


# YPLA and SFA Funding Update

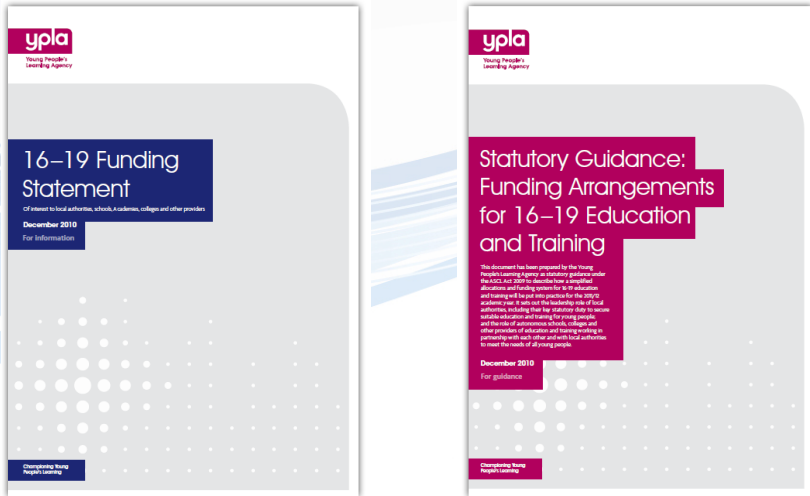
18<sup>th</sup> January 2011  
Solihull College

Written and presented by Nick Linford

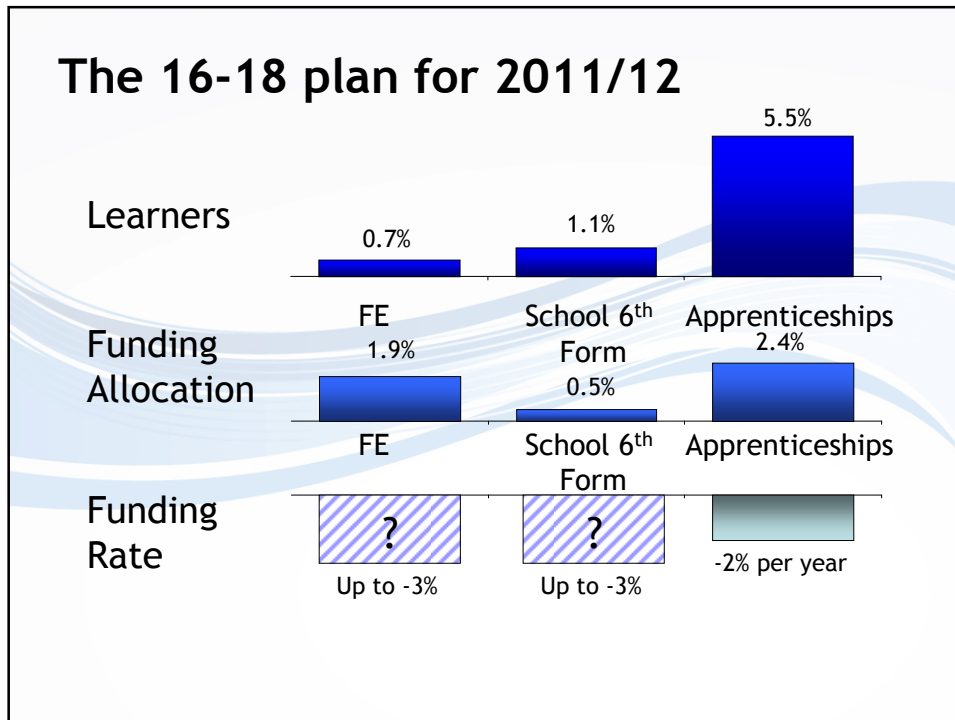


The slide features a light grey background with a decorative blue and white wavy graphic at the bottom. The text is centered in the upper half. The Lsect logo is positioned in the bottom right corner.

## Latest from the YPLA (published 20 Dec)



The slide displays two document covers side-by-side. The left cover is titled '16-19 Funding Statement' and the right cover is titled 'Statutory Guidance: Funding Arrangements for 16-19 Education and Training'. Both covers feature the YPLA logo at the top and a decorative pattern of dots at the bottom. The right cover includes a small text box with a summary of the document's content.



### The 16-18 headlines for 2011/12

#### Entitlement cut by 84 SLN GLH (114 to 30)

$84 / 450 \times \pounds 2,920 \times 1.35 = \pounds 736$  approx per learner

$\pounds 736 \times 1\text{m learners} = \text{approx } \pounds 700\text{m saving!}$

SLN per learner cap presumably now approx 1.56

#### £150m more for disadvantage uplift and ALS

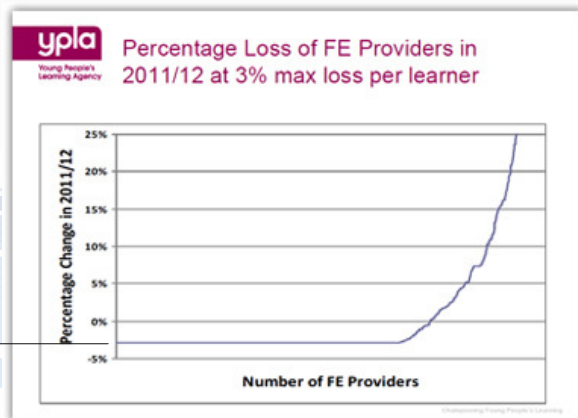
IMD 2007 (rather than 2004) will be used for DU uplift

#### 'Transitional protection to smooth implementation'

Limit reduction in rate to 3% per year

#### Lagged learner number funding for allocations

## YPLA estimate of the impact



“the YPLA estimate that of the 770 total FE providers:  
 507 will lose 3% per learner  
 56 will lose between 3% and 0%  
 206 will see an increase.”

## Allocation methodology (mechanistic)

### Lagged learner numbers

$$\frac{2009/10 \text{ F05}}{2009/10 \text{ F01}} \times 2010/11 \text{ LR01} = 2011/12 \text{ learner allocation}$$

### SLN per learner ratio

Taken from 2009/10

Reduced to reflect entitlement reduction

Providers in top 20% ratio will see their ratio reduced half-way to the 80<sup>th</sup> percentile

**Provider factor based on 2009/10 and 2008/09 success rates**

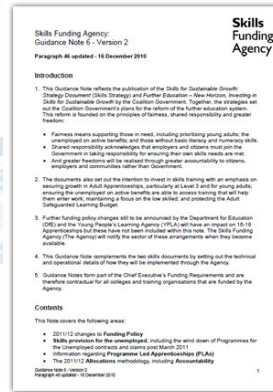
**Learners x SLN ratio x national funding rate x provider factor = allocation (possibly with protection)**

## 2011/12 plans from BIS and Skills Funding Agency



**Skills Strategy**

<http://tinyurl.com/3x8dz2h>



**Guidance Note 6**

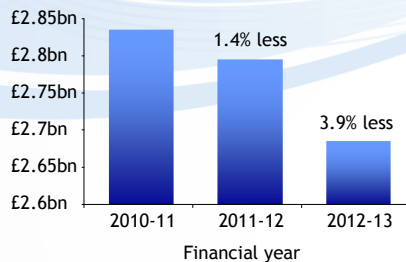
<http://tinyurl.com/27r5rrs>

## The 19+ plan for 2011/12

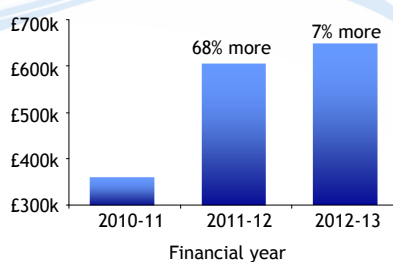
Skills Strategy published November 2010

- ~ FE resource budget reduced by 25% by 2014-15\*
- ~ Significant growth in 19+ Apprenticeships
- ~ Introduction of OIPs and £500k Minimum Contract Levels (MCL)

**19+ Adult Skills Budget** which includes



**19+ Apprenticeship funding**



\* Looks like biggest 'cuts' kick in for 2013-14 and 2014-15 when L3+ loans introduced

## SFA Guidance Note 6

Many significant changes for 2011/12

- 19+ national funding rate reduction of 4.3%\*
- 1.2 PWF uplift removed for Skills for Life (excl. Entry Level Numeracy)\*
- Non-entitlement Level 3 Train to Gain not funded
- Non-entitlement Level 2 Train to Gain for non-SMEs (250+) not funded
- No ESOL funding in the workplace
- Fee remission only for those on 'job ready' income support (e.g. JSA)
- £80m pilot in LR for outcome incentive payments
- Minimum Contract Level of £500k
- Single ER and LR budget, and SFA will pay 16-18s on behalf of YPLA

\* Rate changes 'will apply for all new and existing learners'



## 19+ 'Adult Skills Budget Allocation'

Indicative ASB allocations received end of December

Will be adjusted for Q2 review, MLPs and MCLs

Based on 11% apprenticeship growth and 3% reduction in the remainder of the allocation

Job outcome (OIP) based on 2.5% of allocation

ALS will be allocated in January

Figures for 8 month 4 month split included

## Interesting observations?

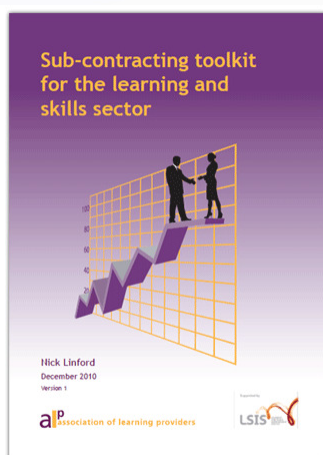
Combine a 4.3% rate reduction with a co-funding percentage remaining at 50%, then all other things being equal fees and fee levels should fall.

ESOL rates in particular taking at combined hit \*

|                         | 2009/10       | 2010/11       | 2011/12       |
|-------------------------|---------------|---------------|---------------|
| National funding rate   | £2,817        | £2,732        | £2,615        |
| Programme weighting     | 1.4           | 1.2           | 1.0           |
| Fee element %           | 47.5%         | 50%           | 50%           |
| Fee element £           | £1,338        | £1,366        | £1,307        |
| <b>Funding</b>          | <b>£2,606</b> | <b>£1,913</b> | <b>£1,307</b> |
| Change on previous year |               | -27%          | -32%          |
| Change on 2009/10       |               |               | -50%          |

\* And remember, ESOL is funded at half the level of Lit and Num

## New sub-contracting toolkit



- ~ New policy context
- ~ Implications
- ~ Risk and Reward
- ~ Working principles
- ~ Handy guides (funding, data, performance)
- ~ Contract contents

Download at [www.lsect.co.uk/toolkit.asp](http://www.lsect.co.uk/toolkit.asp)

Any questions? Else tweet me later....



My gorgeous  
15 week old  
son Daniel



Thank you

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