 2006/07 listed funding rate the LSC will apply is £2,805 for learners aged 16 to 18 and £2,781 adults aged 19 or over.
9. Following the review of 2005/06 ILR data, the evidence may support a further reduction in funding for this qualification. Implementation of any rate change will follow the *agenda for change* methodology, which includes a substantial core of funding that provides stability and dampens the effect of such changes.

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