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Post-16 planning and funding review: final report



Post-16 planning and funding review: final report

Audience	Maintained secondary schools, further education institutions, local authorities (LAs), ColegauCymru, Estyn, higher education institutions, Higher Education Funding Council for Wales, trades unions, professional associations, Welsh Local Government Association, Association of Directors of Education in Wales, Quality Assurance Agency for Higher Education Wales, Equality and Human Rights Commission, Welsh for Adults Centres, Welsh Language Commissioner, Faith Communities Fora, adult community learning providers, National Institute of Adult Continuing Education, National Training Federation for Wales, work-based learning providers, Sector Skills Councils, 14–19 Networks, regional consortia and other interested parties.
Overview	This final report outlines the findings of the second phase of the post-16 planning and funding review.
Action required	The audience and anyone with an interest in this review are asked to note the findings of this final report.
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Additional copies	This document can be accessed from the Post-16 Planning and Funding Review section on the Welsh Government's website. www.wales.gov.uk/topics/educationandskills/learningproviders/p16planningandfunding/planningandfundingreview/?lang=en
Related documents	<i>Review of Qualifications for 14 to 19-year-olds in Wales (2012)</i> www.wales.gov.uk/topics/educationandskills/qualificationsinwales/revofqualen/?lang=en

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Executive summary

Background

Following the setting aside of the National Planning and Funding System (NPFS) and subsequent desire to utilise funding to better equip young people to progress into higher education or work, the purpose of this report is to outline how the new post-16 planning and funding system will operate and achieve the Welsh Government's objectives from 2014.

The Welsh Government and the post-16 network of providers must ensure that public investment in post-16 education maximises the life chances of all learners going through that system. Throughout the post-16 planning and funding review the theme of stability and simplicity has dominated. The review also recognises the need to ensure the funding available post-16 is spent in the most effective and efficient way and provides the best opportunities for learners.

In February 2013, the Welsh Government published an interim report¹ on the post-16 planning and funding review. This report provided a mandate to take forward the proposed new post-16 planning and funding system. The vision was a system that would:

- reduce bureaucracy by planning and funding at programme rather than qualification level
- through improved planning, put more emphasis on the purpose and quality of the learning offer, and the outcome of that offer for individual learners
- provide clear information so that learners can better understand where their learning could take them
- use the information obtained through monitoring to amend and improve the learning programmes offered
- provide a central information platform to inform other post-16 policies
- provide funding stability to allow more time to focus on learners
- support the delivery of programmes of learning that better equip learners for the world of work.

What has the review concluded?

Since the interim report was produced, Welsh Government officials have tested the concept outlined above and concluded that the new system will focus on planning and monitoring rather than be driven by funding. Programmes rather than qualifications will be at the core of the new system. The focus will be on the programme or package of learning studied rather than individual qualifications. Each programme will have a defined purpose and outcome, against which it will be monitored.

¹ www.wales.gov.uk/topics/educationandskills/publications/reports/post-16-interim-report/?lang=en

The system will:

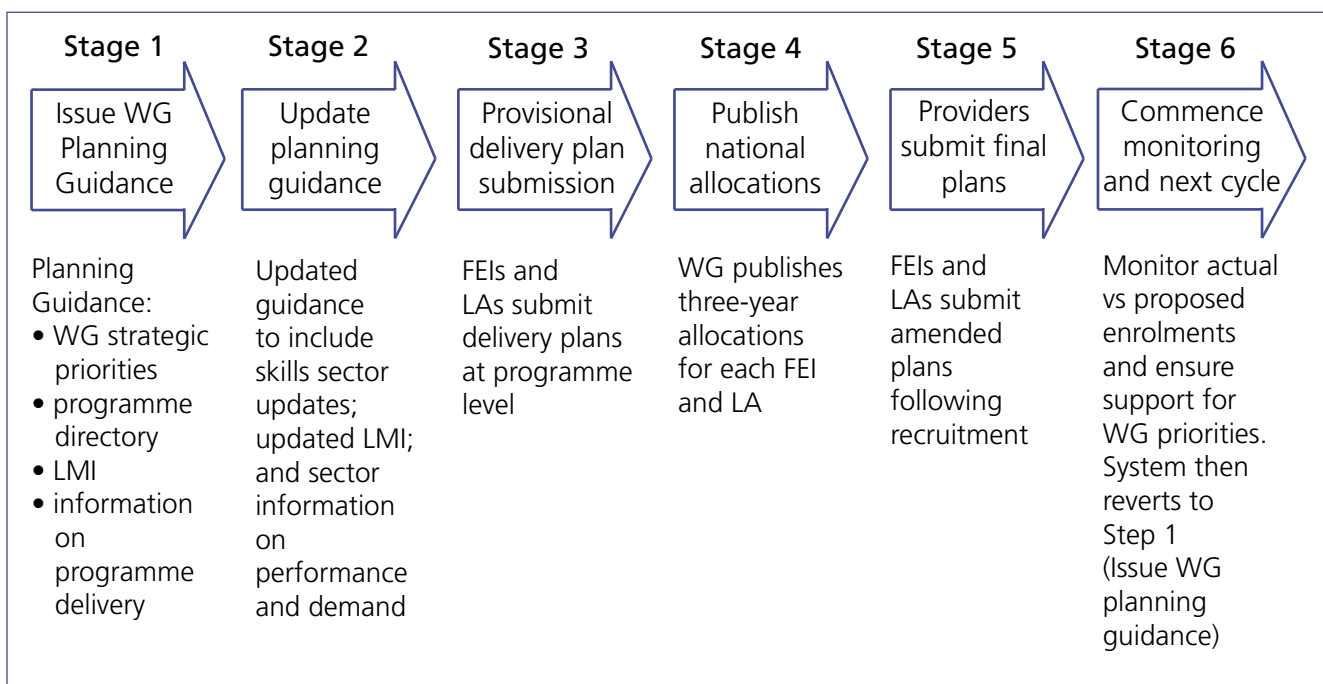
- maintain three-year funding allocations to provide stability and aid planning
- maintain uplift funding for deprivation, rurality, and Welsh-medium provision. This will be a ring-fenced quantum within the overall grant allocation
- standardise the approach to planning and monitoring between local authorities (LAs) and further education institutions (FEIs)
- monitor the outcomes of the learning offer so that learners better understand where that learning could take them.

How will the new system operate?

The new system starts with issuing planning guidance. The information in the guidance will inform the development of provisional plans that better suit learner and employer needs. The provisional plans will inform the Minister’s decision when allocating available budget. The next step is to publish the allocations to providers. Providers will then update and finalise provisional delivery plans, taking into account any feedback from the Department for Education and Skills (DfES). Once delivery has started, providers will be monitored against the final submitted plan, focusing on the learning outcomes in terms of progression to a job, further or higher learning.

Figure 1 below shows the key stages of the new system.

Figure 1: Schematic of new planning and funding system



How has the report been structured?

The report has been structured to reflect the key stages of the new system.

Section 1 – Introduction and background: describes the rationale behind the new approach and the tools required to deliver the new system.

Section 2 – System overview: provides a brief description of how the system operates.

Section 3 – The commissioning phase: describes the process followed from issuing the initial guidance to the submission of provisional plans.

Section 4 – The allocations process: summarises the allocations process.

Section 5 – Submission of final plans and monitoring: explains how the Welsh Government intends to monitor against final submitted plans to make better use of information to drive the quality of the learning offer.

Section 6 – Co-investment: talks about the balance between public and private investment and what needs to happen next.

Section 7 – Next steps: highlights key dates to ensure successful delivery of the new system.

How have the objectives for the review been met?

The interim report set out the objectives for the review. The following highlights how these objectives have been met.

Improve the efficiency, effectiveness and transparency of the post-16 planning and funding system to focus on better outcomes and progression for learners

Through putting more emphasis on planning and monitoring, providers will be monitored and measured, not just against the delivery of programmes, but also against what progression is achieved by learners. Programmes will need to provide a clear identified learning pathway to employment or to further/higher learning in order to aid learners to make the right choices and ensure public funding is spent more efficiently and effectively.

Programme content will be closely monitored to ensure that the content is what employers and learners need to progress to the next stage. Over time, this should improve the learning offer and learner choice.

Standardise the planning of provision across the school and college sectors to improve information to make better informed decisions

The Welsh Government has consulted with the post-16 network in Wales, and has had a positive response to both addressing the standardisation of planning of provision and to improving information to enable learners to make better informed decisions. The Welsh Government is also working closely with colleges taking forward the recommendations

of the Review of Qualifications 14–19² in order to standardise the approach to develop a common set of outcome indicators across sectors.

Encourage an appropriate balance between public and private sector funding of post-19 provision

Addressing the need to encourage an appropriate balance between public and private sector funding of post-19 provision has been the most challenging of the objectives. The Welsh Government will need to take a measured approach towards the introduction of a co-investment policy. In order to move the policy forward it is imperative to consider the balance between public and private investment further, as part of a wider skills strategy, looking in particular at:

- the demand for upskilling/reskilling
- ways to change the culture of dependency
- monitoring the efficacy of further education (FE) loans in England and future development in higher education student support.

Next steps

The new planning and funding system will be in place for the 2014/15 academic year. The new system will be phased in and the objectives will be realised over time. Moving from an input-driven system based on historical data to one that is driven by outcomes will take time; planning of provision will ultimately be driven by evidence of outcomes. The system will be live from autumn 2013, with the 'planning approach' being tested with selected providers from May 2013 in preparation for 2014/15.

Now a design has been agreed, the review will shift towards overseeing the implementation to achieve the successful delivery of the first published allocation in January 2014. Key dates to be observed during implementation are as follows.

- Test planning approach with selected providers from May 2013.
- Hold information sessions in June 2013.
- Publish new post-16 planning and funding guidance in September 2013.
- Model allocations and potential transitional arrangements September–November 2013.
- Publish allocations under the new system in January 2014.

² *Review of Qualifications for 14 to 19-year-olds in Wales: Final report and recommendations – November 2012 (2012)*

1. Introduction and background

Background

1. This final report concludes the second phase of the post-16 planning and funding review which has focused on designing the operation of the new system. The new system will be used by LAs for their school sixth form and adult community learning provision, further education institutions (including further education in higher education), and may be applied to Welsh for Adult provision (WfA)³.
2. It is proposed to introduce the new planning and funding system in the 2014/15 academic year. The system will inform the 2014/15 allocations process and, therefore, will be live from autumn 2013.

The approach

3. The review has been organised into three phases as follows.
 - Phase 1 – Developing the concept and the publication of the interim report February 2012.
 - Phase 2 – Designing the new system and publication of the final report.
 - Phase 3 – Overseeing the implementation of the new system.
4. Building on the lessons learned from the consultation process which established the National Planning and Funding System (NPFS), and taking into account the technical nature of this subject and the large amounts of data required to inform decisions, it was decided not to conduct this review via a formal consultation. Instead, the Welsh Government has conducted an iterative process and consulted throughout the review.

The story so far

Why review?

5. What the Welsh Government seeks from a revised system is one that promotes and supports improved outcomes for learners. As a competitive funding system the NPFS was designed to place emphasis on the volume of learning being delivered. Providers were rewarded for qualification attainment alone; little consideration was given to distance travelled by the learner or indeed the impact of that learning.
6. Annual budget settlements also made it difficult to operate the NPFS system. As a demand-led model it could mean large year-on-year fluctuations in funding, which were difficult for the provider network to manage.
7. Planning is also weak under the current system. Planning with FEIs at qualification level developed into a burdensome paper exercise and there is no planning system in place with LAs. The data is collected at qualification level and does not provide information on the effect of the learning, only on how many qualifications are delivered.

³ A review on the provision of Welsh for Adults is currently underway and is due to report in July 2013. The application of the new planning and funding system to the Welsh for Adults sector is dependent on the outcomes of this review.

The vision

8. The vision of the review was to create a new system that was about investing in learner journeys to improve learners' life chances as they prepare for employment or further learning. The new system would support learning journeys that are simpler to understand in terms of outcomes and content, and from an employer perspective the new system would support learning journeys that give learners the right skills and qualifications employers require.

Review objectives

9. In order to deliver the vision, the objectives were to design a new planning and funding system that would:

- improve the efficiency, effectiveness and transparency of the post-16 planning and funding system to focus on better outcomes and progression for learners
- standardise the planning of provision across the school and college sectors to improve information to make better informed decisions
- encourage an appropriate balance between public and private sector funding of post-19 provision.

Principles underpinning the new system

10. It was agreed at the beginning of the review that the new system must be built upon sound and stable governing principles which will allow flexible responses to changing priorities, without fundamentally undermining the funding system itself.

11. It was agreed that the new system would be underpinned by the following funding principles.

- **Simple:** that is open, understandable and predictable, so that post-16 providers can make reasonable assumptions on future funding for planning purposes.
- **Purposeful/expedient:** that allocated funding reflects as far as is reasonably possible the costs of learning delivery to support efficient and effective delivery, and focuses on outcomes rather than outputs.
- **Inclusive:** that funding rates should be developed on an equitable, objective basis and promote inclusion and widening participation, and not create barriers to particular types of provision or delivery models.
- **Sustainable:** that it can adapt to a changing policy environment.
- **Maximises use of public funding:** that it encourages the efficient use of resources, recognising core costs but avoiding disproportionate expenditure.

12. Also, the following planning principles.

- To provide high-quality educational experiences and outcomes for all learners.
- To ensure equality, accessibility, and diversity.
- To optimise the use of resources, through models of collaboration and sharing, to reduce duplication of provision.
- To ensure operational cost-effectiveness and efficiency.

- To ensure the provision offer is affordable and sustainable in the long term.
- To promote the delivery and development of Welsh-medium provision.

13. The new system is designed with these principles in mind, with the emphasis on simplicity.

Interim report

14. The interim report published in February 2013 explained the thinking behind the new concept. It described a system that would be driven by outcomes not outputs. It described the benefits of moving to an outcomes-driven system, which included:

- improving the Welsh Government's understanding of what it gets for its investment
- holding providers to account for what is offered as well as the outcome of that offer in terms of progression to further/higher learning or a job
- improving information available to learners on the value of the learning they are undertaking and where that learning could take them.

15. It described a system that moved away from a competitive model that facilitated the micro-managing provision at qualification level, to one that moves to planning and funding at a programme level.

Designing the new system

16. In order to understand the operation of the new system as detailed in this report it is important to understand what is meant by a programme and how the Welsh Government defines outcomes. The following paragraphs define programmes and outcomes and explain how they will drive the operation of the new system.

Defining programmes

17. Programme-based learning is not a new concept. Apprenticeship learning has for years successfully delivered well-designed, developed, and approved programmes of learning. Programme-based funding, rather than funding qualifications directly, could influence the offer and choices made by individuals and make links between funding, outcomes and destinations easier to determine. A programme of learning provides a cohesive package of learning designed around clear progression.

18. The notion of planning and funding at a programme level is consistent with the recommendations of the recently published Review of Qualifications 14–19 which recommended universal adoption of the Welsh Baccalaureate – the new post-16 planning and funding system will support the delivery of the Welsh Baccalaureate.

19. In practice, there may be different curriculum planning mechanisms for different programmes but, in line with the Review of Qualifications 14–19, it is important not to create a distinction between types of Baccalaureate.

20. Taking this on board the planning and funding project team has been working with the sector, the Qualifications Division within DfES and Sector Skills Councils to look at vocational

programme content. Rather than some learners studying a variable collection of vocational qualifications, a programme approach means that learners will follow a common and coherent set of qualifications and learning designed to support the purpose and outcomes of the programme.

21. In consultation with LAs, the post-16 planning and funding review has identified common programmes of delivery within school sixth forms. Most programmes delivered in schools consist of A levels and AS levels along with the Welsh Baccalaureate core. Hybrid programmes are also delivered which consist of a combination of A levels and BTEC courses. The advice from LAs is that where BTECs are delivered, they can be counted as A levels in terms of the cost of delivery.

Eligible programmes

22. Only eligible programmes will be funded under the new system. Work has been undertaken with both colleges and LAs to identify and develop a suite of eligible programmes. A table of eligible programmes (see Annex A, page 24) has, therefore, been created to help providers identify what can be delivered and only programmes listed in the table will be eligible for funding. The list will be regularly updated to allow for new and revised programmes to be added, or for outdated programmes to be removed.

23. Once a provider has established that a programme is eligible for funding a directory of programmes will be created to set out the details of each eligible programme and will be further developed over time. The directory will be used to inform all stakeholders of the purpose, content and outcomes of eligible programmes. It is expected that the directory will be available to the network from June 2013.

24. An initial version of the directory has been developed to meet the immediate needs of education providers to map their current patterns of provision to programmes.

25. Providers will be required to complete a delivery model statement as part of their planning process. This consists of three key sections.

- Programme fulfilment – confirmation that the programme will be delivered in line with the information in the programmes directory.
- Resources and capabilities – assurance that adequate physical resources and staff capabilities are in place to deliver the programme effectively.
- Operational delivery plan – this will include information on allocated time for components of programme delivery. This will provide assurance that the attributed funding value adequately reflects delivery costs. Annex B (page 30) contains an outline draft of information to be collected.

Part-time programmes

26. Work is currently taking place to develop the programmes approach for part-time delivery using the principles of purpose and outcomes to describe full-time programmes of learning.

Defining outcomes

27. In consultation, stakeholders have stressed the importance of clearly articulating what is meant by outcomes. As an outcomes-driven model the Welsh Government is no longer satisfied with knowing about attainment and completion alone. The Welsh Government wants to better understand the value of that attainment by evaluating the result of this achievement (i.e. where the learners have progressed to) and compare this recorded outcome with the original intention of the programme/qualification undertaken.

28. The intention is to embed outcomes assessment as part of an enhanced end of course/programme review. The proposal is to develop a vocabulary to describe specific programme outcomes and a methodology for assessment. This will be used to develop benchmarks across LAs and FEIs and inform programme design and delivery reviews. This information, in time, may also be used to inform the allocation of scarce resources.

29. Sections 2 to 5 of the report describe the operation of the new system through the key stages of delivery, and illustrate how programmes and outcomes underpin the new approach.

The wider policy context

30. One of the key tenets of the post-16 planning and funding review is to build a system that is able to support key policy developments. As well as improving post-16 planning and funding arrangements, the proposed system aligns with existing and emerging Welsh Government policies.

31. Furthermore, the new system has been developed to be sufficiently flexible to be able to adapt to any policy developments over a number of years.

32. Common to all current policy developments is the best interests of young people and what education and skills training they need now and in future to make their way in a challenging and competitive environment. They need to be assured that their chosen pathway will stand them in good stead and equip them with the learning they need to progress in life and work.

Review of Qualifications 14–19

33. The post-16 planning and funding review is closely aligned to the Review of Qualifications 14–19. The Review of Qualifications 14–19 supports the notion that the Welsh Government must improve the evidence base in relation to qualifications, with more emphasis on outcomes, such as progression to further learning or to employment.

34. The Deputy Minister for Skills broadly accepted the recommendations of the Review of Qualifications 14–19, including the recommendation that the Welsh Government should encourage the universal adoption of the Welsh Baccalaureate as the basis of its emerging programme approach. Using the Welsh Baccalaureate as the basis of the emerging programme approach will mean that funding and planning will need to influence and drive change at a local, regional and national level based on information on the completion, attainment and outcome of that delivery.

35. The post-16 planning and funding review concludes that the new system must support the delivery of the new Welsh Baccalaureate with programmes at the heart of the planning and funding of full-time provision in future. Each programme will have a defined purpose and outcome against which it will be monitored.

Youth engagement

36. The post-16 planning and funding review has also considered the emerging youth engagement framework. The Welsh Government is committed to increasing the engagement and progression of all young people from birth to the age of 24 and beyond. The numbers of young people who are failing to sustain engagement and progression in education, employment or training have remained stubbornly high and remain a key policy challenge in Wales.

37. The new framework is built around the needs of young people, where better availability of information will enable them to make more informed choices around education and training opportunities, and where the accountability of different agencies for delivering better outcomes is strengthened. It is intended that the post-16 planning and funding system will promote and support improved outcomes for learners.

Careers Wales

38. The post-16 planning and funding review has recognised the need to improve the quality of information available to young people so that they can make informed decisions about their progression choices.

39. It has therefore been important to be aligned to current policy developments. For example during 2013, Careers Wales will be bringing online a new Common Area Prospectus and Electronic Application Process available to LAs and providers across Wales. Integrating these services as part of the 'CareersWales.com' offer creates a powerful tool combining benefits both for young people, as they seek to plan and make course choices, and also for providers who will be able to use the information gathered to better analyse the match between learner aspirations and course availability.

2. System overview

40. The theme throughout the review is about establishing a systems approach to the planning and funding system. The Welsh Government is establishing a 'systemic approach' to planning and funding, which brings together the various components of the new system as well as sitting it alongside the quality framework, curriculum development and student tracking.

41. The new system will seek to measure outcomes (completion, attainment and progression) and use this qualitative information to influence curriculum decisions as well as vocational programme design.

How will the new system be simpler?

42. The new system will move to planning, funding, reporting and monitoring on a programme basis and will no longer be driven by each individual learning aim within a student's programme separately. Each stage of the new system has been simplified through using programmes as the foundation. This will remove complexity and:

- encourage a change in focus by providers from qualifications to a programme offer centred around learner and employer needs
- encourage sharper focus on outcomes and progression
- provide a more complete picture of the contribution education and training makes to the progress of students
- standardise provision planning across a range of providers
- collect and present information in an understandable way so that providers of education and learners can make informed decisions
- make it easier to understand how funding is derived and deployed
- make better use of information in the system to influence planning
- drive the curriculum offer to better fit with Government steers and employer demand
- assist learners to make better-informed choices.

3. The commissioning phase

This section sets out Stages 1 to 3 of the process behind the development of the initial and updated planning guidance and how this information is used to inform the provisional provider plans.

Current approach to planning

43. Planning is currently conducted as a paper-based exercise with FEIs and with LAs for adult community learning. Providers were asked to fill in detailed Provision Development Plans (PDPs) at qualification level to evidence spend. There was no real understanding as to how delivery matched employer demand or where learners progressed. The more qualifications delivered, the more funding was received. Planning was therefore driven by volume of learning rather than quality and outcomes.

The challenges of effective planning

44. Planning effectively is a key challenge for this review. As an output-driven model the NPFS did not answer the question 'why' we invest in learning and what we get in return for that investment. The new system reflects the recognition of the importance of effective planning to drive delivery.

45. While the Welsh Government is currently data rich, it is information poor, as the vast volumes of data do not provide a clear picture of what is delivered and what skills sectors we invest in post-16 in Wales. The granular level of data collation in the current system means that it is very difficult to use the vast amounts of information in a meaningful way to inform provider planning. Collating and collecting information at a programme level will make data easier to interpret and more useable.

46. A key finding early on in the review was that each provider had an established planning mechanism. The review was, therefore, looking to build on providers' own systems rather than build yet another mechanism alongside them.

Taking planning forward

47. A key objective of the review is to standardise the planning approach between LAs and FEIs. However, it is acknowledged that these two sectors are different and the approach may need to vary slightly. Common performance indicators will also need to be developed in order to ensure outcomes are measured using the same criteria so that learners can better understand the added value and quality of the learning they choose. This is reflected in recommendation 41 of the Review of Qualifications 14–19. Estyn should also, in time, report separately on outcomes in sixth forms and tertiary provision in FEIs, enabling comparisons to be made between the school and FEIs.

48. The approach to planning will be centred on improving the flow of information between DfES, LAs and FEIs, to provide the Welsh Government with a far greater understanding of how the delivery of post-16 education is adding value to Wales.

Moving to an 18-month planning cycle

49. The planning cycle starts 18 months in advance of the delivery year. For 2014/15 this means that initial planning guidance will be issued in May 2013. As far as possible, the planning guidance will promote a consistent generic approach to provider planning. It will however be tailored to reflect the different planning and delivery circumstances of FEIs and LAs.

Stage 1 – Issue initial planning guidance

50. The first stage of the new system is the issuing of initial planning guidance to FEIs and LAs. This initial guidance will include the strategic ministerial priorities (which will replace the current priorities letter issued to the FEIs) and identify current and future skills requirements. As the new system matures, evidence on programme outcomes and quality will also feed the initial guidance.

51. The strategic steers contained within the guidance will reflect policy directives and requirements across DfES. They will provide a context for FEIs, LAs and schools with sixth forms to develop provision, engage with employers and meet community needs.

52. LAs and FEIs will need to set out how they are responding to policy priorities and how they are working with stakeholders to improve the efficiency, effectiveness and responsiveness of provision delivery.

53. For example, the Welsh Government wants to understand how opportunities to enhance and support learner progression is being tackled by both LAs and FEIs; and to show how policy areas are being taken forward (e.g. increasing the amount of Welsh-medium/bilingual learning in support of the Welsh Government's *Welsh-medium Education Strategy*).

54. Raising standards is a central theme to understanding how FEIs and LAs are raising standards across the board and at every level.

55. Importantly, the guidance also provides an opportunity for LAs and/or FEIs to set out the strategic vision for provision development in an area. This will require joint planning between FEIs, with LAs and schools, and with universities, and the formalising of collaborative arrangements where this will benefit learners, subject to the provision of the Education (Wales) Measure 2011 and the Collaboration Between Education Bodies (Wales) Regulations 2012.

56. For vocational programmes this will include a programme delivery report which will be provided for each Sector Subject Area (SSA) level, highlighting patterns of historic, current, and planned delivery against programmes to influence early planning considerations.

Stages 2 and 3 – Update planning guidance submission of provisional plans

57. The next stage will be the issue of updated guidance in September 2013. The initial and updated planning information will be used to inform indicative provider plans which will be submitted to DfES in November 2013 to inform the allocations. The updated planning guidance will contain external analysis from the skills sectors on performance and demand, provide management information captured on the Lifelong Learning Wales Record (LLWR) and Pupil Level Annual School Census (PLASC), Labour Market Information (LMI), and information from both the 14 to 19 learning network and ongoing policy developments.

58. The Review Team is working across DfES with the Employment and Skills Division and the Qualifications and Regulations Division to establish a common and influential mechanism to engage with sector bodies to collate and share skills sector information.

59. A programme delivery report will be made available as an online resource and will link to relevant signposts to join up the key national-level LMI. National-level LMI blended reports are being produced to allow providers to have access to an analysis and illustration of what Wales' labour market looks like. The reports published on the Learning and Skills Observatory website are designed to complement provider knowledge and experience of their own local labour market allowing provision to be aligned with the labour market needs of Wales.

60. DfES would expect that these reports are used to inform and influence LA and FEI planning considerations. The new approach to planning is about influencing and driving change evidenced by performance information and identified demand. The new system will be able to identify how much is invested by skills sectors and how this compares with demand.

61. DfES plans to develop a model for collecting data that, as far as possible, draws from information already collected by providers. It is about using real-time data that is used by providers to plan and fund provision, rather than using historical data collections alone to drive planning.

4. The allocations process

This chapter provides a summary of the allocations process.

Current approach to funding and allocations

62. The current system derives funding allocations by applying a Credit Equivalence Unit (CEU) for a qualification. The number of CEUs would be multiplied by a unit rate to derive the funding value for that qualification. For example, 100 CEUs at £20 a unit would draw down £2,000. The qualification then attracts a subject area weighting to reflect any additional costs of delivery. For example, physics would draw a higher weighting than English because physics requires additional costs to deliver, and engineering would be weighted higher than business administration as engineering is more expensive to teach than business administration.

63. In addition to the funding drawn down by the qualification, an uplift is applied to compensate for additional costs.

64. Currently, uplifts, excluding subject area uplifts, account for approximately 20 per cent of the current allocation to providers. This 20 per cent is made up of funding that recognises educational deprivation, sparsity, Welsh-medium delivery and learner development. The funding allocated by uplifts has a significant impact on the allocations to certain providers. Therefore, in keeping with the review's objectives to introduce a simpler system, we must ensure that the need for additional support in certain areas is not lost.

65. From a Welsh Government perspective there is no system to monitor how well additional funding created through these uplifts meets policy goals. For example, the deprivation uplift could/should have been used to fund additional support, but there is no evidence to confirm that these additional costs have been incurred by providers.

A simplified approach to funding

66. The aim of the new system is to simplify funding by attaching a single funding value to a programme and embedding into that factors for retention and achievement, based on historical patterns of delivery.

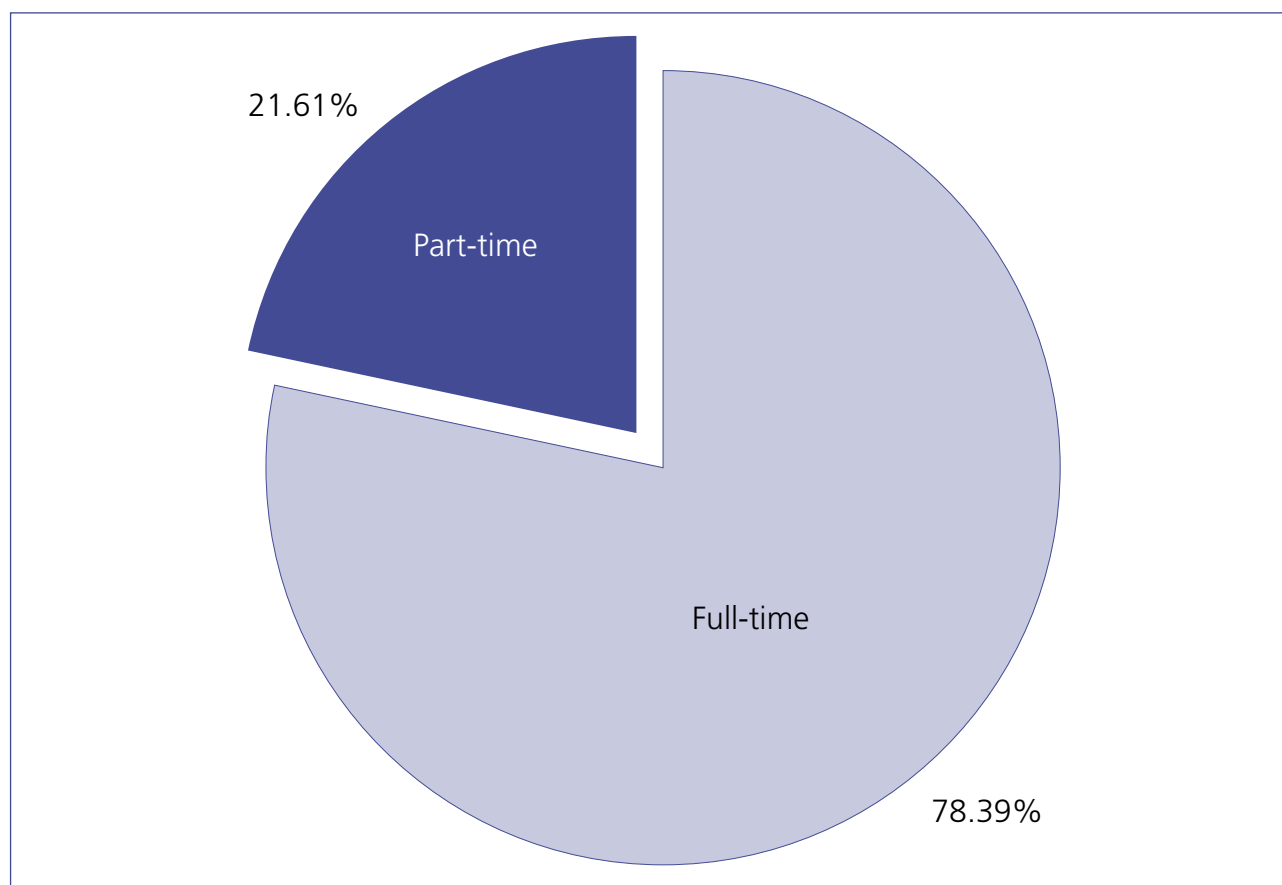
67. It is not anticipated that every learner who starts a programme of learning will continue to the end and successfully complete it. The NPFS moderated funding on an individual learner basis which led to complex monitoring of provision against targets. Instead the programme value will be derived with dropout or early completion in mind. This approach means that a provider always knows what a cohort of learners will draw down regardless of when/if learners drop out or complete early.

68. The programme value has also absorbed the subject area weight uplift into the programme of funding. This uplift recognises cost differentials between subject areas. As programmes are still being designed to reflect different purposes and outcomes of varying subject areas, absorbing the subject area weight into the programme allows for further simplification.

Funding programmes

69. It is intended to publish funding values for all full-time and part-time programmes and these values will be reviewed annually to ensure best use of funds. Around 78 per cent of the current allocation is spent on full-time learning. Most of the part-time provision will lend itself to a part-time programme, and will have a defined purpose and funding value. There is a small percentage of part-time delivery that does not fit with the programme definition. These programmes represent around 3 per cent of the total budget and will provide some flexibility to allow providers to meet local and community needs. Over time this learning may evolve into part-time programmes.

Figure 2: Breakdown of full-time and part-time provision



70. Each full- and part-time programme will be given a funding value that will be used to plan and monitor the use of funds.

71. These funding values will be reviewed and updated to reflect the development of programmes and to support efficient models of delivery.

How is the new approach simpler?

72. A single funding rate for a programme (part-time and full-time) will enable a provider to use the information to check proposed delivery against the available budget.

73. Providers will be given a block allocation for each of the current uplifts that reflect the current level of funding that they attract.

74. During the first few years of introduction, providers will be required to identify and model how the various uplift grants are being used to meet the purpose of the grant.

75. This will also allow time for the collection and analysis of the use of uplift funding, which will develop an evidence base to inform the future level of funding and provide an assessment of whether the additional funding really does add value.

Allocations

76. Since setting the NPFS aside in 2010, allocations have been based on a three-year grant between 2011/12–2013/14. This has been well-received as it has provided stability to aid provision planning. During this consultative process, stakeholders have expressed concern about setting a static budget for three years and asked that the new system reflect substantial demographic and delivery changes within the three-year allocation.

77. The first step of the allocations process is to recalculate the current grant allocations to reflect changes to demographics and 'staying on rates' since the last data set which informed the 2010/11 grant. This exercise will be undertaken in autumn 2013.

78. In response to this allocations under the new system will be issued on a rolling three-year basis, one actual and two indicative. This will avoid large year-on-year fluctuations in funding, which was a recognised weakness of the NPFS. The allocations process will use three-year averages to inform the three-year allocations. These will be updated annually.

79. Transition arrangements will be considered if the rebasing exercise results in large increases or decreases to an FEI or LA. Providers will be notified of proposed transitional arrangements with the three-year allocation.

80. The demographic projections used to inform the allocations will be the latest statistics published on the StatsWales website⁴.

81. Block allocations for uplifts have been modelled and will be published in September 2013, along with the arrangements to collect and collate information on the use of these funds.

⁴ www.statswales.wales.gov.uk/Catalogue

5. Submission of final plans and monitoring

This section looks at Stages 5 and 6 of the process and sets out the importance of reporting and monitoring against planned delivery to improve understanding of what the Welsh Government gets in return for its investment.

Submission of final plans

82. Final plans will consolidate the proposed programme of learning presented in the provisional learning plans.

83. LAs will, in partnership with schools, consider how plans fit with Welsh Government priorities and, where possible, ensure that issues of duplication are addressed. As the system matures, performance information will be available to inform providers which programmes provide successful progression routes for learners and which programmes need to be looked at so that shortcomings can be addressed. The new system is about influencing change through dialogue and improving outcomes, it is not about penalising providers for small pockets of non-delivery.

84. FEIs informed the review that the recruitment process is undertaken between January and April, and this process will inform the final submitted provision plan. As with LAs, FEIs will be asked to consider how the plan reflects strategic priorities, and reflect information on skills demand as well as consider the efficacy of the programme offer in terms of outcomes for learners.

Monitoring

Improving accountability

85. One of the key shifts in thinking, under the proposed new planning and funding system, is to better understand what the Welsh Government gets in return for its investment in post-16 education in Wales. In order to achieve this, the proposal is to make better use of information in the system. Collecting information at programme level should improve the interpretation of data, and make it more understandable so that it is used to influence what is delivered.

86. This process of gathering and sharing information will facilitate an interaction between sector bodies, post-16 providers and the Welsh Government to highlight programmes which are underperforming, and potentially highlight areas where there is labour market shortage/demand. This will provide the Welsh Government with the confidence that public funds are invested wisely and produce the right outcomes for Wales. It can also be used to test whether delivery meets identified labour market needs.

Monitoring final plans against proposed delivery

87. In line with the introduction of a programme-based approach to planning and funding, monitoring and moderation will be done at programme level.

88. Programmes will be monitored to understand how effective the learning offer is against defined purpose and outcomes of the eligible programmes.

89. Monitoring will focus on the following four areas.

- Probity – to provide assurance that programmes are being delivered within reasonable parameters of the activity model used to derive a funding value for the programme.
- Efficiency – to monitor, review and explore the potential for more efficient models of delivery at programme level.
- Consistency – to check that programme delivery requirements are met.
- Effectiveness – to compare institutional and comparative achievements, as well as progression from the programmes.

90. The following monitoring timelines should be observed.

- November – to monitor enrolments against planned provision.
- March – to monitor mid-year progress against planned provision.
- July – year-end monitoring to check:
 - delivery against programme content
 - funding values are correct
 - performance against stated outcomes.

91. Using the information in the system to monitor delivery in this way will improve accountability against delivery, and provide crucial evidence to influence change when required. It will provide the Welsh Government with the information to start understanding what it gets in return for public investment in learning. The new system is not just about 'who' and 'what' we fund, it also answers the question 'why'.

6. Co-investment

92. This review has considered whether there is an appropriate balance between public and private sector funding of post-19 provision. Through consultation there has been support to introduce a co-investment policy in adult skills to act as a lever to private investment.

93. However, the review recognises that demand for upskilling and reskilling has fallen in recent years owing to the economic downturn, and that there is little appetite to introduce co-investment until the economy recovers. Stakeholders also suggested that while free skills provision was available through European funding it would be difficult to address the culture of dependency for training on the public purse.

94. An overview of co-investment policies in other nations has informed discussions and the findings highlight some of the complexities surrounding co-investment. Employers are major investors in adult education in many countries, indeed in most countries employers are the most common funding source for adult education.

95. The Welsh Government will need to take a measured approach towards the introduction of a co-investment policy. In order to move the policy forward the Welsh Government will consider how to approach an introduction of a co-investment policy as part of a wider skills strategy and, in particular, will:

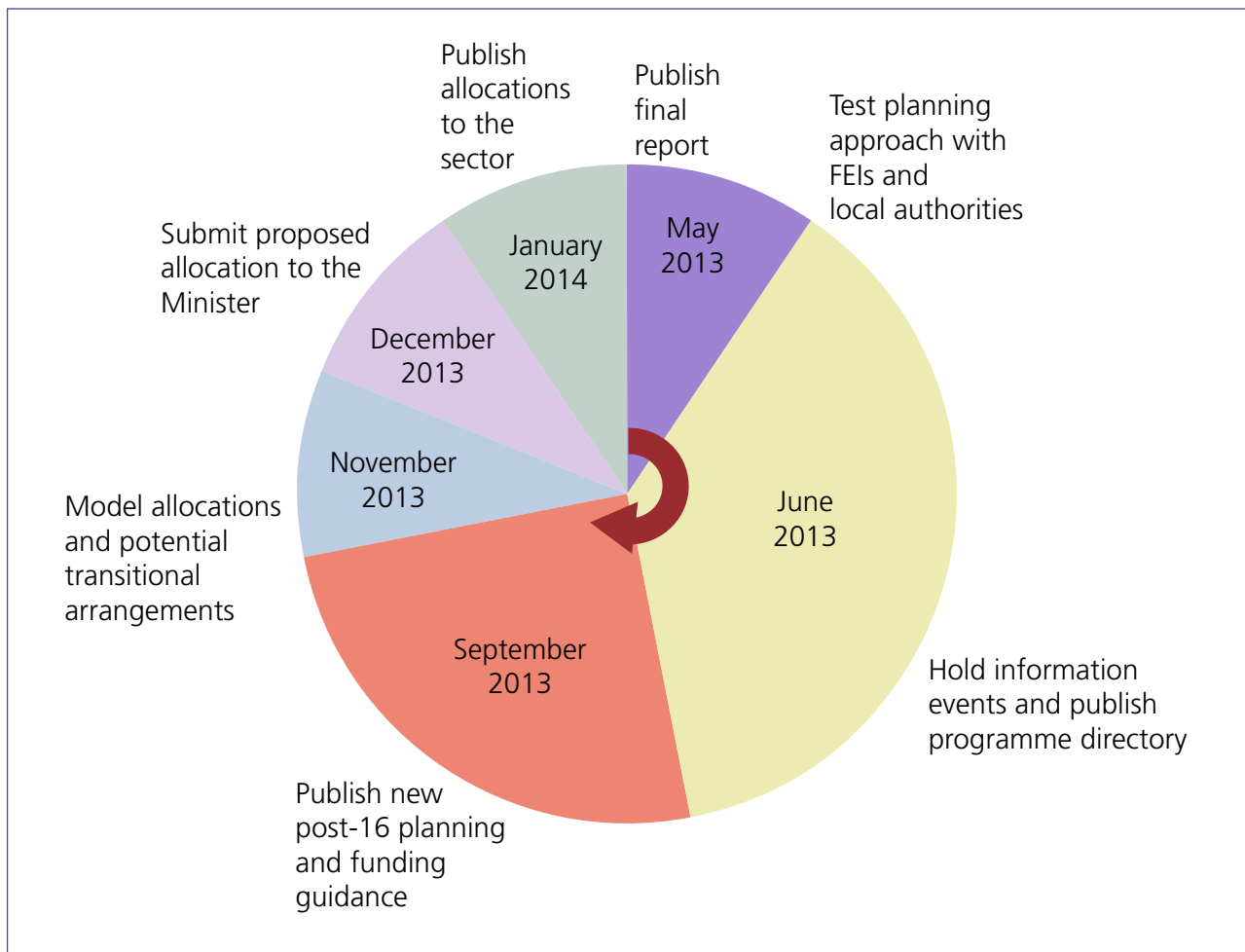
- gather evidence within the system on the efficacy of learning to drive demand for skills training
- look at ways to change the culture of dependency acknowledging the impact of current funding mechanisms which enable the provision of free skills training post-19, such as European Structural Funds
- monitor how effectively the FE loans to be introduced in England for those aged 24 and over drive up demand for learning as well as consider future developments in Higher Education Student Support.

96. It is proposed that a cross-divisional working group should be set up to take this forward.

7. Next steps

97. Phase 3 of the review, the implementation phase, commences in May 2013 and will end in January 2014, with the publication of the allocations under the new post-16 planning and funding system.

Figure 3: Key dates



Guidance

98. The key focus of the implementation phase will be the development of a new online guidance document. The guidance document will articulate how the new system operates, 'who' and 'what' is eligible for funding, and 'how' delivery will be monitored and reported.

Learner eligibility

99. Under sections 31 and 32 of the Learning and Skills Act 2000 (“LSA”), the Welsh Ministers must secure the provision of proper facilities for education and training suitable to the requirements of 16 to 18-year-olds, as well as reasonable facilities for education and training suitable to the requirements of those aged 19 and over. In performing those duties the Welsh Ministers must take account of the education and training required in different sectors of employment for employees. Under section 33 of the LSA the Ministers must:

- encourage individuals to undergo post-16 education and training
- encourage employers to participate in the provision of post-16 education and training
- encourage employers to contribute to the costs of post-16 education and training.

Under sections 34 and 35 of the LSA the Welsh Ministers may provide financial resources to providers of post-16 education or training and may impose conditions on such funding. ‘Post-16 education and training’ includes full-time and part-time education (other than higher education) and vocational training. Section 36 of the LSA provides that the Welsh Ministers may make a grant to a local authority with a view to that grant being used to fund school sixth forms.

100. Currently, eligibility for Welsh Ministers-funded programmes of post-16 education include conditions regarding age and residency. This is unlikely to change for the new system, although it is intended that new guidance will be issued to providers in relation to conditions of residency.

Programme eligibility

101. Programme eligibility will be governed by the Welsh Baccalaureate guidance. Programme content will be regularly reviewed to ensure compliance with stated purpose and outcomes. Eligibility issues will be updated and will be posted to a web resource to ensure that policy updates and changes can be accessed by all users.

Frequently asked questions (FAQs)

102. There will be a section of the guidance dedicated to FAQs to share questions and answers on the operation of the new system with the wider network. These will be updated and added to throughout the year.

When will the guidance be published?

103. The new web-based guidance is scheduled for publication in the autumn 2013, to coincide with the introduction of the new system.

Annex A: Table of eligible programmes

Programme code	Programme title
010300A01B	Health and Social Care Level 1
010300A02B	Health and Social Care Level 2
010300A03B	Health and Social Care Level 3
010300B01B	Complementary Therapies Level 1
010300B02B	Complementary Therapies Level 2
010300B03B	Complementary Therapies Level 3
010300C03B	Pharmaceutical Level 3
010400A01B	Public Services Level 1
010400A02B	Public Services Level 2
010400A03B	Public Services Level 3
010500A01B	Child Development Level 1
010500A02B	Child Development Level 2
010500A03B	Child Development Level 3
010500AE0B	Child Development Entry level
030100A01B	Agriculture Level 1
030100A02B	Agriculture Level 2
030100A03B	Agriculture Level 3
030100AE0B	Agriculture Entry Level
030300A01B	Horse Care Level 1
030300A02B	Horse Care Level 2
030300A03B	Horse Care Level 3
030300B01B	Animal Care Level 1
030300B02B	Animal Care Level 2
030300B03B	Animal Care Level 3
030400A01B	Countryside Management Level 1
030400A02B	Countryside Management Level 2
030400A03B	Countryside Management Level 3
040100A01B	Engineering Level 1
040100A02B	Engineering Level 2
040100A03B	Engineering Level 3

Programme code	Programme title
040100B01B	Performing Engineering Operations Level 1
040100B02B	Performing Engineering Operations Level 2
040100C01B	Fabrication and Welding Level 1
040100C02B	Fabrication and Welding Level 2
040100C03B	Fabrication and Welding Level 3
040100D02B	Aircraft Engineering Level 2
040100D03B	Aircraft Engineering Level 3
040100E02B	Electrical and Electronic Engineering Level 2
040100E03B	Electrical and Electronic Engineering Level 3
040100F02B	Landbased Technology Level 2
040100F03B	Landbased Technology Level 3
040100G02B	Marine Construction Engineering Level 2
040100G03B	Marine Construction Engineering Level 3
040200A01B	Performing Manufacturing Operations Level 1
040200A02B	Performing Manufacturing Operations Level 2
040200A03B	Performing Manufacturing Operations Level 3
040200C02B	Wood Machining Level 2
040200D02B	Automotive Glazing Level 2
040300A01B	Vehicle Maintenance Level 1
040300A02B	Vehicle Maintenance Level 2
040300A03B	Vehicle Maintenance Level 3
040300AE0B	Vehicle Maintenance Entry level
040300B01B	Vehicle Body and Paint Operations Level 1
040300B02B	Vehicle Body and Paint Operations Level 2
040300B03B	Vehicle Body and Paint Operations Level 3
030300BE0B	Vehicle Body and Paint Operations Entry level
050200A01B	Construction Level 1
050200A02B	Construction Level 2
050200A03B	Construction Level 3
050200B01B	Bricklaying Level 1

Programme code	Programme title
050200B02B	Bricklaying Level 2
050200B03B	Bricklaying Level 3
050200C01B	Carpentry Level 1
050200C02B	Carpentry Level 2
050200C03B	Carpentry Level 3
050200D01B	Painting and Decorating Level 1
050200D02B	Painting and Decorating Level 2
050200D03B	Painting and Decorating Level 3
050200E01B	Plastering Level 1
050200E02B	Plastering Level 2
050200E03B	Plastering Level 3
050200F01B	Plumbing Level 1
050200F02B	Plumbing Level 2
050200F03B	Plumbing Level 3
050200G01B	Gas Installation and Maintenance Level 1
050200G02B	Gas Installation and Maintenance Level 2
050200G03B	Gas Installation and Maintenance Level 3
050200H01B	Wall and Floor Tiling Level 1
050200H02B	Wall and Floor Tiling Level 2
050200H03B	Wall and Floor Tiling Level 3
050200I01B	Highway Maintenance Level 1
050200I02B	Highway Maintenance Level 2
050200I03B	Highway Maintenance Level 3
050200J01B	Plant Maintenance Level 1
050200J02B	Plant Maintenance Level 2
050200J03B	Plant Maintenance Level 3
050200K02B	Electrical Installation Level 2
050200K03B	Electrical Installation Level 3
060100A01B	IT Practitioners Level 1
060100A02B	IT Practitioners Level 2

Programme code	Programme title
060100A03B	IT Practitioners Level 3
060200A01B	IT Users Level 1
060200A02B	IT Users Level 2
060200A03B	IT Users Level 3
060200AE0B	IT Users Entry level
070100A01B	Retail Level 1
070100A02B	Retail Level 2
070100A03B	Retail Level 3
070300A01B	Hair and Beauty Level 1
070300AE0B	Hair and Beauty Entry level
070300B01B	Hairdressing and Barbering Level 1
070300B02B	Hairdressing and Barbering Level 2
070300B03B	Hairdressing and Barbering Level 3
070300C01B	Beauty Therapy Level 1
070300C02B	Beauty Therapy Level 2
070300C03B	Beauty Therapy Level 3
070300D02B	Nail Technology Level 2
070300D03B	Nail Technology Level 3
070300E02B	Theatrical Special Effects Level 2
070300E03B	Theatrical Special Effects Level 3
070300F03B	Spa Therapy Level 3
070400A01B	Professional Cookery Level 1
070400A02B	Professional Cookery Level 2
070400A03B	Professional Cookery Level 3
070400AE0B	Catering Entry level
070400B01B	Hospitality Level 1
070400B02B	Hospitality Level 2
070400B03B	Hospitality Level 3
070400BE0B	Hospitality Entry level
080100A01B	Sport and Leisure Level 1

Programme code	Programme title
080100A02B	Sport and Leisure Level 2
080100A03B	Sport and Leisure Level 3
080100AE0B	Sport and Leisure Entry level
080200A01B	Travel and Tourism Level 1
080200A02B	Travel and Tourism Level 2
080200A03B	Travel and Tourism Level 3
090100A01B	Performing Arts Level 1
090100A02B	Performing Arts Level 2
090100A03B	Performing Arts Level 3
090100AE0B	Performing Arts Entry level
090100B03B	Music Level 3
090100C03B	Production Arts Level 3
090200A01B	Art and Design Level 1
090200A02B	Art and Design Level 2
090200A03B	Art and Design Level 3
090200AE0B	Art and Design Entry level
090200B03B	Fine Art Level 3
090200C03B	Graphic Design Level 2
090200D03B	Creative iMedia Level 3
090200E03B	Fashion and Clothing Level 3
090300A01B	Creative Media Level 1
090300A02B	Creative Media Level 2
090300A03B	Creative Media Level 3
150100A02B	Accounting Level 2
150100A03B	Accounting Level 3
150100A04B	Accounting Level 4
150200A01B	Business Administration Level 1
150200A02B	Business Administration Level 2
150200A03B	Business Administration Level 3
150200D02B	Legal Secretaries Level 2

Programme code	Programme title
150200E03B	Medical Secretaries Level 3
150300A01B	Text Processing Level 1
150300A02B	Text Processing Level 2
150300A03B	Text Processing Level 3
150300B02B	Business Level 2
150300B03B	Business Level 3
150500A03B	Law Level 3

Annex B: Monitoring delivery

Programme

Programme		
Code		

Provider contact details

Provider		Date	
Contact		Phone	
Role			
e-mail			

Programme fulfilment

Comments and issues	
<p>Draft guidance: This section to contain questions that confirm that the programme will be delivered in line with the specification in the programmes directory.</p> <p>Include details of specific aspects of programme delivery including qualifications that are to be used and additional activities as specified in programme directory.</p>	
Confirmation that the programme specification is fulfilled	

Resources and capabilities to deliver

To include:

Draft guidance to be developed through discussions with awarding bodies, the sectors and stakeholders and to be part of a Phase 2 developments. Possible areas include:

Evidence of links to employer groups including:

- employer forum
- database of local employers
- other activities
- plans to develop this area.

Human resources

- Percentage of staff with qualification in the sector.
- Percentage of staff with work experience in the sector.
- Plans to develop this area.

Physical resources

- Outline of physical resources to deliver.
- Plans to develop this area.

Operational delivery plan

To include:

Draft guidance

Arrangements for delivery

- Total guided contact hours.
- Hours allocated for main qualification.
- Workshop hours.
- Hours allocated to other qualifications.
- Hours allocated to other activities.

Outline of other activities