



**LSC Funding 2008/09**  
Methodology and priority

"The move to a demand-led funding system in 2008/09 signifies a wholesale step change for the learning and skills sector."  
LSC 27 November 2007

Nick Linford  
Head of Planning, Funding and Projects  
04 December 2007



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**Workshop agenda**

- 10.00 Welcome and introductions
- 10.15 Context and summary of changes
- 11.00 Using the new demand-led funding formula
- 12.00 Lunch
- 12.45 Using the new demand-led funding formula
- 13.30 The 16-18 model
- 14.00 Coffee
- 14.15 The adult-responsive model
- 14.45 employer-responsive model
- 15.15 The targets, DLC and SSoA
- 16.00 Open forum (if requested)



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**CONTEXT AND SUMMARY OF CHANGES**



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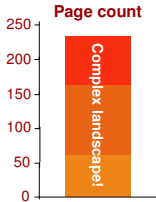
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### The context – reading material

**The LSC bedtime reading**




**Page count**



1. National Statement of Priorities 2008/09 - 2010/11
2. National Policy Summaries for 2008/09 (more than 80)
3. Funding Models for 2008/09 (including new formula)

After a bit of context, our focus today will be on the technical aspects of LSC funding for 2008/09




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### The context - 14-19 funding (DCSF)


**Legislation planned to enable:**

- LSC funding role given to Local Authority (Lewisham Council)
- Compulsion to stay in education or continue training until 18

**But policies to encourage participation being put in place now:**


- Phased introduction of new Diplomas from 08/09
- September Guarantee and entitlement to an Apprenticeship
- Expansion of Young, Pre, and Programme-led Apprenticeships

**Most 16-18 growth planned in apprenticeships from 09/10:**



Year	16-18 FE Full Time Learners '000 (+2% in England)	16-18 Apprenticeships '000 (+18% in England)
2007/08	655	238
2008/09	660	240
2009/10	664	260
2010/11	666	281

Source: LSC Grant Letter 2008/09




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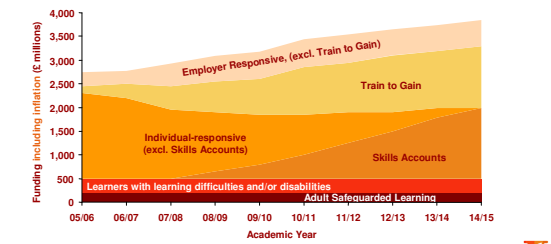
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### The context - adult funding (DIUS)

The following graph is from page 26 of the Annual Statement of Priorities

Projected expansion of demand-led funding between 2005-06 and 2014-15 in England



**Note projected dominance of Train to Gain and Skills Accounts by 2014 but more cautious than proposals in Leitch Review of Skills**




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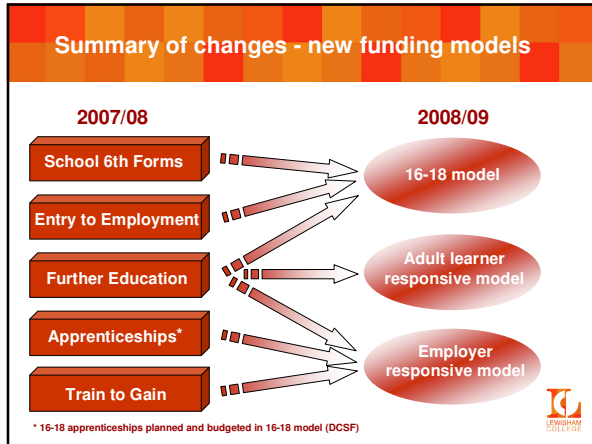
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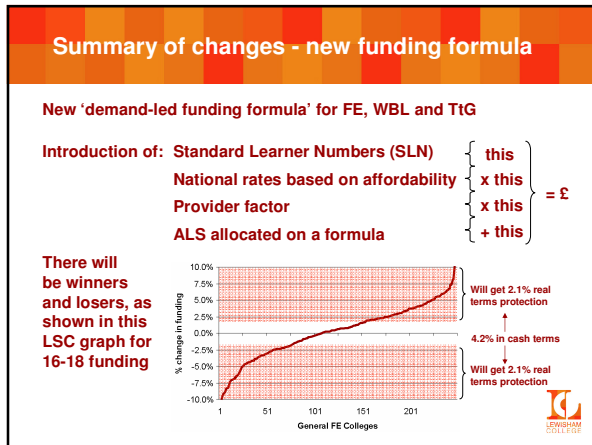
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### Summary of changes – the impact

It is impossible to model the exact financial impact at present because:

- Regional LSCs have yet to publish commissioning plans
- National £ per SLN rates have not been published
- The SLN value per qualification have not been published

However, understanding the funding models and formula now (including related tools) will be invaluable for planning, negotiating and tendering for 2008/09.

There is a lot of change occurring to a complex area, and before I go any further, can I first apologise if you are left feeling like this:

**L**  
LEWISHAM COLLEGE

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### The demand-led funding formula

Simple at first glance	More complex in reality
<p>Standard Learner Number (SLN)</p> <p>x</p> <p>National Funding Rate (£/SLN)</p> <p>x</p> <p>Provider Factor (PF)</p> <p>+</p> <p>Additional Learning Support (ALS)</p> <p>=</p> <p>Total funding</p>	<p>SLN could be listed or unlisted and has maximum per learner</p> <p>x</p> <p>£/SLN may be subject to transitional protection</p> <p>x</p> <p>PF has up to six elements, based on history (16-18 &amp; adult) or actual (employer model)</p> <p>+</p> <p>ALS allocations will include formula and negotiation element</p> <p>=</p> <p>Total funding has a cap</p>
<p>Oh, and three census dates replaced by minimum attendance</p>	

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### The Standard Learner Number

SLNs are a new volume measure, replacing loadbanded and listed unweighted National Base Rates (NBRs).

If they are listed the SLN value can be found within the Learning Aims Database (LAD)\*


If SLN is not listed in the LAD then the SLN = glh (A32) divided by 450

For example:

A full time NVQ in Beauty has an unweighted listed National Base Rate of £3,052 in 07/08. This might\* become 1.16 SLN (listed) in 08/09

A full time Cert in Literacy in 450glh has an unweighted loadbanded NBR of £2,641 in 07/08. This would become 1 SLN (unlisted) in 08/09. If 460 glh it would become 1.022 SLN.

\* The LSC have yet to publish listed SLNs per qual (DLC values are indicative)



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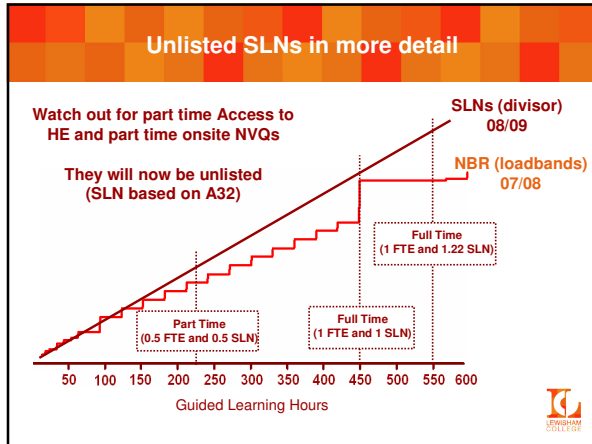
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### Listed SLNs, the cap and rate changes

Like now, where the QCA have recommended and/or LSC have identified a common duration for a course, a fixed rate is set in the LAD

SLN values per enrolment are added together, but cannot exceed the 1.75 SLN per year cap (incl. entitlement if appropriate)

Example for one learner in one year

}	5 AS levels	= 1.65 SLN
	Entitlement	= 0.25 SLN
	One key skill	= 0.08
		<u>          </u>
		= 1.98 SLN

But this exceeds 1.75 per year cap, so this learner SLN is in fact 1.75

The SLN value is actually allocated to a year based on number of days between start and actual end date

The LSC will continue to review rates, and will annually change some listed rates and make others unlisted (and visa versa)

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### How many SLNs for these learners?

Taught during the day and all start in Sept '08 and achieve in July '09

L1.	4 Applied AS in 190glh each	Listed 0.4 SLN each	=	SLN
	1 Key skill in 30glh	Listed 0.08 SLN		
L2.	4 AS levels in 140glh each	Listed 0.33 SLN each	=	SLN
	1 Key skill in 30glh	Listed 0.08 SLN		
L3.	4 AS levels in 140glh each	Listed 0.33 SLN each	=	SLN
	1 Basic Skill in 45glh	Unlisted		
L4.	4 AS levels in 140glh each	Listed 0.33 SLN each	=	SLN
	1 Key skill in 36glh	Listed 0.08 SLN		
	Entitlement	0.25 SLN		
L5.	4 AS levels in 140glh each	Listed 0.33 SLN each	=	SLN
	1 Basic Skill in 90glh	Unlisted		
	Entitlement	0.25 SLN		

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### When do SLNs count?

This is commonly referred to as the definition of a start


The three funding census dates have been scrapped

Instead there are minimum attendance measures, based on duration

Duration	Minimum attendance
24 weeks or more	6 weeks
2 to 24 weeks	2 weeks
Less than 2 weeks	Once

If an enrolment meets the minimum attendance criteria the SLN value assigned in the given academic year will be counted

Resits, retakes and transfers do not generate an SLN value




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### The National Funding Rate per SLN

So, if a learner counts for 1.75 SLN "move on and show me the money!"

The LSC will set a fully-funded and co-funded £ per SLN each year


Things to note:

- This national rate will be different for each model
- It will be set based on affordability
- Rates for 08/09 will go up less than inflation (e.g. 2.1% for 16-18)
- The co-funded rate will fall each year as fee % increases

"I said show me the money!": e.g. Might be 16-18 fully-funded rate

$1.75 \text{ SLN} \times \text{£}2,750 \text{ NFR} = \text{£}4,812.5$

But the story does not end here.....




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### The Provider Factor


1.75 SLN x £2,750 NFR now needs to be multiplied by a provider factor

The provider factor is calculated annually in advance for allocations (based on 8 Feb ILR F05 for FE and ILR W13 for WBL/TtG)

Each funding model has its own provider factor, and only changes in year to reflect actual delivery within Employer Responsive Model

Provider factor (e.g. 1.334) =

- Area Cost (e.g. 1.200)
- x
- Disadvantage (e.g. 1.079)
- x
- Programme weighting (e.g. 1.217)
- x
- Short-programme modifier (e.g. 1.001)
- x
- Success factor (e.g. 0.846)




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### The Provider Factor

**Providers can see 'indicative' Provider Factors for each model in PaMS**

Although I think there is an error as it is excluding the Area Cost

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### The funding earned!

**Therefore, 1.75 SLN x £2,750 NFR x 1.334 PF = £6,419.88**

With this knowledge, how much funding for Learner number 6?

Full time onsite NVQ (540g/h)	Listed 1.16 SLN
Key skills in Nums (40g/h)	Listed 0.08 SLN
Key skills in Comms (45g/h)	Listed 0.08 SLN
Entitlement	0.25 SLN

and Learner number 7?

5 AS levels (200g/h each)	Listed 0.33 SLN each
Entitlement	0.25 SLN

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### Time for a tricky one?!?!?

How much funding in 2008/09 for fee remitted learner number 8?

- Started BTEC 1<sup>st</sup> Aug '08 and on-programme to finish 31<sup>st</sup> July '10
- Started Key Skill 1<sup>st</sup> Aug '08 but transferred on 3rd Jan '09
- Started Literacy 3<sup>rd</sup> Jan '09 and on-programme to finish 31<sup>st</sup> July '09
- Started full time AS level 1<sup>st</sup> Aug '08 and withdrew 2<sup>nd</sup> September '08
- 08/09 fully-funded NFR of £2,750 and PF of 1.334

BTEC National Diploma (900g/h)	2.4 SLN
Key skill (40g/h)	0.08 SLN
Literacy qualification (90g/h)	unlisted
AS Level (160g/h)	0.33 SLN
Entitlement	0.25 SLN

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**Additional Learning Support**


The demand-led funding formula does of course also include ALS

$$SLN \times NFR \times PF + ALS = \text{Funding}$$

ALS will be allocated as now, in advance and at provider level.  
However, in 2008/09 60% of the allocation will be driven by a formula and the remaining 40% will be negotiated (75/25 in 09/10)

In the 16-18 model the formula is based on English and Maths point scores, and in the adult model it is based on level of study

ALS claims in excess of £5,500 per learner remain as at present



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**Use of the formula at allocation level**

Can you work out what the LSC adult responsive allocation would be?

- 5,000 learners of which 2,000 are fee paying
- Average SLN per fee and non-fee paying learner is 0.8
- Fully-funded NFR is £2,700
- Co-funded NFR is £1,607
- Provider Factor is 1.0500
- £1m for ALS



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**THE 16-18 MODEL**



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### 16-18 model

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graph TD; A[School 6th Forms] --> C((16-18 model)); B[Entry to Employment] --> C; D[16-18 Further Education] --> C;
```

- Strategic commissioning (Quality and 14-19 Partnership critical)
- Transitional protection at +/- 2.1% in real terms and no reconciliation
- New demand-led funding formula with historical provider factor
- Significant change for schools but with higher rate per SLN than FE
- Funding via the Local Authority rather than the LSC from 2010/11
- New products with new contracting arrangements (Diploma)



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## THE ADULT LEARNER RESPONSIVE MODEL



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### Adult learner responsive model

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graph TD; A[19+ Further Education (excluding employer based NVQs)] --> B((Adult Learner Responsive));
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- Strategic commissioning (PSA targets and prioritisation are key)
- Transitional protection +/- 2.1% in real terms, with convergence
- Mid-year and end-year reconciliation with tolerance and cap
- New demand-led funding formula with historical provider factor
- Co-funded SLN rates for those paying tuition fee (42.5% in 08/09)
- Will have a lower rate per SLN than in the 16-18 model
- New products being piloted such as FLT and Skills Accounts



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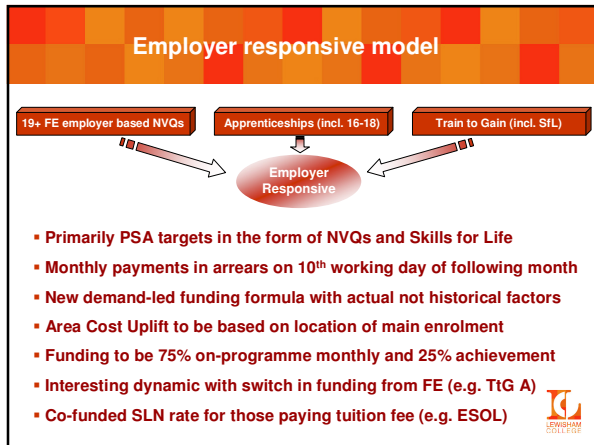
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### The priorities and targets

The targets tend to relate to the Public Service Agreements (PSAs) as listed within the CSR and DCSF/DIUS Grant Letter to the LSC

- Numeracy from Entry 3 (SfL)
- Literacy (including ESOL) now from Level 1 (SfL)
- Full Level 2
- Full Level 3
- Level 4 added

To achieve targets there must be a switch from non-priority provision. This has been termed 'developmental learning' (previously 'other' or 'residual'), and falls from £508m in 2008/09 to £116m in 2010/11. This excludes the FLT – Denham influence?




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### Other influences?

"[John Denham] was particularly passionate about the importance of the skills agenda to social inclusion, as well as being responsive to employer demands. He warned against any temptation to "hit the target but miss the point", meaning that although targets are important as they are the drivers of action, achievement of them must not become the overriding obsession."

*Minutes from LSC National Committee 19/11/07*

"Once the final Strategy is published it will directly shape the way the Learning and Skills Council allocates its post-19 resources in London and guide the spending of other public sector agencies such as Jobcentre Plus and the London Development Agency."

*London Skills and Employment Board (LSEB) consultation*




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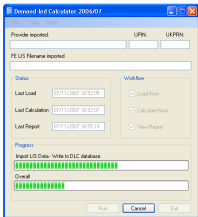
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### The Demand-Led Calculator


SLNs will be categorised into priorities and mid-year, year-end and any future growth will depend on exceeding these targets



The Demand-Led Calculator calculates SLNs once you import an 06/07 ILR. It then categorises the SLNs by model and by prioritisation

The target flags in the LAD are key

At present the DLC is great for building awareness of the detail behind the changes but I would suggest without the correct NFR and SLN rates per qualification we cannot reliably model the impact at present




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**The Summary Statement of Activity in PaMS**

Planning and targets will again involve completing an SSoA

This time, LSC staff will complete it in PaMS for providers....

A 100+ page guide to PaMS can be found on the LSC website

In terms of funding efficiency, appropriate use of glh and class size remain the most critical factors (and now success rates)

Detailed planning for 08/09 and beyond (e.g. SSoA), will not be an easy task. Much information has yet to be published, but hopefully when you do your planning you will feel a little less like the guy below after today??????



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Thank you and I hope  
you enjoyed the day

Open Forum  
(if requested)



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