

## Learning and Skills – the *agenda for change*

## Funding Reform – Second Consultation on Technical Proposals

**June 2006**

This document is of interest to everyone in the learning and skills sector

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# Section One – Introduction and Overview of Progress to Date

## Introduction

- 1 The purpose of this document is to seek views on a number of technical aspects of the LSC's *agenda for change* funding reform.
- 2 This further consultation is an important next step to enable the *agenda for change* funding approach to be implemented in 2007/08 for further education (FE), work-based learning (WBL) and personal and community development learning (PCDL).

## Background

- 3 The LSC's *agenda for change* reform programme aims to transform the post-16 education and training sector to meet the huge challenge of developing workforce skills and learning for individuals, enabling greater social mobility and increased economic competitiveness.
- 4 Working with the sector, the LSC has looked at how best to meet the skills needs of **employers**; how to build a sector that is fully committed to **quality** and the highest standards; how **funding** methods can be changed to support priorities as simply as possible; how **data** collection and exchange can be streamlined; how the sector can achieve **business excellence**; and how the **reputation** of the sector can be enhanced.
- 5 Over the last year we have:
  - developed our initial proposals and shared these with college principals in a series of regional roadshows
  - published our proposals in the *agenda for change* prospectus and consulted the whole post-16 sector on the technical detail of our funding reform proposals
  - begun discussions with all our partners in the wider post-16 sector, including school sixth forms and independent training providers
  - contributed to Sir Andrew Foster's Review of Further Education Colleges and Lord Sandy Leitch's Review of Skills
  - appointed Ray Dowd, former Principal and Chief Executive of Wirral Metropolitan College, as *agenda for change* champion
  - established the Planning, Funding and Quality Group, which is advising on the LSC's proposals for funding reform. Its membership has been drawn from across the post-16 sector, including school sixth forms and independent training providers
  - established the Funding Technical Sub-Group, which is advising on the technical details within the funding reform proposals. Like the Planning, Funding and Quality Group, to which it reports, the Technical Sub-Group's membership has been drawn from across the post-16 sector.

## Funding Reform Progress

- 6 The first consultation document, *Learning and Skills – the agenda for change: Funding Reform – Technical Proposals*, was published by the LSC shortly after the *agenda for change* Prospectus in August 2005. The consultation period closed in November 2005. Two hundred and seventeen responses were received from a broad range of providers, representative bodies and other stakeholders.
- 7 The outcomes of the consultation were reported in the document *agenda for change Funding Reform* in March 2006. The consultation concluded that there was broad support for the aims of creating a common funding approach and simplifying the system. However, there were widely differing views on the detailed technical funding proposals.
- 8 The consultation raised a number of issues. Options for resolving these issues were developed and subsequently tested through the *agenda for change* funding trials in January 2006. (See **Annex A** for a list of providers that participated in the trials.)
- 9 The trials have enabled the LSC to test the new funding methodology, enabling a close look at the implications of the new approach as it applies to 'real' data and, in particular, how it impacts on individual providers.
- 10 The trials have raised some issues that require further consideration. These issues are discussed in Section Two of this document. The options have been narrowed to a number of limited choices, and the LSC's preferred proposals form the basis of this second technical consultation.
- 11 The White Paper *Further Education: Raising Skills, Improving Life Chances* endorses the *agenda for change* approach to funding of 16–19 year olds, as the basis for a common system covering schools, colleges and independent training providers. We will therefore work with schools in taking the proposals forward for school sixth forms from 2008/09.
- 12 For 19+ provision, the Government has indicated that it wants to move progressively to a position where more funding is driven directly by employers' and learners' choices. The LSC has been asked to review how the *agenda for change* funding system can incorporate an increasingly demand-led approach, and work has begun. The LSC will be working with the Department for Education and Skills (DfES) during the summer to determine a way forward.
- 13 However, it is clear that this will have significant implications on the way adult learning is funded.

- 14 In the meantime, the LSC will be pressing ahead to resolve the remaining technical issues related to the *agenda for change* funding reforms, with a view to publishing a document in September 2006 that will detail the final funding methodology for 2007/08.
- 15 The LSC has developed a modelling tool over the past few months, which has been shared with participating providers during the trials. This tool will shortly be made available to all providers via their local LSC office, enabling them to see the initial effects of the proposals for each funding stream they receive. Some aspects of the fine detail of the *agenda for change* funding system are yet to be finalised and thus the modelling tool is in continuous development. The results of the modelling tool should therefore be taken as an early indication of the likely effects of the new funding methodology, and **not** a definitive impact analysis.
- 16 An updated modelling tool will be issued in September 2006, alongside the final document
- 17 In support of the development of the provider and LSC planning relationship, the LSC is developing a strategic planning and modelling system which will include the ability to calculate standard learner number funding. This system, referred to as PaM, will start being used in October 2006 for the 2007/08 planning round. In order to make sure it reflects the needs of providers and the LSC, as developed by *agenda for change*, a three-year development period is envisaged.

# Section Two – Technical Proposals for Consultation

## Introduction

- 1 This section covers the issues raised in last autumn's consultation and the funding trials. It recommends solutions to the technical issues for the new funding approach. Views on these proposals are welcomed.

## The Funding Formula

- 2 The proposed funding formula is based on measuring the planned volume of learning activity, in order to create an overall level of funding from which a provider can deliver its agreed plan.
- 3 At the heart of the formula are standard learner numbers (SLNs), to which a funding rate per SLN will then be applied. The rate per SLN will be differentiated according to whether the provision is fully funded or co-funded.
- 4 A provider factor will then be applied (reflecting differential costs associated with programme type, disadvantage factors, additional learning support, area costs and learners' success rates) to produce a provider's total funding allocation.
- 5 The funding formula proposed in the first technical consultation contained core and commissioned elements, where:

$$\text{Provider's funding allocation} = \text{core element} + \text{commissioned element}$$

- 6 This means that providers would be guaranteed a substantial core amount of funding based on the previous year's allocations, thus providing reasonable financial stability, while the commissioning element acts as a catalyst for effecting transformational change.

$$\text{Commissioned element} = \text{SLNs} \times \text{rate per SLN} \times \text{provider factor}$$

## Issues for Consideration

- 7 The trials raised issues regarding the operation of many aspects of the funding approach, including:
  - core and commissioning
  - ways of calculating SLNs
  - funding rates for fully funded and co-funded provision
  - the calculation of the provider factor.
- 8 These are discussed in detail in this section, together with the LSC's preferred options.

## Core and Commissioning

- 9 The core element in the LSC's original proposals was defined as 90 per cent to 95 per cent of the previous year's allocation (plus inflation). The remainder of the funding would be commissioned to increase high-quality learning and priority provision.

- 10 It was intended that the core element would be, for example, 90 per cent to 95 per cent of the previous year's funding allocation and the same percentage of the SLNs. However, the trials showed this could not work in some circumstances when there were significant changes in provision between years. Possible reasons for the difficulty were the following:

- There may have been a significant shift in the mix and balance of provision that affected the provider's average programme weighting. For example, a provider increases its SLNs in construction instead of business administration. A core, affecting both funding and SLNs, would significantly dampen the effects of the change in programme weighting. This means that in the first year the provider would receive the higher programme weightings for only a small proportion of the higher cost provision, with further, small increases in subsequent years. The opposite would be the case for providers moving towards lower programme weighted courses – they would retain higher levels of funding for a considerable time.
- If the provider's overall success rate increased significantly, extra funding would be earned very slowly.
- The intention is that the LSC wishes to purchase whole plans that are not artificially split into core and commissioned elements. However, exploring this issue in the trials showed that it was necessary to define some of the provision as core and the rest as commissioned. This was often because the core and commissioned elements were, in effect, funded at different rates, which caused particular difficulties where there was a shift in the mix and balance of provision.

- 11 For these reasons, the LSC is considering revising the definition of the core element. It is now proposed that the core element will be, for example, 90 per cent or 95 per cent of the previous year's allocated SLNs. This will provide a starting point for the planning dialogue with each provider and the commissioning of additional volumes of activity. We would emphasise that providers delivering good-quality provision that contributes to LSC priorities are likely to be allocated at least the previous year's volume of SLNs, and will be well placed to receive available growth. This guarantee may not apply to those providers whose provision is judged to be inadequate, as defined in the LSC's *Planning for Success – a framework for planning and quality*.

- 12 The LSC will identify the percentage level of the core element in the September document, which will provide final details of the 2007/08 arrangements.

- 13 The amount of funding for both the core and commissioned elements will be based on the new funding formula:

$$\text{Funding} = \text{SLNs} \times \text{rate per SLN} \times \text{provider factor}$$

14 This approach will use the same funding rates to fund all of each provider's plan. Hence, there will be no difference in the rates between the core and commissioned elements for any provider. It protects learner activity but it does not necessarily protect overall funding values.

15 For this reason, the LSC is proposing to provide a degree of funding protection by introducing an additional safety net, which guarantees a minimum level for providers' funding rates per SLN. The details are set out in paragraphs 16–21 below.

**The LSC proposes that the core element of funding should be based on the provider's previous year's standard learner numbers, with a safety net to provide stability of funding.**

**Question 1: Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.**

#### Safety Netting

16 A consequence of any change to the funding approach is that some providers will gain and others will lose. It has been LSC practice on these occasions to limit reductions in funding that providers may experience as a direct result of such changes.

17 It is proposed that this will be applied in the proposed *agenda for change* approach. A safety net will be introduced to ensure that providers receive at least the same unweighted (i.e., before the provider factor is applied) funding per SLN as in the previous year. This, in effect, means that any reduction in funding is restricted to the loss of the annual inflation increase and/or a loss in standard learner numbers.

18 A consequence of the safety net is that the LSC will have to limit increases in providers' rates of funding per SLN. However, it will also lead to the delivery of comparable funding for similar learning in similar circumstances as part of the harmonisation agenda. The speed of harmonisation will be reviewed at a later date (see **Annex B**).

19 Unweighted funding will be used to ensure that changes in the mix and balance of provision do not affect the calculation. For example, a provider that increases its construction provision at the expense of programmes with lower programme weightings may still be eligible for safety netting, even though its provider factor is increasing.

20 The proposal is similar to the Minimum Funding Floor that will apply to school sixth forms from 2006/07, which was published in *Priorities for Success* in October 2005. In that arrangement, schools with high average funding per pupil will be protected by receipt of the same funding rates year-on-year. In effect, they will not receive the annual increases for inflation. Our safety netting proposal would apply this same principle to all providers.

21 The operation of the proposed safety net is illustrated in examples provided provided in **Annex C**.

**The LSC proposes to introduce safety netting using the method described above.**

**Question 2: Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.**

#### Standard Learner Numbers

22 SLNs are the proposed measure of learner activity upon which funding will be calculated. They are similar to full-time equivalent learners, in that a typical full-time learner will count as 1.0 SLN and a part-time learner will count as a fraction of an SLN. However, an SLN can be greater than 1.0 for a learner on a large full-time programme. This concept was supported in the first consultation. It is convenient to use guided learning hours (glh) as the base measure of learning activity, which can then be converted into SLNs. This approach can apply to all learning sectors.

23 To operate this approach, we need to:

- define a learner's start for funding and monitoring purposes
- define how to measure glh
- define how to convert glh into SLNs.

#### Definition of a 'Start'

24 The proposed funding approach involves counting learners who start programmes. Paragraph 27 of *Learning and Skills – the agenda for change: Funding Reform – Technical Proposals* suggests that the definitions covering a start and success will be consistent with those developed through *New Measures of Success*.

25 Currently in FE, for statistical purposes, such as calculating success rates, a start is based on learners on programmes on 1 November. All learners who start after 1 November are included in the success rate calculations, even if they withdraw after a short period of time.

26 At present, a start for funding purposes is counted when the learner crosses the first census date. These are 1 October, 1 February and 15 May in FE. Hence the definitions used for statistics and funding are different. For example, a learner starting a one-year course in September need only stay on the programme for a few weeks until 1 October for funding purposes, whereas 1 November applies for inclusion in success rates. Perversely, a learner who starts on 2 October counts for success rates on 1 November, but funding does not begin until 1 February.

27 There is a similar anomaly in funding apprenticeships. For *New Measures of Success* rate purposes, the learner must stay on the programme for six weeks. The funding definition is based on the end of the first calendar month.

28 In the *agenda for change* publications, the LSC has made clear its aim to achieve greater consistency of definitions. The same



definition of a start should apply for both funding and statistical purposes.

29 Our proposed approach is to define starts as continued attendance after a pre-set period of time. For success rates, it may be appropriate for this period to be six weeks for longer courses of at least 24 weeks. For most FE learners who start in September, this would be close to the current 1 November definition and would ensure consistency between success rates over time. For learners who start after 1 November, the definition would be consistent, irrespective of when they start.

30 A six-week definition has implications for funding arrangements. For FE, school sixth forms and WBL, this is a longer period than currently applies for funding. Consequently, some learners who withdraw between the current qualifying period and six weeks will no longer be eligible for funding. The effects of this change will be taken into account through the proposed safety net.

31 In either case, there would be shorter qualifying periods for shorter courses of less than 24 weeks. A two-week rule would apply to courses of between two and 24 weeks and a single learning engagement for courses of less than two weeks. This is consistent with the *New Measures of Success* definition of a start.

**The LSC proposes to base starts on a six-week qualifying period for longer courses, as it would ensure consistency with the *New Measures of Success* way of calculating success rates.**

**Question 3: Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.**

### Measuring Guided Learning Hours

32 Guided learning hours are currently a convenient measure to determine programme size. When the Credit and Qualifications Framework (CQF) becomes established it may be appropriate to use credit, as it underpins the unit-based qualifications offer instead. Publicly funded trials of CQF provision in England from September 2006 to July 2008 will explore this further.

33 Guided learning hours are well established for classroom or workshop-based activities. For other activities, such as NVQs delivered in the workplace or for distance learning, we can use implied glh.

34 For classroom-based activity we need to define what the source of the glh data is. The main options are as follows:

- Awarding bodies recommend glh for their qualifications, which are included in the information provided by the Qualifications and Curriculum Authority for accredited qualifications.
- National average, historical data derived from FE Individualised Learner Record (ILR) returns. These are published annually by the LSC and are sometimes known as weighted average glh (waglh).

- The glh which the provider has planned to deliver to the learner. This is recorded in ILR (in field A32). For learners on distance learning courses, a glh value can be derived from the recorded costs of delivering these courses (ILR (field A52)).

35 The three methods were considered in the first consultation, but no clear consensus emerged.

36 The advantages and disadvantages of each method are as follows.

### Using Awarding Body Recommended Guided Learning Hours

#### Advantages

- This method provides a ready way of determining standard funding values and is similar in concept to the 'listing' method that has been used in FE for a long time and is also similar to the funding rates used in WBL. Standard glh can be assigned to every accredited qualification where such hours have been recommended.
- Colleges and other providers have often recommended a standard funding value as the preferred method.

#### Disadvantages

- The method can only apply to those learning aims where glh have been recommended. Many aims do not have such values. This is particularly the case with courses outside the National Qualifications Framework and PCDL.
- Some learning aims currently have different funding rates according to different modes of delivery, for example AS qualifications delivered in the day or evening and NVQs. A single standard funding rate is not appropriate for them.
- Another example of different modes of delivery is qualifications referred to as 'nested'. This means that one aim is completely contained within another. For example, Construction Awards have the level one qualification completely contained within level two. Some learners on the level two qualification are **direct** entrants, whereas others study level one and **progress** to level two. In the first instance, learners typically enrol on a two-year course leading to level two, whereas in the second case, learners typically enrol on a one-year course leading to level one, followed by a second one-year course leading to level two. It would not be accurate to apply a single listed rate to this qualification.
- For some provision, such as basic skills, it is thought inappropriate to fund the same standard hours for all learners, whose needs might be very different.
- Analysis of glh data for some learning aims shows significant differences between the recommended glh and what is actually delivered. For example, it is recommended that AS qualifications be studied for 180 glh. The average recorded in the ILR returns from FE colleges for daytime courses is approximately 150 glh, and the funding equivalent to this value has been used for a long time.

### National Average Guided Learning Hours from Data Recorded in the ILR Returns

37 The effects of this method are similar to using the awarding body hours, with the significant advantage that funding is based on evidence of actual glh, rather than awarding bodies' estimates.

#### Advantage

- Funding would be based on a 'listing' method, using the national average of planned delivery hours.

#### Disadvantages

- Single glh values give rise to the same funding issues as with awarding body hours.
- Data are not available for new learning aims, as they are derived from the previous year's ILR.
- The average glh could change each year, leading to instability.

### Providers' Planned Hours

38 This method utilises providers' planned glh. Such data could be used in discussions regarding funding allocations, and for monitoring through ILR data. This method, in effect, funds all provision using the 'load-band' method.

#### Advantages

- The method resolves issues about different modes of delivery and the different needs of learners.
- Providers are funded according to what they plan to deliver, rather than national hours' values determined by awarding bodies or the average of all learners in the country.

#### Disadvantages

- Providers of FE have consistently requested that as many learning aims as possible should be listed.
- Work-based learning provision has always been funded using standard funding rates. Moving to a load-banded approach would be inappropriate, particularly as glh are not relevant to NVQs delivered in the workplace.
- Some providers may be tempted to artificially increase glh to maximise their funding allocations. This would be difficult to identify and control.

### The LSC's Proposal

39 The LSC proposes a method that is based on a combination of the three methods. This is similar to the current LSC method for assigning funding rates to learning aims. The method is as follows:

- Use awarding body recommended glh where they exist, except:
  - where the national average planned glh are clearly different from those recommended by awarding bodies, in which case the national average will be used. This will involve regular assessment of evidence by an advisory group, composed of providers and other interested organisations

– where listed rates are not appropriate (for example, nested qualifications), in which case planned hours will be used.

- This method enables a common approach to be adopted for the highly diverse range of learning and skills provision. The representative Planning, Funding and Quality Group has recommended that, on balance, it offers the fairest basis for assigning relative funding values to learners' programmes.

### Question 4: Do you agree with the proposal for measuring guided learning hours? If not, please outline your reasons and indicate alternatives.

#### Notional Guided Learning Hours for Other Types of Delivery *National Vocational Qualifications*

40 In paragraphs 22–24 of the *Funding Reform – Technical Proposals* consultation document, we explained why it is difficult to set funding rates for NVQs. This is largely because different learners require different amounts of training time to achieve the same NVQ. This is exemplified in 'assess/train/assess' delivery, which implies there could be a continuum of funding rates to reflect the very different needs of learners. In classroom-based activity, this could be resolved using actual planned delivery glh.

41 In FE, the issue has been resolved by using three funding rates and two delivery periods (one or two years) to reflect different amounts of training. It is proposed to continue with this concept.

42 However, in light of Train to Gain and Programme-led Apprenticeships, we propose to amend the categories for the base rates. The proposed categories will be based on the following:

- Initial advice, guidance and needs analysis plus support and assessment
- As (i) above, with additional teaching of underpinning knowledge and understanding **or** substantial skills development
- As (i) above, with additional teaching of underpinning knowledge and understanding **and** substantial skills development.

### The LSC proposes to retain the three funding rates to reflect different amounts of training received by individual learners, based on these definitions.

### Question 5: Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.

#### *Apprenticeships*

43 The LSC has recently developed an approach for determining the costs of delivering apprenticeship frameworks. This new approach has now been applied to a number of frameworks covering 75 per cent of apprenticeship learners. The approach has been accepted by the Sector Skills Councils, providers and the Association of Learning Providers. It is planned to extend the approach to at least 90 per cent of apprenticeship learners by 2007/08.



44 It seems sensible to use the findings of this costing approach in setting funding rates for apprenticeship frameworks within the *agenda for change* approach. It also seems sensible that the approach should enable the setting of common funding rates for the same qualifications, delivered in the same way, through other LSC funding routes, such as FE and Train to Gain.

45 The approach is based on funding the individual elements of the framework separately. These are:

- NVQ – funded at the same rate as NVQs in FE. It is proposed to use a National Base Rate 2 to reflect that the underpinning knowledge and understanding are included in the Technical Certificate (see paragraph 42(ii))
- technical certificate (if applicable) – funded at standard rates, which are the same as FE
- key skills – funded at standard rates, which are the same as FE
- Apprenticeship element – this has a similar role to the 16–18 entitlement within FE. The funding values of this element will be set to ensure that the total funding rates for frameworks are consistent with the delivery costs identified by the LSC. Unlike FE, where entitlement is a fixed amount each year, this element will vary between frameworks within WBL.

46 An example of the method is illustrated in Table 1.

47 This funding rate is very close to the £4,425 determined for this apprenticeship.

**Table 1: Apprenticeship in Business Administration**

Apprenticeship element	Notional guided learning hours
NVQ L2 (at National Base Rate 2)	210
Key skills x 2	72
Technical certificate	180
Apprenticeship Element	210
<b>Total</b>	<b>672</b>

Standard learner numbers (divide glh by 450)	1.4933
Funding rate per SLN	£3,000
Funding rate for apprenticeship	£4,480

**The LSC proposes that funding rates for apprenticeships should be derived using the method outlined above and that the funding rates for the qualifications within the apprenticeship should be the same as in FE.**

**Question 6: Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.**

#### *Entry to Employment*

48 The LSC is examining three options for Entry to Employment funding within the *agenda for change* funding reform:

- i. A standard amount of funding per learner that will generate a standard SLN value counted for each qualifying start.
- ii. A standard amount of funding per learner per month that will generate SLNs on a count of learners in learning each month.
- iii. A standard amount of funding per learner per month that will generate SLNs based on planned length of stay.

49 Modelling is currently in progress and we welcome views on the suitability of these options.

**Question 7: Do you agree with any of these options? If not, please outline your reasons and indicate alternatives.**

### Conversion of Guided Learning Hours into SLNs

50 Guided learning hours can be converted into SLNs using a banded or divisor method. Both were suggested in the *Funding Reform – Technical Proposals* document. Views were divided; each approach had its strong supporters and detractors. Following the consultation and the funding trials, suggested amendments have been made to both methods.

#### Banded method

51 An extra band has been added for larger full-time programmes.

**Table 2: Glh Bands and SLN factors**

Annual glh range	SLN
750 and over	1.5
600–749	1.3
450–599	1.0
330–449	0.8
210–329	0.6
120–209	0.4
60–119	0.2
30–59	0.1
9–29	0.05
Fewer than 9	0.015

52 Although Priorities for Success made it clear that the LSC would normally no longer fund learners’ programmes of fewer than 9 glh, the lowest band would be retained for a small number of approved qualifications which are fewer than 9 glh but which are still funded.

#### ADVANTAGES

- It is simple to operate.
- It recognises proportionally higher entry costs for smaller part-time programmes and proportionally lower entry costs for larger full-time programmes.

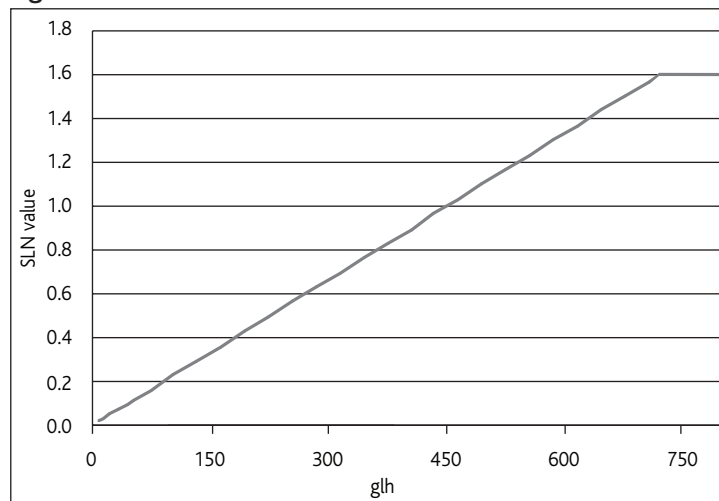
#### DISADVANTAGE

- It introduces cliff edges, where a small change in glh could lead to a large change in funding. This may result in providers organising programmes to maximise levels of funding, rather than to suit learners’ individual needs.

#### Divisor method

53 A small majority of consultation respondents favoured a divisor method. It is similar to the current method for calculating full-time equivalents and avoids cliff edges. Many respondents suggested that SLNs could be calculated by dividing glh by 450, with an upper limit, such as 1.6 SLNs, as shown in Figure 1 below.

**Figure 1: SLN Divisor Method without Modifier**



54 However, this method does not account for the proportionally higher entry costs for smaller part-time programmes and proportionally lower costs for larger full-time programmes. Providers offering largely part-time courses would lose funding.

55 It has been suggested that a divisor with a modifier would mitigate these effects. It would balance funding between learners on smaller programmes and those on large programmes. However, the Technical Sub-Group recommended that the modifier could become part of the provider factor.

56 This approach means that SLNs are calculated as a simple division of glh by 450, with an upper limit of, for example, 1.6 or 1.7 SLNs. This is very similar to the way full-time equivalent learners are currently calculated. The effects of the modifier would be made clear as it would be shown as a separate element in the calculation of the provider factor.

57 We are exploring which values maintain the right balance of funding for 16–18 and adult provision.

58 The advantages of the divisor method (with the modifier in the provider factor) are:

- There are no cliff edges.
- Changes in glh will result in a proportional change in SLNs.
- For practical purposes, SLNs are a simple division of glh by 450. This is similar to the current full-time equivalent calculation.

**The LSC proposes to convert glh into SLNs by the divisor method, modified to provide the right balance between larger and smaller programmes.**

**Question 8: Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.**

### National Funding Rate

59 The fully funded rate will be announced by the LSC each year. It will be based on affordability and will be calculated from the total funding available and the aggregated SLN that the LSC expects to be required to meet its providers and targets. It is expected that the fully funded rate will be announced following the publication of the Grant Letter.

60 The standard percentage fee element will also be announced each year, and the co-funded rate for each provider will depend on this value.

61 The current policy in FE is that the fee element is proportional to the base funding rate, and other factors such as programme weighting and area costs do not affect the fee element. It is proposed that this policy continues. This means that the co-funded rate for each provider is not a simple calculation of the fully funded rate minus the standard percentage fee element. The rate has to be modified using the following formula to ensure the correct amount of funding can be calculated:

$$\text{Fee element} = \text{fully funded rate} \times \text{fee percentage}$$

$$\text{Co-funded rate} = \text{fully funded rate} - \frac{\text{fee element}}{\text{provider factor}}$$

62 A worked example of this formula is provided in **Annex D**.

### Provider Factor

63 A factor will be calculated for each provider that reflects the relative funding levels that each provider will receive. It is largely based on historical data and will simplify the calculation of each provider's funding allocation.

64 The provider factor will include:

- average programme weighting
- disadvantage factors
- additional learning support (ALS)
- area costs
- success factor
- other elements.

65 These elements are the same as were proposed in the *Funding Reform – Technical Proposals* document published in August 2005. The funding trials showed that they were not difficult to calculate, as they were based on data the LSC already uses, primarily the ILR. This means that the factors will be based on provision for the last available full year. For example, in 2007/08, the provider factor will be based on provision that took place in 2005/06. Analysis of data shows that there are relatively small changes in the factors from year to year for most providers.

66 Further details of each element of the provider factor are given below.

#### *Average programme weighting*

67 An average is found of the programme weightings for all the learning aims the provider has delivered. The average is calculated by weighting the aims according to their size, measured in glh, as used in the calculation for SLNs (see paragraphs 50–58).

68 The LSC is reviewing programme weights across all funding streams.

#### *Disadvantage factors*

69 A weighted average can be found of the disadvantage factors for all the learners in each provider.

70 In 2007/08, it is proposed to change the basis upon which disadvantage factors are calculated. Currently for FE and WBL, the factors are calculated using the Index of Multiple Deprivation 2000 (IMD 2000):

- the most deprived 15 per cent of wards are selected
- these are given an uplift of between 8 per cent and 24 per cent, in proportion to the Index of Multiple Deprivation Score in IMD 2000.

71 For 2007/08 it is proposed to use the most recent index, known as Index of Multiple Deprivation 2004. This index has two advantages over IMD 2000. They are:

- It is a more recent index, which will reflect economic and social changes between 2000 and 2004.
- It is based on super-output areas rather than wards. There are around 32,000 super-output areas in England, compared with around 8,000 wards. Hence, IMD 2004 provides greater precision in assigning deprivation factors to localities.

72 The effects of using IMD 2004 are included in the modelling spreadsheets that are being provided to accompany this document.

**The LSC proposes that disadvantage factors in 2007/08 should be based on IMD 2004.**

**Question 9: Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.**

#### *Additional learning support*

73 The *Funding Reform – Technical Proposals* document suggested that ALS could be based on one of three approaches. These were:

- continuing to base ALS on historical data
- using a formulaic approach
- basing ALS on postcodes, in line with the current disadvantage element.

74 The responses in the consultation were mixed, with no clear recommendation on the way forward. However, respondents were clear that allocating ALS on the same basis as the disadvantage element should not be pursued.

75 The LSC has further considered this element of funding. This includes analysis of ILR data and discussions at the Funding Technical Sub-Group. A range of alternatives have been reviewed. These included:

- a. continuing to base ALS on historical data. This is the current approach.
- b. using a formulaic approach to calculate ALS in FE. The LSC has analysed FE 2004/05 ILR data to find out if it is possible to devise such a formula. The formula would apply to lower-level ALS claims of less than £4,500. The factors most closely correlated with the existing distribution of ALS are:

- the size of the learners' programmes, measured in glh
- learning difficulties and/or disabilities and/or health programmes that are recorded in ILR field L14
- the educational level of the learning aims in learners' programmes
- qualifications on entry.

Details of this formula will be included within the final document in September, depending on the outcome of this consultation.

Higher-level ALS claims cover approximately 5 per cent of the total numbers of learners receiving ALS. In this option, these funds would be allocated to regions, alongside funds for specialist provision for learners with learning difficulties and disabilities, to support an integrated approach to this provision across FE colleges, training providers, and specialist colleges, in line with the recommendations of the Little report, *Through Inclusion to Excellence*.

The LSC is considering whether these funds could be allocated through a matrix approach similar to the current method for funding specialist provision for learners with learning difficulties and disabilities.

For WBL, a formula is being investigated. We believe a formula is possible that would be based on qualifications at entry or past endorsements for ALN/ASN.

- c. Using standard funding values for ALS in a similar way as the funding of ALN/ASN in WBL. Fixed amounts of funding would be paid for lower-level ALS claims. Higher-level claims would be made using the actual costs incurred.

76 The Planning, Funding and Quality Group has recommended a formulaic approach for lower-level claims (option b).

**The LSC proposes that the formulaic approach outlined above be used to calculate funding allocations for lower-level claims in FE.**

**Question 10: Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.**

#### *Area costs and the area cost uplift index*

77 Area cost uplifts (ACU) reflect the higher costs of delivering provision in different parts of the country, particularly in London and parts of the south-east of England. The ACU is based primarily on an analysis of the different salary levels required to recruit and retain comparable staff (in terms of a range of factors including qualifications and experience).

78 Currently for FE, WBL and school sixth forms, the LSC uses an index that was developed by independent analysts in 2002. Train to Gain will be funded using the same index from August 2006. The index was based on the Labour Force Survey (LFS).

79 The Office of the Deputy Prime Minister (ODPM) carried out a more recent study of the ACU and published its findings in December 2005. Its index is used to fund local government and includes a version specific to education. It was based on the Annual Survey of Hours and Earnings (ASHE). Analysts have long argued about the merits of using the LFS or ASHE and, in particular, their approach to low-paid employed people.

80 The results of the current LSC and the ODPM index are broadly similar but there are significant variations in some parts of the country. A table showing a comparison of the values of the two indices is provided in **Annex E**.

81 The LSC undertook an internal review of its ACU in autumn 2005, including a focus group with providers and a meeting with some London colleges. The LSC concluded that it would make no changes for 2006/07.

82 It is clear from all the work and consultations on ACU that there are strongly held, and divergent, views within the sector. Any change to the LSC's approach also has implications for other education sectors and government more widely. The Planning, Funding and Quality Group has asked the LSC to consider the issues further, and to consult with the DfES.

#### HOW THE ACU INDEX IS APPLIED TO PROVIDERS

83 In the current LSC funding approach, the ACU index is normally applied to the location of the headquarters or main location of the provider. For FE colleges and school sixth forms this often works well, as most of learning delivery takes place at this address.

84 However, some independent training providers, such as those delivering WBL or Train to Gain, may deliver significant volumes at locations other than their headquarters. This has sometimes been resolved by local LSCs agreeing a revised ACU based on where the delivery is expected to take place.

85 One option is to formalise this process. That is, ILR data could be used to determine each provider's ACU based on the postcode of the delivery address. This is held in field A23 of the ILR and must be completed for FE and WBL provision.

- 86 FE colleges who mainly deliver at their main site or in nearby community locations would see no difference to their ACU. For independent training providers who deliver over a wide area, using ILR data would formalise current practice in some parts of the country.

**The LSC proposes to use the current index, and to determine ACU based on the location of the delivery of the provision, from 2007/08.**

#### *Success factor*

- 87 The LSC publishes success rates each year and it is proposed that these be used to calculate a success factor for each provider. However, success rates are calculated differently for different funding streams.
- 88 The success factor used in the provider factor is based on the mid-point between the average success rate and 100 per cent.
- 89 In effect, this implies that for each learner, the enrolment and the success have equal weighting when calculating the provider's funding.

#### FURTHER EDUCATION

- 90 The LSC publishes success rates for each provider based on the elapsed study time for each learning aim. These are aims of 24 weeks or more, four to 24 weeks and less than four weeks, reflecting the broad types of provision that the LSC funds.
- 91 It is necessary to convert these three success rates into one factor for use in the provider factor. We will use the average calculated by using the national glh from the learning aims from each success rate.

#### APPRENTICESHIPS

- 92 Apprenticeship frameworks are normally composed of three main elements: NVQ, technical certificate and key skills. The Government's performance indicator is based on whole framework successes. This contrasts with FE, where success rates are calculated on an individual aim basis.
- 93 In the trials and at the Planning, Funding and Quality Group, a range of options have been considered with the intention of reflecting the Government's performance indicator, but also giving comparable funding, as with other streams. The Planning, Funding and Quality Group recommended that it be based on the same success indicator that is used in the LSC's *New Measures of Success* project.
- 94 The group recommended that the success factor should be based on the provider's framework success rate. This means that only successes of whole frameworks will be counted, rather than successes of each element. However, framework success rates are currently approximately 50 per cent, whereas the average success rate for FE, based on individual learning aims, is approximately 65 per cent. In this option it is proposed that, when calculating the success factor for apprenticeships, the provider's framework achievement rate is used but is enhanced by the ratio of the national success rate for FE aims and the national success rate for apprenticeships.

**The LSC proposes that the success factor that is used for funding in the provider factor should be based on published framework achievement rates, but with an enhancement to ensure comparable funding with further education.**

**Question 11: Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.**

#### *Other elements*

- 95 Further elements may be included within the provider factor, which take into account the range of variables within the post-16 sector. These include:
- 16–18 funding rate uplift  
In 2006/07, an uplift was applied to the funding rates for 16–18 provision, in line with the Secretary of State's announcement of a minimum funding guarantee. This was to bring the funding for 16–18 year olds within FE into line with those in school sixth forms.  
A differential rate, based on each provider's historical pattern of 16–18 people and adult learners, will be applied as a multiplier to the provider factor.
  - Modifier for converting glh into SLNs  
A modifier will be applied within the provider factor to mitigate against the effects of proportionally higher entry costs for smaller part-time programmes, and proportionally lower entry costs for larger full-time programmes. Please refer to paragraphs 54–58 above.
  - Additional costs  
Currently, specific types of providers within FE receive a funding uplift to reimburse them for the financial impact arising from their particular characteristics, for example those offering long-term residential provision.  
Discussions are ongoing to identify and review these costs, and to consider methods for potentially addressing them within the new funding proposals, specifically within the provider factor.

#### **Frequency of Reviewing Provider Factors**

- 96 Responses from the consultation and the Funding Technical Sub-Group have indicated that provider factors should be reviewed annually. This would apply to elements that are derived from previous years' data, such as average programme weightings or success factors. Area costs would continue to be reviewed at less frequent intervals.

#### **Impact Analysis**

- 97 We have provided a number of graphs which illustrate the percentage change in funding by provider type, if the *agenda for change* funding methodology were implemented in 2004/05 (see **Annex F**).
- 98 Results for providers delivering apprenticeships and Entry to Employment are still being finalised. We will publish the results of these on the internet as soon as possible.

# Section Three – Responding to this Consultation

## Response Pro Forma

Responses are requested by: **Wednesday 26 July 2006**

Please complete and return this form by letter or by email

The information you send us may need to be passed to colleagues within the LSC or published in a summary of responses received as a result of this consultation. We will assume that you are content for us to do this, and if you are replying by email, your consent overrides any confidentiality disclaimer that is generated by your organisation's IT systems, unless you specifically include a request to the contrary in the main text of your submission. Email responses should be sent to [fundingconsult2@lsc.gov.uk](mailto:fundingconsult2@lsc.gov.uk)

You can respond electronically by following the links from [www.lsc.gov.uk](http://www.lsc.gov.uk)

Please cross this box if you want us to keep your response confidential

Name (*please print*):

Organisation (*if applicable*):

Address:

Postcode:

If you have any query relating to this consultation please contact Rebecca Loveday at [rebecca.loveday@lsc.gov.uk](mailto:rebecca.loveday@lsc.gov.uk)

Please insert 'X' in **one** of the following boxes that best describes you as a respondent.

Further education college

Independent provider

Sixth form college

Representative body

School sixth form

Adult learning provider

Local authority

National organisation

Trade union

Voluntary organisation

Employer

Individual

Sectoral body

Other (please specify) \_\_\_\_\_

Regional body

\_\_\_\_\_



**Comments are invited on the following questions:**

Question 1: The LSC proposes that the core element of funding should be based on the provider's previous year's standard learner numbers, with a safety net to provide stability of funding.

Yes

No

Not sure

Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.

Comment: \_\_\_\_\_  
\_\_\_\_\_

Question 2: The LSC proposes to introduce safety netting, using the method described within this document.

Yes

No

Not sure

Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.

Comment: \_\_\_\_\_  
\_\_\_\_\_

Question 3: The LSC proposes to base starts on a six-week qualifying period for longer courses, as it would ensure consistency with the *New Measures of Success* way of calculating success rates.

Yes

No

Not sure

Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.

Comment: \_\_\_\_\_  
\_\_\_\_\_

Question 4: The LSC proposes using a combination of three methods for measuring guided learning hours.

Yes

No

Not sure

Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.

Comment: \_\_\_\_\_  
\_\_\_\_\_

Question 5: The LSC proposes to retain the three funding rates to reflect different amounts of training received by individual learners, based on the definitions within the document.

Yes  No  Not sure

Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.

Comment: \_\_\_\_\_  
\_\_\_\_\_

Question 6: The LSC proposes that funding rates for apprenticeships should be derived using the method outlined in this document and that the funding rates for the qualifications within the apprenticeship should be the same as in further education.

Yes  No  Not sure

Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.

Comment: \_\_\_\_\_  
\_\_\_\_\_

Question 7: The LSC is considering three options for Entry to Employment funding within the *agenda for change* reforms.

Options i  ii  iii  Not sure   
None

Do you agree with these options? If not, please outline your reasons and indicate alternatives.

Comment: \_\_\_\_\_  
\_\_\_\_\_

Question 8: The LSC proposes to convert guided learning hours into standard learner numbers by the divisor method, modified to provide the right balance between larger and smaller programmes.

Yes  No  Not sure

Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.

Comment: \_\_\_\_\_  
\_\_\_\_\_

Question 9: The LSC proposes that disadvantage factors in 2007/08 should be based on the Index of Multiple Deprivation 2004. Yes  No  Not sure

Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.

Comment: \_\_\_\_\_  
\_\_\_\_\_

Question 10: The LSC proposes that the formulaic approach outlined in this document be used to calculate funding allocations for lower-level claims in further education. Yes  No  Not sure

Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.

Comment: \_\_\_\_\_  
\_\_\_\_\_

Question 11: The LSC proposes that the success factor that is used for funding in the provider factor should be based on published framework achievement rates, but with an enhancement to ensure comparable funding with further education. Yes  No  Not sure

Do you agree with this proposal? If not, please outline your reasons and indicate alternatives.

Comment: \_\_\_\_\_  
\_\_\_\_\_

# Annex A – *agenda for change* Funding Trials

## Introduction

The purpose of the trials was to test the new funding methodology using a selection of recommended and volunteer providers spread across all nine regions and to aggregate for one local LSC.

The proposed approach was to test the *agenda for change* funding methodology by comparing the results it produced with the results from 2005/06 – that is, by shadowing the allocations. This was done by retrospectively applying the new funding methodology for 2005/06 for those elements that are in scope.

The providers participating in the trials are as follows:

Provider	Region
MANCAT	North West
Reaseheath College	North West
Lancashire County Council	North West
Rathbone Training	North West
Cleveland College of Art and Design	North East
City of Sunderland College	North East
Wakefield College	Yorkshire and Humberside
Wakefield Metropolitan District Council	Yorkshire and Humberside
Grimsby Institute of Further and Higher Education	Yorkshire and Humberside
Northern College for Residential Adult Education	Yorkshire and Humberside
Sheffield Trainers	Yorkshire and Humberside
Huddersfield New College (sixth form college)	Yorkshire and Humberside
Birmingham City Council	West Midlands
Solihull College	West Midlands
North Warwickshire and Hinckley College	West Midlands
Telford College of Arts and Technology	West Midlands
JHP	West Midlands*
Bedfordshire County Council	East of England
Essex County Council	East of England
South East Essex College of Arts and Technology	East of England
West Nottinghamshire College	East Midlands
Cambridge Regional College	East Midlands
Hertfordshire Regional College	East Midlands
Southwark College	London
City Lit	London
College of North East London	London
Four Counties Training Limited	London
London Borough of Waltham Forest	London
Sutton College of Learning for Adults	London
Bournemouth and Poole College	South West
Dartington Tech	South West
Richard Huish College	South West
North Devon College	South West
Abingdon and Witney College	South East
Reading Borough Council	South East
The Sixth Form College Farnborough	South East
JTL	National Employer Service
University of the Arts	London

\* *LSC Coventry and Warwickshire will lead*

# Annex B – Harmonisation to the National Funding Rate

Table 3 below sets out the projected number of FE providers that will have harmonised to the national funding rate within four years of the implementation of the *agenda for change* funding methodology, in 2007/08. Calculations have been made on the basis of the safety netting being set at  $\pm 2.5$  per cent. The analysis is based on data from 2004/05, and excludes additional learning support.

In total 78 per cent of FE providers will be receiving the national funding rate by 2010/11, equating to 92 per cent of the total budget. This includes all sixth form colleges and 96 per cent of general FE colleges.

**Table 3: Four year harmonisation to the national funding rate with 2.5 per cent inflation**

Provider type	Number below range	Number in range	Number above range	Total	Percentage in range	Budget (£m)	Budget in range (£m)	Percentage of budget in range
Former external institutions	74	51	13	138	37%	£183	£68	37%
General FE colleges	4	238	7	249	96%	£3,205	£3,064	96%
Special designated colleges	5	4	0	9	44%	£35	£15	44%
Sixth form colleges	0	99	0	99	100%	£577	£577	100%
Specialist colleges*	3	16	4	23	70%	£107	£74	70%
Other	1	2	4	7	29%	£14	£4	29%
Total	87	410	28	525	78%	£4,121	£3,802	92%

\* This calculation assumes that the funding due to the specialist college factor will be allocated to specialist colleges by other means. All budget figures are rounded to the nearest £m.

# Annex C – Example Funding Calculations: Safety Netting

The following examples show how a provider's allocation will be calculated for the four years after the implementation of the *agenda for change* funding methodology.

Note that:

- the safety net is applied where the national funding rate per SLN is either less than or 5 per cent greater than the previous year's actual funding rate per SLN
- the funding rate per SLN is a base rate and does not include the effects of the provider factor
- in all of these examples the number of SLNs and the provider factor remain constant over the years considered. This is to show the effect of the safety net without complicating the calculation
- where the number of SLNs or the provider factor change, the safety net applies only to the funding rate per SLN; and
- these examples are based on fully funded rates only and do not include the implications of co-funded rates.

## Example 1

2006/07 funding = £10,404,000

2006/07 actual funding rate per SLN = £2,550

Provider factor (2006/07 to 2010/11) = 1.0200

Provider's planned SLNs (2006/07 to 2010/11) = 4,000

Year	National funding rate per SLN	Percentage difference between national rate and previous year's actual rate per SLN	Allocated funding rate per SLN	Percentage change in provider's annual funding rate per SLN	Allocated funding
2007/08	£2,650	3.92%	£2,650	3.92%	£10,812,000
2008/09	£2,716	2.50%	£2,716	2.50%	£11,082,300
2009/10	£2,784	2.50%	£2,784	2.50%	£11,359,358
2010/11	£2,854	2.50%	£2,854	2.50%	£11,643,341

Safety netting is not applicable because the 2007/08 national funding rate per SLN is only 3.92 per cent greater than the actual 2006/07 funding rate per SLN. This means that the national funding rate is adopted in 2007/08, increasing by inflation each subsequent year.



**Example 2**

2006/07 funding = £11,220,000

2006/07 actual funding rate per SLN = £2,750

Provider factor (2006/07 to 2010/11) = 1.0200

Provider's planned SLNs (2006/07 to 2010/11) = 4,000

Year	National funding rate per SLN	Percentage difference between national rate and previous year's actual rate per SLN	Allocated funding rate per SLN	Percentage change in provider's annual funding rate per SLN	Allocated funding
2007/08	£2,650	-3.64%	£2,750	0.00%	£11,220,000
2008/09	£2,716	-1.23%	£2,750	0.00%	£11,220,000
2009/10	£2,784	1.24%	£2,784	1.24%	£11,359,358
2010/11	£2,854	2.50%	£2,854	2.50%	£11,643,341

This provider requires safety netting for the first two years because the actual 2006/07 funding rate per SLN is greater than the national funding rate per SLN in both 2007/08 and 2008/09. The national funding rate is adopted in 2009/10.

**Example 3**

2006/07 funding = £10,200,000

2006/07 actual funding rate per SLN = £2,500

Provider factor (2006/07 to 2010/11) = 1.0200

Provider's planned SLNs (2006/07 to 2010/11) = 4,000

Year	National funding rate per SLN	Percentage difference between national rate and previous year's actual rate per SLN	Allocated funding rate per SLN	Percentage change in provider's annual funding rate per SLN	Allocated funding
2007/08	£2,650	6.00%	£2,625	5.00%	£10,710,000
2008/09	£2,716	3.48%	£2,716	3.48%	£11,082,300
2009/10	£2,784	2.50%	£2,784	2.50%	£11,359,358
2010/11	£2,854	2.50%	£2,854	2.50%	£11,643,341

The safety net is applied in 2007/08 because the national funding rate per SLN is 6 per cent greater than the actual 2006/07 funding rate per SLN. The safety net limits the funding rate per SLN to a 5 per cent increase in 2007/08. The national funding rate is adopted in 2008/09.

# Annex D – Example of the Co-funded Rate Calculation

The following is a worked example of the co-funded rate calculation. It is necessary to divide the fee element by the provider factor so that when the rate is multiplied by the provider factor to work out the funding (see the funding calculation in Section Two, paragraph 61), the fee element is left unweighted.

Fully funded rate	£2,650.00
Fee percentage	37.5%
Fee element	£993.75
Provider factor	1.12
Co-funded rate	$£2650 - \frac{£2650 \times 37.5\%}{1.12}$
	= £1,762.72
Funding (per fully funded SLN)	£2,968.00
Funding (per co-funded SLN)	£1,974.25
Difference (fee)	£993.75

# Annex E – Area Costs Comparison

Area cost adjustment area	LSC area cost adjustment	ODPM education area cost adjustment
Inner London	20%	27.61%
West Outer London	12%	15.43%
Rest Outer London	12%	8.86%
Berkshire non-fringe	12%	13.67%
Berkshire, Surrey and West Sussex fringe	12%	13.61%
Hertfordshire and Buckinghamshire fringe	10%	10.46%
Buckinghamshire non-fringe	7%	9.15%
Oxfordshire	7%	7.50%
Kent and Essex fringe	6%	8.54%
Bedfordshire and Hertfordshire non-fringe	3%	5.58%
Hampshire and Isle of Wight	2%	4.49%
West Sussex non-fringe	1%	0.35%
Avon	0%	4.00%
Birmingham and Solihull	0%	1.68%
Black Country	0%	1.68%
Cambridgeshire	0%	4.93%
Cheshire and Warrington	0%	1.69%
Coventry	0%	1.68%
East Sussex	0%	1.37%
Essex non-fringe	0%	1.17%
Gloucestershire	0%	1.99%
Greater Manchester	0%	1.90%
Kent non-fringe	0%	1.01%
Leicestershire	0%	0.57%
Northamptonshire	0%	1.89%
Rutland	0%	0.57%
Warwickshire	0%	2.09%
West Yorkshire	0%	0.74%
Wiltshire and Swindon	0%	2.65%
Rest of England	0%	0.00%

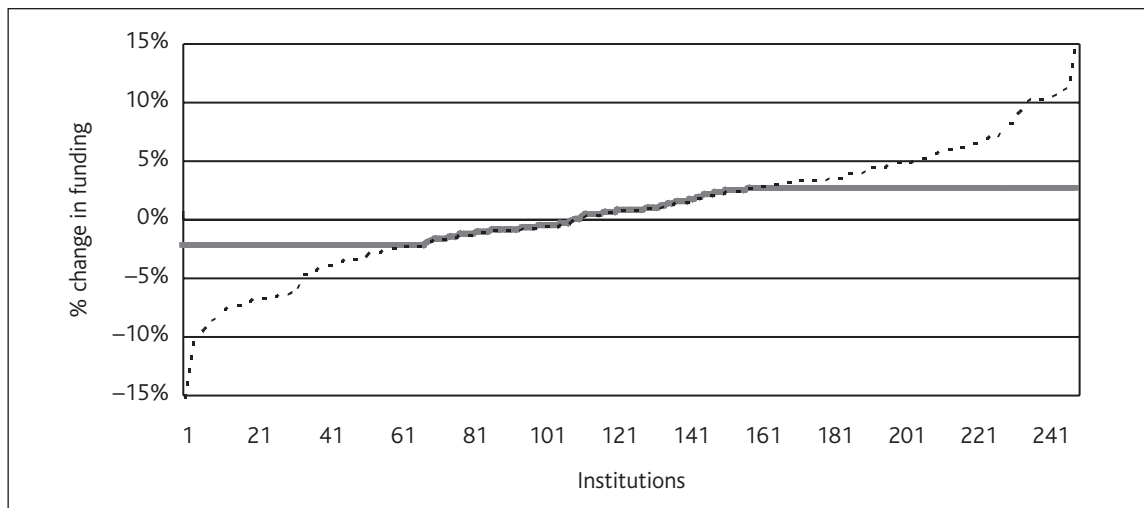
# Annex F – Percentage Change in Funding by Provider Type

The following graphs illustrate the percentage change in funding if the *agenda for change* funding methodology had been implemented in 2004/05. In the graphs, the dotted line illustrates the percentage change before safety netting and the bold line illustrates the change once the safety net has been applied.

Of all 525 FE providers, 219 would have required safety netting to protect their funding, 164 would not have required safety netting and 142 would have required safety netting to limit their funding.

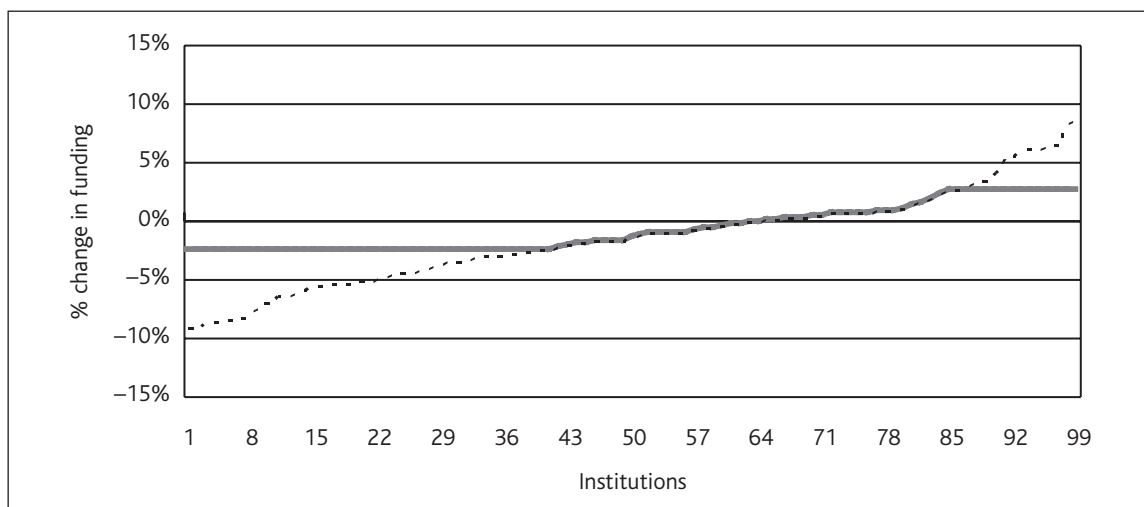
Of the 249 general FE colleges, 62 would have required safety netting to protect their funding, 97 would not have required safety netting and 90 would have required safety netting to limit their funding.

**Figure 2: General FE Colleges**



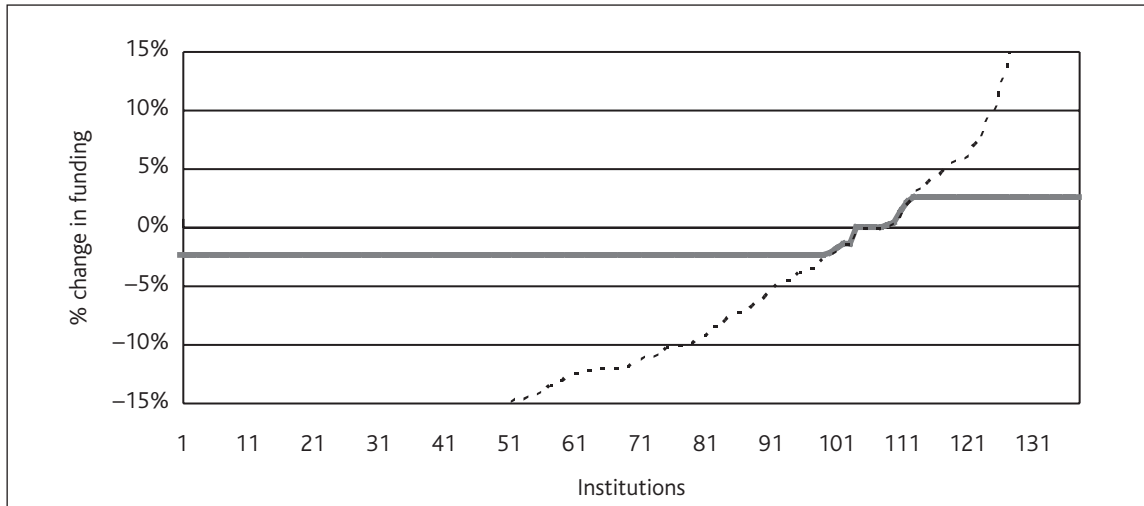
Of the 99 sixth form colleges, 40 would have required safety netting to protect their funding, 44 would not have required safety netting and 15 would have required safety netting to limit their funding.

**Figure 3: Sixth Form Colleges**



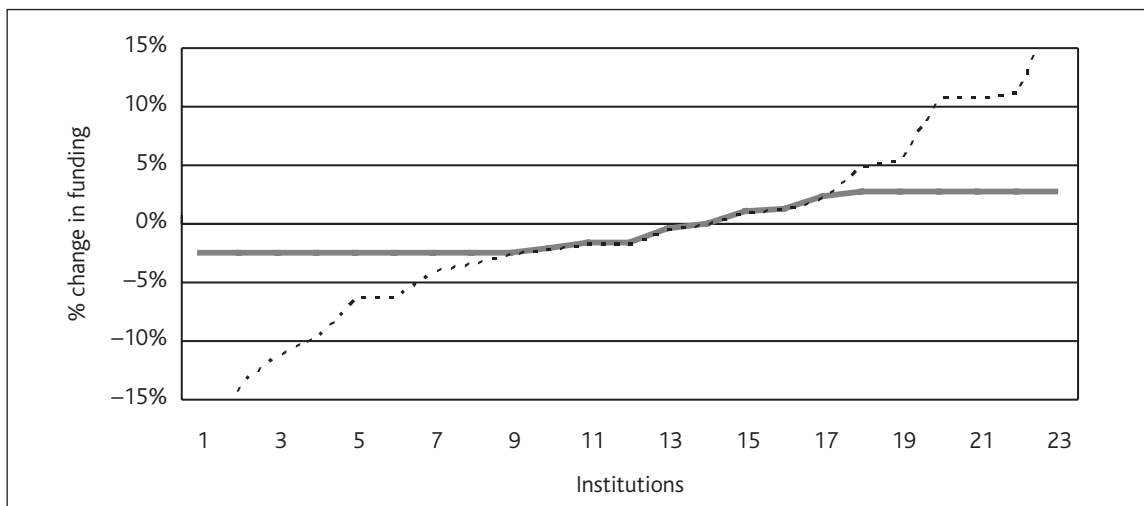
Of the 138 former external institutions, 98 would have required safety netting to protect their funding, 14 would not have required safety netting and 26 would have required safety netting to limit their funding.

**Figure 4: Former External Institutions**



Of the 23 specialist colleges, nine would have required safety netting to protect their funding, eight would not have required safety netting and six would have required safety netting to limit their funding. Note that the specialist college factor has not been included. Note that this data is calculated on the basis of the funding that is due to the specialist college factor being allocated to specialist colleges by other means.

**Figure 5: Specialist Colleges**



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