

16-19 Learner Responsive Statement 2011/12

Explanatory Note – Further Education Providers

January 2011



Introduction

Further to the YPLA's *16-19 Funding Statement*, published in December 2010, this explanatory note sets out the background details behind the figures in the 16-19 learner responsive statement for the 2011/12 academic year.

Purpose

We are providing this information now so that you have an opportunity to check and comment on it, or raise any queries you may have. It will also give you a basis on which to plan.

Policy Implementation – 2011/12

The figures provided in your '16-19 Learner Responsive Statement' take into account all the policy changes set out in the *16-19 Funding Statement*, enabling you to plan strategically and operationally towards 2014/15. In particular I would like to draw your attention to the following changes:

- Lagged learner numbers: in July 2010 the Secretary of State for Education confirmed that, colleges, schools, Academies and non-grant funded providers would be funded from 2011/12 on the basis of 'lagged learner numbers'. Such an approach will be based on the number of learners participating in the previous 12 months, thus simplifying the allocations system and removing the need for *detailed* individual 'provider dialogue' around allocations – other than in exceptional cases¹.
- Curriculum 2000 'Entitlement Curriculum': the number of fundable guided learning hours (glh) for all full-time learners has been reduced from 114glh to 30glh. Alongside this the requirement to deliver specific activities through enrichment funding has been removed, in line with the general policy that institutions should decide which activities will be most effective for their students.
- Managing programme size: owing to the 'Entitlement Curriculum' changes, these guided learning hours will be removed from your allocation. The

¹ Exceptions to lag will be rare but include: infrastructure changes (new institutions/mergers/closures); provision which falls below national MLP and Ofsted minimum standards, and where insufficient improvement is in hand; redistribution of provision, in the best interest of learners, *agreed by all parties* in consultation with local authorities.

current funding cap of 1.75 SLN will be reduced to 1.56 SLN (702glh). This will affect full-time learners only. The cap protects core programmes of learning and allows for enrichment activity. Institutions are, of course, free to deliver as much learning as they see fit, but this will not generate extra funding above the new cap.

- SLN/Learner Ratio (programme size): to achieve greater transparency and in response to issues the post-16 sector has raised about ratios being held at historic levels, your ratio has been refreshed using data from the 2009/10 academic year (minus the impact of the 'Entitlement Curriculum' changes mentioned above). Therefore curriculum and delivery changes/improvements made by you in your core programmes will now be reflected in your statement.
- Reducing significant programme variations: currently some institutions receive greater funding, per learner, than similar institutions. Adjustments have been made, by institution type, to bring the SLN/Learner Ratio for the top 20% into greater alignment. We have sought to adjust ratios by bringing them halfway to a defined 80th percentile (after taking account of entitlement curriculum changes) as outlined below:

	2009/10 80 th Percentile (Full-time only)
General FE (including Tertiary)	1.33
Sixth Form Colleges	1.42
Specialist Colleges	1.41
School Sixth Forms	1.40

This adjustment will apply to the ratio for full-time learners only. If you are affected by this particular change, the resulting impact is detailed within your statement.

- The funding rate for school sixth forms and other FE providers will converge as first set out in *The Importance of Teaching* White Paper (paragraph 8.17). This means that a single national funding rate will be introduced for the 2011/12 Academic Year. The funding rate will be confirmed in March 2011.

- The additional payments to schools for Teachers' Pensions will cease from 2011/12.

These measures will reduce the unit cost of all 16-19 provision in 2011/12.

The savings made will enable us to re-invest:

- £150 million to increase the funding available to support the most disadvantaged students through the Disadvantage Uplift and Additional Learning Support. Decisions on the detailed allocation of these funds are yet to be completed and this additional funding will be included in your final allocation.
- To increase the size of some shorter programmes up to the level required for raising the participation age. This will affect the SLN/learner ratio for some providers and is not included in this statement.
- To fund increases in success rates.

Transitional protection and indicative funding per learner for 2011/12

The implementation of the savings and re-investment above means that unit costs have to be reduced. We recognise that providers need time to plan these unit cost reductions. To mitigate these changes over time the YPLA will provide transitional protection over the spending review period, with that protection being withdrawn in 2014/15. Recognising the planning time needed to deliver this for the 2011/12 academic year we will use transitional protection this year such that no institution will lose more than 3% of its funding per learner when compared to the funding per learner it is receiving for 2010/11.

Due to the re-investment set out above some providers will not face a reduction of as much as 3% per learner in 2011/12 and some providers may have an increase in their funding. At this stage in the allocation process it is not possible to set out the precise increase or decrease in funding per learner each provider will face. However, to assist your planning, the statement included in this pack shows the indicative 2010/11 funding/learner on which transitional protection will be based.

This rate is calculated from your total 2010/11 funding, excluding high cost (>£5,500) Additional Learning Support. For planning purposes, you can work on the basis that your funding per learner in 2011/12 for all learners without high cost ALS will not be less than 97% of this figure. Learners with high cost additional learning support will be protected separately. This figure is indicative and is meant to help planning.

16-19 Learner Responsive Statement

Each element of the statement is coded with a letter. The notes below explain these elements and the supporting data that underpin that statement using the letter codes.

Elements of the Provider Factor

	Element	Description	Data Source
A	Area cost	This uplift is based on the higher costs of learning in some areas of the country	The full set of uplifts are set out in Annex F of YPLA Funding Guidance 2010/11
B	Disadvantage uplift	This is calculated using the Index of Multiple Deprivation (IMD).	Previous allocations have used IMD 2004. For 2011/12 this has been updated to IMD 2007
C	Programme weighting	This reflects the different costs of different subjects. It is calculated at learning aim level and then aggregated to provider level	The programme weightings for learning aims are included on the Learning Aims Database (LAD) 16-18 LR section within the weighting factor field
D	Success factor	Success rates based on 2008/09 data have been used. The success factor is midway between 100% and the provider success rate. As success rates are not available for Entry to Employment (E2E) provision, any provider that has previously delivered mostly E2E provision will be funded using a qualification success rate of 76%, giving a success factor of 0.88.	2008/09 success rates from F05
E	Short course modifier	This is calculated from the learner level annual guided	

		learning hours (glh). It only applies to learners with an annual glh of less than 225	
F	Care standards factor	An uplift to allow for the extra costs in relation to residential 16 and 17 years olds from complying with the Care Standards Act 2000 and subsequent legislation/regulations	Field L34 of ILR
G	Long term residential factor	An uplift for specialist residential provision in providers designated long term residential colleges	Field A09 of ILR
H	Provider factor	This is obtained by multiplying together A x B x C x D x E x F x G	
Note: The above include impact of the reduction in entitlement curriculum. This mainly affects programme weighting.			

SLN to Learner Ratio

	Element	Description	Data Source
I	2010/11 allocated ratio	This is the 2010/11 ratio used within the 2010/11 allocation	2010/11 allocation
J	2009/10 actual ratio	This is the 2009/10 actual ratio based on end-year data	2009/10 F05
K	2009/10 actual ratio adjusted for policy changes	Ratio from J reduced to reflect the impact of policy changes (reduction in hours for the entitlement curriculum to 30 glh and the resulting reduction in the maximum programme size to 1.56 SLN)	2009/10 F05
L	Final ratio for 2011/12 allocations (adjusted for top 20% of providers)	This is the ratio to be used for your 2011/12 allocation. Where a provider has a SLN to learner ratio for full-time learners within the top 20% for their provider type this has been reduced half way to the 80 th percentile for that group. The adjustment will apply to full-time learners only and will take	2009/10 F05

		place after the impact of policy changes has been taken into account	
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2011/12 Learner Numbers - 16-18

	Element	Description	Data Source
M	Learner numbers from 2010/11 LR01	For most FE providers this is the actual learner numbers recorded on your 2010/11 LR01 return Not applicable to Independent Private Providers (IPPs) and some small FE institutions	2010/11 LR01
N	F01 to F05 ratio	This is your actual F01 to F05 ratio for 2009/10 Not applicable to IPPs and some small FE institutions	2009/10 F05
O	Lagged learner numbers	These are derived by uprating the 2010/11 LR01 numbers to a full year estimate by applying the F01 to F05 ratio (M x N) For some small FE institutions where the above is not appropriate, all year 2009/10 learner numbers will be used For IPPs a variant of the lagged approach will be applied taking a simple learner count: number of learners carrying into programme in Nov 2009 plus number of starts from Nov 2009 to Oct 2010. Note: for final allocations Feb 2010 to Jan 2011 data will be used.	2009/10 F05 2009/10 F05 2010/11 LR01

P	Exceptional changes to lagged learner numbers	An increase or decrease to the lagged learner numbers above. This is where an exceptional case has been agreed (as detailed in paragraph 30 of the Statutory Guidance).	<i>Statutory Guidance: Funding Arrangements for 16-18 Education and Training</i>
Q	Total learner numbers	This is the total of O + P.	
L	SLN to learner ratio	This is the ratio to be used in your 2011/12 allocation as explained in I to L above	
R	Total SLN for 2011/12	This is calculated as Q x L	
S	16-18 learners with high cost ALS*	The number of 16-18 learners with high level ALS (over £5500). This is a subset of the overall total learners in Q above.	2009/10 F05 or 2010/11 LR01
T	SLN for 16-18 learners with high cost ALS	The SLNs associated with 16-18 learners with high cost ALS. Calculated as S x L.	

2011/12 Learner Numbers - 19-24 Learners with High Cost ALS

	Element	Description	Data Source
U	Total learner numbers	The number of 19-24 learners with high level ALS (over £5500). This will be taken from 2009/10 F05 data or 2010/11 LR01 data where 2009/10 data is not available.	2009/10 F05 or 2010/11 LR01
V	SLN to learner ratio	16-18 ratio will be used as detailed in L above.	2009/10 F05
W	SLN for 19-24 learners with high cost ALS	The SLNs associated with 19-24 learners with high cost ALS. Calculated as U x V.	

*Please review this figure and contact the YPLA if it does not reflect your delivery in 2010/11.

Process towards your final allocation in March

The following further actions will take place in order to reach a final allocation in March 2011:

- Determining the national funding rate, and then multiplying this by the SLN and the Provider Factor identified in your statement.
- Adding any funding for low level Additional Learning Support.
- Adding any additional funding for disadvantaged students as set out in the *16-19 Funding Statement*.
- Adding any funding for the increase of the size of some shorter programmes up to the level required for raising the participation age.
- Comparing the total funding per learner from this calculation with the equivalent figure from 2010/11 in order to then add any 'Transitional Protection' funding so that no institution has a reduction in total funding per learner of more than 3% in 2011/12.
- Adding any additional funding for learners receiving high level Additional Learning Support.
- Adding any allocation for learners who are aged 19-24 and have Learning Difficulties and/or Disabilities and need Additional Learning Support over £5,500. This allocation will be agreed with the Skills Funding Agency and added to your final allocation if applicable.
- Adding any Discretionary Learner Support funding, if available at that time.