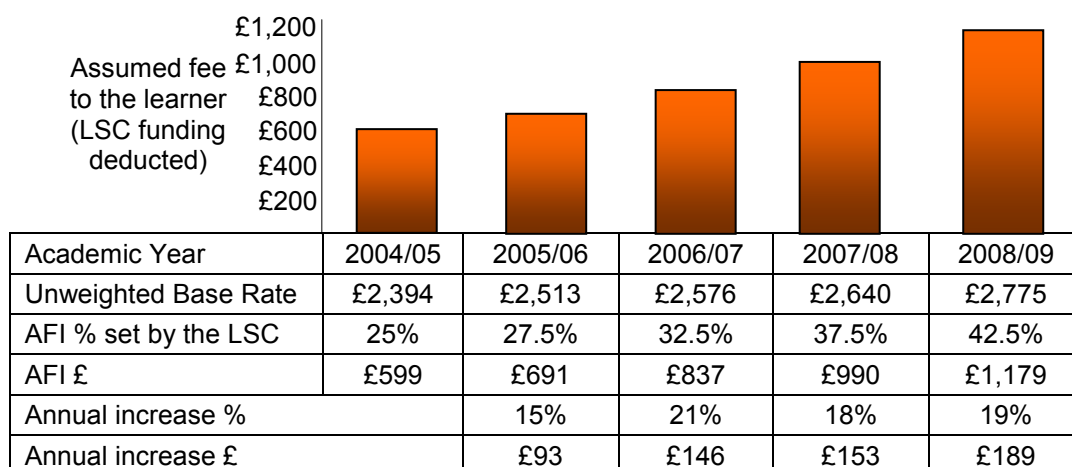


## 2008/09 fees and the co-funded rate

### 2008/09 assumed tuition fees

The LSC cannot dictate the tuition fees providers set, but they 'assume' that providers will maintain income levels by setting tuition fees equal to the reduction in funding for enrolments that are ineligible for fee remission. For example, if the LSC funding reduction is £500 the assumption is that the provider will pass on this shortfall in the form of a £500 tuition fee to the learner.

This reduction is known as the Assumed Fee Income (AFI), and is always a percentage of the unweighted base rate for each given enrolment. The AFI percentage has been increasing year on year from a low of 25% in 2004/05 to a planned 50% by 2010/11. The table below includes inflation to demonstrate that for an unlisted 450glh course this represents an increase in the assumed tuition fee to the learner from £599 in 2004/05 to £1,179 by 2008/09.



The most accurate way to calculate the value of the assumed fee income within the new funding methodology for 2008/09 is as follows:

$$\text{SLN GLH} / 450 \times \text{National Funding Rate} \times 42.5\% = \text{assumed fee to learner}$$

e.g. for a 30glh ESOL course it would be:	$30 / 450 \times £2,775 \times 42.5\% = £79$
e.g. for BTEC National Award it would be:	$450 / 450 \times £2,775 \times 42.5\% = £1,179$
e.g. for a full time NVQ it would be:	$520 / 450 \times £2,775 \times 42.5\% = £1,363$

It is therefore the case that the assumed fee in 2008/09 is £2.62 per SLN GLH and then tempting to simply set fee policies at £2.62 per hour. However, be aware that it is only £2.62 per hour when the SLN GLH is unlisted or the actual duration (ILR field A32) is equal to the listed SLN GLH.

### Calculating the co-funded rate:

The AFI is unweighted and thus the assumed tuition fees are the same for all providers, but the same cannot be said of the co-funded rate. The co-funded rate must be adjusted to take account of the provider factor (weightings) which was not applied to the AFI. The formula is as follows:

$$\text{National Funding Rate} - (\text{National funding rate} \times \text{AFI} / \text{Provider factor}) = \text{Co-funded rate}$$

$$\text{e.g. } £2,775 - (£2,775 \times 42.5\% / 1.3) = £1,868 \text{ co-funded rate}$$

To prove the formula, you will always find that the total funding for a fee remitted enrolment will be identical to total funding for a co-funded enrolment plus the assumed fee (see example below):

$$\begin{aligned} \text{Fully funded enrolment is } & £2,775 \times 1.3 = £3,607.50 \\ \text{Co-funded funding } & (£1,868 \times 1.3) + \text{assumed fee } (£2,775 \times 42.5\%) = £3,607.50 \end{aligned}$$