

Delivering World-class Skills in a Demand-led System Consultation Report

Introduction to the consultation responses

On 5 January 2007, the former Department for Education and Skills and the Learning and Skills Council published a joint consultation document 'Delivering World-class Skills in a Demand-led System'. It set out the case for change and sought views on proposed reforms to deliver funding principles which placed the learner at the centre of the system, gave them greater purchasing power and would enable opportunities for new and existing providers of high quality provision. The consultation included questions on three demand-led models: young people, adult learner-responsive and employer-responsive; mirroring the three main client groups for publicly funded learning.

The questions were deliberately positioned as part of a system-wide consultation rather than being focussed solely on funding mechanisms. It looked into the longer term, to reflect the challenge set by Lord Leitch. It also, pragmatically, asked questions about 2008/09, as changes will need to start to be implemented in order to have a fully operational adult demand-led funding system as soon as practically possible. For young people, it is crucial that a funding system is put in place that supports the 14-19 agenda in localities and incentivises providers to work together to meet demand from all the young people in the area. The written consultation was also supported by a number of well attended consultation events.

Since the consultation closed the Government has published its response to Leitch: "World Class Skills: Implementing the Leitch Review of Skills in England". In the implementation plan the direction and speed of travel towards a demand-led system was confirmed. The responses to consultation, as set out in this report, have therefore been very important to developing and taking forward these models which underpin the implementation plan objectives.

Moving Forward

Following the recent machinery of government changes, overall planning and funding for 14-19 learners has become the responsibility of the new Department for Children, Schools and Families (DCSF). The Department for Innovation, Universities and Skills is responsible for Apprenticeships but both departments have a shared interest in making the Apprenticeship Programme work. Subject to consultation on the details and timing (to ensure that there is no disruption to schools, colleges and training providers, and the implementation of the new diplomas) and the need to pass the necessary legislation, funding for school sixth forms, sixth form colleges and the contribution of FE colleges to the 14-19 phase will transfer from the LSC to local authorities' ring-fenced education budgets.

Sponsorship of the FE service as a whole, its post-19 funding, sponsorship and funding of Apprenticeships and work-based learning providers has become the responsibility of the new Department for Innovation, Universities and Skills (DIUS).

DIUS, DCSF and the LSC are working together to consider how the detail of the funding arrangements will operate for 2008/09. This will include consideration of any likely impact

of the introduction of the new funding formula and any transitional arrangements that may be necessary.

The schools funding consultation, which focused on pre-16 provision took place in parallel with the demand-led consultation, which focused on post-16 provision. They were separated out in order to take a view of arrangements as they might operate against the context of school funding and adult funding arrangements.

The consultation also asked questions on longer term proposals to reflect Lord Leitch's challenges. "World Class Skills – Implementing the Leitch Review of Skills in England", published on 18 July sets out the Government's response to Lord Leitch's Review. It reaffirms the Government's commitment to supporting learners in gaining the skills for work and for life, and sets out our plans for achieving this. It includes the plans for the development of the demand-led system in line with the decision to pursue the adult learner responsive and employer responsive demand-led funding models as set out in the consultation document.

Having set out the direction and the fit with other reforms including qualifications in "World Class Skills", the Government will publish, as part of the LSC Annual Statement of Priorities in October, a statement of how the demand-led system will look. The LSC will also produce detailed guidance on the funding methodologies for school sixth forms, colleges and providers, and how providers will be supported to make the changes required.

DCSF and DIUS will

- Work together with the LSC to publish LSC's Statement of Priorities in October 2007, setting out what the wider demand-led system will look like, and plans for its implementation.
- Through LSC's guidance publish the detailed 2008/09 post-16 funding arrangements.
- Continue to communicate with all providers of post-16 education and training.

Overview of responses

Summary of Respondents

We and the LSC are grateful to all those who have responded to the consultation. Overall, there were 381 responses with a good representation across the FE system. These have been broken down into organisational type in the table below.

Number of Respondents by type of organisation	
School Sixth Form	90
Further Education College (Including Tertiary)	74
6th Form College	40
Local Authority	29
Representative body	26
Voluntary/Charity Organisation	17
Independent provider	16
Adult Learning provider	16
Sectoral Body	12
Other ¹	12
Agriculture and horticulture college	11
Specialist Designated College	10
Trade Union	9
Regional Body	5
Individual	5
Art, design and performing arts college	4
Employer	2
University/HEI	2
National Specialist College for LLDD	1

Of the 381 written responses, a number came from representative organisations, such as the Association of Learning Providers. However, due to the way in which the consultation responses were collected, the analysis in this report can only be based on individual responses. During the development of the options available to us, the statistics presented in this document have been considered alongside the statements from representative bodies and the feedback from the consultation events.

How the FE system will work

This section of the consultation looked into the commitments of the White Paper and the Lord Leitch's Review. It set out what a demand-led system will deliver and asked questions about how it would operate in practice.

A New Relationship: Colleges, Schools and Providers - Respondents generally welcomed the proposals in the consultation to develop a new lighter touch relationship with colleges, providers and schools. The main comments given by respondents who did not agree with the proposals was that they did not have enough information to make a decision.

¹ Those that fell into the 'other' category included a number of professional and awarding bodies and partnership groups.

Collaborative Planning 14-19 Provision - Respondents welcomed the move to collaborative and area based planning for 14-19 provision and it was noted that providers were already moving in this direction through 14-19 partnerships. However, it was also noted that the respective roles of LSCs locally and Local Authorities need to be made clear. Concerns were also raised about the role of competition, and the impact it may have on collaboration.

LSC Intervention - Respondents were content that there should be a role for the LSC in intervening to ensure that sufficient provision was available for particular groups i.e. where the market is not meeting the demands or needs of priority groups. However, there were mixed views about what level of intervention would be appropriate. These included views that the LSC had a vital role to intervene to ensure that funding was targeted where it was needed, that the LSC should only intervene where existing provision was poor, to there being little or no intervention by the LSC.

Diversifying the Market - the consultation asked respondents what incentives there should be to open up the market to learners. In the main, it was felt that effective levers for achieving this would include increased and more easily accessible funding and a reduction in administrative processes. There were also suggestions that providers should be given incentives to partner new providers and that there was sufficient funding to encourage the expansion of existing providers.

Capital and Capacity - the responses suggest that the proposals for capital and capacity development were welcomed, however there was a mixed response regarding the extent to which capacity funds would be used to help new providers in to the market. Respondents felt that capacity funds should be used to help new providers into the market where current provision was not delivering, and there were gaps in the market. However, there were also concerns that in the first instance capacity building funds should always be used to support expanding provision as it could represent better value for money.

Qualification Reform - comments received were focused on the role of Sector Skills Councils (SSCs) and the development of their Sector Qualification Strategies (SQSs). Respondents wanted assurance that SSCs would be truly representative of their sector including the needs of smaller employers. They also wanted to make sure that a suitable amount of time would be allowed to enable the switch away from qualifications that would no longer attract funding. A large number of comments were provided on the proposals for funding units. In general, the need to encourage progression was recognised but further consideration needed to be given to how the funding was weighted between credit achievement and achievement of full qualifications in light of the introduction of the qualifications and credit framework.

Funding models

16-18 model

Strategic commissioning with or without end year reconciliation - The majority of responses to this question were from providers including school sixth forms, FE colleges and independent providers. The report indicates that the majority of respondents felt the strategic commissioning without reconciliation would be more effective in meeting the commitments of the White Paper for 16-18 funding. Due to their contractual relationship where reconciliation is required, independent providers favoured the use of reconciliation for all providers.

Funding for 16-18 apprenticeships - Overall the responses representing the views of school sixth forms, FE colleges, sixth form colleges, and independent providers were that the funding of 16-18 apprenticeships should be through the 16-18 model to ensure that there was a single 16-18 budget for all 16-18 provision. Other responses, in particular from employer-based providers and employers, said that due to the difference in delivery of apprenticeships the payment mechanism of the employer responsive model would be more appropriate.

Changes to school sixth form funding

Changing the data collection timetable, allocating disadvantage funding based on Index of Multiple Deprivation instead of free school meals and the introduction of Additional Learning Support - These proposals were all welcomed by the majority of school sixth forms.

Funding 14-16 Delivery of Diplomas - The majority of responses indicated support for the use of national funding base rates for Diplomas delivered in partnership at Key Stage 4, but comments reflected the fact that the funding system must allow interaction between schools, colleges and independent providers to successfully deliver Diplomas.

Adult Learner Responsive Model

There were no strong views against the scope of the adult learner responsive model, although some concerns that funding for Personal, and Community Development Learning should be kept outside this model. There was a mixed response for the use of **mid-year and end-year reconciliation**, as with the use of a **second outturn estimate near the end of the funding year**. This was a particular concern of FE colleges. However, the overall consensus was that if funding adjustments were required, **tolerances** should be used rather than reduced rates.

Additional funding for shorter courses - This approach was largely welcomed in respect of funding through the adult learner responsive model as it recognised the fixed costs associated with administering shorter courses was the same as longer courses.

Learner Accounts - In general respondents felt that learner accounts as set out in the consultation document were a positive step and would be beneficial in the development of a demand-led system. Respondents agreed that information, advice and guidance would be crucial to the success of the learner account system, and that work needed to be done to ensure that adult learners with little or no interest in learning could be engaged. This

would mean making learners aware of the accounts and what funding they would cover. It was also felt important to learn from the trials and from previous experience of Individual Learning Accounts (ILAs).

Employer Responsive Model

There were no strong views against the scope of this model, however it was noted that any expansion of Train to Gain needed to take into account lessons learned from the current operation of the service. General views also included concerns about retaining as much as 20% in a regional responsive fund and that reconciliation should be against the total contract to allow flexibility in responding to the markets' demands.

Area costs uplift - the majority of respondents agreed with applying area costs uplift based on the location of delivery within the employer responsive model.

Disadvantage factor - The majority of respondents agreed with the use of a disadvantage factor. There were however a number of respondents who felt that it would not be necessary arguing that a disadvantage factor would be irrelevant as the learner would be in employment.

Monthly payments - The majority of respondents favoured monthly payments. The proposal for **paying 25% of funding on achievement** was welcomed as were proposals to **transitionally protect providers** on the current payment system.

Cross Cutting Issues

Provision for Special Educational Needs, Learning Difficulties and /or Disabilities and Additional Learning Support Needs

The approach to harmonise arrangements across the whole LSC-funded system was widely welcomed as it was felt that it would allow providers more opportunity to meet the needs of learners. The timetable was considered to be reasonable.

Foundation Learning Tier

Funding by unit of learning / qualification or funding by time - Funding by qualification was preferred slightly over funding by time. Respondents who favoured funding by qualification felt that it fit better with the funding arrangements for 16-18 and adult provision. Respondents who favoured the time approach felt that it would take better account of the funding requirements for learners who take longer to complete courses.

Impact on Equality and Diversity - Responses to this question related mainly to the adult learner and employer responsive funding models and the concept of a demand-led system more generally. It was felt that in a demand-led system, unless specific measures were put in place, the harder to reach learners may not be in as strong a position to exercise their choice and as a result could lose out. Respondents asked that the impact of moving more LSC funding towards the employer-based route on black and minority ethnic learners should be considered. For 16-18 funding it was felt that the proposals to move to a common funding approach for 16-18 year olds would have a positive impact on equality and diversity in the longer term.

New Funding Formula

Maximum size of a programme that will be funded set at 1.75 SLN (4.25 AS/A2 subjects plus the 16-18 entitlement - Overall this proposal was accepted by respondents however, concerns were raised by some school sixth forms about the effect that it may have on the funding of more able students.

Application of the short course modifier - The majority of responses indicated that the short course modifier should apply to part-time courses irrespective of the age of the learner.

Analysis of Responses

The analysis of responses is broken down further below in line with the order of the questions set out in the consultation. However, it is important to note that the way in which the responses to the consultation have been collected means that percentages quoted are based on individual responses and do not reflect the scale of membership of the representative bodies.

In some cases respondents may have been offered a number of options to select from, therefore the percentages listed under any one question may exceed 100%. Throughout the report, percentages are expressed as a measure of those answering each question as some of the questions will not have been relevant to all respondents.

Q1 Would the proposals be sufficient for colleges, providers and the LSC to benefit from a light touch relationship?

There were 318 responses to this question.

Yes	186 (59%)	No	32 (10%)	Not sure	100 (31%)
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The majority of respondents agreed that the proposals would be sufficient for colleges, providers and the LSC to benefit from a light touch relationship.

Those who said they were unsure or disagreed with the proposals said that they needed further details to decide, wanted longer term budgets or felt that the system would be more bureaucratic as detailed below.

62 (19%) respondents noted in their comments that they welcomed the light touch relationship as it may lead to a reduction in reporting and administrative burden. Some respondents, whilst welcoming the idea of a light touch relationship, felt that the notion of the LSC supporting providers and institutions should not be removed.

49 (15%) respondents said they welcomed the move to self regulation as they felt that it would help FE providers to deliver high quality programmes. Some respondents said that they already had self-review systems and were working towards self regulation.

Q2 What are your views on this approach to greater collaborative and area-based planning for 14-19 provision?

There were 245 responses to this question.

In general respondents felt that the move to greater collaborative and area-based planning for 14-19 was a welcome approach or a good idea. Other comments are listed below and grouped according to how many other respondents made the same or similar comments:

- Around 20% of respondents to this question were concerned of the impact competition may have on collaboration, and said that for collaboration to work, a level playing field with all providers operating on a similar basis would be essential. A similar figure said that area based planning was essential to provide a wide ranging provision to increase choice for younger

learners, and that this should be supported by information, advice and guidance.

- Some respondents raised operational issues as an area that may need consideration in the planning process; this included transport costs and timetabling.

Q3 To what extent should the LSC intervene to make sure there is sufficient appropriate provision for particular groups?

There were 204 responses to this question.

106 (52%) respondents said in their comments that they felt that LSC involvement was needed to ensure that funding was targeted where it was needed. 85 (42%) respondents felt that the LSC should intervene where the market was not meeting the demands or needs of particular groups.

25 (12%) respondents felt that the LSC should only intervene where existing provision was poor or where it was not meeting regional targets.

23 (11%) respondents felt that sufficient funding should be provided to rural areas to ensure there was adequate provision, due to the inability of learners in rural areas to access alternative provision.

19 (9%) respondents felt that there should be no or minimal intervention by the LSC.

Q4 How can we simplify the tendering process so that more providers are able to deliver training that employers want?

There were 100 responses to this question.

Respondents said that lessons needed to be learnt from Train to Gain including:

- Providing simple clear tendering guidance
- Providing additional help during the tendering process such as help lines
- Creating a list of preferred suppliers
- Making more use of electronic communications.

Other suggestions for simplifying the process included:

- A reduction in the amount of information provided. For example, it was felt that a lot of the information required for tendering had already been supplied by existing providers.
- Reviewing the role of Train to Gain brokers
- Considering increasing the length of the contract

Some respondents did, however, suggest that over simplification of the tendering process could lead to a reduction in the quality of providers such that the quality of teaching and learning could be compromised.

Q5 What incentives do you think will be effective to open up and diversify the market across all types of providers to engage more learners and employers?

There were 160 responses to this question.

65 (41%) respondents felt that funding incentives would be effective in engaging more learners and employers. It was suggested that:

- Additional funding could be provided for organisations who wanted to enter new or high risk areas such as hard to reach learners
- A simple, prompt payment system could be used
- Existing providers could be given incentives to partner new and fledgling providers. It was suggested that concessions on VAT or tax breaks could be beneficial.

51 (32%) respondents suggested supporting existing providers who were currently doing well, questioning whether new providers were needed. Respondents also suggested rewarding providers who delivered high quality effective programmes and demonstrated value for money with longer term contracts.

Around 15% of respondents felt that reduced administrative processes would encourage more providers to enter the market, particularly smaller providers. A similar number of respondents felt that there should be a level playing field between FE colleges and independent providers.

Q6 Are the principles for capital and capacity development outlined, the correct ones?

There were 293 responses to this question.

Yes	152 (52%)	No	43 (15%)	Not sure	98 (33%)
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Just over half of all respondents felt that the principles for capital and capacity development were the correct ones, allowing a wider base of providers to gain access to funding which was previously not available to them.

Other comments covered issues such as the need for support for existing providers so that current provision could be delivered. While other respondents stated that all providers should have the same access to funding.

Where respondents disagreed with the proposals it was generally because they felt that public funding should not be made available to private providers, rather that funds should be used to improve existing facilities in the public sector.

Q7 Do you agree that capacity building funds should be used to help new providers enter the market?

There were 296 responses to this question.

Yes	99 (33%)	No	121 (41%)	Not sure	76 (26%)
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Opinion was divided on this question with a slightly higher number of respondents disagreeing with the proposal. For those who agreed with this proposal they felt that capacity building funds should be used to help new providers enter the market where there were gaps in the market or current providers did not meet quality standards. Colleges were clear that they wanted capacity building funds to in the first instance be used to support expanding existing providers, as that could offer better value for money rather than immediately looking to new providers.

Q8 Do you think that the proposed balance between self regulation and external intervention is right?

There were 294 responses to this question.

Yes	156 (53%)	No	37 (13%)	Not sure	101 (34%)
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The majority of respondents agreed that the balance between self regulation and external intervention was right. 49 (17%) respondents noted in their comments that they were generally happy with the proposal and they felt it was a move in the right direction.

40 (14%) respondents said that they wanted additional information and needed to see more detailed proposals before they made a decision on self regulation and external intervention.

Q9 What support do you need to ensure the alignment of Sector Qualifications Strategies, the QCF and public funding of provision?

There were 128 responses to this question.

66 (52%) respondents noted a number of issues concerning Sector Skills Councils (SSCs) relating to the support needed to ensure the alignment of Sector Qualifications Strategies, the QCF and public funding of provision. Respondents suggested that:

- Employers and providers should form closer links with SSCs and have more involvement in developing future strategy
- There should be more transparency on the roles of and outcomes of SSC activity
- The process was dependant on the performance of SSCs who are at various stages of development and effectiveness.

45 (35%) respondents said that sufficient time was needed to allow the process to be effective and that providers needed to be made aware of the implications of the reforms. It was said that if they were implemented too quickly it could disrupt training and learning.

28 (22%) respondents said that there needed to be clear and transparent guidelines to support these reforms. Again respondents suggested that providers should be made fully aware of the implications of the reforms.

17 (33%) respondents suggested that a system where providers could support each other and share good practice would be beneficial.

Q10 What are the key factors we should take into account in developing an initial impact analysis in preparation for withdrawing funding from certain qualifications and for the introduction of the QCF?

There were 118 responses to this question.

Areas that respondents wanted the LSC to consider fell into the broad categories below:

- Ensuring the impact analysis enables the measurement of any reductions in new learners, particularly those from vulnerable groups
- What impact there may be on staffing numbers
- The time it may take to allow the completion of existing programmes.
- Ensuring that arrangements are in place to publicise the impact of the strategies to allow time to make any necessary changes.

Q11 Do you agree that the proposals suggested would encourage progression to full qualifications without deterring the hardest to reach? If not, what other means of achieving this aim could you suggest?

There were 286 responses to this question.

Yes	73 (26%)	No	121 (42%)	Not sure	92 (32%)
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Of those that responded, a higher number thought that the proposals as they stood could deter harder to reach learners, and were concerned that the flexibility offered through the Qualification and Credit Framework should not be lost through the funding methodology used. This view was particularly representative of organisations with a high number of adult learners and groups representing adult learners.

Other respondents expressed the need to avoid an over complicated funding system. It was also felt important to ensure that providers were not put off from recruiting harder to reach learners if funding was linked only to the completion of qualifications.

Funding Models

16-18 Model

Strategic Commissioning - with or without in year reconciliation

Q12 Strategic Commissioning without in year reconciliation - On a scale of 1 to 5, with 1 being 'not at all' and 5 being 'completely', to what degree do you believe this option would meet the three objectives of the White Paper?

There were 299 responses to this question, and the responses were split as below.

(1) 9 (3%)	(2) 33 (11%)	(3) 65 (22%)	(4) 150 (50%)	(5) 42 (14%)
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The majority of respondents felt that the strategic commissioning model without in-year reconciliation would meet the objectives of the White Paper for funding of 16-18 year olds to a high degree. In the main this was the view of FE colleges, school sixth forms and sixth form colleges rather than independent providers. Respondents who rated this option highly said that this approach would allow discussion of future growth while maintaining stability in funding and would keep administrative demands at a more reasonable level than if in-year adjustments were used.

Q13 Strategic Commissioning with in year reconciliation - On a scale of 1 to 5, with 1 being 'not at all' and 5 being 'completely', to what degree do you believe this option would meet the three objectives of the White Paper?

There were 294 responses to this question, and the responses are split as below.

(1) 80 (27%)	(2) 118 (40%)	(3) 42 (9%)	(4) 46 (16%)	(5) 8 (3%)
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Most respondents to this question rated this option as meeting the objectives of the White Paper to a lesser extent. As with the question above this view was not held by independent providers. The main issue with using this approach was that it was felt that it would lead to increased instability, a view held by the majority of school sixth forms, sixth form colleges and FE colleges. Other comments made by respondents included an increase in administrative processes; and that this approach would increase competition and therefore go against the idea of collaboration. Independent providers indicated that they were content with this approach.

Q14 In what other ways could we incentivise schools, colleges and providers to recruit additional learners?

There were 144 responses to this question.

The vast majority of respondents said that additional funding was needed to incentivise schools, colleges and providers to recruit additional learners. In support of this, respondents suggested the following example of ways in which funding could be utilised: (1) allowing full funding for additional students; and (2) relaxing funding to encourage the take-up of shorter qualifications.

13 (9%) respondents said that taking on learners requiring Additional Learning Support

(ALS) was more challenging and that this factor needed to be recognised when measuring quality and performance.

10 (7%) respondents were concerned that transport costs, particularly in rural areas, were having an adverse effect on the recruitment of additional learners. Some respondents indicated that they felt that learners did have any other option but to attend the local provider as there was no public transport.

Q15 Which funding and payment mechanism do you think will be most effective in supporting the delivery of 16-18 apprenticeships within 14-19 planning and budgeting arrangements?

There were 211 responses to this question.

16 – 18 Model	125 (59%)	Employer responsive	86 (41%)
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The majority of respondents felt that the 16-18 model would be the most effective in supporting the delivery of 16-18 apprenticeships within 14-19 planning and budgeting arrangements. The main reason for choosing this option was to ensure that all 16-18 funding was from the same budget, and because it was felt that it would enable consistent planning for all 16-18 provision.

In the main respondents who preferred the employer responsive model were those offering employer-based provision and employers themselves. They had concerns that the funding methodology should be consistent across all ages of apprenticeships to ensure a consistent payment methodology.

Q16 Do you support the changed data collection timetable to allow schools more time to ensure the data properly reflects the subjects that learners are following?

There were 286 responses to this question.

Yes	250 (87%)	No	13 (5%)	Not sure	23 (8%)
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There was overwhelming support for the proposed changes to the data collection timetables. Respondents commented that consistent data collection arrangements across all providers of 16-19 learning was seen as a step in the right direction. They also felt that information on courses was more stable in October.

Q17 Do you agree with the move away from allocating disadvantage funding based on free school meals?

There were 280 responses to this question.

Yes	231 (83%)	No	12 (4%)	Not sure	37 (13%)
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There was widespread support for the move away from allocating disadvantage funding based on free school meal data. Respondents commented that free school meal data was not a reliable measure of measuring disadvantage for post-16 learners.

Q18 Do you support the allocation of Additional Learning Support for School Sixth Forms to support those recruiting learners with lower prior achievement?

There were 292 responses to this question.

Yes	234 (80%)	No	22 (8%)	Not sure	36 (12%)
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The majority of respondents agreed with the allocation of Additional Learning Support for school sixth forms to support those recruiting learners with lower prior achievement.

Q19 What are your views on the outlined proposals for funding Specialised Diplomas delivered in partnership at Key Stage 4? Are there alternative approaches you would recommend?

There were 134 responses to this question

Around two-thirds of respondents felt that as the Diplomas were national qualifications then national funding rates should apply. Out of these respondents some also suggested that having a set of national funding rates and then adjusting for disadvantage and areas costs would be a simple approach.

While around 40% of respondents agreed with the proposals, 15% respondents said that the proposals need simplification or that they needed more information to be able to give a view.

Adult Learner Responsive Model / Learner Accounts

Q20 Do you agree with the scope as described in this section? If not, please explain what types of provision should be funded by this approach.

There were 244 responses to this question.

Yes	108 (44%)	No	45 (19%)	Not sure	91 (37%)
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Opinion was mixed on the scope described in this section although a slightly higher number were in agreement. There were no particularly strong comments against the scope although a number of respondents were unsure, but did not expand on why this was the case. The majority of the comments made under this section were related to the proposals for learner accounts and the possible future expansion of the adult learner responsive model to learner accounts. These comments are reflected in the section on Learner Accounts.

Q21 Do you agree with the approach to mid-year and end-year reconciliation? If not please suggest alternatives

There were 246 responses to this question.

Yes 106 (43%)	No 93 (38%)	Not sure 47 (19%)
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This proposal had a mixed response, particularly from FE colleges. Of those who did not agree with the use of reconciliation, it was felt that the process could be administratively burdensome if not managed appropriately.

Q22 Do you agree that there should be a second outturn estimate near the end of the year as set out in this section of the document? If not please suggest alternatives.

There were 236 responses to this question.

Yes 105 (45%)	No 90 (38%)	Not sure 41 (17%)
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A slightly higher number of respondents agreed that there should be a second outturn estimate near the end of the year. Respondents said that not all learning began in September and that the number of learners varied in the spring and summer terms so this approach could help. Some respondents also said that this approach would allow the transfer of funding from under-performing providers to those with the capacity to expand provision.

35 (15%) respondents stated that this was an unnecessary step in the process, and it was seen as increasing the administrative burden.

Q23 Should additional funding be made available for shorter courses?

There were 236 responses to this question.

Yes 204 (78%)	No 24 (9%)	Not sure 35 (13%)
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The majority of respondents agreed that additional funding should be made available for shorter courses.

33 (13%) respondents said that funding should be available to cover administration costs as they felt that fixed costs associated with administering shorter courses was the same as longer courses.

Q24 Would you prefer a funding adjustment to involve a tolerance or a reduced rate? If neither, give reasons.

There were 232 responses to this question.

Tolerance 192 (83%)	Reduced rate 23 (10%)	Neither 41 (17%)
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The majority of respondents preferred a funding adjustment to involve a tolerance. Respondents saw this as providing an element of stability and felt that a tolerance method would be more equitable.

41 (17%) respondents preferred neither option suggesting:

- Colleges should be paid what they earn
- There should be no in-year adjustments
- Underperformance should result in repayment. Performance over the agreed Standard Learner Number (SLN) should be paid at the full rate

23 (10%) respondents opted for a reduced rate believing that most training finished with fewer candidates than it started with and a reduced rate seems more acceptable in terms of recognising the fixed investment that providers had to make.

Learner Accounts

Q25 What contribution do you see Learner Accounts making to the development of a more demand-led system for adult learning?

There were 71 responses to this question.

39 (55%) respondents felt that Learner Accounts would make a positive contribution to the development of a demand-led system for adult learning, as they would give learners the power to exercise their choice with any approved provider. While this was the view, many respondents said that in order to benefit from Learner Accounts learners had to know about them, and therefore information/advice was a crucial element to their success.

25 (35%) respondents felt that Learner Accounts were unnecessary and felt that they would increase the administrative burden on the FE system and could be costly to run.

Q26 How can the Learner Accounts model best be made to work in the interests of learners?

There were 82 responses to this question.

Around half of respondents said that information and guidance should be made available to learners at the point of purchase. This would make sure that they had enough information to make an informed decision on what course was best for them, and what the funding implications were. It was also suggested that learners could be given an on-line mentor to encourage and motivate them during their learning journey.

Around a third of respondents said that it would be helpful if the Learner Accounts could be

used to fund 'bite sized' learning. Respondents also wanted learners to be able to use the accounts for part payment of fees or exam fees.

Q27 Are there any other sources of support/services that you think could be included in Learner Accounts?

The majority of comments to this question related again to the provision of information and guidance, particularly individualised to the learner. Respondents also said there was some benefit in the introduction of a universally available adult 'careers' service to help adults move into new careers.

Q28 How can Learner Accounts best support the most vulnerable learners?

There were 56 responses to this question

Respondents suggested that Learner Accounts could support vulnerable learners by being flexible in the provision they funded, easy to access and by having individualised information and advice and guidance.

Employer Responsive Model / Train to Gain

Q29 Do you agree with the scope as described in this section of the document?

There were 227 responses to this question.

Yes	90 (40%)	No	65 (28%)	Not sure	72 (32%)
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Under half of respondents agreed with the scope of the employer-responsive model. A large number of comments highlighted the issue of making sure that the scope was defined carefully and that the model should take into account the lessons from Train to Gain. Some respondents felt that it would be premature to extend the scope of the employer responsive until Train to Gain had been evaluated. Other comments mentioned that the scope was too focussed towards provision that attracted 100% public subsidy.

Q30 Do you agree that reviews be undertaken twice a year or more frequently to ensure budgets are revised more accurately - upward or downward - to reflect employer demand?

There were 219 responses to this question.

Yes	140 (64%)	No	43 (20%)	Not sure	36 (16%)
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The majority of respondents agreed that reviews should be undertaken twice a year but there was little support for any additional reviews above that number. Respondents said that having more than two reviews could be time consuming and increase the administrative burden.

Q31 Do you agree with the proposal for applying the area costs uplift? If not, please outline your reasons and indicate alternatives.

There were 218 responses to this question.

Yes	166 (76%)	No	21 (10%)	Not sure	31 (14%)
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The majority of respondents agreed with the proposal for applying the area cost uplift. 32 (15%) respondents noted in their comments that area costs uplift needed to reflect local circumstances and that it was sensible to base area costs on the location of delivery. Respondents felt that the cost of provision in rural areas needed to be included as they had specific costs that needed to be taken into account.

Those respondents who disagreed with the proposal were concerned that;

- There was an anomaly between inner and outer London college funding
- If area costs were based on location of delivery this would affect London based providers who were working in non metropolitan areas
- The issue of rural areas was not addressed.

Q32 Should the employer responsive model include a disadvantage factor? If you think it should be applied, please state reasons why this is the case.

There were 221 responses to this question.

Yes	122 (55%)	No	66 (30%)	Not sure	33 (15%)
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The majority of respondents felt that the employer responsive model should include a disadvantage factor as it was important to attract the harder to reach learners, and would encourage providers to engage with these learners. However, 30% disagreed with this proposal, pointing out that all learners would be employed and the disadvantage factor would not be relevant.

Q33 Should payments be made monthly, or is quarterly sufficient?

There were 209 responses to this question.

Monthly	160 (77%)	Quarterly	36 (17%)	Other	3 (6%)
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The majority of respondents said that monthly payments were sufficient. 49 (23%) respondents said that this was more helpful to providers in terms of cash-flow.

Respondents also said that:

- Quarterly payments would be acceptable if they were made in advance
- Monthly payments could increase administrative costs
- There could be the option for the provider to choose either monthly or

quarterly

- Quarterly payments could cause cash flow problems.

Q34 Should 25 per cent of funding be paid on achievement or an alternative proportion?

There were 202 responses to this question.

Yes	139 (69%)	No	29 (14%)	Alternative	34 (17%)
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The majority of respondents were content that 25 per cent of funding should be paid on achievement.

Of those who suggested an alternative, 95 (12%) suggested that it should be less than 25% with an average figure of 10%–15% being recommended.

A small number of respondents suggested that the figure should be higher than 25% and setting a higher figure could encourage a greater rate of achievement.

Q35 Do you agree with the proposal to transitionally protect providers on the current payment system?

There were 172 responses to this question.

Yes	163 (95%)	No	5 (3%)	Not Sure	4 (2%)
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There was overwhelming support for the proposal to transitionally protect providers on the current pay system in line with the proposals in the consultation document.

Provision for Special Educational Needs and / or Disabilities and Additional Learning Support Needs

Q36 Do you agree that the system as described will achieve simplification and facilitate better value for money?

There were 272 responses to this question.

Yes	167 (62%)	No	20 (7%)	Not Sure	85 (31%)
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The majority of respondents agreed that the system as described would achieve simplification and facilitate better value for money. Respondents generally welcomed the proposals to harmonise the funding of provision for those with learning difficulties and disabilities. Respondents thought that the proposed system would give providers a greater opportunity to meet the individual needs of learners.

A number of respondents were keen to find out more about the proposals and be involved in further development in particular the proposals for higher support costs, and how the proposals would relate to adult learners over the age of 25.

Q37 Do you consider the timetable realistic? If not, why not, and what would you change?

There were 267 responses to this question.

Yes	173 (65%)	No	32 (12%)	Not Sure	62 (23%)
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The majority of respondents agreed with the timetable for changes as set out in the consultation document saying that it seemed sensible to proceed at this rate to stay in line with other reforms. Some respondents accepted that changing funding would cause turbulence for providers but did not see that as a reason for further delay.

32 (12%) respondents suggested that more time was needed for the implementation of the timetable. Respondents said that the timetable was ambitious and suggested that there should be a pilot followed by evaluation prior to changes being universally adopted.

26 (10%) respondents said that the timetable set out in the table seemed realistic as long as adequate safety net arrangements were in place for the overall implementation of the new methodology in 2008/09.

Foundation Learning Tier

Q38 Do you have a preference for either of the two principles outlined?

There were 258 responses to this question. The responses were split as set out below.

Funding by unit of:

Learning / qualification	124 (48%)
Funding by time	93 (36%)
No preference	41 (16%)

More respondents had a preference for funding by unit of learning or qualification. This was seen by some as more equitable across the funding system as it would fit better with the system used for funding 16-18 and adult provision. It suggested that the funded could be weighted by guided learning hours or the length of course to recognise the additional time or individual nature of the programmes.

Providers with a higher number of learners who would take longer than average to complete their learning felt that funding by time would be more suitable approach.

Respondents who felt that funding by time was the best option said that given the nature of the learners in the Foundation Learning Tier, funding by time seemed more appropriate.

A number of respondents had no preference or felt that more details were needed before they could reach a decision.

Q39 Do you have any views on how the three aspects of the FLT should be funded?

There were not many responses to this question. However there were a wide range of views from those who did respond.

- A national funding rate for all aspects of the FLT
- Flexible funding to follow the learners personal plan. For example an initial allocation for planning and induction and then a move to using a formula for credit accumulation
- A standard rate of funding for all learners registered on the diagnostic part of the FLT, then majority of funding linked to the qualification with a smaller percentage (10%) for additional complimentary learning in the third part
- The funding should be as simple as possible and as closely linked to the funding arrangements for adults and 16-18 year olds.

Q40 Do you think that any of the proposals will have an impact on Equality and Diversity, whether positive or negative?

There were 264 responses to this question.

Yes	149 (56%)	No	23 (9%)	Not Sure	92 (35%)
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52 (20%) respondents felt that the proposals to move to a demand-led system could have a negative effect on the disadvantaged or harder to reach learner, in particular adult and older learners.

26 (10%) respondents said there may be a negative effect on black and minority ethnic students (BME) and the plan to shift an increasing proportion of LSC adult funding towards employer-based routes would need monitoring to assess the impact on the numbers of BME students. Respondents also said that they were concerned that contract and seasonal workers and part-timers (a higher than average proportion of whom were BME, women, people with caring responsibilities, and people whose first language was not English) may not be their employers' priority for training.

25 (9%) were concerned about gender issues and 19 (7%) were concerned about learners with a disability. Respondents again said that this could impact most on those who were educationally, economically, and socially disadvantaged. Therefore, inclusion would be damaged.

Q41 Do you agree that maximum size of programme that will be funded per learner per year is 1.75 SLNs, which is the equivalent of 4.25 AS/A2 subjects plus the 16 to 18 entitlement studied?

There were 272 responses to this question.

Yes	177 (65%)	No	61 (22%)	Not Sure	34 (13%)
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The majority of respondents accepted the proposal that the maximum size of programme funded per learner per year is 1.75 SLNs. It was seen to be a reasonable and equitable distribution of the total funding.

21 (8%) respondents felt this would disadvantage more able students who wanted to take 5 AS levels including those that had Religious Education as an integral part of the curriculum. A small number of respondents said that this would disadvantage students who would be taking the International Baccalaureate.

Q42 Should the short course modifier apply to learners of all ages, or to adults aged over 19 only?

There were 222 responses to this question.

All ages	122 (55%)	Over 19 only	82 (37%)	Neither	18 (8%)
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The majority of respondents thought that the shorter course modifier should apply to learners of all ages on shorter courses i.e. part-time courses. Respondents felt that the modifier should apply as there were general costs associated with learners regardless of their age.

A number of respondents were not convinced that the arguments that apply with respect to short courses for adults would apply to young people under 19.