



Monthly Learner Cap Calculation Steps for 2014 to 2015

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Background and introduction

- 1 The intention is to discourage instances of providers actively offering accelerated learning of large or multiple learning aims over shortened timescales. This is both undesirable in terms of value for money and in some cases puts at risk the quality of outcomes for learners.
- 2 The limit of the funding cap per learner is £1,000 per month. This document details how the monthly limit will be calculated.

The scope of the calculation

- 3 The calculation is based on learning aims recorded on the Individualised Learner Record (ILR) with a Funding Model value of 35 (Adult Skills Budget funding).
- 4 All apprenticeship learning aims are excluded from the calculation.
- 5 The calculation is not applied to achievement funding (including job outcome payments). On successful achievement of the learning aim the value of the achievement funding would not be affected by the monthly cap, although the annual cap might still apply.
- 6 The calculation excludes learning support.
- 7 The calculation uses un-weighted values. Therefore programme weightings, area and disadvantaged uplifts and large employer discounts are excluded from the calculation of the monthly cap. This is consistent with the annual cap and ensures providers or learners are impacted proportionately regardless of uplifts and weightings.
- 8 The monthly cap factor is applied to on-programme payments. On-programme payments are the amount of funding equally split over the planned period of learning (or the last actual period if this is earlier than the planned length), with a double payment in the first month and it excludes any balancing payments and the 20% achievement element.
- 9 Where a co-funded aim is being delivered the monthly cap factor is based on the fully funded un-weighted rate.

- 10 All learning aim starts with a start date before 01 August 2014 are excluded from the calculation.
- 11 The monthly cap is calculated after the effects of the annual cap have been taken into account. This is because the annual cap may have already reduced funding. The annual cap uses an annual cap factor.

Methodology

- 12 The methodology is based upon the outputs from the Agency's funding calculation.

Calculating the un-weighted rate

- 13 The un-weighted rate is available from the Learning Aim Reference Service (LARS) and is used elsewhere by the funding calculation to calculate co-funding and the annual cap. The funding calculation produces an output field which shows the un-weighted rate for in scope learning aims (paragraphs 3 to 10).
- 14 If the un-weighted rate is zero then the aim is excluded from the calculation.

Applying the multiplying factors

- 15 Multiply the figures from the 'Adjustment for Prior Learning' and the 'Other Funding Adjustment' ILR fields together.
- 16 Calculate the overall value for each aim based on the un-weighted rate (paragraph 13) multiplied by the combined adjustment factors (paragraph 15) and the annual cap factor (paragraph 10).

Calculating the number of periods for the aim

- 17 Determine the start period of the aim. This is the month of the learning start date.
- 18 Determine the end period of the aim. This is the month of:
 - a The earlier of the planned end date or actual end date or
 - b If the aim has no actual end date, then the planned end date.
- 19 Calculate the number of months between the start date and end date (inclusive). If an aim starts and ends in the same month then both the start and end periods are considered to be that month.
- 20 If the planned number of months is greater than zero, subtract one to get the planned length in months. If the calculated planned length in months is zero then exclude the aim from the calculation.

Calculating the monthly value of funding earned

- 21 Using the overall value for each aim from paragraph 16, divide this by the planned length in months (paragraph 20) to calculate the monthly value.
- 22 Assign the monthly value for each aim (paragraph 21) to the periods between the start period (paragraph 17) and end period (paragraph 18) inclusive.

Calculating the monthly cap factor

- 23 For each period of learning (paragraph 17 to 18), sum the monthly values (paragraph 22) for all learning aims for the learner.
- 24 If the total for the learner in any period is more than £1,000 then the monthly cap factor for that period is £1,000 divided by the total monthly sum (paragraph 23). If the total is less than or equal to £1,000 the monthly cap factor for that period is 1.

Applying the monthly cap factor

- 25 For learning aims in scope, multiply the monthly cap factor (paragraph 24) for that period by the normal on-programme funding from the funding calculation for each aim for that period. This gives the reduced on-programme funding for each aim and each period.
- 26 Subtract the reduced on-programme funding for each aim and period from the original on-programme funding to give a value showing the impact of the monthly cap for each aim and month.
- 27 We will monitor the impact of the cap factor (paragraph 26), and where appropriate we will contact you to discuss the reasons why learning delivery is resulting in earnings exceeding the monthly cap.