


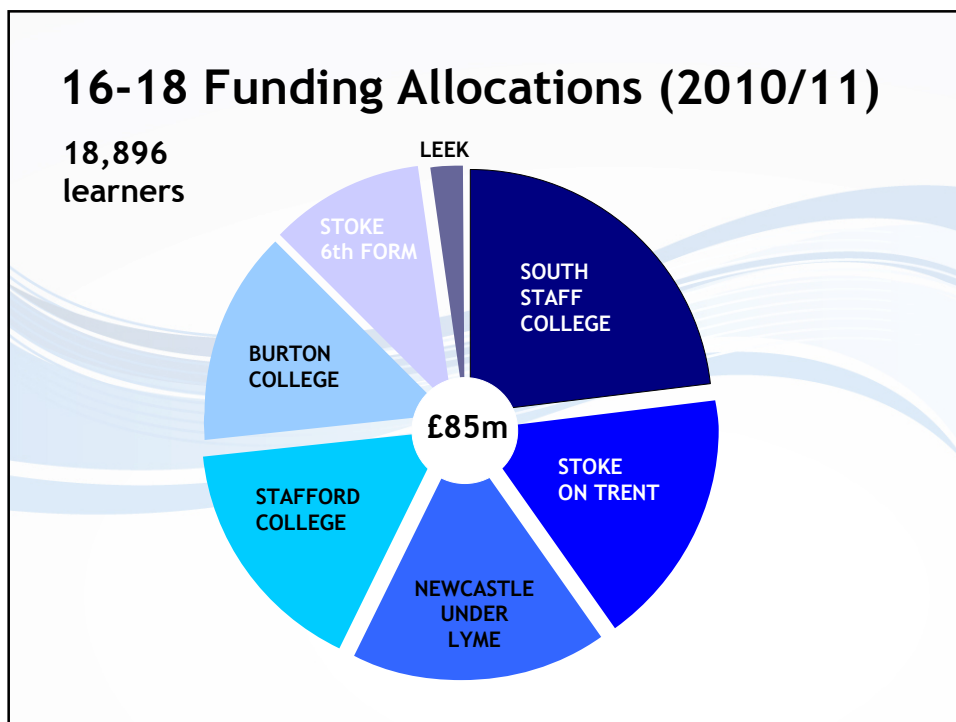
The New Planning & Funding Landscape

4th April 2011
Staffordshire College Governors

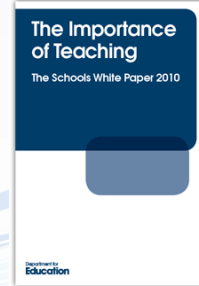
Written and presented by Nick Linford



Lsect
Learning & skills ~ events,
consultancy and training



Schools White Paper and Bill



“Ofsted will cease routine inspection of schools and sixth form colleges previously judged to be outstanding”

“End the [‘on average £280’] disparity in funding for 16-18 year-olds, so that schools and colleges are funded at the same levels as one another [by 2015].”

“Subject to legislation, we intend to replace the existing Young People’s Learning Agency and set up a new Education Funding Agency (EFA) as an executive agency of the Department [in April 2011]”

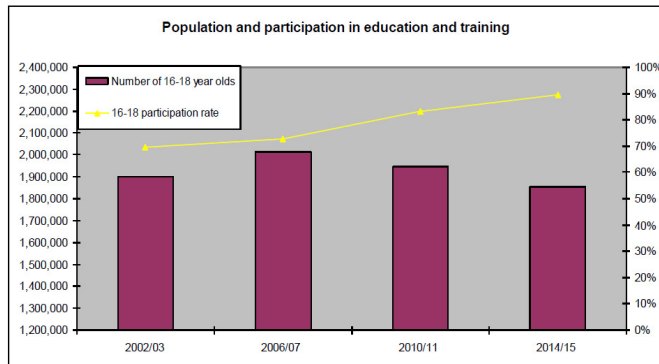
“We will raise to 17 by 2013 and then 18 by 2015 the age to which all young people will be expected to participate in education or training [RPA]”

16-18 YPLA RPA planning assumptions



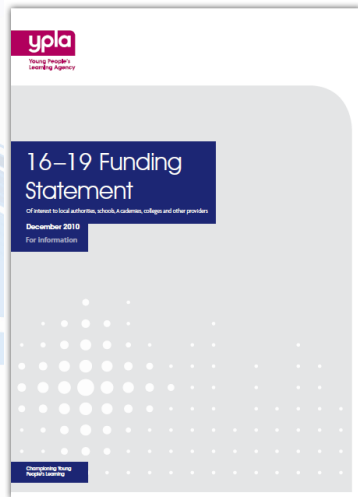
Population Falls
Participation Increases
Volumes increase slightly

“Drops 90,000 by 2014/15”
“All 16 and 17 year olds by 2014/15”^{*}
“Increase by 62,000 by 2014/15”

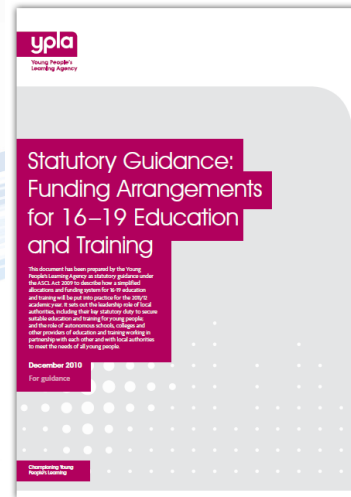


^{*} And all to be on large programmes (e.g. moving from E2E to Foundation Learning)

YPLA Funding Statement (published 20 Dec)



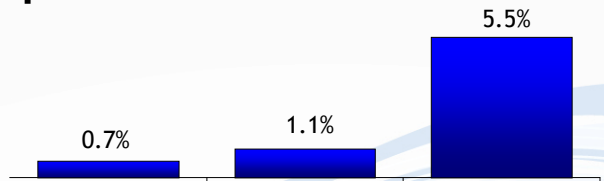
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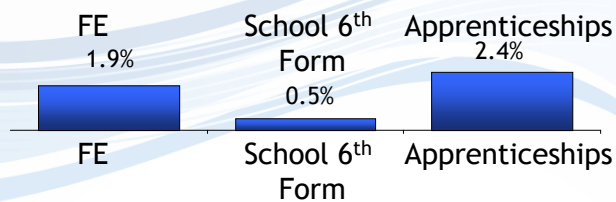
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The 16-18 plan for 2011/12

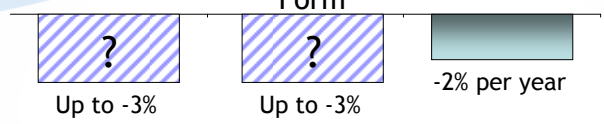
Learners



Funding Allocation



College funding rate per learner

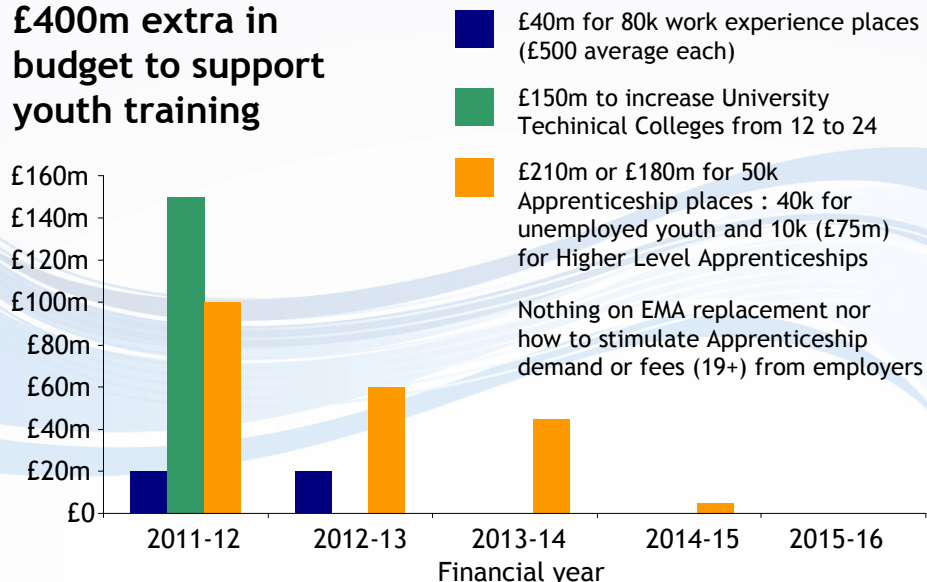


Efficiencies needed (more for less)

- Reductions in 16-18 unit costs (programme size) via cut to largest (80th percentile) averages and
- 74% reduction in “generic” entitlement curriculum hours
- Converge SSF funding with other providers
- Protection for the “core” programme [reduced SLN cap?]
- Transitional Protection for three years (until 2013/14)
- Maximum loss of 3% per learner in 2011/12

YPLA attempting to announce all policy changes now, and not change for four years (Wolf Review might alter this)

£400m extra in budget to support youth training



Note: youth unemployment (18-24) currently running at 760k (18.3%)

Source: Page 42 of budget: http://cdn.hm-treasury.gov.uk/2011budget_complete.pdf
Slide by www.lsect.com

16-18 concluding summary

Individual college impact on overall **budget** will differ based on past recruitment, but most facing **rate** reductions of 3%

So 'more for less' the sector strap-line

Final 16-18 allocations for 2011/12 sent out by the YPLA yesterday

Numbers expected to increase owing to RPA

Wolf Review published, but we await consequences for vocational provision (particularly pre-16 in schools)

Partial reinstatement ('u-turn') of EMAs announced this week

School 6th Forms (Staffordshire and SoT)

51 School 6th Forms totalling 8,400 16-18 learner allocation in 2010/11

Funding total of £40m with 165 average per 6th form

Largest 384 learners: Joseph's College

Smallest 36 learners: Norton Canes High School

From total 17 school 6th forms with less than 150 places

Total extra for teachers pension £1m in 2010/11 (average of £21k)

Of interest:

- ~ Pre-16 budgets cut by 1.5% on average
- ~ Schools tend to cross-subsidies from per-16 to post-16 (still affordable?)
- ~ Average cost of teacher tends to be higher
- ~ Impact of budgets being cut for the first time (for next 3 years)?
- ~ Impact post Wolf in terms of vocational market?

Do you think schools have fully appreciated the financial pressures?

Do you think this presents an opportunity?

Now what does the 16-18 funding landscape look like?



or

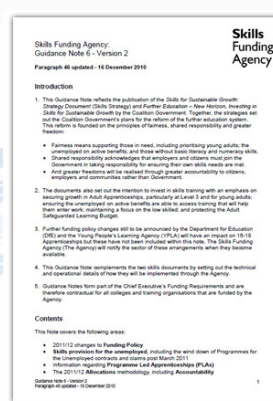
Discuss....

2011/12 plans from BIS and Skills Funding Agency



Skills Strategy

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



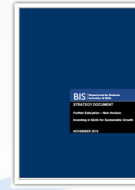
Guidance Note 6

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

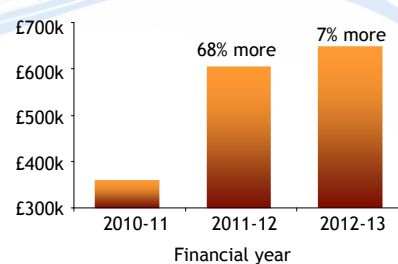
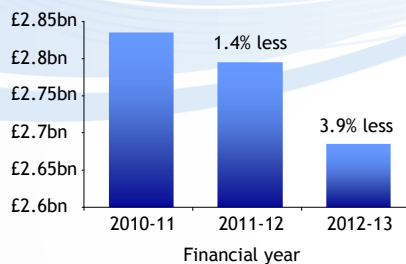
The 19+ spending for 2011/12

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

Detail in Guidance Note 6

Many complex but significant changes

- ~ 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 learner-responsive for Outcome Incentive Payments (OIPs)
- ~ Minimum Contract Level of £500k
- ~ Single ER and LR budget, and SFA will pay 16-18s on behalf of YPLA
- ~ Fully-fund some Foundation Learning for those on inactive benefits

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



Skills Strategy



Proposals for 2012/13

- Simplified funding formula with reduced rates
- Perhaps only 12 rates (award, cert and dip x 4 PWs)
- Removal of provider factor (with exception of Area Cost Uplift)
- Expansion of outcome incentive payments
- Reduction of L2 and L3 entitlement by one year (so up to 23 year-olds)
- Simplification of data returns

Proposals for 2013/14

- Introduction of government backed loans at Level 3 (replacing the grant funding)

19+ allocation summary

On 31st March 2011 colleges received their allocations, and the final allocation notes can be downloaded from:

<http://www.lsect.co.uk/updates/22-03-11-ALR.asp>

Many will have been surprised to be allocated more next year than this year. Final allocations greater than indicative as:

- Planned 3.4% allocation reduction (excl. Apprenticeships) scrapped
- Standard 19+ apprenticeship allocation +13.6% as opposed to +11.7%
- The Adult Additional Learning Support budget is now + 5.9% not - 2%
- The Formal First Step Learning no longer reduced by 2%

Afforded as 'money was being held back that was not needed'

Yet, what remains unchanged is that the national funding rate falls 4.3%, programme weighting for Skills for Life scrapped and many inactive-benefit learners will become co-funded

Many colleges will not be able to earn all their allocation owing to new policies, and the SFA is already in 'flexibility' talks

19+ concluding summary

Less funding overall, and directed towards:

- ~ Paying to get someone off benefits and into work (OIP) saves the Treasury. Could it become DWP funded as part of 'Skills Conditionality'?
- ~ Paying to train people in work, mainly via 'high quality' Apprenticeships (Level 2 - 5) and with significant employer cash fee contribution. Need employer buy-in
- ~ Plus what can be done to reduce reliance on FE funding in terms of fees, full cost, HE in FE and other income sources

Will all the adult funding be earned?

If not, do you take a **risk and sub-contract?**

Now what does the 19+ funding landscape look like?



or



Discuss....

Lsect training with Nick Linford in May

Funding Masterclass ~ 3rd May 2011

Including how to curriculum plan and achieve more for less

<https://www.eventsforce.net/lsect/17/home>

Sub-contracting Funding Summit ~ 17th May 2011

Are you risking it? Then don't miss this one

<https://www.eventsforce.net/lsect/16/home>

Engineering Funding Summit ~ 24th May 2011

Unique sector specific event with the SSC Semta

<https://www.eventsforce.net/lsect/15/home>

Book before 11th April for an early-bird discount of 20%

Thank you

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