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CIRCULAR

THE
FURTHER
EDUCATION
FUNDING
COUNCIL

**Revised Funding Methodology
for 2000-01 Including
Curriculum 2000**

To

Principals of colleges
Chief education officers
Heads of external institutions
Heads of higher education
institutions receiving Council funds
Headteachers of schools with sixth
forms (for information)

Circular type

Guidance and consultation

Summary

Guidance on the revised funding
methodology for 2000-01, in
particular arrangements for
funding 16-18 year-old full-time
students (curriculum 2000).
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99/54

Revised Funding Methodology for 2000-01 Including Curriculum 2000

Introduction

1 This circular confirms the Council's decisions on the principles of the funding arrangements for full-time 16–18 year-old students for 2000-01 (curriculum 2000) and proposals for simplifying the funding methodology, which will apply to all students and which will make it possible to implement the curriculum 2000 arrangements effectively. The circular consults on options for allocating entry units.

Background

2 Institutions were consulted in Circular 99/33 on new proposals for implementing curriculum 2000. The proposals received broad support. An analysis of the responses is at annex A. At its meeting in September 1999, the Council agreed the main principles set out in Circular 99/33. In the light of consultation responses and the advice of the tariff advisory committee (TAC), the Council also agreed that the:

- principle of entitlement to key skills, tutorial and enrichment activities would apply to all full-time 16–18 students regardless of level of study
- funding taper should start where programmes comprised 30 curriculum units or their equivalent over two years rather than beginning at 27 curriculum units as proposed in Circular 99/33.

3 Proposals for simplification formed a key part of the report of the stage 2 working group on the review of the funding methodology (September 1998). At a series of seminars on the report in autumn 1998, the proposals were welcomed. The proposals related to the funding for all students, not just 16–18 full-time students. The Council has been taking forward these proposals with a view to their implementation from 2000-01. Details of the simplification proposals are set out at annex B. The proposals take account of the TAC's advice that only the changes required to implement curriculum 2000

and other government priorities should be introduced in 2000-01. A question and answer briefing on the funding for curriculum 2000 is at annex C to this circular.

4 This circular proposes a co-ordinated set of changes, relating to the funding of all students, which are intended to support the introduction of revised funding arrangements for curriculum 2000 whilst reducing the complexity of the current funding methodology. Introducing curriculum 2000 funding changes for 16–18 full-time students whilst retaining the existing funding methodology for all other students would generate a substantial new layer of complexity.

5 Institutions are invited to respond on the question of how entry units should be allocated.

Funding Arrangements for 2000-01

More flexible funding

6 The new funding arrangements will support curriculum 2000 by allowing an institution to enrol a student on, for example, four AS levels as a one-year programme. At the end of the first year the institution will be able to claim achievement units as appropriate. The institution will then be able to agree with the student the continuation of their programme into the second year of study, for example A2 extensions to three of the AS levels, resulting in three GCE A levels at the end of the second year of study. The new funding arrangements will also support 'roll on, roll off' provision.

Eligibility for funding

7 The new funding arrangements introduce an entitlement to key skills, tutorial and enrichment activities for all full-time 16–18 year olds starting programmes in the 2000-01 teaching year. To be eligible for this funded entitlement, students must be:

- aged 16, 17 or 18 at the beginning of the teaching year in which they start their programme of study. The normal definition of 'age 18' applies; that is, 'under 19 on 31 August in the calendar year in which the student begins a programme of study'
- studying on a full-time basis, defined as

undertaking a main programme generating at least 16 basic on-programme units ('basic units') a period, equivalent to 48 basic units a year

- aiming to achieve the new qualifications and curriculum authority (QCA) key skills qualification.

8 All three criteria should normally be met. Where, however, a student has learning difficulties and/or disabilities which make the QCA key skills qualification inappropriate, institutions will still be able to claim funding, provided the other criteria are met.

Definition of a full-time student

9 From 2000-01, a full-time programme is defined for funding purposes as a programme generating a minimum number of funding units (16 basic units for each period equivalent to 48 basic units a year) rather than a minimum number of guided learning hours (glh) as at present. This minimum has been set as equivalent to a 2AS/A2 or 2 GCE A level programme. This will address the severe funding disadvantage currently experienced by institutions where a student starts a 3 GCE A level programme but subsequently withdraws from one subject and falls below the 450 guided learning hour threshold for full-time funding eligibility. This currently results in approximately a five-fold loss of funding.

10 The new threshold for a full-time programme will remove this disjuncture in funding. Colleges should note, however, that ministers expect most full-time students' programmes to be substantially greater than this threshold level, and that curriculum 2000 will result in a broader curriculum experience for the majority of students.

Key skills, tutorial and enrichment

11 Key skills, tutorial and enrichment activities will be a substantial element added to full-time students' main programmes. This is the full-time 16-18 entitlement. The Council expects that the teaching time devoted to this element will be approximately 4-5 hours a week, broadly similar to AS/A2 and GCE A level subjects. Eight basic units for each period, equivalent to 48 basic units over two years, may be claimed for the key skills, tutorial and enrichment entitlement, reflecting its broad equivalence to the teaching time expected for a GCE A level over two years.

12 The new QCA key skills qualification recognises achievement in communication, application of number and information technology. There are a number of qualification aims which duplicate the key skills qualification, for example, computer literacy and information technology (CLAIT). The basic units for such qualifications will be offset against the entitlement, where the 16-18 entitlement is being claimed. A provisional list of key skills qualification aims will be available on the Council's website in January. GCSEs in mathematics and English will continue to be eligible for funding in addition to the 16-18 entitlement.

13 Institutions will continue to be able to claim funding for qualification aims other than key skills which are additional to a student's main programme. This might, for example, be an additional GCSE in a foreign language complementing an AS/A2 or GCE A level programme. The normal rules concerning the ineligibility of subsidiary or equivalent qualification aims will continue to apply (see paragraph 97, Circular 99/01 *Tariff 1999-2000*). In particular, where a student achieves an AS level and subsequently a GCE A level in the same subject, then the institution should not claim full units for both qualifications.

14 Separate funding of the 16-18 entitlement requires an adjustment to the funding units assigned to GCE A levels, GNVQs and GNVQ precursors delivered on a full-time basis. The current values include an element to reflect key skills and enrichment activities normally included as part of a GCE A level or GNVQ course. This will now be disaggregated; a GCE A level will attract 48 basic units, an advanced GNVQ and a BTEC National Diploma 144 basic units and intermediate and foundation GNVQs and BTEC First Diploma 72 basic units. The new AS and A2 qualification aims will attract 24 basic units each. The net effect will be to increase the total funding units that may be claimed for full-time programmes for 16-18 year olds. The example below of a three GCE A level programme illustrates this gain.

Example. Three GCE A levels delivered on a full-time basis over a two-year period:

- Current basic units $3 \times 56 = 168$ units
- For 2000-01 3×48 basic units plus 48 basic units for key skills, tutorial and enrichment = 192 basic units

15 The funding of GCE A level General Studies will be set at a level to reflect the resources required to deliver it. The tariff advisory committee (TAC) has recommended that the sector be consulted on a proposal that the value of GCE A level General Studies be set at 12 basic units in recognition of the number of glh involved in delivery. The Council will consult the sector on this proposal in a forthcoming tariff circular.

16 The new key skills qualification will be available at levels 1 and 2 as well as 3. Students may pursue whichever level is most appropriate for them in combination with their main programme. Institutions may claim 2.5 achievement units for the key skills qualification. Where a student's learning difficulties and/or disabilities are such that the key skills qualification is inappropriate, institutions should record this and indicate in the learning agreement what alternative activity is being undertaken. This will provide audit evidence to enable the institution to claim funding for the 16–18 entitlement element.

Fee remission

17 Two changes are proposed to the method of calculating fee remission:

- a. to make fee remission units proportional to the size of a programme by removing the fee remission cap currently set at 33.3 funding units per year for a full-time student;
- b. to alter the order of funding calculations so that any cost-weighting factor is applied to all basic units, including any provided for fee remission.

18 The first change will address a concern raised particularly by sixth form colleges that the current approach disadvantages institutions offering programmes of study in excess of 3 GCE A levels or their equivalent. This change is therefore particularly important as it is expected that the introduction of curriculum 2000 will lead to extended programmes for some students.

19 The second change will correct an anomaly in the present funding methodology that disadvantages provision attracting higher cost-weighting factors. Although the overall proportion of provision with higher cost-weighting factors is relatively small, the change will particularly benefit a number of general further education and specialist colleges making substantial amounts of high-cost vocational provision. Details of the proposed changes are set out in annex B.

Entry element of funding

20 The structure of curriculum 2000 will require changes to the way entry units are allocated. Under the curriculum 2000 structure, a student can enrol on a one-year programme of AS levels and then enrol on a second one-year programme of A2 extensions to some or all of the AS levels leading to GCE A levels.

21 Under the current arrangements for entry units, the student would generate eight entry units for each one-year programme, a total of 16, compared with eight entry units for an existing two-year GCE A level programme. This is because at present any programme of more than 10 basic units attracts the full eight entry units.

22 In contrast a 16–18 year-old full-time student enrolling on a two-year programme such as an advanced GNVQ would continue to receive eight entry units, which is clearly anomalous.

Option 1

23 The first option would be to retain the existing level of entry units, but to introduce a revised definition of a programme of study such that a period of study at an institution is deemed to be a continuous single programme, unless there is a break of at least two periods when the student is not enrolled at the institution. This would equate to the current methodology, where entry units should not be claimed twice in the same 12-month period. This would mean that a student would generate entry units at the current rate whenever they enrolled at an institution, having not been enrolled at the institution in the previous two periods. Where a college has had students on multi-year programmes, and has as a matter of course claimed entry units at the start of each teaching year, the number of entry units available would reduce, regardless of whether the programme had changed sufficiently to justify a new allocation of entry units.

Option 2

24 An alternative option would be to introduce a revised method of allocating entry units, which would at least maintain the overall number of entry units that can be claimed by institutions, but which would also have a number of advantages. The key features are:

- a fixed number of basic units in the first period of a student's programme, to

reflect recruitment and initial guidance costs

- a fixed number of basic units for each subsequent period of a student's programme, to reflect the costs of ongoing guidance, which are not generally linked to the size of a student's programme
- no restriction on the total number of entry/guidance units that can be claimed during a student's programme
- a revised definition of a student's programme, such that a period of study at a single institution is deemed to be a continuous single programme, unless there is a break of at least two periods when the student is not enrolled at the institution
- no entry units for very short programmes, other than for students eligible for a widening participation funding uplift.

25 The advantages of option 2 are that:

- it addresses the anomalies in the current methodology where short courses receive disproportionate funding because of the high value of entry units
- it provides a rational model for curriculum 2000 and 'roll on, roll off' provision by funding continual guidance throughout a programme of study
- it is much simpler than the current arrangements since entry/guidance units are set at a fixed rate irrespective of the size of programme.

Further details of this option are given in annex B.

26 Option 2 would be a radical change. The Council is minded to introduce option 1 in 2000-01 and recommend option 2 for introduction in 2001-02 following the DfEE consultation on the funding methodology for the Learning and Skills Council (LSC). Provisional allocations for 2000-01 will be made on the basis of option 1.

Capital project support

27 Circular 99/26 *Capital Project Support Arrangements 1999-02* set out revised arrangements for the assessment of colleges' applications for capital project support and the payment of grant-based support. The additional glh likely to result from the implementation of curriculum 2000 will be taken into account in the

Council's capital projects criteria relating to the assessment of floorspace utilisation and in reviewing the likely estimated capital and running costs of new capital project proposals.

28 Under the current arrangements, colleges' current and future floorspace requirements are assessed against the most recent audited ISR returns for the college. Taking into account the potential growth in guided learning hours likely to result from the curriculum 2000 proposals, the Council has agreed that:

- colleges will identify the likely increase in on-site daytime guided learning hours arising from their proposals
- the Council's regional project assessment teams will cross-check these estimates as to the reasonableness in comparison with colleges' forecast student numbers
- the glh forecast will usually relate to the final year of the college's three-year financial forecast period for the purposes of calculating space utilisation
- these changes will be taken into account in the Council's stage 3 criteria capital project assessment process.

29 This change will ensure that projects are evaluated taking into account reasonable predictions of growth in student numbers, together with the associated increase in college income and changes in the college's floorspace utilisation. Additional projects may qualify for support but it is not possible to quantify the numbers at this stage. A revised capital project support application form and guidance notes will be issued in spring 2000. Applications already in the pipeline will be assessed against the revised criteria described above. The Council will consult the sector early next year on any further changes to the capital project support arrangements.

Overall costs of implementing curriculum 2000

30 The costs of implementing curriculum 2000 are estimated to be around £35 million in 2000-01 and around £90 million in 2001-02 and thereafter.

31 In order to assist colleges in planning for the introduction of curriculum 2000, up to £2.2 million has been earmarked for 1999-2000 from strand 3 (continuing professional development) of the standards fund for staff development. Further details can be found in Circular 99/44 *Standards Fund: Strand 3*.

Summary of funding arrangements

32 Table 1 summarises funding for common programmes likely to be undertaken by full-time 16–18 year-old students following the introduction of curriculum 2000. Programmes are assumed to be delivered over two years or over one plus one, or normally as one-year courses.

33 None of the above programmes would normally be subject to the funding taper. The taper would apply to a main programme in excess of five GCE A levels or equivalent, or five AS and five A2s over two years (or one plus one). It would also apply to smaller programmes where the basic units in any period exceeded the equivalent of five AS levels taken in a year. Further details of how the funding taper will operate are set out in paragraphs 34 to 37 in annex B.

Implementation

34 The Council proposes to provide a single, simplified funding program in respect of 2000-01, which will implement the changes necessary for curriculum 2000. This program will apply to all students.

35 For 2000-01 an institution's funding unit allocation will be calculated by taking the allocation for 1999-2000 and adding an estimated number of funding units to allow for the costs of implementing curriculum 2000. This adjustment will be based on an assumed increase per student, applied to the expected number of 16 year olds in 2000-01. The increase will be calculated on the assumption that not all 16 year-old students will increase their programme in 2000-01, nor will institutions be equipped to offer such an increased curriculum to all 16 year olds.

Table 1. Funding units

<i>Two-year programmes or one plus one</i>	<i>Basic units for main programme</i>	<i>Key skills, tutorial and enrichment</i>	<i>Total</i>	<i>Current total basic units</i>	<i>Change</i>
2 GCE A levels	96	48	144	112	+32
3 AS and 2 A2	120	48	168	140	+28
3 GCE A levels	144	48	192	168	+24
4 AS and 3 A2	168	48	216	178	+38
5 AS and 3 A2	192	48	240	188	+52
4 GCE A levels	192	48	240	186	+54
5 AS and 4 A2	216	48	264	196	+68
5 AS and 5 A2	240	48	288	205	+83
Advanced GNVQ	144	48	192	168	+24
BTEC National Diploma	144	48	192	168	+24
2 AS, single award GNVQ, 2 A2*	168	48	216	196	+20
Intermediate GNVQ[†]	72	24	96	84	+12
Foundation GNVQ[†]	72	24	96	84	+12

* the AS or A2 qualifications would receive reduced units under the current tariff if they were additional to a programme of 450 glh

† one-year programmes

36 Institutions will have an opportunity to seek an alternative allocation if their actual plans for curriculum 2000 differ from these planning assumptions.

37 Outturn funding units for 2000-01 will be calculated using the revised funding methodology for 2000-01. The Council will compare for each institution the outturn units in 2000-01 with the outturn units for 1999-2000. The change in outturn units will in turn be compared with the increased allocation made for 2000-01 to compensate the institution for the expected increased costs of curriculum 2000.

38 Subject to the availability of sufficient funds, the Council will retrospectively increase 2000-01 allocations where the actual increase in activity in respect of curriculum 2000 significantly exceeds the increase assumed. The Council reserves the right to adjust allocations down, where there is evidence to support this.

Responses

39 Institutions are asked to respond to the proposals in respect of entry units using the form at annex D to this circular. Returns should be sent to Claire Egan at the Council's Coventry office by 28 February 2000.



Responses to Consultation in Circular 99/33

<i>Proposal</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
	<i>Total</i>	<i>% of Total</i>	<i>GFE</i>	<i>Sixth Form College</i>	<i>Other*</i>
Curriculum structure					
1 Is the concept of curriculum units supported as an appropriate basis for developing a funding model (paragraph 16)?	283	92	174	84	25
2 Are there any other structures or methods which could be used?	71	23	43	17	11
'Entitlement'					
3 Are the principles of 'entitlement' identified in paragraph 21 appropriate?	292	95	180	88	24
4 Are there any other principles which should be included?	79	26	54	15	10
Features of proposed model					
5 Is the concept supported of attaching a proposed minimum threshold for determining a full-time student?	290	94	175	90	25
6 Is the proposed minimum threshold of 18 curriculum units the right level?	188	61	129	39	20
Enrichment					
7 Do the examples listed in paragraph 30 cover the main potential enrichment activities?	275	90	168	82	25
8 Are there any other enrichment activities which should be included?	140	46	77	46	17
Units of funding					
9 Is the concept supported of limiting the total number of on-programme units under the model by applying for a taper?	226	74	160	47	19
10 Is the proposed taper specified in paragraph 35 set at the right level at 27 curriculum units?	106	34	88	9	9

* 'other' includes school with sixth forms and associations

<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>Don't Know</i>	<i>Don't Know</i>	<i>Don't Know</i>	<i>Don't Know</i>	<i>Don't Know</i>
<i>Total</i>	<i>% of Total</i>	<i>GFE</i>	<i>Sixth Form College</i>	<i>others</i>	<i>Total</i>	<i>% of Total</i>	<i>GFE</i>	<i>Sixth Form College</i>	<i>Other*</i>
13	4	10	2	1	11	4	2	7	2
131	43	101	21	9	105	34	42	55	8
10	3	5	3	2	5	2	1	2	2
132	43	98	25	9	96	31	34	53	9
8	3	6	1	1	9	3	5	2	2
60	20	43	14	3	59	19	14	40	5
23	7	14	8	1	9	3	4	3	2
99	32	78	16	5	68	22	31	31	6
66	21	19	43	4	15	5	7	3	5
156	51	71	74	11	45	15	27	10	8

Simplification Proposals

1 The further education funding methodology is designed to fund institutions on the basis of the learning experiences of the student, rather than simply their presence on a course.

2 The methodology was designed to cope with the complexity of further education. The Council is concerned that the methodology should not in itself be so complicated as to be difficult to understand and to operate. The Council has sought to maintain a balance between complexity and fairness and looks to simplify the methodology wherever feasible. The Council undertook a fundamental review of the funding methodology starting in 1996. The review was in two stages. Stage 1 considered:

- any changes to the basic structure of the methodology
- viable alternatives.

3 Stage 2 was to be concerned with the implementation of stage 1 proposals. The key outcomes of stage 1, considered by the Council at its meeting on 19 June 1997, were:

- no recommendation to adopt a different funding methodology
- the current methodology should be simplified wherever possible. The methodology needs to be tested against the main issues which the sector expects to face in the next five years.

4 This was taken forward by the stage 2 funding review group which recommended that the Council should simplify the implementation of the funding methodology, as set out in its report published in September 1998. The Council has been working towards this goal, with the intention of introducing a simplified approach for 2000-01.

5 The decision by the secretary of state to implement curriculum 2000 for 2000-01 has given a new urgency to simplification because introducing curriculum 2000 without simplification would be very difficult. In addition, simplification will better facilitate flexible enrolment patterns for adults, including a unit-based curriculum should this be developed in the future.

6 The proposals for simplifying the funding methodology are as follows:

- an option for entry units to be allocated on a per period basis (added after the stage 2 review report, in the light of feedback from institutions); discussed as option 2 in paragraphs 24 to 26 of this circular
- the funding calculations for loadbanded qualifications to be brought in line with those for individually listed qualifications and the loadbands to be rationalised
- all funding calculations to be on a per period basis, to facilitate the funding of 'roll on, roll off' provision
- 'full-time' for funding purposes to be defined in terms of funding units rather than glh, which anticipated one of the main changes for curriculum 2000
- replace the complex funding rules for full-time GCE A level students with a funding taper, also now a key component of the curriculum 2000 proposals
- alter the calculation of fee remission to remove the current cap of 33.3 units a year for full-time students and to correct an anomaly in the present approach which disadvantages high-cost provision, also now part of curriculum 2000
- introduce a 'student programme' ISR, which would support these changes and which would require less work from institutions.

7 Initial modelling has confirmed that these changes are feasible and that a simplified funding program should run up to five times faster than at present, a key objective of simplification.

8 A prototype simplified program is currently being tested by colleges which volunteered following the presentations by the chief statistician at the autumn 1998 funding seminars. Further versions are planned, with the next version due to be released to volunteer institutions in January 2000.

Entry units allocated by period

9 The proposal to allocate entry units purely on a period basis greatly simplifies the funding methodology, but has been modified, because the reallocation of units away from short courses that

this would produce could have destabilised some institutions. The revised proposal (option 2, paragraph 24 of the main body of this circular) is still much simpler than the current method. There is no longer a link between size of programme and number of entry units generated, except for very short courses. This makes it possible to retain a key principle of simplification that where a student withdraws from a programme of study, either in part or as a whole, this should not trigger retrospective changes to entry units.

10 The specific proposal for entry/guidance units is:

- four basic units will be allocated in the first period of a student's programme
- two basic units will be allocated in each subsequent period, without any restriction on the total number of units that can be claimed during a programme
- programmes of less than 3.8 basic units (loadband 0) will not attract the initial entry units other than for students attracting widening participation uplift
- entry and guidance units will not apply in the first or subsequent periods of a programme where it is equivalent to fewer than 3.8 basic units in a period (loadband 0).

11 The criterion that there must be a two-period minimum gap in a student's programme before the four initial entry units can be claimed again will apply regardless of any changes in the qualifications taken by a student.

12 The probability of withdrawal from a programme is greater the longer its duration. This should balance the gain in entry units for students undertaking longer programmes. Nevertheless, a college with sector benchmarking levels of retention would receive 11 entry units on average for each student undertaking a six-period (two-year) programme, compared with eight entry units at present.

13 The justification for removing entry units for very short courses is that it is not clear how sufficient guidance could be given regarding a course of 20 hours or fewer to warrant the current level of funding of around £34 (2 units at £17). Such

courses attract a disproportionate level of funding compared with longer programmes, taking entry and basic units together. Courses in loadband 0 receive more than double the amount of funding per guided learning hour than courses of 450 or more guided learning hours. There is no educational justification for such a disparity, unless the student has special requirements. In recognition of this, the 2 entry units for very short programmes would still be available for widening participation students.

14 The current enhanced entry units for basic skills students will be replicated under this option.

15 The effect of the proposal is designed to at least maintain the overall funding allocated to the entry element. It does, however, redistribute some funding towards students undertaking curriculum 2000 programmes, and adults on longer programmes at the expense of short courses, particularly those of 20 or fewer guided learning hours. Details of the effects of the proposal are set out in table 1.

Table 1. Effect of allocating entry and guidance units

<i>Size of programme in basic on-programme units</i>	<i>Duration in periods</i>	<i>Current tariff: entry units</i>	<i>Proposed tariff: entry and guidance units, subject to a minimum 3.8 basic units for each period</i>	<i>Change (ignoring retention)</i>
less than 3.8	all	2	0	-2 ³
3.8 up to 10 ¹	1	4	4	-
	2	4	6	+2
above 10 ²	1	8	4	-4
	2	8	6	-2
	3	8	8	-
	4	8	10	+2
	5	8	12	+4
	6	8	14	+6
	7	8	16	+8

¹ Programmes of 3.8 up to 10 basic units of 3 periods or more would not generate more than 6 entry/guidance units because of the threshold of 3.8 basic units for each period.

² The 2 units for each period would continue to be available for programmes of 8 periods or more, provided that the 3.8 basic units for each period threshold was met.

³ No change for widening participation students.

Loadbands

16 The first proposal is to align the funding calculations for loadbanded and individually listed qualifications. This would be done by:

- calculating the funding for each loadbanded qualification separately in the same way as individually listed qualifications, rather than the current approach of grouping loadbanded qualifications for a student
- using the planned glh for a loadbanded qualification to determine the appropriate funding units for the whole qualification by means of a simple look up table linking glh to funding units. This would replace the current loadbands, based on a 12-month period. Thereafter loadbanded and individually listed qualifications would be indistinguishable for funding purposes.

17 This has considerable advantages. The current difficulties associated with calculating the funding if

a student withdraws from all or part of a programme would disappear. Funding would simply cease after the period in which the student withdrew.

18 If a student completed a qualification earlier than planned then any unpaid funding units would be allocated to the final term that the student was studying the qualification.

19 This change would make the funding of 'roll on, roll off' provision straightforward and remove the current anomalies that lead to funding calculations being varied retrospectively.

20 It would also reduce the bias against full-time students implicit in the current calculation of fee remission. This is explained in paragraphs 38 to 48 below.

Rationalise loadbands

21 A linked change would be to rationalise the size of the current loadbands. One difficulty with the present system is that the loadbands are very wide. This can lead to significant differences between the

funding for a qualification, which is linked to the glh midpoint of the loadband, and the actual glh delivered.

22 It is proposed to introduce uniform loadbands of 30 glh, with the range 9 up to 60 glh possibly covered by 10 glh bands, to ensure proportional funding for short courses. The loadbands would also be extended to cover the full glh of all programmes including three years or longer programmes.

Per period calculations

23 The current implementation of the funding methodology contains different time concepts:

- periods (terms)
- teaching years
- student programme length
- 12-month time spans for students not starting at the beginning of a teaching year
- expected time to complete a qualification
- actual time to complete a qualification.

24 This is further complicated by a completely different approach towards funding individually listed and loadbanded qualifications. Individually listed qualifications have a fixed number of funding units irrespective of the time taken to deliver them, whereas loadbanded qualification funding is based on a 12-month time period. The previous sections described how this would be simplified.

25 The proposed change to the funding of loadbanded qualifications leads on to the next proposal, which is to place all funding calculations on a per period basis. This would facilitate the funding of 'roll on, roll off' provision by removing the calculations in the present funding program which try to rationalise the varying time periods of the present methodology. Instead all funding calculations would be done separately for each period.

26 If a student changed their fee remission status or their programme of study, these changes would be reflected from the first period from which they applied, without the need as at present to recalculate the funding for previous periods.

27 Achievement units would be generated when the student had completed and achieved each qualification, rather than the current practice of

requiring all achievement units to be claimed at the end of a student's programme.

Definition of full-time student

28 A new definition of a full-time student for funding purposes was agreed by the Council at its meeting on 22 September 1999. One of the difficulties with the current implementation of the funding methodology is that full-time students are defined in terms of glh but funding is calculated in terms of funding units. This has created anomalies and discontinuities.

29 The current definition of full-time for funding purposes is that the student should be doing a programme of at least 450 glh a year. In addition to this, there is a rule that the fourth and subsequent GCE A levels taken by a full-time student are only funded at around one-third of the rate of the first three GCE A levels. These two rules in combination mean that an increase of 1 glh in a student's programme can in principle lead to a reduction in funding of £640 (the difference between 56 and 18.4 units at an assumed average level of funding of £17).

30 At the other end of the full-time spectrum, students who withdraw from a GCE A level which is part of a programme of three GCE A levels may well change their status, based on glh, from full time to part time. The change in funding here is extremely large since three full-time GCE A levels represent 168 basic on-programme units ('basic units'), whereas two part-time GCE A levels are only worth 37 basic units, representing an almost five-fold reduction in funding.

31 It is proposed to define a full-time student for funding purposes in terms of funding units. The threshold would be lowered to a programme of study equivalent to two GCE A levels, rather than the three GCE A level threshold operated at present. This is consistent with the proposals for curriculum 2000.

32 This definition would apply to all students, irrespective of the make-up of their programmes, which would also address the current discrepancy between the treatment of full-time students taking GCE A levels and other full-time students.

33 The proposed threshold is 16 basic units for each period, equivalent to 48 units a year or 96 over a two-year programme. It is proposed to revise the funding tariff for GCE A levels so that a single GCE

A level represents 48 basic units. The threshold proposed would therefore equate to a programme of two GCE A levels over two years. A student doing an advanced GNVQ would generate significantly more funding units than the threshold and so would be regarded as full-time, for funding purposes, as would other traditional full-time vocational qualifications.

Funding taper

34 The current funding methodology has two approaches to limiting the number of funding units that can be generated by an individual student. The first set of rules, described in the previous section, limits the number of basic units that can be generated by the fourth or subsequent GCE A levels. This approach is anomalous since it does not apply to vocational qualifications.

35 The existing methodology also has an absolute limit of the equivalent loadband 6 plus loadband 4 as the maximum number of basic units that a student can generate in a year. This equates to 114.2 basic units a year. This limit has never been applied in the funding program.

36 The proposal to define a full-time student for funding purposes in terms of basic units leads naturally to the proposals to replace the existing complex rules for restricting the funding units for an individual student to a much simpler approach based on basic units. This is referred to as the funding taper. In practice this would operate as follows. There would be:

- a threshold, in basic units, at which the funding taper would start to operate
- a discount rate which would determine what proportion of on-programme units above the threshold would be funded.

37 The taper threshold would be set such that the funding for a student following a full programme under curriculum 2000 would not be subject to tapering. This is a considerably more generous system than the limits in the current funding methodology. Two example calculations of the funding taper are set out in appendix 1 to this annex. This explains in particular how the taper would treat programmes consisting of qualifications with different cost-weighting factors in such a way as to be neutral between high cost-weighting factor and low cost-weighting factor qualifications. The discount rate of 60% is illustrative at this stage.

Calculation of fee remission

38 Two changes are proposed to the way that fee remission is calculated.

39 The existing restriction whereby a student can have a maximum of 33.3 basic units of fee remission in a year would be removed, so that fee remission units would be proportional to the size of a programme. The second change would be to alter the order of calculations such that the cost-weighting factor would be applied to all basic units, including any provided for fee remission. Where the student was not eligible for fee remission, basic units equivalent to the assumed fee (fee remission units) would be deducted from the total basic units available for the qualification. The effect of this change would be to correct an anomaly in the current funding systems which disadvantages high-cost provision.

40 The existing calculation of fee remission units includes a cap such that no student can receive more than 33.3 funding units in a year. Sixth form colleges in particular have raised concerns about this because it represents a further reduction in the funding available for students who do a programme in excess of three GCE A levels. It is consistent with the principles underlying the introduction of curriculum 2000 that fee remission should be proportional to the size of the programme in the same way as all other elements of funding. Accordingly, it is proposed to remove this cap.

41 The current approach to the calculation of fee remission units is illustrated in appendix 2 to this annex. As can be seen in the current tariff calculations, the units shown in the tariff are not in fact the total basic units for the qualification. What is shown in the tariff is the units excluding basic units in respect of fee remission. The cost-weighting factor is only applied to the units actually shown in the tariff, giving a total of 48 units with fee remission and 40 without in the example. The revised calculations show correctly the total basic units for the qualification as 28. These include 8 fee remission units. The cost-weighting factor is now correctly applied to the total basic units for the qualification yielding 56 if the student is eligible for fee remission and 48 if not.

42 The illogicality of the current approach is demonstrated by the second example. Here the assumed rate of fee remission has been raised from

40% of basic units to 50% of basic units. What we would expect is that raising the rate of fee remission would have no effect on the units allocated where the student is eligible for fee remission, but that the qualification would generate fewer units if the student is not eligible for fee remission.

43 This is exactly what happens under the revised tariff. The units available with fee remission are the same at 56 basic units, whilst the number of basic units if the student is not eligible for fee remission has reduced from 48 to 46.7.

44 Under the current tariff the result is counter-intuitive. Where the student is eligible for fee remission and the institution would expect no change in the units, the number of basic units allocated has risen from 48 to 50. Where the student is not eligible for fee remission and the institution would expect the number of basic units to drop, it remains the same at 40, which is clearly quite against expectations.

45 Another difficulty with the current calculation of fee remission units is that they are calibrated by setting them at approximately 25% of the total units for a full-time student. The calculation is shown in appendix 3 to this annex.

46 As can be seen for a full-time student, fee remission units are indeed 25% of total units, using basic units rather than on-programme units. This calculation is used to derive the fee remission units as 40% of on-programme units and this is used for part-time students. As the two examples show, fee remission units as a percentage of total units is lower than 25% for part-time students. This is because entry units are fixed for most students and so the relationship between basic units and total units varies. The effect is that the assumed rate of fees is lower for part-time than for full-time students which discriminates in favour of part-time students.

47 If the proposal to allocate entry and guidance units is implemented, the fee remission calculation will be amended to include guidance units which will go some way to correct the bias against full-time students.

48 So, for example, a student taking a programme of three GCE A levels over two years would get 81 fee remission units, taking account of the key skills, enrichment and tutorial element, compared with 66.6 units over two years as at present.

Student programme-based ISR

49 This proposal should result in less work for institutions. As currently defined, the ISR is an annual collection. The coverage is limited to students active in a teaching year and details of any qualifications that were active in the teaching year. As a result, where a student is on a multi-year programme of study and some qualifications were completed before the current teaching year, under the current rules the institution should not include these qualifications in its ISR return.

50 The difficulty with this approach is that the funding program does not have access to full information about a student, since the institution may quite correctly have excluded certain qualifications from a particular ISR return. This, in turn, leads to anomalies and incorrect calculations of funding units in some cases. It also creates confusions when tracking students across years, since the same student may have a different set of qualifications recorded in successive years.

51 In practice, some institutions have not sought to exclude qualifications in the way described above and the Council has always accepted this departure from practice since, if required, the Council can filter out the qualifications not current in a particular teaching year.

52 It is proposed to remove the requirement for institutions to filter out qualifications not active in a particular teaching year and instead to report all qualifications for students so long as the student is active. This actually creates less work for institutions than the existing rules and requires no new data to be provided. A revised definition of a student programme would be introduced to limit the timespan over which qualifications would need to be reported. The exact definition would depend on the chosen option for allocating entry units, as set out in this circular.

53 This revised approach will make it possible for the funding program to show the total units generated by a student correctly in all cases and so will avoid the anomalous and confusing changes in funding units that can occur under the present system. In particular, it will allow a correct calculation of entry/guidance units. Further details are given in Circular 99/51, *ISR: Consultation on proposed changes to the 2000-01 specification*, which explains how this proposal would be phased in.

Funding implications

54 Curriculum 2000 requires a number of fundamental changes to the funding methodology. The simplification proposals are intended to make the implementation of the funding methodology more straightforward and consistent in dealing with these. They are not intended to change the amount of funding available for institutions, although some of the changes will alter the number of funding units generated in given circumstances.

55 The alterations to the treatment of full-time students will generate more funding units. The proposed alteration to the calculation of fee remission will benefit high-cost programmes. The proposed rationalisation of the loadbands will tend to reduce the number of funding units generated by loadbanded qualifications, particularly for shorter programmes.

56 Initial modelling suggests that colleges should not suffer a reduction in funding as a consequence of these primarily technical changes. The modelling undertaken indicates that at least half of all colleges will generate increased funding units because of curriculum 2000 and that a significant number will benefit from the other changes proposed, for example, to tuition fee remission. The changes will have the added benefit of providing senior management with more accurate information on the generation of units on a per period basis.

57 As set out in the autumn 1998 funding seminars, the Council proposes to offer protection to institutions. Where an institution continues to offer the same volume of provision, but under the simplification proposals the overall number of funding units taking account of all the changes is lower, the institution could potentially lose funding. This would only occur in practice if the institution was below its funding target using the existing calculations or if the reduction in funding units between the existing and the simplified calculations was sufficient to move the institution from being at or above its funding target to being below its funding target. Where an institution remains above its funding target on either calculation basis, there will be no financial effect. The expectation is that most institutions will generate more funding units under the proposals set out in this circular. Since it is expected that most will generate at least the same number of units under the simplification proposals,

it is expected that, in practice, very few institutions would face a financial penalty.

58 The Council proposes to develop a protection policy, if needed, in the light of more detailed modelling, but confirms that no institution will suffer a funding disadvantage through a change in the way that funding units are calculated.

Example Taper Calculations

1 All calculations are on a per period basis. A threshold of 48 basic units in a period equates to 8 entitlement units plus a main programme of 40 units. This in turn equates to 5 AS levels, or the maximum implied by curriculum 2000. The

examples apply a threshold of 40 basic units per period to the main programme. To set the threshold including the entitlement would produce a circular arrangement, since eligibility for the entitlement is set with reference to the threshold.

Example 1. Student taking an advanced GNVQ, 2 AS levels and an additional qualification. Calculations are per period. Discount rate of 60% assumed.

<i>Qualification</i>	<i>Basic units in period</i>	<i>Cost-weighting factors</i>	<i>On-programme units in period</i>
Advanced GNVQ	24	1.0	24.0
AS level	8	1.2	9.6
AS level	8	1.2	9.6
Desktop Publishing III	2	2.0	4.0
Total	42		47.2

Discount factor of 60% applied to units above threshold.

$(42 - 40) \times (100 - 60)\%$ gives 0.8

Calculate discounted basic unit total

$40 + 0.8$ gives 40.8

Calculate ratio of discounted units compared to undiscounted units

$40.8 \div 42$ gives 0.97

Ratio applied to total on-programme units to give tapered on-programme units

47.2×0.97 gives 45.8

Number of on-programme units discounted in this period

$47.2 - 45.8$ gives 1.4

Note: the entitlement of 8 basic units per period is not subject to tapering and so is not shown in the table.

Example 2. Student following full curriculum 2000 programme plus an additional qualification. Calculations are per period. Discount rate of 60% assumed.

<i>Qualification</i>	<i>Basic units in period</i>	<i>Cost-weighting factors</i>	<i>On-programme units in period</i>
AS level	8	1.0	8.0
AS level	8	1.2	9.6
AS level	8	1.2	9.6
AS level	8	1.2	9.6
AS level	8	1.2	9.6
RSA Database II	4	1.0	4.0
Total	44		50.4

Discount factor of 60% applied to units above threshold

$(44 - 40) \times (100 - 60) / 100$ gives 1.6

Calculate discounted basic unit total

$40 + 1.6$ gives 41.6

Calculate ratio of discounted units compared to undiscounted units

$41.6 \div 44$ gives 0.95

Ratio applied to total on-programme units to give tapered on-programme units

50.4×0.95 gives 47.9

Number of on-programme units discounted in period

$50.4 - 47.9$ gives 2.5

Note: the entitlement of 8 basic units per period is not subject to tapering and so is not shown in the table.

Calculation of Fee Remission

Example 1. Cost-weighting factor of 2; fee remission at 40% of basic units

Current tariff

	<i>Units shown in tariff</i>	<i>Fee remission units</i>	<i>Total on-programme units for qualification</i>	
			<i>With fee remission</i>	<i>Without fee remission</i>
Basic units	20	8	–	–
Cost-weighting factor applies	Yes	No	–	–
On-programme units	40	8	48	40

Revised tariff

	<i>Units shown in tariff</i>	<i>Fee remission units</i>	<i>Total on-programme units for qualification</i>	
			<i>With fee remission</i>	<i>Without fee remission</i>
Basic units	28	(8)	–	–
Cost-weighting factor applies	Yes		–	–
On-programme units	56	(8)	56	48

Example 2. Cost-weighting factor of 2; fee remission set at 50% of basic units

Current tariff

	<i>Units shown in tariff</i>	<i>Fee remission units</i>	<i>Total on-programme units for qualification</i>	
			<i>With fee remission</i>	<i>Without fee remission</i>
Basic units	20	10	–	–
Cost-weighting factor applies	Yes	No	–	–
On-programme units	40	10	50	40

Revised tariff

	<i>Units shown in tariff</i>	<i>Fee remission units</i>	<i>Total on-programme units for qualification</i>	
			<i>With fee remission</i>	<i>Without fee remission</i>
Basic units	28	(9.3)	–	–
Cost-weighting factor applies	Yes		–	–
On-programme units	56	9.3	56	46.7

Note: The example demonstrates another illogicality of the current approach. By raising the rate of fee remission the qualification is now worth 30 basic units in total in the tariff, rather than 28. The actual cost of delivering the qualification is unchanged.

Calibration of Fee Remission Units

Full-time student

<i>Entry</i>	<i>Basic</i>	<i>Achievement</i>	<i>Fee remission</i>	<i>Total</i>	<i>Fee remission as a % of basic units</i>	<i>Fee remission as a % of total units</i>
8.0	84.0	8.0	33.3	133.3	40	25

Part-time student 1

<i>Entry</i>	<i>Basic</i>	<i>Achievement</i>	<i>Fee remission</i>	<i>Total</i>	<i>Fee remission as a % of basic units</i>	<i>Fee remission as a % of total units</i>
8.0	30.2	3.6	12.1	53.8	40	22

Part-time student 2

<i>Entry</i>	<i>Basic</i>	<i>Achievement</i>	<i>Fee remission</i>	<i>Total</i>	<i>Fee remission as a % of basic units</i>	<i>Fee remission as a % of total units</i>
4.0	10.0	1.0	4.0	19	40	21

Note: strictly fee-remission is $33 \div 84$ at 39.3%, but 40% has been used for simplicity

Question and Answer Briefing

Curriculum and Qualifications

Q1 How will the advanced GNVQ be funded?

Although the curriculum unit structure of the advanced GNVQ indicates a similar size to two GCE A levels, the value in funding unit terms will be greater. The current tariff funds advanced GNVQs as equivalent to three GCE A levels. Evidence from guided learning hour data supports a tariff value of at least this value. The advanced GNVQ therefore for a full-time 16–18 year-old student will generate 144 basic on-programme units (basic units), plus the element for key skills, tutorial and enrichment (48), giving a total of 192 basic units.

Q2 At what level is a single award advanced GNVQ to be funded?

In curriculum unit terms, a single award advanced GNVQ is equivalent to a GCE A level, that is, 6 curriculum units. As explained above, a full advanced GNVQ in funding unit terms is equivalent to three GCE A levels. In funding unit terms, consistent with this, the single award advanced GNVQ will be equivalent to 1.5 GCE A levels, that is, 72 basic units. A single award advanced GNVQ on its own may not reach the minimum for a full-time programme unless delivered over four periods or fewer. The threshold is 16 basic units per period. A 72 basic unit qualification over four periods equates on average to 18 basic units per period. Over five periods the programme would fall below the threshold in at least one period. Additional qualifications would need to be included in a student's programme before the minimum threshold is reached and the funding units for the key skills, tutorial and enrichment claimed.

Q3 How will the part 1 GNVQ be funded?

Part 1 GNVQ will be eligible for funding as it is now, that is as a loadbanded qualification. Colleges will be able to claim the element for key skills, tutorial and enrichment where the student's programme meets the criteria. (as set out in paragraph 6 in this circular)

Q4 How will BTEC national diplomas be funded?

BTEC national diplomas will be funded in the same way as an advanced GNVQ. The current tariff funds BTEC national diplomas as equivalent to three GCE A levels. The evidence from guided learning hour data supports a tariff value of at least this value. The BTEC national diploma for a full-time 16–18 year-old student will generate 144 basic units, plus the element for key skills, tutorial and enrichment (48), giving a total of 192 basic units.

Q5 How will GCE A level General Studies be funded?

The median glh for GCE A level General Studies are 76. This is approximately a quarter of other GCE A level subjects where the median hours are 340 (over two years). The funding of GCE A level General Studies will be set at a level to reflect the resources required to deliver it. The tariff advisory committee (TAC) has recommended that the sector be consulted on the value of a GCE A level General Studies to be set at 12 funding units in recognition of the number of glh involved in delivery.

Q6 How will one-year GCE A levels be funded?

All GCE A level qualifications will generate 48.0 basic units, except evening only qualifications. A reduced tariff for evening only GCE A levels will apply.

Q7 How will second-year GCE A level students be funded from September 2000? Will they have to do the new key skills qualification?

Existing GCE A level students will be funded to the end of their programme in the same way as they are now. These students will not have to do the QCA key skills qualification.

Q8 What will the curriculum and funding unit level be for advanced level extension papers (world class tests)?

The Council will consider the funding arrangements for these when evidence is available on the guided learning hours involved.

Key skills, enrichment and tutorial element

Q9 Do full-time students have to take the QCA approved key skills qualification?

The key skills qualification is not compulsory for full-time 16–18 year-old students, although it is strongly encouraged by the government. Colleges will not be able to claim funding for the 16–18 entitlement element, where students are not taking the key skills qualification. Where, however, a student has learning difficulties which make the key skills qualification inappropriate, colleges should record this and include in the learning agreement what alternative activity is being undertaken. This will provide audit evidence to enable colleges to claim funding for the 16–18 entitlement element.

Q10 Which qualifications will be included as part of the key skills and enrichment element and which qualifications will count towards the main programme?

The Council intends to publish a list of qualifications which are considered to be equivalent to the QCA key skills qualification on its website (www.fefc.ac.uk) in January 2000.

Q11 Do all three components of the key skills qualification, that is, application of number, communication and information technology, have to be taken for a student to be eligible for the funding for the key skills, enrichment and tutorial element?

Yes.

Q12 Does the level of the key skills qualification components affect the eligibility for the funding for the key skills, enrichment and tutorial element?

No.

Funding: Tariff-related Issues

Q13 Why change from 16–19 to 16–18? Does this make any difference in practice?

It is standard practice in publications of the Council, DfEE and other statistical publications to group students according to their age at the beginning of the teaching year. The group of students covered by curriculum 2000 is those students aged 16, 17 or 18 at the start of the teaching year in which they begin

their programme of study. The normal definition of 'aged 18' applies: that is under-19 on 31 August in the calendar year when the student begins a programme of study. This group, under the standard practice, is the 16–18 group. Continued use of 16–19 would cause confusion.

The change from 16–19 to 16–18 does not represent a change in the way curriculum 2000 will apply. In particular, a student who becomes 19 shortly after starting a full-time programme will continue to be eligible for the entitlement throughout that programme of study.

Q14 What is the taper and how will it affect the funding of a full-time 16–18 year-old student's programme?

The taper is a mechanism for limiting the funding units that are generated by a student once their programme goes above a threshold. The effect is to reduce the marginal rate at which units are generated above this threshold. The present methodology has an absolute unit limit of 114.2 basic units a year (loadband 6 plus loadband 4). In addition, the fourth and subsequent GCE A levels are funded at around only one-third of the rate of the first three. This marginal funding starts at 84 basic units a year (168 over two years).

The taper moves away from these step changes, so avoiding anomalies. For the huge majority of full-time students, the taper will have no effect, given the decisions to raise the taper threshold to the equivalent of 30 curriculum units over two years. It is proposed that the taper will be calculated on a period basis. The per period threshold is 40 basic units in the main programme, equivalent to 5 AS levels. This equates to 240 basic units over two years assuming that the units are generated at a rate of 40 per period. If fewer than 40 units were generated in some periods and more than 40 in others, the taper would apply to the periods with more than 40 basic units.

Q15 How will programmes of mixed levels and types be funded, for example, an advanced level qualification with GCSE mathematics?

The new funding method will apply to all full-time 16–18 year olds who start their programme of study in 2000-01. To be eligible for funding for the key skills, tutorial and enrichment element all three of the criteria listed below have to be met:

- the student is aged 16, 17 or 18 at the start of the teaching year in which they started their programme of study. The normal definition of age applies
- the student is studying a minimum main programme of 16 basic units a period, equivalent to 48 basic units a year
- the student is either studying the QCA key skills qualification or the student has learning difficulties or disabilities which make this qualification inappropriate.

Q16 How will fee remission and achievement units be dealt with?

The treatment of achievement units will be unchanged, except that achievement units will be claimed when the qualification is achieved, rather than the end of the programme. The treatment of fee remission units will be changed in two ways. First, the cap of 33.3 fee remission units in a year will be removed. Second, the calculation will be altered so that the cost-weighting factor will apply to all basic units, including those provided to compensate the college where it is not allowed to charge a fee. This will benefit higher-cost provision. Where a student is not eligible for automatic fee remission then a number of basic units will be deducted. The deduction of basic on-programme units (basic units) only, equates to the current practice of adding basic units where a student is eligible for automatic fee remission.

For more details see the forthcoming circular on the review of the tariff (due out in January 2000).

Q17 How will the funding model take into account the varying times taken for achievement by different students?

As with the current funding arrangements, where the funding for a student's programme is based on individual listing, the same tariff value applies whatever the length of a programme. The distinction between daytime and evening only GCE A levels will continue to maintain comparability with current practice and to reflect the reduced glh for evening only provision. For loadbanded qualifications, as now, the amount of funding will depend upon the guided learning hours delivered.

Q18 When will institutions need to claim achievement units? For example, for a student doing a programme of five AS levels and two A2 levels?

Institutions will be able to claim achievement units once a qualification is achieved. Subsidiarity will continue to apply, to where a student achieves an AS level as part of a GCE A level then only the GCE A level achievement units are available. An A2 would be regarded as a qualification aim and attract the same number of achievement units as an AS.

Q19 What are the funding implications for students who complete their programmes earlier than expected or take longer?

Where a student completes a programme of study at least one full period earlier than planned, the balance of funding units outstanding at the time the programme is completed will be allocated in the final period.

The examples given below are for a student undertaking a programme that generates 42 basic units and the expected length of the programme is six periods.

Example 1: student completes the programme in six periods, then the allocation to the institution will be seven basic units per period, 42 basic units in total.

Example 2: student completes the programme in five periods, then the funding programme will allocate 14 basic units in the fifth period. This together with seven basic units for each of the four previous periods equals a total allocation of 42 basic units.

Example 3: student takes seven or more periods to complete the programme, then the funding unit allocation will be seven basic units for each of the first six periods and thereafter no basic units will be allocated. Again, the programme will generate 42 basic units.

Q20 Will students following an AS and A2 course (in separate classes) be eligible to claim entry units for both courses?

No. Under option 1 (see paragraph 23 of this circular) entry units would be claimed in the current way. Further entry units could only be claimed if there is a break in the student's programme of at least two periods.

Q21 Will students following adult basic education or English for speakers of other languages (ESOL) programmes be eligible for a different rate of entry units (in some cases) as at present?

Under option 1 (see paragraph 23 of this circular) the same enhanced number of entry units for basic skills and ESOL programmes can be claimed. Under option 2 (see paragraph 24) the majority of basic skills and ESOL would continue to attract at least the same number of entry units. Modelling will be undertaken to ensure that funding for such programmes is not reduced.

Q22 Why has the Council decided to 'devalue' GCE A levels?

The presumption that GCE A levels are being devalued is false. When the tariff was set, the median glh for GCE A levels was around 180 a year, equivalent to between five and six hours a week. This gave an annual rate of 540 glh for a 'full-time' programme of three GCE A levels. The glh for vocational programmes were around 750 glh and the 84 basic units for a one-year full-time programme were equated to these 750 glh. On that basis, individual GCE A levels would have been funded at around 40 basic units.

The Council recognised that traditional GCE A level programmes for full-time students contained other elements and so set the tariff at 56 units for each GCE A level, to maintain parity with other full-time programmes.

Current data shows that the median taught hours for a GCE A level are now around 150 a year, with the median glh for a full-time programme at 660. The data suggest that GCE A levels should be given a tariff value of 40 basic units. The Council's decision to use a tariff value of 48 basic units, with the entitlement units added separately is designed to maintain the current position.

Q23 Will the current tariff value for the provision of religious education in the former voluntary-aided Roman Catholic sixth form colleges be additional to the funding units for the key skills, enrichment and tutorial element?

Yes. These programmes will continue to receive 3.8 basic units as set out in paragraphs 70–74 of Circular 97/38 *Funding Methodology: Convergence*

of average levels of funding, Review of the tariff for 1998-99 and paragraph 7 of Funding Guidance 1998-99.

Q24 Would the new funding arrangements for full-time 16–18 year olds apply to higher education (HE) institutions where they have merged with an FE institution?

Yes, in principle. Revised arrangements are being negotiated with the Higher Education Funding Council for England (HEFCE) to monitor this provision. The arrangements also apply to 16–18 year olds funded by the Council in other HE institutions.

Q25 How many basic units will be generated for the key skills, tutorial and enrichment element for students taking a one-year GCE A level as part of a full-time programme of study?

Full-time students will attract eight basic units per period, equivalent to 24 a year for the key skills, tutorial and enrichment element.

Q26 Will colleges be able to offer up to six additional GNVQ units and how will these additional GNVQ units be funded?

Colleges cannot claim for more than three discrete additional GNVQ units at present. Under the funding arrangements for curriculum 2000, colleges will be able to claim for GNVQ single awards which comprise specific groups of six units.

Q27 How will the international baccalaureate be funded?

The international baccalaureate is currently funded as a loadbanded qualification aim. Institutions will continue to claim funding for the international baccalaureate in this way from 2000-01.

Q27 If colleges are getting more funding overall for each student how will this be reflected in their funding allocation? Will it be capped or will the funding allocation rise pro rata?

Colleges will have the opportunity to request additional funding units, depending upon their individual curriculum 2000 plans. The adjustment to units will result in a higher cash allocation, using the appropriate average level of funding, which will be between £17.00 and £17.20 for most colleges.

Q28 What would the funding be for individually listed qualifications under curriculum 2000?

Please see table 1. This does not reflect the proposed adjustment to the calculation of fee remission, which would result in all the figures increasing, but the relativities staying the same.

Table 1. Funding for individually listed qualifications under curriculum 2000

<i>Qualification aim</i>	<i>Basic units</i>	
	<i>1999-2000</i>	<i>2000-01</i>
BTEC National Diploma	168.0	144.0
BTEC National Certificate	65.5	65.5
BTEC First Diploma	84.0	72.0
BTEC First Certificate	35.3	35.3
BTEC Professional Development qualifications (for each unit)	10.0	10.0
GNVQ 1: Foundation	84	72.0
GNVQ 2: Intermediate	84	72.0
GNVQ 3: Advanced	168	144.0
GNVQ 2: Single award	–	72.0
GNVQ: for each additional NVQ or GNVQ unit	3.8	3.8
GCE A level studied during the day	56 or 18.4	48.0
GCE A level studied in the evening	18.4	24.0
GCE AS level or A2 studied during the day	28 or 10	24.0
GCE AS level or A2 studied in the evening	10	12.0
GCSE studied during the day	16.8	16.8
GCSE – studied in the evening	10	10.0
Short-course GCSE – studied during the day	8.4	8.4
Short-course GCSE – studied in the evening	5.0	5.0
Access to Higher Education 2(c) studied as a full-time qualification	84.0	84.0

Inspection

Q29 How will the element of key skills, tutorial and enrichment be inspected?

Funding claims will be based on ISR returns as at present, making clear each student's 'package' of qualification aims. In addition to the qualification aims, there will be a claim for eight units for additional elements of the programme, provided the QCA key skills qualification is included (see paragraphs 9 and 13). These claims will be subject to audit as at present. Information about participation, retention and achievements in the various components of the programme will need to be available in order to support quality assessments, as well as to justify funding claims.

In the first year of the programme, the Council expects college inspectors to comment on the appropriateness of the curriculum arrangements made by each college, as well as on the use which is made of the allocation from the standards fund for staff development. It will therefore be necessary for colleges to prepare a statement of their curriculum policy and practice, and to share this with their college inspectors. The changes to the curriculum offer, and the way in which they work in practice, may be subject to inspection by the Council, either during college inspector visits, during college inspections, or at other times, as part of the Council's monitoring role. College inspectors are being provided with guidance about their monitoring role, which they will share with colleges. After the first year, and subject to legislative change, monitoring arrangements will be determined by the Learning and Skills Council.

Consultation

(Reference Circular 99/54)

Please photocopy, complete and return this form to Claire Egan at the Council's Coventry office by 28 February 2000.

**THE
FURTHER
EDUCATION
FUNDING
COUNCIL**

Institution name

Institution type (*please tick one*):

- GFE college
- tertiary college
- sixth form college
- higher education institution
- local education authority
- other (*please specify*)

Cheylesmore House
Quinton Road
Coventry CV1 2WT

Telephone 01203 863000
Fax 01203 863100

Contact name (*please print*)

Signature of principal/head of institution

Telephone no.

Fax no.

Email address (*if appropriate*)

<i>Proposals</i>	<i>(please tick)</i>		<i>Comment</i>
	<i>Support</i>	<i>Do not support</i>	

Entry and guidance units

entry units will be calculated using the current tariff, but with a revised definition of a programme of study (paragraph 23)

programmes attracting 3.8 or more basic units will attract 4 units in the first period and 2 additional units for each subsequent period (paragraphs 24–26)

