FE ILR Funding Estimate/Claim 2007/08

Further education Individualised Learner Record in-year estimate, end-year estimate and final funding claim 2007/08 and associated relevant audit opinions

July 2007

Of interest to those in the FE system in receipt of funding from the LSC
Further information
For further information, please contact the appropriate Learning and Skills Council office. Contact details for each office can be found on the LSC website www.lsc.gov.uk

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National Office

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The responses needed to this booklet vary according to whether colleges or providers are within plan-led funding and also by the type of provider. The detail for responses is set out in Table 1 at paragraph 5 of the main booklet.

For action

Deadlines for returns are set out in Table 1 of this booklet.
Executive Summary

July 2007

Subject: Every further education (FE) provider is required to provide the Learning and Skills Council (LSC) with three completed returns for 2007/08 (at Annex B) stating the learner numbers and associated total funding estimated or generated by the college or other provider with reference to the 2007/08 FE funding allocation.

This booklet provides all funding estimate/claim forms and Individualised Learner Record (ILR) funding auditor opinions for the year 2007/08 and provides guidance to colleges and other providers and funding auditors on how to complete and return them. This booklet includes the annual self-declaration form on partner providers introduced from 2005/06 (see paragraph 71 of FE ILR Funding Compliance Advice 2007/08). It also includes an example of a reconciliation statement, together with guidance on the calculation of any retrospective clawback of funds for 2007/08 for non-plan-led funding providers.

Any updates to this booklet will be published on the LSC website from summer 2007, including any updates to Annex H (valid manual adjustments for 2007/08), and any changes to the notified versions of the Learning Aims Database (LAD) and Learner Information Suite (LIS) to be used for compiling final funding claims.

Intended recipients: Principals of colleges, heads of institutions, executive directors of local LSCs, funding auditors, the National Audit Office (NAO), the Audit Commission and heads of other key organisations.

Status: For action.

Date for action: Table 1 of this booklet provides the deadlines for the various returns required from colleges and other providers for 2007/08.
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Relevant contents for plan-led funding colleges only: booklet paragraph numbers 1–2, 4–7, 10–14, 19 and 27–30, and Annexes A, B, E, G, H, I and J.
The Learning and Skills Council (LSC) is committed to simplifying the way it funds colleges and other providers, working in partnership to create a planning-led approach and significantly reducing bureaucracy. The funding reconciliation set out in previous years is restated in this booklet for 2007/08. Through this, the LSC acknowledges that colleges need to be able to plan with confidence to deliver the provision they have agreed with their LSC partnership team. This guidance should be read in conjunction with the following booklets:

- Funding Guidance for Further Education in 2007/08
- FE ILR Funding Compliance Advice 2007/08
- LSC Learner Eligibility Guidance 2007/08.

Providers within plan-led funding

- There is no retrospective clawback of funds (or unplanned or responsive growth funding) for any colleges and providers confirmed as within plan-led funding for 2007/08 by their LSC partnership team.
- No funding audit returns for 2007/08 are required (Annexes C, D and F in this document do not apply to these providers).

Providers outside plan-led funding

- There is no retrospective clawback of funds for colleges and providers achieving 97 per cent or more of their planned activity.
- There is an opportunity for colleges and providers achieving below 97 per cent of planned activity to bring themselves within the 97 per cent threshold by returning baseline funds, after the 2007/08 academic year-end.
- There are no unplanned or responsive growth payments for colleges and other providers that over-deliver in 2007/08.

All providers

All providers are, however, reminded that following the introduction of the tolerance arrangements from 2002/03, they were still expected to plan their delivery to meet their funding agreement fully in each and every funding year. Colleges and other providers whose delivery is significantly below their funding agreement are expected to have agreed any necessary reductions in their in-year allocations during 2007/08.

All returns should be sent to either the relevant LSC partnership team or LSC regional processing (contract) team. Each provider will be separately notified by their LSC partnership team of the local LSC office their returns should be sent to. The timetable for returns is similar to that for the 2006/07 returns.

The format of the funding estimate/claim form for 2007/08 is the same as for the 2006/07 funding claim and the report is provided within the LIS for 2007/08. The estimate/claim form is also available on the LSC website as part of this booklet in the form of an Excel workbook. Estimate returns do not require signature and may be returned in the simple electronic format. All providers’ final claim returns must be appropriately signed as they form part of the LSC’s assurance arrangements to the National Audit Office and will be used by the LSC in monitoring performance by colleges and other providers for 2007/08.

For providers outside plan-led funding, retrospective clawback for main allocations will continue to be calculated only by comparing total funding earned with the total final allocation.

All funding claims and audit reports for the 2006/07 academic year are available in the document FE ILR Funding Estimate/Claim 2006/07 which, together with the document FE ILR Funding Compliance Advice 2006/07, can be found on the LSC website (www.lsc.gov.uk/providers/funding-policy/Furthereducation/Further_Education_Funding_Policy_Documents_2006_07.htm).
Introduction

1 This booklet provides advice on how to make the returns for the academic year 2007/08. All colleges and other providers are required to make three returns for 2007/08 (forms for these returns are at Annex B). For providers outside plan-led funding, a relevant Individualised Learner Record (ILR) funding auditor report is also required for final claims. The required returns and the timetable for them are set out in Table 1. Table 2 explains the contents of the various annexes in this booklet.

2 For colleges and providers within plan-led funding, Annexes C, D and F in this booklet do not apply and no retrospective clawback of funds will be made from their final funding claim return. Plan-led funding providers will already have discussed with their local Learning and Skills Council (local LSC) partnership team the need for any adjustment to their funding allocation that may apply in-year in 2007/08.

3 For colleges and providers not within plan-led funding, all the annexes in this booklet are relevant. For those achieving below 97 per cent of targeted activity, the following deadline applies:

- agreement of any planned change in allocation to access the 3 per cent tolerance entirely depends upon agreement to return baseline funding – the LSC would normally expect to see similar consequential reductions in 2008/09 allocations
- no action to agree any return of allocation is necessary by any college or provider delivering 100 per cent or above of its funding allocation.

4 The estimate/claim forms and audit opinions should be returned to the relevant LSC partnership team in accordance with the timetable agreed between the college, its funding auditors and the LSC partnership team. The LSC welcomes early returns, but any agreed timetable must meet the deadlines given for each return. In order to access the recovery of funds thresholds or any cash core funding protection as set out in this booklet, colleges and other providers must comply with the deadline for final returns set out in this booklet.

5 In order to meet the returns timetable set out in Table 1, providers outside plan-led funding must ensure that the final funding claim and final ILR data are shared with funding auditors in time for them to be able to meet the return timetable. Funding auditors have requested that final data should be shared with them at least one month before the final claim is due, that is by 31 October 2008.

Table 1: Deadlines for returns

<table>
<thead>
<tr>
<th>Type of provider/annex required</th>
<th>Plan-led funding colleges and providers</th>
<th>FE colleges (outside plan-led funding)</th>
<th>Other FE providers outside plan-led funding (includes former external institutions and higher education institutions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annex B: In-year estimate</td>
<td>8 February 2008</td>
<td>8 February 2008</td>
<td>8 February 2008</td>
</tr>
<tr>
<td>Annex B: End-year estimate</td>
<td>29 August 2008</td>
<td>29 August 2008</td>
<td>29 August 2008</td>
</tr>
<tr>
<td>Return of funding for those below 97 per cent of their allocation</td>
<td>In-year discussions with LSC partnership team</td>
<td>28 November 2008 (recovered by no later than 19 December 2008)</td>
<td>28 November 2008 (recovered by no later than 19 December 2008)</td>
</tr>
<tr>
<td>Annex I: Partner provider self-declaration form</td>
<td>31 August 2007</td>
<td>31 August 2007</td>
<td>31 August 2007</td>
</tr>
</tbody>
</table>
6 The LSC will use this information to assess the performance of each college or other provider against its funding agreement and to determine whether any adjustments are required to the funding paid to the college or other provider for 2007/08. This performance in 2007/08 will also be taken into account in future funding allocation processes. The in-year estimate is required by no later than 8 February 2008 and will assist the LSC in assessing provider performance against funding allocations and in managing the overall FE budget. The funding estimate returns also enable providers to adjust their ILR data returned figures manually with their own assessment of their likely final out-turn, taking account of any necessary manual adjustments, the updated achievement factor for 2007/08 funding claims (see below) and learner activity not yet recorded on their ILR. This will enable providers to update the LSC partnership team with the latest available data and to assist the LSC in being more consistent with its own in-year monitoring for 2007/08 and any agreed allocation changes for 2007/08. This information will also be used as part of the discussions between LSC partnership teams and providers as to the possible impact if a similar allocation and out-turn took place in 2008/09 within the new proposed funding reconciliation arrangements for 2008/09. Full details of these new arrangements for 2008/09 will be published by the LSC during the early part of the 2007/08 academic year. For this reason, all estimate/claims for 2007/08 must be completed as follows:

- every funding estimate/claim returned to the LSC must be accompanied by a copy of the matching LIS Funding Claim Report; and
- in the estimate/claim return, the LIS report values must exactly match the right-hand columns

<table>
<thead>
<tr>
<th>Annex</th>
<th>Description</th>
<th>Applies to</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Guidance for Completing Forms: ILR Funding Estimate/Claim 2007/08</td>
<td>All providers</td>
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<td>B</td>
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</tr>
<tr>
<td>C</td>
<td>Audit Report on Learner Data Final Returns 2007/08 (Only Provider-contracted Funding Auditors)</td>
<td>Providers outside plan-led funding only</td>
</tr>
<tr>
<td>D</td>
<td>Audit Report on Learner Data Final Returns 2007/08 (Only LSC-contracted Funding Auditors)</td>
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</tr>
<tr>
<td>F</td>
<td>Calculation of any Recovery of Funds for 2007/08: Providers Outside Plan-led Funding</td>
<td>Providers outside plan-led funding only</td>
</tr>
<tr>
<td>G</td>
<td>Example LIS Funding Claim Report 2007/08: All Providers</td>
<td>All providers</td>
</tr>
<tr>
<td>H</td>
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<td>All providers</td>
</tr>
<tr>
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<td>FE Partner Provider Details</td>
<td>All providers</td>
</tr>
<tr>
<td>J</td>
<td>Explanation of Achievement Factors for 2006/07 and 2007/08</td>
<td>All providers</td>
</tr>
</tbody>
</table>
requesting actual ILR data and all manual adjustments and estimates of future activity being delivered during the year must only be entered in the right-hand side of the return.

7 The LSC will be updating the achievement factor for 2007/08 in early March 2008 to refer to 2006/07 achievements, rather than 2005/06 achievements (see Annex A, paragraph 13). The two estimate returns need only be returned electronically by providers and do not require signature, but a signed final claim must be returned to the relevant LSC partnership team. All funding estimate/claim returns must however be accompanied by a copy of the LIS Funding Claim Report. The dates for returns of ILR for 2007/08 remain those published.

Arrangements

All providers

11 All colleges or other providers are asked to make FE ILR funding returns for 2007/08 by completing form FE ILR Funding Estimate/Claim 2007/08 in Annex B to this booklet. In order to assist in completing the forms, the LSC has provided within the Learner Information Suite (LIS) a Funding Claim Report for 2007/08. All colleges or other providers are asked to send a copy of this report with their claims. An example of this report is shown in Annex C. The LSC will issue estimated reconciliation statements to all colleges or other providers on the basis of the first two returns, and final statements after receipt of final returns. FE colleges and their financial statement auditors will be able to use these documents to assist in completing the college’s financial statements. These statements will confirm no retrospective clawback for all providers within plan-led funding. Guidance on completing the forms can be found in Annex A.

College Funding and Audit Returns: All Colleges

8 For 2007/08, LSC-contracted funding ILR auditors are asked to use the audit opinion in Annex D of this booklet for the final return. Plan-led funding colleges are only required to return the funding claims for 2007/08, and no audit returns are required.

Higher Education and Former External Institution Funding and Audit Returns

9 For 2007/08, external funding auditors of higher education (HE) institutions and LSC-funded former external institutions (EIs) outside plan-led funding are asked to use the audit opinion in Annex C for the final claim. The LSC is aware that the Audit Commission may amend the opinion with its own designated sticker for local-authority-maintained former EIs.

Delays in Timing of Returns: All Providers

10 Some colleges and most other providers are required to provide the LSC with an audited final return of funding for 2007/08. Colleges or other providers and funding auditors are reminded that the return should be provided to ILR auditors by no later than 31 October 2008 and the return is due to the LSC by no later than 28 November 2008. If colleges, other providers or funding auditors anticipate that this return will not be received by 28 November 2008, a letter explaining the reasons for the delay, the action to be taken and a firm promise date for submission should normally be sent to the relevant LSC partnership team before the expected return date. Plan-led funding colleges and providers must make timely returns to remain within plan-led funding.
Annex H of this booklet. Annex H may also be updated on the LSC website after publication of this booklet to include any manual adjustments agreed after initial publication.

14 Colleges and other providers are requested to use their unique provider identification number (UPIN) as their LSC code on returns for 2007/08.

Providers outside plan-led funding

15 Providers not within plan-led funding should be aware that, if funding auditors qualify their claims, the LSC is likely to require further work by the provider and its funding auditor on the claim. These providers should pass the final claim to their funding auditor and ask them to send it to the LSC with their report on the audit of the 2007/08 final funding claim and supporting data for 2007/08.

Adjustments to Payments (Inside Plan-led Funding)

19 The LSC does not intend to apply any retrospective recovery of funds for colleges or other providers inside plan-led funding that have not achieved their funding agreement in 2007/08. In accordance with the new LSC business cycle, colleges or other providers in plan-led funding whose final claim is significantly below their FE-funded cash allocation and/or learner number target for 2007/08 should (and will) have already discussed their performance and costs with their LSC partnership team, and any allocation adjustments should already have been agreed as in-year adjustments during the academic year 2007/08. Obviously, this may suggest that they have not met the necessary thresholds to confirm their allocations for future years.

Adjustments to Payments (Outside Plan-led Funding)

20 For the purposes of calculating payments to colleges or other providers, the LSC will calculate the performance of each institution in 2007/08 as described in this booklet and in Funding Guidance for Further Education in 2007/08 and, in particular, by comparing the institution’s eligible LSC funding total with the funded cash in the funding agreement.

21 The LSC remains very concerned about the small number of providers falling significantly short of their planned activity targets. The sector response to previous funding claim circulars (03/11, 04/03 and 05/01) has been very positive and many providers have taken advantage of the opportunity provided by these circulars to re-base their funding sensibly. The LSC expects those providers who failed to take up the opportunities provided last year to ensure that by the end of 2007/08 they are meeting at least 97 per cent of their allocation and can have their allocations going forward confirmed by the LSC as quickly as possible. The LSC still wishes to encourage the early return of significant unused allocations in order to release funds to those providers exceeding their funding agreements. For FE colleges that face either retrospective clawback of funding in 2006/07 and 2007/08 or have their ILR funding audits qualified, the LSC will need to consider very carefully when they will be able to enter the plan-led funding approach.

22 The LSC intends to moderate any retrospective clawback of funds for colleges or other providers outside plan-led funding that have not achieved their funding agreement in 2007/08 as follows.
• For most colleges or other providers, this means that performance above 97 per cent of the FE cash allocation will not result in any retrospective recovery of funds.

• Calculations will be based on the funding allocated for 2007/08 and paid to colleges or other providers for the year. Colleges or other providers facing shortfalls for underperformance where the delivery on their final funding claim is below 97 per cent of the FE-funded cash allocation will be offered a final opportunity to return part of their baseline funding for 2007/08 and 2008/09 so that they can then take advantage of the de minimis limit. This means that any significantly underperforming college or other provider wishing to reduce its funding allocation for 2007/08 must agree the reduction in its allocation with its LSC partnership team by no later than 28 November 2008 in time to return the funds to the LSC by no later than its 19 December 2008 recurrent-funding payment from the LSC. Colleges or other providers can only return baseline funding with a consequential reduction in their 2008/09 allocation.

• Colleges or other providers whose final underperformance exceeds 3 per cent of the FE-funded cash allocation will be subject to full clawback for all underperformance (although this may be reduced where the performance of colleges or other providers entitles them to protection on the basis of published guidance on cash protection – see Annex F).

23 The moderation set out above is dependent on the LSC’s receipt of timely final funding claims and associated ILR funding audit opinions for providers outside plan-led funding by the deadlines set out in Table 1 at paragraph 5 above. Those colleges or other providers that fail to meet the deadline for final returns will face full recovery of funds for underperformance. These arrangements are described in more detail in Annex F.

24 Colleges or other providers are reminded of the need to comply with LSC guidance on the return of final accounts. In order to avoid difficulties in agreeing their funding position with their financial statement and funding auditors, those colleges or other providers delivering below 97 per cent are encouraged to ensure that any baseline funding being returned to the LSC is agreed as early as possible in autumn 2007.

25 The LSC intends to begin phased recovery of funds for retrospective clawback for 2007/08 on a basis similar to that for previous years, likely to be in one-third instalments starting in January 2009. The LSC will be calculating likely under-achievement and any sums to be recovered on the basis of either data from the claims or, where these are not submitted, LSC-generated estimates of activity from earlier ILR returns. Colleges or other providers will be sent reconciliation statements based on these calculations from spring 2008.

26 Where colleges or other providers submit their final funding claim by 28 November 2008, their profiled recovery for spring 2008 will be based on that return, and this data will replace any previously notified interim data. The final recovery of funds for underperformance in 2007/08 will usually be determined using ILR F05, the final funding claim 2007/08 (taking account of any audit qualifications) and, in exceptional circumstances, the results of any separate LSC investigation.

2007/08 Funding Principles: All Providers

27 Providers are reminded that following the introduction of the tolerance arrangements from 2002/03, they were still expected to average at least 100 per cent of their funding agreements in every funding year. The LSC will be reviewing provider performance for previous years with the intention of ensuring that provider allocations are soundly based across funding years. Providers are reminded that plan-led funding was not designed to reward persistent underperformance.

Completing Further Education Partner Provider Details (Annex I)

28 Providers are asked to read Section 3 of FE ILR Funding Compliance Advice 2007/08 before completing the form at Annex I to this booklet. Many providers may already have returned this information to their LSC partnership team and they are not required to return this form simply to repeat information already held by their LSC partnership team. The level of detailed information required by the LSC partnership team will follow the principles set out in the executive summary of FE ILR Funding Compliance Advice 2007/08, summed up as ‘the principle of intervention in inverse proportion to success’. In this context, the LSC partnership team will be using this data to help assess the risk levels of funding eligibility in their providers, and those with higher levels of partner provider provision should expect to face more stringent scrutiny by their LSC partnership team. This information will also be used by the LSC to assist in determining providers’ learner existence and eligibility (LEE) audit cycles as set out in Section 3 of
FE ILR Funding Compliance Advice 2007/08. Providers must therefore discuss with their LSC partnership team the amount of detail needed on their individual forms before returning them to their LSC partnership team.

29 This form is also available in a workbook (labelled 'Partner Provider Self-declaration') with this document on the LSC website and the LSC expects returns to be made in the table-formatted return worksheet. Providers should only use the provider-level return worksheet where the contract value is significant and their LSC partnership team requires a more comprehensive disclosure of the partnership provision.

30 The LSC expects to see this information declared by all providers before the start of the academic year. Providers who then engage in new partnerships during the year should update their return to their LSC partnership team before they commence delivery with new partners.

Additional Learning Support Claims for Learners where Costs Exceed £19,000 in the Academic Year

31 As stated in Funding Guidance for Further Education in 2007/08 paragraph 438, any additional learning support (ALS) claim above £19,000 should be referred in advance of delivery to the LSC partnership team for approval in principle. The final claim, based on actual costs incurred during the year, must be submitted to the LSC within the timetable for the provider’s funding claim as stated in Table 1 at paragraph 5 of this booklet. Similar rules apply to 2006/07 claims and any outstanding claims for 2006/07 must comply with the deadlines set out in Table 1 of FE ILR Funding Estimate/Claim 2006/07.
Annex A:

Guidance for Completing Forms: Individualised Learner Record Funding Estimate/Claim 2007/08

Calculation of Individualised Learner Record Cash:
All Providers

1 Guidance on the calculation of funding cash for the 2007/08 funding allocation is given in the document Funding Guidance for Further Education in 2007/08. The funding estimate/claim returns for 2007/08 are attached as Annex B of this booklet. Further guidance is provided in FE ILR Funding Compliance Advice 2007/08.

2 In order to assist in completing the forms, the Learning and Skills Council (LSC) has provided within the Learner Information Suite (LIS) a Funding Claim Report to match the generated funding to the claim format. Colleges or other providers are asked to send a copy of this report with their claims. An example of this report is shown in Annex G. If a college or other provider has no claim in a category, an entry of '0' (zero) must be recorded.

Completing the Forms: All Providers

3 The funding estimate/claim should be completed so that the LSC can monitor performance against each type of allocation. A manual adjustment box is provided to assist in resolving funding estimates/claims. Estimates/claims for any additional types of allocation should comply with the additional guidance given by the LSC for any type of additional allocation reconciled through the Individualised Learner Record (ILR). (None are known at the time of writing this booklet.)

4 All colleges or other providers are asked to indicate on Annex B form FE ILR Funding Estimate/Claim 2007/08 the total funding cash that they are claiming for the academic year 2007/08. As stated in paragraph 6 of the main text, the estimate/claim information will also be used as part of the discussions between LSC partnership teams and providers as to the possible impact if a similar allocation and out-turn should take place in 2008/09, and for this reason all estimate/claims for 2007/08 must be completed as follows:

• every funding estimate/claim returned to the LSC must be accompanied by a copy of the matching LIS Funding Claim Report; and
• in the estimate/claim return the LIS report values must exactly match the right-hand columns requesting actual ILR data and all manual adjustments and estimates of future activity being delivered during the year must only be entered in the right-hand side of the return.

Manual Adjustments (see Annex H)

5 Colleges or other providers should provide summary numerical information on the FE/ILR Funding Estimate/Claim 2007/08 Diff Form (Annex B, Part 2) relating to manual adjustments for each estimate/claim form. Providers will need to agree these with their LSC partnership team before submitting them on the final claim form.

6 Before contacting their LSC partnership team, colleges or other providers outside plan-led funding are asked to discuss with their funding auditor instances where they wish to make a manual adjustment for any matter that does not appear in Annex H. They will be given an adjustment number if the manual adjustment is agreed by the LSC and with their funding auditor. The LSC expects funding auditors to pay particular attention to any such manual adjustment requests made by colleges or other providers.
Providers are reminded that they should read the additional advice on the first worksheet in the funding claim workbook with this document on the LSC website before completing their funding estimate/claim. The rules on manual adjustments in Part 1 and Part 2 of the funding estimate/claim are not the same for cash and learner numbers. The cash adjustments in Parts 1 and 2 should match exactly, whilst the learner numbers will usually be different.

The learner number adjustment rules are set out below.

- Part 1: Adjust only for learner numbers not recorded on the ILR. Most cash adjustments will not require learner number adjustments as learner numbers are already reflected in the ILR, for example, in the maximum funding per learner exemption adjustment 2008–09.
- Part 2: Record the number of learners affected by the cash manual adjustment. For example, if 12 learners are affected by the maximum funding per learner exemption, Part 2 will record learners affected as 12 whilst Part 1 will record 0 (zero) learners affected.

For the 2007/08 funding estimate/claim returns, the rules for the rows relating to ‘skills for life’ and ‘personal community and development learning’ (PCDL) rules are as follows.

- Only learner numbers are returned, and these are not split into ‘full-time’ and ‘part-time’ learner numbers. Therefore no full-time equivalents (FTEs) are needed.
- Only the funding value attached to the learners’ ‘skills for life’ or PCDL qualifications are shown.

The ‘skills for life’ funding value is generated only from qualifications that count towards the LSC’s Skills for Life targets. The funding value does not include any programmes or qualifications that attract the 1.4 basic skills uplift but do not count towards the LSC’s Skills for Life targets. Similarly, only PCDL-funded qualifications fall within the PCDL rows.

Learner Information Suite: All Providers

The LSC will provide a version of the LIS, numbered at least 15.01, to help colleges or other providers make their funding estimate/claim returns for 2007/08. If a later version than 15.01 is available on the website at the time of compiling the funding claim, then that most recent version should be used. This will have a suffix number greater than .01. If the version to be used in final funding claims is not 15.01, the LSC will notify the final version number on its website before the final claim forms are due to be returned. For estimate returns, providers should use the latest version 15 from the LSC website that is current to their own individual return date.

All colleges or other providers returning ILR data for 2007/08 are asked to use the latest version of the Learning Aims Database (LAD) to calculate their final total of funding (see paragraph 13 of the main body of this booklet). Funding auditors have been asked to use the same versions of the software when checking final funding returns from institutions.

Following requests from a number of providers, the LSC will update the LIS in March 2008 to use an achievement factor based on the 2006/07 ILR F05 return. This will allow all providers who returned their final 2006/07 ILR by no later than 8am on 11 February 2008 to have their funding for 2007/08 calculated using an achievement factor based on the previous year, and not the older 2005/06 data. In calculating the achievement funding factor, the LSC takes account of the change in assumed fee income between 2007/08 and 2006/07. The principles of this methodology are explained in Annex J.

For all non-plan-led funding colleges and other providers, the 2007/08 audit of learner numbers is based on their ILR data return.

Declaration on Final Claim: All Providers

The principal or head of the institution should sign all final claim forms. In the case of higher education (HE) institutions, the person with equivalent responsibility for further education (FE) in the institution should sign the final claim forms. Colleges or other providers and funding auditors are reminded that the final claim forms returned by the funding auditor to the LSC should contain an original signature, not a photocopy or facsimile.

The principal or head of the institution is required to certify that, to the best of his or her knowledge, the funding claimed has been calculated from data correctly extracted from the institution’s records, which accurately reflect enrolments during 2007/08, in accordance with the guidance and definitions set out in Funding Guidance for Further Education in 2007/08 and other relevant guidance.

They also certify that to the best of their knowledge, the final funding claim is free from misstatement, whether caused by fraud or by other irregularity or error, and that it complies with all the relevant guidance
provided by the LSC, including that given in this booklet. This statement is now particularly important for providers within plan-led funding, as the LSC has no separate assurance from any independent audit opinion on its funding claim.

**Purpose of Further Education Record In-year and End-year Estimates: All Providers**

18 The purpose of these claims is to assist the LSC in assessing providers’ performance against their funding allocations and in managing the overall FE budget. These returns enable providers to adjust their ILR data returned figures manually with their own assessments of their likely final out-turn, taking account of any necessary manual adjustments and learner activity not yet recorded on their ILR. This should help ensure that the LSC is aware of the total funding likely to be generated in the year by providers and not just the activity already generated on early ILR returns. The reconciliation statements issued by LSC partnership teams after the estimates are returned should assist colleges or other providers in preparing their financial accounts for 2007/08 and help the LSC in preparing its own accounts. It is very likely that the accuracy of these estimates will be used as part of the process of determining in-year funding adjustments for adult provision in 2008/09.

**Purpose of Final Claim: All Providers**

19 The purpose of this claim is to provide the LSC with an assurance statement by the relevant accounting officer over the regularity of the provider’s funding claim and ILR data returns. This also enables the LSC and the college or other provider to have an agreed final out-turn that enables comparison of out-turn to allocation on a provider, local, regional and national basis. The final claim will also determine for providers outside plan-led funding whether any funds paid for 2007/08 will be recovered for retrospective clawback. The LSC expects the overall total of cash claimed to be consistent with any financial provision being made by the college or other provider for recovery of funds in its financial statements.

20 The final claim, which includes final ILR adjustments and any manual adjustment, should be signed off as being materially accurate. To assist in making good-quality ILR and funding returns to the LSC, all plan-led funding providers should also make use of the data self-assessment toolkit (DSAT) reports that are relevant to their own provision and data prior to signing their final claim.

21 As stated in paragraph 26 of the main body of this booklet, any retrospective recovery of funds will be finally determined using the final funding claim 2007/08, taking account of any audit qualifications and, in exceptional circumstances, the results of any separate LSC investigation.

**Purpose of Further Education Funding Auditor’s Opinion on a Final Claim: Providers Outside Plan-led Funding**

22 The purpose of this opinion is to provide the LSC with supplementary assurance over the funding claimed by providers and for whom the LSC requires assurance for its own accounts that the funding claimed by them poses no risk to public funds. This opinion also provides the LSC with a final opinion on the college’s funding entitlement for 2007/08 to enable the LSC to give an assurance to the college and its financial statements auditor on the expected final funding position for the year 2007/08.
Annex B:

Further Education Individualised Learner Record Funding Estimate/Claim 2007/08 (In-year Estimate/End-year Estimate/Final Claim)*: All Providers

Reference: FE ILR Funding Estimate/Claim 2007/08 (also available on the LSC website)

Please return this form to the appropriate local or regional LSC office or ILR auditor as advised in this booklet.

All colleges and other providers receiving funding from the LSC for 2007/08 are asked to complete and forward this form to their local LSC in accordance with the relevant deadlines set out in Table 1 at paragraph 5 in the main body of this booklet. For claims requiring external ILR auditor opinions, please forward the claim form to the auditors with a request that they return it in its original form, together with their audit report, to the relevant local or regional LSC in accordance with the relevant deadlines set out in Table 1 at paragraph 5.

*Please delete as appropriate.

Part 1 of funding estimate/claim

Name of LSC-funded college or other provider in 2007/08

(please print):

LSC unique provider information number (UPIN) code in 2007/08:

All colleges and other providers are asked to complete this section. The Learner Information Suite (LIS) funding claim report provides the necessary information to assist in completing the form below. All colleges and other providers are asked to send a copy of this report with their funding estimate/claim return.

Purpose of funding claim

The purpose of the final claim is to provide the LSC with an assurance statement by the relevant accounting officer over the regularity of the college’s or other provider’s funding claim and ILR data returns, as well as being used for providers not within plan-led funding to determine whether any funds paid for 2007/08 will be recovered for underperformance. As stated in paragraph 26 in the main body of this booklet, adjustment of funds will be finally determined using the final funding claim 2007/08, taking account of any audit qualifications and, in exceptional circumstances, the results of any separate LSC investigation.
<table>
<thead>
<tr>
<th>Age group</th>
<th>Category</th>
<th>Full-time</th>
<th>Part-time</th>
<th>Total cash (£)</th>
<th>Provider manual adjustment (details included in Part 2 of claim)</th>
<th>Revised overall total claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>16–18</td>
<td>Learner numbers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FTEs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19+</td>
<td>Learner numbers</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>FTEs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skills for Life: all ages (also included in above rows)</td>
<td>Learner numbers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCDL (also included in first two rows)</td>
<td>Learner numbers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional learning support (ALS)</td>
<td>Learner numbers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funding value not included above (£)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (excludes Skills for Life and PCDL rows above)</td>
<td>Learner numbers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FTEs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funding value (includes ALS funding) (£)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The head of the college or other provider (or in the case of higher education (HE) institutions, the person with responsibility for further education (FE) in the institution) must sign the declaration below for all final claims. The LSC also provides the previous page as a spreadsheet on its website. As the spreadsheet includes automatic totalling, it should aid completion of the form.

**Declaration**

I certify that, to the best of my knowledge, this final funding claim has been calculated from data correctly extracted from the records of the college or other provider, which accurately reflect enrolments during 2007/08, in accordance with the guidance and definitions set out in the booklets *Funding Guidance for Further Education in 2007/08, FE ILR Funding Compliance Advice 2007/08* and in *LSC Learner Eligibility Guidance 2007/08* and any other relevant guidance.

I also certify that, to the best of my knowledge, the final funding claim is free from misstatement, whether caused by fraud or by other irregularity or error, and also complies with the guidance given in the booklets *Funding Guidance for Further Education in 2007/08, FE ILR Funding Compliance Advice 2007/08* and in *LSC Learner Eligibility Guidance 2007/08*.

The head of the college or other provider must sign below.

**Signature (head of college or other provider):**

**Name (please print):**

**Position:**

**Date:**

The final funding claim form (Part 1) and the funding diff form (Part 2) are treated as a single return and must be returned together, either to the appropriate local or regional LSC or, where an audit opinion is needed, to the relevant funding auditor office.

The claim workbook available on the LSC website contains more detailed guidance on how to complete Part 1.
**Funding Diff Form 2007/08: All Providers**

Reference: *FE ILR Funding Estimate/Claim 2007/08*

Please return this form to the appropriate local or regional LSC.

All colleges and other providers receiving funding from the LSC for 2007/08 are asked to complete this form whenever a manual adjustment is being claimed on Part 1 of this form, and to return it with Part 1. Colleges and other providers should use this form to record the reason(s) for the difference between the funding claim and the cash generated by processing the relevant ILR return through the notified versions of the LIS using the notified release of the LAD, or any updated version. A list of acceptable manual adjustments is included in Annex H.

**Part 2 of funding estimate/claim**

Name of LSC-funded college or other provider in 2007/08 *(please print)*:

LSC unique provider information number (UPIN) code in 2007/08:

<table>
<thead>
<tr>
<th>Manual adjustment number (see Annex H of this booklet)</th>
<th>Description</th>
<th>Learners affected (number)</th>
<th>Difference (funding)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 in- and end-year estimate returns only</td>
<td>Funding not yet generated on ILR return for 2007/08</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
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<td></td>
</tr>
</tbody>
</table>

Total difference arising from manual adjustments (cash adjustments must match total manual cash adjustment in Part 1)
Annex C:

Audit Report on Learner Data Final Returns 2007/08 (Only Provider-contracted Funding Auditors)

Reference: FE ILR Funding Estimate/Claim 2007/08

Please return this form to the appropriate local or regional LSC.

Higher education institutions and former external institutions or other providers’ funding auditor final claim opinion. LSC-contracted funding auditors for all providers outside plan-led funding should use Annex D.

Funding auditors (usually the financial statements auditors) of other FE providers are requested to photocopy, and then complete and return this form to the relevant local or regional LSC by 28 November 2008.

Addressee: LSC

Name of LSC-funded college or other provider in 2007/08 (please print):

LSC unique provider information number (UPIN) code in 2007/08:

The statement of responsibilities and the basis of our opinion apply to all sections of the audit report (all sections should be completed by the institution’s external financial statements auditors).

This report is made solely to the LSC, in accordance with the terms of our engagement. It has been released to the LSC on the basis that this report shall not be copied, referred to or disclosed, in whole (save for the LSC’s own internal purposes) or in part, without our prior written consent. We acknowledge that the LSC will disclose this report to the Governing Body of the relevant College (‘the Governing Body’ and ‘the College’), to enable the Governing Body to verify that an auditor’s report to the LSC has been commissioned by the LSC and issued in accordance with the requirements of the LSC’s Audit Code of Practice issued in December 2004, and to facilitate the discharge by the LSC of its functions in respect of the College.

During our work referable to this report, we may have communicated with the Governing Body but any such communications will have been made (i) without assuming or accepting any responsibility or accepting any liability to the Governing Body or the College in respect of our work for the LSC, and (ii) solely for the purposes of obtaining information relevant to our work for the LSC and not for the purpose of establishing any form of relationship with the Governing Body or the College that might give rise to duties and responsibilities in respect of our work for the LSC being extended to the Governing Body or the College.

Our work has been undertaken so that we might state to the LSC those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LSC for our work referable to this report, for this report, or for the opinions we have formed.
Statement of responsibilities

The head of the institution certifies that the funding claimed has been calculated from data correctly extracted from the institution’s records, which accurately reflect enrolments during 2007/08 in accordance with the guidance and definitions in this booklet and as set out in the booklets LSC Learner Eligibility Guidance 2007/08, Funding Guidance for Further Education in 2007/08 and FE ILR Funding Compliance Advice 2007/08, together with other relevant guidance. The funding auditor’s responsibility is to form an independent opinion, based on our audit of the total funding claim, and to report our opinion to the LSC.

Basis of our opinion

We conducted our audit in accordance with the guidelines for institutions and their funding auditors set out in this booklet and in FE ILR Funding Compliance Advice 2007/08 (and any relevant auditing advice from the Auditing Practices Board). A funding audit includes examination on a sample-test basis of evidence relevant to the funding claim returned by the institution to the LSC, and of the Individualised Learner Record (ILR F05) that supports it. We planned and performed our audit in order to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the total funding claim is free from material misstatement, whether caused by fraud or by other irregularity or error.

Opinion

We have reviewed the entries in the total claim for funding of

as shown on attached form FE ILR (Final) Funding Claim 2007/08 and form Final Funding Diff 2007/08, returned by the above institution, and the Individualised Learner Record ILR F05 (2007/08) return which supports it, and have carried out a programme of tests on a sample basis that includes those specified in the LSC’s guidelines for institutions and their funding auditors in FE ILR Funding Compliance Advice 2007/08.
Part 1
Delete all but one of subparagraphs (a) to (e) below.

a The opinion has been submitted to the LSC by 28 November 2008, we have no comments on the audit, and ...

b The opinion has been submitted to the LSC after 28 November 2008 (the reasons for the delay in signing are given in the attached report), we have no comments on the audit, and ...

c Subject to the comments in the attached report dated

(If signed after 28 November 2008 the reasons for the delay in signing are given in the attached report), ...

d Subject to the amendments shown in red on the attached copies of returns and/or printouts of ILR records, and subject to the comments in the attached report dated, ...

e As explained in the attached report dated

we cannot confirm that ...

... in our opinion, in all material respects, the college’s total final funding claim has been properly compiled in accordance with relevant guidance issued by the LSC. The relevant guidance is specified in this booklet and in FE ILR Funding Compliance Advice 2007/08, Funding Guidance for Further Education in 2007/08 and in LSC Learner Eligibility Guidance 2007/08.

An authorised auditor must sign below and provide the relevant details requested.

Signature:

Audit firm (please print):

Contact name (please print):

Contact telephone number:

Date:
## Attachments

<table>
<thead>
<tr>
<th>Attachment</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original form <em>FE ILR Funding Claim 2007/08</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original form <em>FE ILR Funding Diff 2007/08</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Learner Information Suite Funding Claim Report</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copy of management letter</td>
<td></td>
<td></td>
<td>[]</td>
</tr>
</tbody>
</table>

Please ensure that all the above documents are returned (including returns where applicable) and that any amendments to forms, where made by the auditor, are written by hand in red ink on the attached copies.

## Management letter

<table>
<thead>
<tr>
<th>Management letter</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issues relevant to this report are included in the financial statements management letter.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issues relevant to this report are included in a separate management letter and attached to this report.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A separate management letter will follow this report.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex D:

Audit Report on Learner Data Final Returns 2007/08 (Only LSC-contracted Funding Auditors)

Reference: FE ILR Funding Estimate/Claim 2007/08

Please return this form to the appropriate local or regional LSC.

FE colleges and providers (only for those outside plan-led funding) ILR audit opinion for return by LSC-contracted auditors.

LSC-contracted funding auditors of FE providers are requested to complete and return this form to the relevant local or regional LSC by 28 November 2008.

Addressee: LSC

Name of LSC-funded college or other provider in 2007/08 (please print):

LSC unique provider information number (UPIN) code in 2007/08:

The statement of responsibilities and the basis of our opinion apply to all sections of the audit report (all sections should be completed by the provider’s funding auditors).

This report is made solely to the LSC, in accordance with the terms of our engagement. It has been released to the LSC on the basis that this report shall not be copied, referred to or disclosed, in whole (save for the LSC’s own internal purposes) or in part, without our prior written consent. We acknowledge that the LSC will disclose this report to the Governing Body of the relevant College (‘the Governing Body’ and ‘the College’), to enable the Governing Body to verify that an auditor’s report to the LSC has been commissioned by the LSC and issued in accordance with the requirements of the LSC’s Audit Code of Practice issued in December 2004, and to facilitate the discharge by the LSC of its functions in respect of the College.

During our work referable to this report we may have communicated with the Governing Body but any such communications will have been made (i) without assuming or accepting any responsibility or accepting any liability to the Governing Body or the College in respect of our work for the LSC, and (ii) solely for the purposes of obtaining information relevant to our work for the LSC and not for the purpose of establishing any form of relationship with the Governing Body or the College that might give rise to duties and responsibilities in respect of our work for the LSC being extended to the Governing Body or the College.

Our work has been undertaken so that we might state to the LSC those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LSC for our work referable to this report, for this report, or for the opinions we have formed.
Statement of responsibilities
The principal or equivalent of the college certifies that the funding claimed has been calculated from data correctly extracted from the college's records, which accurately reflect enrolments during 2007/08, in accordance with the guidance and definitions set out in Funding Guidance for Further Education in 2007/08 and other relevant guidance. Our responsibility, as the LSC’s contracted funding auditor, is to form an independent opinion, based upon our audit of the funding claim, and to report our opinion to the LSC.

Basis of our opinion
We conducted our audit in accordance with the LSC’s audit guidelines (and any relevant advice from the Auditing Practices Board). The audit approach includes examination on a sample-test basis of evidence relevant to the funding claim returned by the college to the LSC, and of the Individualised Learner Record (ILR) FOS that supports it. We planned and performed our audit in order to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the total funding claim is free from material misstatement, whether caused by fraud or by other irregularity or error.
Part 1

We have reviewed the total claim for funding of

on form FE ILR Funding (Final) Claim 2007/08 and form ILR Funding Diff 2007/08, returned by the above college to the LSC, and have carried out a programme of tests on a sample basis in accordance with the LSC’s audit approach and guidelines.

Delete all but one of subparagraphs (a) to (e) below.

a The opinion has been submitted to the LSC by 28 November 2008, we have no comments on the audit, and ...

b The opinion has been submitted to the LSC after 28 November 2008 (the reasons for the delay in signing are given in the attached report), we have no comments on the audit, and ...

c Subject to the comments in the attached report dated

(if signed after 28 November 2008 the reasons for the delay in signing are given in the attached report), ...

d Subject to the amendments shown in red on the attached copies of returns and/or printouts of ILR records, and subject to the comments in the attached report dated, ...

e As explained in the attached report dated

we cannot confirm that ...

... in our opinion, in all material respects, the college’s final funding claim has been properly compiled in accordance with relevant guidance issued by the LSC. The relevant guidance is specified in FE ILR Funding Compliance Advice 2007/08, Funding Guidance for Further Education in 2007/08 and in LSC Learner Eligibility Guidance 2007/08.

An authorised auditor must sign below and provide the relevant details requested.

Signature (all parts of this opinion):

Audit firm (please print):

Contact name (please print):

Contact telephone number:

Date:
## Attachments

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original form <em>FE ILR Funding Claim 2007/08</em></td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Original form <em>Final Diff 2007/08</em></td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><em>Learner Information Suite (LIS) Funding Claim Report</em></td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Copy of management letter</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

Please ensure that all the above documents are returned (including returns where applicable) and that any amendments to forms, where made by the auditor, are written by hand in red ink on the attached copies.

## Management letter

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issues relevant to this report are included in a separate management letter and attached to this report</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

A separate management letter will follow this report. | ☐   | ☐  |
Annex E:

Reconciliation Statement for 2007/08: All Providers

Provider name: Casterbridge College
Provider UPIN Code: 12345
Local LSC: A local LSC
Financial auditor: Audit Firm
ILR auditor: Audit Firm
Institution payment code: Q2CAS01

The LSC databases show the following funding reconciliation data for the year 2007/08.

**Table E1: FE ILR funding position 2007/08**

<table>
<thead>
<tr>
<th>1.1</th>
<th>Academic year 2007/08</th>
<th>Cash (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2</td>
<td>Main funded allocation</td>
<td>8,500,000</td>
</tr>
<tr>
<td>1.3</td>
<td>Additional allocation(s)</td>
<td>0</td>
</tr>
<tr>
<td>1.4</td>
<td>Total allocation</td>
<td>8,500,000</td>
</tr>
<tr>
<td>1.5</td>
<td>Out-turn cash</td>
<td>8,505,000</td>
</tr>
<tr>
<td>1.6</td>
<td>ILR cash variance</td>
<td>5,000</td>
</tr>
<tr>
<td>1.7</td>
<td>Adjusted out-turn cash for any cash protection</td>
<td></td>
</tr>
<tr>
<td>1.8</td>
<td>Variance (usually 1.5 minus 1.4, but if a figure is shown in box 1.7, then variance will be 1.7 minus 1.4)</td>
<td>5,000</td>
</tr>
</tbody>
</table>

**Table E2: Cash recovery 2007/08**

Table E2 shows in box 2.2 the amount of any funds to be returned to the LSC and, in box 2.5, the source of out-turn information.

<table>
<thead>
<tr>
<th>2.1 Academic year 2007/08</th>
<th>2.2 Cash recovery</th>
<th>2.3 Cash already paid/recovered</th>
<th>2.4 Cash to be adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clawback</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2.5 Source of out-turn information</td>
<td>End-year estimate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please see explanation in *FE ILR Funding Estimate/Claim 2007/08*. If any further clarification is needed, please contact your LSC partnership team.
Guidance on the reconciliation statement 2007/08

Table E1: FE ILR funding position 2007/08

1.2 Main cash allocation for 2007/08.

1.3 Additional cash allocation.

1.4 Total of 1.2 + 1.3.

1.5 Expected out-turn cash for 2007/08 (currently based on end-year estimate).

1.6 Cash variance.

1.7 Adjusted out-turn cash for any cash protection (see ‘Calculation of cash protection for 2007/08 teaching year’ below).

1.8 Variance (usually 1.5 minus 1.4, but if a figure is shown in box 1.7, then variance will be 1.7 minus 1.4).

Table E2: Cash recovery 2007/08

2.2 Total cash recovery calculated for 2007/08. This should only be regarded as the final figure if box 2.5 shows ‘Final claim approved by local LSC’. Any cash adjustment or recovery shown will be recovered in three equal instalments from January to March 2008 from payments sent to colleges or other providers by the LSC. Where any debt exceeds the payment due, the balance will be applied to the following month’s payment. Negative values will show as recovery of funds.

2.3 Cash already recovered. This box refers to payment adjustments already posted to your payment account within the LSC’s accounting system.

2.4 Difference of the above: that is, 2.2 minus 2.3.

2.5 Status of the validation of audit and funding claim returns for 2007/08. The codes and their meanings are shown below.
Possible out-turn comments that might appear in box 2.5 on the reconciliation statements

For any further clarification that is needed, providers should contact their local LSC.

<table>
<thead>
<tr>
<th>Timely final funding claim and clear audit opinion</th>
<th>LSC has received a timely final funding claim and a clear audit report (final claim audit opinion (a)). The audit wording part will not appear for plan-led funding providers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late final funding claim and clear audit opinion</td>
<td>LSC has received a late final funding claim and a clear audit report (final claim audit opinion (b)).</td>
</tr>
<tr>
<td>Qualified final claim and audit opinion</td>
<td>LSC has received a final funding claim and a qualified audit report (final claim audit opinion (c) or (d)).</td>
</tr>
<tr>
<td>Seriously qualified final claim and audit opinion</td>
<td>LSC has received a final funding claim and a seriously qualified audit report (final claim audit opinion (e)).</td>
</tr>
<tr>
<td>Final claim only</td>
<td>Final claim only (plan-led funding providers).</td>
</tr>
<tr>
<td>In-year estimate</td>
<td>In-year estimate used to assess out-turn position.</td>
</tr>
<tr>
<td>End-year estimate</td>
<td>End-year estimate used to assess out-turn position.</td>
</tr>
<tr>
<td>Nil return</td>
<td>Nil out-turn assumed in absence of claim.</td>
</tr>
<tr>
<td>Free text</td>
<td>Local LSC may overwrite system comments with locally agreed text in exceptional circumstances.</td>
</tr>
</tbody>
</table>
Calculation of cash protection for 2007/08 teaching year (only for providers outside plan-led funding)

Provider name: Casterbridge College  Local LSC: A local LSC

Date: 1 August 2008  Protected out-turn cash: £7,200,000

Cash protection will only apply to colleges or other providers who return final claims in accordance with the timetable set out in Table 1 at paragraph 5 of the main body of this booklet, and whose out-turn delivery is below their protected out-turn figure shown above. The protection shown in this example is not available to any institution that received cash protection in both 2005/06 and 2006/07, and is not necessarily available to providers who have previously received two consecutive years of cash protection, for example, in 2004/05 and in 2005/06 but not in 2006/07.

<table>
<thead>
<tr>
<th>Cash protection 2007/08</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 2007/08 allocation</td>
<td>8,500,000</td>
</tr>
<tr>
<td>1.2 2006/07 allocation</td>
<td>8,000,000</td>
</tr>
<tr>
<td>1.3 90% of 2006/07 allocation</td>
<td>7,200,000</td>
</tr>
<tr>
<td>1.4 Recoverable cash</td>
<td>1,300,000</td>
</tr>
<tr>
<td>1.5 Additional allocations</td>
<td>0</td>
</tr>
<tr>
<td>1.6 Recoverable cash from 2007/08</td>
<td>1,300,000</td>
</tr>
</tbody>
</table>

For new providers being funded by the LSC, the above guidance is tempered as follows: In Year 1 there is no protection, as there was no allocation in the previous year. In Year 2, protection is limited where the actual provision delivered in Year 1 is significantly below the funding allocation. This can be defined as follows.

- To gain full cash protection in Year 2, then in Year 1 at least 90 per cent of the Year 1 allocation must have been delivered.
- If delivery in Year 1 is below 90 per cent of the Year 1 allocation, then protection is limited to only 90 per cent of Year 1 delivery (not 90 per cent of the allocation).
- The above is also applied in any following years until a provider can demonstrate that it has significantly met a funding agreement.

The LSC cannot guarantee funding to providers without a track record of delivery and performance.
Annex F:

Calculation of any Recovery of Funds for 2007/08: Providers Outside Plan-led Funding

This annex sets out in detail how the LSC will calculate the recovery of funds for 2007/08. The starting point for any calculation will be the comparison of the agreed final ILR funding claim and audit opinion against the FE funded cash allocation. The LSC and the college or other provider will need to agree on both the actual level of ILR cash out-turn and the percentage level of out-turn against target. The terminology shown in Table F1 will be used throughout this annex.

Table F1: Terminology used in this annex

<table>
<thead>
<tr>
<th>Term</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ILR cash allocation</td>
<td>The amount of cash allocated by the LSC to an FE provider for 2007/08. The cash figure includes any supplements for area- or specialist-college weightings.</td>
</tr>
<tr>
<td>ILR cash out-turn</td>
<td>The amount of cash claimed by an FE provider on its final funding claim. It will include any supplements for area or specialist-college weightings. It will be made up as the combination of the 2007/08 final ILR F05 return total for the college or other provider, together with any agreed manual adjustment figure (which could be either a positive or a negative adjustment to the ILR total). During the year, this figure may be calculated from ILR or interim returns to the LSC for the purposes of interim adjustments.</td>
</tr>
<tr>
<td>Protected out-turn cash figure</td>
<td>For any college or other provider that has exceeded its core funding entitlement in either of the previous two years, this is its minimum cash entitlement for 2007/08. Where out-turn cash falls below this level, any recovery of funds is capped by the application of this relief.</td>
</tr>
<tr>
<td>Additional allocation</td>
<td>Any additional allocation paid in-year that is reconciled through the ILR. These will be recovered for any under-delivery on a pound-for-pound basis and are not subject to any tolerance for under-delivery.</td>
</tr>
<tr>
<td>Recovery of funds (for 2007/08)</td>
<td>The amount of funding being recovered from colleges or other providers for shortfalls against funded targets (for 2007/08). This has often been referred to as clawback in the sector.</td>
</tr>
<tr>
<td>De minimis limit</td>
<td>As in 2006/07, the LSC has set this limit at 3 per cent of the college’s or other provider’s ILR cash allocation.</td>
</tr>
</tbody>
</table>

The thresholds for recovery of funds and any core protection funding are only available to colleges or other providers returning final claim and audit opinions to the LSC by the deadline of 28 November 2008.
Recovery of funds calculations: providers outside plan-led funding

2 For colleges and other providers returning ILR final funding claims and final funding audit opinions by no later than 28 November 2008, the LSC de minimis limit for recovery of funds is 3 per cent of the FE ILR cash allocation for 2007/08 (but based on the allocations agreed with colleges or other providers and on which basis they were paid during the 2007/08 academic year, that is, usually up to 20 July 2008).

3 No retrospective clawback for main ILR FE funding allocations will be recovered for 2007/08 below the de minimis limit. This means that colleges or other providers with out-turns between 97 per cent and 100 per cent of their FE ILR-funding cash allocation will be paid 100 per cent of their FE ILR funding cash allocation. This limit does not apply to any additional or supplementary allocations.

4 For 2007/08, the LSC expects to calculate the 97 per cent threshold by reference to the allocation paid for the academic year 2007/08.

5 For colleges or other providers delivering below 97 per cent of their ILR funding agreement, the LSC will allow some additional time to agree the reduction in their allocation, but this must be agreed with the local LSC by no later than 28 November 2008 and in time to reduce the funds paid for the academic year 2007/08 by no later than 19 December 2008.

6 Colleges or other providers wishing to take advantage of the de minimis limit can only return baseline funding with a consequential similar reduction in their 2008/09 and subsequent allocations. These providers will need to provide the LSC with robust evidence that they will be able to meet their revised target for 2008/09. For the colleges or other providers that have already agreed reductions in their allocations for 2008/09, this will be taken into account in deciding the reduction in baseline funding for 2008/09 and future years.

7 The LSC expects baseline funding reductions to be agreed as early as possible in order to assist colleges and other providers in gaining early sign-off of their claims and financial accounts.

8 An example of the recovery of funds (‘clawback’) is shown in Table F2.
<table>
<thead>
<tr>
<th>Example</th>
<th>Example 1</th>
<th>Example 2</th>
<th>Example 3*</th>
<th>Example 4*</th>
<th>Example 5#</th>
<th>Example 6*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
</tr>
<tr>
<td>Additional allocation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total allocation</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
</tr>
<tr>
<td>ILR cash out-turn</td>
<td>8,095,000</td>
<td>7,810,000</td>
<td>7,750,000</td>
<td>7,600,000</td>
<td>7,400,000</td>
<td>6,400,000</td>
</tr>
<tr>
<td>Variance (in cash)</td>
<td>+95,000</td>
<td>-190,000</td>
<td>-250,000</td>
<td>-400,000</td>
<td>-600,000</td>
<td>-1,600,000</td>
</tr>
<tr>
<td>Out-turn variance against target (in %)</td>
<td>101.19</td>
<td>97.63</td>
<td>96.88</td>
<td>95.00</td>
<td>92.50</td>
<td>80.00</td>
</tr>
<tr>
<td>Funding out-turn in % adjusted for de minimis limit</td>
<td>100.00</td>
<td>100.00</td>
<td>96.88</td>
<td>95.00</td>
<td>92.50</td>
<td>80.00</td>
</tr>
</tbody>
</table>

**Calculation for actual delivery of funds**

<table>
<thead>
<tr>
<th></th>
<th>Example 1</th>
<th>Example 2</th>
<th>Example 3*</th>
<th>Example 4*</th>
<th>Example 5#</th>
<th>Example 6*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variance (in cash)</td>
<td>+95,000</td>
<td>-190,000</td>
<td>-250,000</td>
<td>-400,000</td>
<td>-600,000</td>
<td>-1,600,000</td>
</tr>
<tr>
<td>De minimis relief</td>
<td>0</td>
<td>190,000</td>
<td>*</td>
<td>*</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cash protection relief</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>748,250</td>
</tr>
<tr>
<td>Actual recovery of funds</td>
<td>0</td>
<td>0</td>
<td>-250,000</td>
<td>-400,000</td>
<td>-600,000</td>
<td>-851,750</td>
</tr>
<tr>
<td>Final funding reconciliation payment 2007/08</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>7,750,000</td>
<td>7,600,000</td>
<td>7,400,000</td>
<td>7,148,250</td>
</tr>
</tbody>
</table>

*Colleges and other providers delivering below 97 per cent have the opportunity to return baseline funding to access the de minimis relief.

# Recovery is limited by cash protection guarantee at 90 per cent of previous year’s funding.
Annex G:

Example Learner Information Suite Funding Claim Report 2007/08: All Providers

Further education Individualised Learner Record funding claim 2007/08 (in-year/year-end/final claim*) (*Delete as appropriate)

Provider name: Casterbridge College

<table>
<thead>
<tr>
<th>Age group</th>
<th>Category</th>
<th>Full-time</th>
<th>Part-time</th>
<th>Total cash (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>16–18</td>
<td>Learner numbers</td>
<td>1,500</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FTEs</td>
<td>1,500</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td>5,800,000</td>
</tr>
<tr>
<td>19+</td>
<td>Learner numbers</td>
<td>700</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FTEs</td>
<td>700</td>
<td>1,750</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td>5,200,000</td>
</tr>
<tr>
<td>Skills for life – All ages (included in above rows)</td>
<td>Learner numbers</td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td>400,000</td>
</tr>
<tr>
<td>PDCL – All ages (included in first two rows above)</td>
<td>Learner numbers</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Additional learning support (ALS)</td>
<td>Learner numbers included in above</td>
<td>250</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Learner value not included in above (£)</td>
<td></td>
<td></td>
<td>500,000</td>
</tr>
<tr>
<td>Total (excludes Skills for Life and PDCL rows)</td>
<td>Learner numbers</td>
<td>2,200</td>
<td>11,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FTEs</td>
<td>2,200</td>
<td>2,050</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funding value (includes ALS) (£)</td>
<td></td>
<td></td>
<td>11,500,000</td>
</tr>
</tbody>
</table>

Note: No change is expected from the 2006/07 report.
**Annex H:**

**Manual Adjustments 2007/08: All Providers**

Manual adjustments to 2007/08 funding claims derived from a specified version of the Learner Information Suite using specified versions of the Learning Aims Database (see paragraph 13 of this booklet)

<table>
<thead>
<tr>
<th>Number</th>
<th>Possible reason for a manual adjustment to final funding claim</th>
<th>LSC response for 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auditor or local LSC adjustments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-1</td>
<td>Audit adjustments may be proposed to manual adjustments claimed on Funding Diff form 2007/08 (Part 2 of funding estimate/claim at Annex B) or to reflect errors in an institution’s claim or the lack of an adequate audit trail. Providers may also use this number for agreed local LSC adjustments used to resolve a funding claim issue, for which auditors will need to see written local LSC agreement.</td>
<td>Manual adjustments will probably not be warranted in cases where the adjustment arises from significant errors in the institution’s Individualised Learner Record (ILR) return.</td>
</tr>
<tr>
<td><strong>Calculation of loadbands</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-2</td>
<td>Some institutions run programmes of more than one year’s duration where the number of guided learning hours (glh) varies significantly between the two years. The LIS calculates funding for such programmes by averaging the number of glh per period for each aim. In general, this generates the appropriate amount of cash, but in a few cases the LSC has agreed that the circumstances are exceptional and warrant a different approach.</td>
<td>In exceptional cases where the LSC has agreed to calculate funding based on the separate glh for separate years of the programme, a manual adjustment may be warranted.</td>
</tr>
<tr>
<td>2008-3</td>
<td>For learning programmes where the total glh for the loadbanded elements of a programme is 450 or more, the national rate of £2,394 (programme weighting A) may be claimed for those loadbanded elements. Where relevant, the higher programme-weighting figure can obviously be claimed. For learning programmes where the loadbanded element consists of two or more loadbanded qualifications, and where the glh for these qualifications is 450 or more, the LIS may not generate the correct result. The LIS is designed to operate by calculating a cash value for each qualification separately.</td>
<td>This may lead to an understatement or overstatement of cash value, and may warrant a manual adjustment.</td>
</tr>
<tr>
<td><strong>Changes to a learner’s learning programme</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-4</td>
<td>Where an individually-listed qualification lasts a number of years, but is completed early, the program may not have enough information on the previous year’s funding to calculate a cash value correctly. For example, suppose an individually-listed qualification may be expected to last three years, and is listed at £600. If the learner completes after only two years, the program will assign cash at the rate of £300 per year in the second year. However, the institution is likely to have claimed £200 for the first year (based on the original expected length), so £100 will not have been claimed. Similar issues apply to loadbanded qualifications.</td>
<td>This would warrant a manual adjustment.</td>
</tr>
<tr>
<td>2008-5</td>
<td>Where learners withdraw from loadbanded programmes after the expected end date recorded on the ILR, the LIS will not take account of glh delivered after the expected end date in determining the loadband, as these will not be recorded in the data for the learners.</td>
<td>This could lead to an understatement or overstatement of cash value, and would warrant a manual adjustment.</td>
</tr>
<tr>
<td>Number</td>
<td>Possible reason for a manual adjustment to final funding claim</td>
<td>LSC response for 2007/08</td>
</tr>
<tr>
<td>--------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>2008-6</td>
<td>Some learners transfer from an LSC-funded learning programme to a learning programme funded from other sources (for example, a programme funded through work-based learning), or vice versa. The LIS will have insufficient information to reflect this situation fully, so the LIS is unable to determine the correct cash value.</td>
<td>This could lead to an understatement or overstatement of cash value, and would warrant a manual adjustment.</td>
</tr>
<tr>
<td>2008-7</td>
<td>If the delivery method, delivery mode or employer role changes in the middle of the year, then the institution will only be able to record one set of circumstances in fields A17, A18 and A19 in the ILR file. In this case, the LIS will not be able to determine that more than one pattern applied during the year, and may therefore calculate an incorrect cash value in cases where these fields affect funding, such as distance-learning qualifications and qualifications delivered by dedicated employer-based provision.</td>
<td>This could lead to an overstatement of cash value and would warrant a manual adjustment.</td>
</tr>
</tbody>
</table>

**Maximum cash value limits**

| 2008-8 | For learning programmes provided in the workplace, the maximum length of delivery of such programmes will normally be 329 gh a year. The LIS does not have sufficient information to allow it to determine whether a learning programme is being delivered this way, and so does not apply this upper limit. | This could lead to an understatement of the amount of cash and may warrant a manual adjustment. |
| 2008-9 | The LIS imposes a maximum funding per learner value that limits the base rates that can be calculated in one triannual period. In some cases and for some patterns of delivery, the operation of this calculation has unintended effects in limiting cash in ways that are anomalous. Institutions believing that the operation of the maximum funding per learner value should not apply for certain programmes were asked to write to their local LSC before the programme commenced. If, before the start of the programme, the local LSC gave written approval that a programme should be exempt from the maximum funding per learner value, then this adjustment should be included in the final claim. Local LSCs do not expect to receive any general requests for dispensation from the maximum funding per learner value for learners on full-year programmes. | If agreed, such an adjustment would lead to an increase in cash value and would warrant manual adjustment. |

**European Social Fund**

<p>| 2008-10 | In some cases, European Social Fund (ESF) funding for a learner does not correspond to a calendar year, but ceases before the end of that learner’s learning programme. For example, ESF funding may extend only into the spring period, but the learner’s learning programme may extend into the summer period. The institution will be unable to reflect this situation in the ILR, so the LIS will not be able to generate the correct cash value for the learner. | This could lead to an understatement or overstatement of cash value, and would warrant a manual adjustment. |</p>
<table>
<thead>
<tr>
<th>Number</th>
<th>Possible reason for a manual adjustment to final funding claim</th>
<th>LSC response for 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sandwich courses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-11</td>
<td>Where learners are engaged in sandwich programmes, the LIS can generate an incorrect amount of cash, as the ILR data does not contain information about when learners are on placement.</td>
<td>This would warrant a manual adjustment.</td>
</tr>
<tr>
<td><strong>Achievement cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007: no manual adjustments</td>
<td>No achievement manual adjustments are necessary for 2007/08 as achievement funding is being generated solely from the application of a ratio calculated on the basis of the achievement funding in a previous year. Previous-year achievements, identified after completion of the previous year’s funding claim, may not be claimed as the tolerance system introduced from 2002/03 removes the need for this bureaucracy.</td>
<td>This would not warrant a manual adjustment.</td>
</tr>
<tr>
<td><strong>Additional support funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-12</td>
<td>Where an institution’s staff consider that the additional support bands arising from personal counselling may not be recorded on the ILR return on ethical grounds, the LIS will not have the information necessary to calculate the additional support cash. Note: anonymised additional support forms, with adequate justification for the claimed costs, should still be prepared in a form that may be shared with the ILR auditor.</td>
<td>This would lead to an understatement of the amount of cash and may warrant a manual adjustment for providers.</td>
</tr>
<tr>
<td>2008-13</td>
<td>For learners attending outside the traditional academic year (that is, for two, four or five terms), a summary manual adjustment can be considered where a case can be made for a net loss of overall funding. This calculation should exclude all full-traditional-year learners who withdraw from their courses during the year. Only providers outside plan-led funding can apply for this adjustment, as providers within plan-led funding do not face retrospective clawback.</td>
<td>Providers should only seek approval for this adjustment for material losses of funding due to their recruitment outside the usual academic-year cycle.</td>
</tr>
<tr>
<td><strong>Types of learner qualifications</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-14</td>
<td>Where learners complete multiple basic skills learning aims where the total glh are 450 or more, separate claims should be made for each learning aim. A manual adjustment to the ILR is needed to claim the full amount of eligible funding (see paragraph 122 of Funding Guidance for Further Education in 2007/08).</td>
<td>This would warrant a manual adjustment.</td>
</tr>
<tr>
<td>2008-15</td>
<td>Where learners complete learning aims for independent living skills where the total glh are 450 or more, separate claims should be made for each learning aim. A manual adjustment to the ILR is needed to claim the full amount of eligible funding (see paragraph 124 of Funding Guidance for Further Education in 2007/08).</td>
<td>This would warrant a manual adjustment.</td>
</tr>
<tr>
<td>Number</td>
<td>Possible reason for a manual adjustment to final funding claim</td>
<td>LSC response for 2007/08</td>
</tr>
<tr>
<td>----------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td><strong>Adjustments agreed in response to any government initiatives or special circumstances</strong></td>
<td>This adjustment number will be used to respond to any government initiative or special circumstance that arises in 2007/08. Examples of previous adjustments are foot and mouth protection and Army personnel involved in learning who moved to Iraq. The local LSC will agree the use of this adjustment, if needed.</td>
<td>This may warrant a manual adjustment.</td>
</tr>
<tr>
<td>2008-16</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjustments agreed as part of a national contract initiative</strong></td>
<td></td>
<td>This would warrant a manual adjustment.</td>
</tr>
<tr>
<td>2008-17</td>
<td>The LSC has agreed to vary the normal funding rates for some special projects. The difference between the agreed funding rate and the LIS funding rate is claimed as a manual adjustment.</td>
<td></td>
</tr>
<tr>
<td><strong>Basic skills within the entitlement (all providers)</strong></td>
<td></td>
<td>This is a mandatory manual adjustment where the effect on the college funding claim is material.</td>
</tr>
<tr>
<td>2008-18</td>
<td>Where learners are following basic skills learning aims instead of key skills because, following diagnostic assessment, it is deemed more appropriate for them to do so, the LIS will not be able to calculate the entitlement funding correctly. In these situations, the LIS funds the key skills element of entitlement funding as well as the basic skills alternative. This could lead to an overstatement of the entitlement funding and would warrant a manual adjustment. Where the basic skills learning aim is the same size as the key skills component of entitlement funding, providers should adjust their claim downwards so that it does not include any funding for the key skills that are being replaced by basic skills. Where the basic skills learning aim is larger than the key skills component of entitlement funding, providers should further adjust their claim so that it includes funding for the additional glh delivered on the basic skills learning aim. It is assumed that the key skills component of the entitlement is approximately 108glh, or 36glh per key skill. Therefore, depending on the size of the basic skills programme that replaces the key skills within the entitlement, only those glh above 36glh, 72glh, or 108glh delivered on the basic skills alternative should be counted as 'additional'. These additional hours would attract the basic skills uplift and be funded through the loadbands. In both of these cases, it is not intended that full-time learners who study basic skills as an alternative to key skills within the entitlement should be counted as basic skills learners. This would apply even if the basic skills alternative is 80glh or more. Therefore, the disadvantage uplift for basic skills learners should not apply in those situations. Providers should ensure that they make a manual adjustment where the LIS allocates the basic skills disadvantage uplift to the whole of a learner’s learning programme.</td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>Possible reason for a manual adjustment to final funding claim</td>
<td>LSC response for 2007/08</td>
</tr>
<tr>
<td>--------</td>
<td>---------------------------------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td><strong>Programmes that may require a manual adjustment.</strong></td>
<td>Manual adjustment numbers 19, 20 and 21 must be considered together. Providers need only make an adjustment to their funding claim where the net effect of all three adjustments is considered material to their funding claim in accordance with the principles of funding as set out in Funding Guidance for Further Education in 2007/08.</td>
<td></td>
</tr>
<tr>
<td>2008-19</td>
<td>Owing to the current drive to rationalise reference numbers by the Qualifications and Curriculum Authority (QCA), the LSC has recognised that a few qualifications have been entered onto the National Qualifications Framework (NQF) that contain multiple pathways with potentially divergent gih data. Where this is the case, the LSC has opted to fund the qualification at the value of the pathway with the lowest number of gih. As such, this manual adjustment is to be used if the provider is offering the larger pathway in order to bridge the difference in funding.</td>
<td>This would warrant a manual adjustment.</td>
</tr>
<tr>
<td>2008-20</td>
<td>There are qualifications on the NQF, such as the Skills for Working Life learning aims, that offer a wide range of units across a number of areas of learning. The LSC has assigned a programme weighting to these learning aims; however if the provider is mostly delivering units of the aim that would warrant a programme weighting different from that set by the LSC, then a manual adjustment may be used. Providers claiming this manual adjustment must demonstrate they have taken account of any funding over-claims as well as under-claims before seeking LSC partnership team agreement to an overall positive manual adjustment. LSC partnership teams will only agree to this adjustment if the difference has a material impact on the provider’s funding claim.</td>
<td>This would warrant a manual adjustment.</td>
</tr>
<tr>
<td>2008-21</td>
<td>Where learners undertake a series of qualifications in the same or very similar subjects, such as a national award followed by a national certificate followed by a national diploma, either concurrently or consecutively, and their earlier programmes give them exemption from studying parts of their later programme, the LSC expects providers to proportionally reduce the funding claimed for the later programmes. For example, suppose that a learner who has completed a BTEC national award and then undertakes a BTEC national certificate is then only required to undertake 6 units instead of the usual 12 units to gain the national certificate. In this case, the provider would be expected to claim only half the funding for the certificate, as the LSC has already funded the other half whilst the learner studied the national award.</td>
<td>This would warrant a manual adjustment.</td>
</tr>
</tbody>
</table>
## Guidance on possible LIS adjustments for which no manual adjustment is now required in accordance with the recommendations of the bureaucracy task force

<table>
<thead>
<tr>
<th>Number</th>
<th>Possible reason for a manual adjustment to final funding claim</th>
<th>LSC response for 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-22</td>
<td>Providers are not expected to make small changes to their funding claims via manual adjustments. Providers are encouraged to accept their ILR funding totals and are not required by the LSC to work through all the guidance on manual adjustments. Providers must, however, apply manual adjustment 21 where this gives a material difference to their funding claim. If, however, providers seek a manual adjustment, then both negative and positive adjustments must be made. The audit adjustment can be made in either direction without a provider needing to consider any of the other manual adjustments.</td>
<td>This would not warrant a manual adjustment.</td>
</tr>
</tbody>
</table>
LSC National Office (NO) funding rates and eligibility team advice to LSC partnership teams and funding auditors on manual adjustments (see also paragraph 13 in the main body of this booklet).

1 This advice is being published to assist providers in making valid manual adjustment claims to their local LSC partnership teams. Providers should note that similar advice has previously been given to LSC partnership teams for 2006/07 manual adjustments.

2 LSC partnership teams and their providers (and relevant funding auditors) are asked to consider the points below before claiming or signing off any manual adjustments for 2007/08. This advice is partly based on the review of claimed manual adjustments in previous years, and also the advice already published in Further Education ILR Funding Compliance Advice 2007/08 (FCA) as follows.

- FCA paragraph 22 requires providers to discuss and agree manual adjustments in advance with their local LSC. Paragraphs 23 and 24 provide further advice on manual adjustments.
- The table in Annex H to this booklet (FE ILR Funding Estimate/Claim 2007/08) adjustment number 2008-22 provides advice on claiming manual adjustments.

3 Specific advice on claiming and approving 2007/08 manual adjustments following the review of 2005/06 manual adjustments follows.

a Use of manual adjustment number 2008-01. In some cases, this will include a number of separate calculations and a sheet of background material explaining how the proposed adjustment has been calculated that must be agreed with the local LSC before the adjustment is claimed. The figures in the background note must reconcile to the claim value on Part 2 of the claim (the Funding Diff form at Annex B). This adjustment number must not be used for any adjustment for which an alternative manual adjustment number has been published.

b No manual adjustment can be agreed for additional learning support (ALS) above the £19,000 threshold. Any additional funding for learners above the £19,000 threshold must go through its own separate funding route. Providers should be reminded that in accordance with paragraph 438 of Funding Guidance for Further Education in 2007/08 any claims for ALS above £19,000 must be made before 30 November 2008 in accordance with the timetable set out in this booklet.

c No manual adjustments for achievement funding can be agreed for 2006/07 since achievement funding is solely generated through the achievement factor.

d The only manual adjustments allowed are those listed above in this booklet, Annex H to FE ILR Funding Estimate/Claim 2007/08. No older manual adjustment numbers used in previous years are claimable and these must not be used for 2007/08 or later years.

e In respect of the maximum funding per learner exemption (manual adjustment number 2008-9), providers and LSC partnership teams should use the provided data self-assessment toolkit (DSAT) reports to confirm the funding value of the actual adjustment claimed in 2007/08 in considering requests to exempt provision from the taper. In relation to this, LSC partnership teams are reminded of the following guidance.

- Exemptions should normally only be agreed where provision is being delivered so that it crosses fewer than three census dates and reduced funding per period. In applying an exemption, providers should still not normally claim any funding above the annual taper limit. All requests that result in funding exceeding the maximum annual funding taper value should be referred to the NO funding rates and eligibility team.

f In respect of providers delivering basic skills rather than key skills to 16–18-year-old full-time entitlement learners (manual adjustment number 2008-18), any provider claiming entitlement funding and for whom significant numbers of learners are following basic skills learning aims instead of key skills because following diagnostic assessment this is deemed more appropriate, must then apply this adjustment to remove the duplicated funding within the entitlement.
for the key skills delivery, since the basic skills programme will attract additional funding.

4 The NO funding rates and eligibility team’s view is that any exemption adjustments claimed under the second bullet point of paragraph 188 in Funding Guidance for Further Education in 2007/08 should be regarded as wholly exceptional and highly unusual. For this reason, LSC area partnership teams must consult the NO funding rates and eligibility team before agreeing any exemptions under these points. In considering any requests, the NO funding rates and eligibility team will expect to see the following:

- the value of the adjustment at an individual learner level
- the volume of the requested adjustment, that is, how many learners will be affected by the adjustment
- the expected value of the total adjustment being claimed
- details of the glh (or equivalent education or training support) being offered to the learner for each week of the programme
- details of the costs incurred in delivering the provision
- details of any other income available to the provider(s) in delivering the provision, including any employer contributions
- if provision is run in partnership with another training provider, details of the funding retained by the college and the services provided for the retained funding
- for partnership provision, a review of the income and costs of the partner provider delivering the provision
- a review of the delivery of the provision to ensure it is being delivered on an effective and efficient cost basis and that the additional claim is absolutely necessary for learners to complete their programmes
- an external independent opinion on the above.

5 The independent expert opinion must come from an external organisation in which the LSC has confidence. In this context, an audit firm appointed by the LSC to provide assurance over FE funding as either a funding auditor or a learner existence and eligibility (LEE) auditor would usually be acceptable. Any audit work would have to be paid for by the provider but the commission would need to include full disclosure to the LSC. The choice as to the individual audit firm rests with the provider who may want to ask the audit firms to tender for the work. It is likely the auditors will need to review the costs and income of related programme or curriculum areas to certify that costs are being fairly attributed across the programme or curriculum areas.

6 The advice in this context is very clear, that if the provider wants an exemption to the normal guidance then they must pay the cost of providing the LSC with the necessary assurance to consider such requests. Upon receipt of all the above information, the national funding team will support partnership managers in reviewing provider requests. The LSC will not agree to any claim unless the providers (and in the case of partnership provision both parties) can clearly demonstrate all of the following:

- The provision is being delivered as cost effectively as possible.
- All the provision being delivered is necessary for the learners to achieve their learning aims.
- The provision is contributing to LSC and government priorities.
- Partner providers are reminded that the decision as to whether to apply to the LSC for this manual adjustment rests with the directly-funded LSC provider and the LSC will not consider any direct application from partner providers for this manual adjustment.

7 Providers are reminded of the above before incurring any audit costs as the decision as to whether to fund the adjustment is at the discretion of the LSC.
### Annex I:

**Further Education Partner Provider Details Reference:**

Reference: *FE ILR Funding Estimate/Claim 2007/08* (also available on the LSC website).

**Part 1**

All colleges and other providers claiming funding from the LSC for 2007/08 for provision delivered in partnership with other organisations are asked to complete and forward this self-declaration form to their local LSC as also requested in paragraph 71 of *FE ILR Funding Compliance Advice 2007/08*. This form is available in a workbook with this addendum on the website and the LSC expects returns to be made in the workbook format.

See Section 3 of *FE ILR Funding Compliance Advice 2007/08* and in particular Table 1 and paragraphs 82-85 on partner provider provision that should be declared to the local LSC on this form.

Name of LSC-funded college or other provider in 2007/08 *(please print)*:

<table>
<thead>
<tr>
<th>LSC unique provider information number (UPIN) code in 2007/08:</th>
</tr>
</thead>
</table>

Date of return:

<table>
<thead>
<tr>
<th>Type of delivery (see Table 1 in <em>FE ILR Funding Compliance Advice 2007/08</em>):</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Trading name of partner provider:</th>
</tr>
</thead>
<tbody>
<tr>
<td>This must include any other related business trading names involved in any LSC-funded provision.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trading address of partner provider:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only the postcode is needed if the full address is returned in Annex I ILR Return Register of Franchise and Other Partners.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partner provider delivery number (ILR field A22):</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Value and length of annual contract*:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record total £ of LSC funding expected to be claimed for the provision from the LSC. Record expected start and end date of contract in the format mm/yyyy.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value of annual contract in learner numbers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record either full-time (FT) and part-time (PT) learner numbers or learner numbers and expected full-time equivalent (FTE) value – state which.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Delivery location postcode(s) of partner provider provision (ILR field A23)*:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Amount (as a %) of LSC funding passed to partner provider for the provision*:</th>
</tr>
</thead>
</table>
**FE Partner Provider Details**

Reference: *FE ILR Funding Estimate/Claim 2007/08* (also available on the LSC website).

### Part 2

*The amount of detail required by the provider’s local LSC in this part of the form depends on the answers given to the questions marked * in Part 1 and any other individual requirements defined by the local LSC.*

Provision delivered within the normal recruitment area of the provider, contributing to local LSC targets and/or skills targets and with most of the funding passed to the partner provider reduces the need for detailed information below.

To reduce unnecessary bureaucracy, providers must therefore discuss with their local LSC the amount of detail needed on their individual forms before returning them to their local LSC.

Details of any known lead-provider arrangements and/or other LSC providers that the partner provider contracts with:

<table>
<thead>
<tr>
<th>Details of any out-of-area recruitment:</th>
</tr>
</thead>
</table>

Details of qualifications (usually the titles) and/or curriculum areas being delivered (or any local LSC-defined information needs):

<table>
<thead>
<tr>
<th>Details of contribution to local LSC targets and/or skills priorities:</th>
</tr>
</thead>
</table>

Summary of services given for funding retained by LSC-funded provider:

Any additional information or concerns the provider wishes to share with the local LSC:
Annex J:

Explanation of Achievement Factors for 2006/07 and 2007/08

1 This annex explains the calculation of 2006/07 and 2007/08 achievement factors for FE providers and includes SPSS pseudo code to reflect the changed assumed fee rate for 2006/07 and 2007/08. As a result of the change in fee assumption from 27.5 per cent in 2005/06 to 32.5 per cent in 2006/07 and to 37.5 per cent in 2007/08 and the consequential change to programme funding, it is necessary to revise the methodology used to calculate achievement factors year-on-year, since the achievement factor is calculated from the programme funding. The change in fee assumption in 2006/07 now requires the LSC to estimate what the levels of programme funding would have been in a previous year if the fee assumption had been 32.5 per cent.

2 For 2006/07, achievement funding continues to be based on the ratio of achievement funding to programme funding from the most recent complete data for the institution. The 2006/07 achievement factor is calculated from the 2005/06 ILR F05.

3 To calculate indicative funding from the start of the 2007/08 academic year, a provisional 2007/08 factor was derived using the 2005/06 ILR F05. The provisional factor will be updated with a final factor, used to calculate final funding, from final 2006/07 ILR F05 data returns.

Example

4 Table J1 shows an example of the change in funding arising from the change in the fee element. This shows a learner with fee remission, studying and achieving 1 learning aim that attracts an unweighted base rate of £100 with programme-weighting factor (PWF) = 1.3, disadvantage factor (DISF) = 1.1, area cost factor (ACF) = 1 and performance related factor (PRF) = 1. The achievement funding shown is as it would be calculated from the ILR achievement fields, rather than using the achievement factor.

Table J1: Example of change in funding resulting from the fee element increase from 25 per cent to 37.5 per cent

<table>
<thead>
<tr>
<th></th>
<th>Weighted base rate</th>
<th>Programme funding</th>
<th>Assumed fee element / fee remission</th>
<th>Achievement element</th>
<th>Total funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>25% fee assumption</td>
<td>£143</td>
<td>£103.70</td>
<td>£25</td>
<td>£14.30</td>
<td>£143</td>
</tr>
<tr>
<td>27.5% fee assumption</td>
<td>£143</td>
<td>£101.20</td>
<td>£27.50</td>
<td>£14.30</td>
<td>£143</td>
</tr>
<tr>
<td>32.5% fee assumption</td>
<td>£143</td>
<td>£96.20</td>
<td>£32.50</td>
<td>£14.30</td>
<td>£143</td>
</tr>
<tr>
<td>37.5% fee assumption</td>
<td>£143</td>
<td>£91.20</td>
<td>£37.50</td>
<td>£14.30</td>
<td>£143</td>
</tr>
<tr>
<td>Calc</td>
<td>BASE RATE * PWF * DISF * ACF * PRF</td>
<td>WEIGHTED BASE RATE – ASSUMED FEE ELEMENT – ACHIEVEMENT ELEMENT</td>
<td>FEE ASSUMPTION * UNWEIGHTED BASE RATE</td>
<td>10% * WEIGHTED BASE RATE</td>
<td>PROGRAMME FUNDING + ACHIEVEMENT FUNDING + FEE REMISSION</td>
</tr>
</tbody>
</table>
5 Calculation of each provider’s final 2006/07 achievement factor is the summation of their ILR calculated achievement funding in 2005/06, divided by the summation of the revised 2005/06 programme funding, shown below.

\[
\text{Achievement factor} = \frac{\text{ILR calculated achievement funding}}{\text{Programme funding adjusted to incorporate 32.5\% fee assumption}}
\]

6 In the LIS for 2006/07, achievement funding in 2006/07 is calculated by multiplying the achievement factor by the 2006/07 programme funding for each aim, including the pseudo aim generated.

7 The calculation of the revised programme funding (with a fee assumption at 32.5 per cent for 2006/07 and at 37.5 per cent for 2007/08) is straightforward for the majority of learning aims:

a In 2006/07 the percentage change in fee element is calculated as \((32.5-27.5)/27.5\), which is 0.18181818 (recurring) and in 2007/08 this is \((37.5-27.5)/27.5\), which is 0.36363636 (recurring).

b Where a franchise discount is applied, the revised franchised discount value is calculated by multiplying the old fee element by 0.06 for 2006/07 and 0.12 for 2007/08, then subtracting this value from the old franchise discount.

c The programme funding is reduced by the difference between the current fee element and the revised fee element.

d Where applicable, fee remission funding is increased by the difference between the current fee element and the revised fee element (this is only used when calculating the revised funding to be included in the additional enrichment record).

8 Complexity is increased for full-time learners aged 16–18 and eligible for enrichment funding. The total amount of programme and fee remission for (key skills + enrichment) does not change when the fee assumption changes. The funding for key skills changes (as in the formula above), but there is a balancing change in the opposite direction to the enrichment per learner. Although the total of (fee remission + programme funding) does not change, there will be less programme funding (and more fee remission) so there is a complex calculation to calculate the revised programme funding.
Overview of calculation for enrichment learners

a Calculate revised programme funding for learning aims.

b Calculate revised fee remission funding for learning aims.

c Calculate total current amount of enrichment funding.

d Total enrichment minus funding for keys skills equals total funding within additional enrichment record.

e Fee remission for total enrichment minus fee remission for key skills equals fee remission within additional enrichment record.

f Total funding within additional enrichment record minus fee remission within additional enrichment record equals programme funding within additional enrichment record.

9 Further details of the calculations can be found in the pseudo code stated below.

10 The following exclusion applies to this calculation.

• Where the funding per period for key skills is very close to the standard total for (key skills + enrichment), the revised programme funding may be a very small underestimate. However this situation is only likely to affect a very small number of learners and the effect on funding per learner is also very slight.
Pseudo code to calculate 2006/07 final achievement factors and 2007/08 provisional factors both based on ILR F05 (2005/06) returns

***Amendments to pseudo code shown to calculate 2007/08 provisional achievement factors***.

***Final 2006/07 Achievement factor calculation based on 2005/06 ILR F05***.

***Provisional 2007/08 Achievement factor calculation based on 2005/06 ILR F05***.

***Final 2007/08 factor will be calculated using 2006/07 ILR F05 once available***.

Naming Convention

p1 = Period 1
p2 = Period 2
p3 = Period 3
p_n = Operation needs to be repeated for each period
KS = Key skills learning aim
ORD = actual learning aim (excludes notional enrichment funding aims)
ENR = additional enrichment funding record
Fee_elem = Current fee element at 27.5% fee assumption
Corefund = Programme funding at 27.5% fee assumption
Fee_rem = Fee remission at 27.5% fee assumption
Franchdi = Franchised discount at 27.5% fee assumption
New_Fee_elem = Revised fee element at 32.5% fee assumption in 2006/07 calculation and 37.5% in 2007/08
New_Corefund = Revised programme funding at 32.5% fee assumption
New_Feerem = Revised fee remission at 32.5% fee assumption in 2006/07 calculation and 37.5% in 2007/08
New_Franchdi = Revised franchised discount at 32.5% fee assumption

Parameters

Current fee element at 27.5% = !Current_perc_fee_elem = 0.275
New fee element at 32.5% (37.5% in 2007/08) = !new_perc_fee_elem = 0.325 in 2006/07 or 0.375 in 2007/08

**if the fee proportion changes from 27.5% to 32.5%, the franchised discount is 0.33*(32.5 – 27.5)/27.5 = 0.06 **.

**if the fee proportion changes from 27.5% to 37.5%, the franchised discount is 0.33*(37.5 – 27.5)/27.5 = 0.12 **.

Franchised discount factor = !number3 = 0.06 in 2006/07 and 0.12 in 2007/08

Period enrichment funding in 2006/07 = period_enrichment_amount = 261.333333.

***Starting with period / aim level file ***.

get file = \ILR0506_F05_FUNDING_DATA_FULL.sav'.

***Select year = 2005 funding only when calculating final 2006/07 factors with ILR 2005/06 F05***.
***Select year = 2005 funding only when calculating provisional 2007/08 factors with ILR 2005/06 F05***.

***Select year = 2006 funding only when calculating final 2007/08 factors with ILR 2006/07 F05***.

Select if year = 2005.

***Matches in fields from 0506 LAD to enable the identification of Key skills learning aims***.

SORT CASES BY a09.

MATCH FILES

/FILE = *

/TABLE = ................................................\LAD_0506.sav'

/BY a09.

***create empty variables for each period and for the total year -***.

Compute pn_fee_elem_KS = 0.

Compute pn_fee_elem_ORD = 0.

Compute pn_fee_elem_ENR = 0.

Compute fee_elem_KS = 0.

Compute fee_elem_ORD = 0.

Compute fee_elem_ENR = 0.

Compute pn_franchdi_KS = 0.

Compute pn_franchdi_ORD = 0.

Compute pn_franchdi_ENR = 0.

Compute franchdi_KS = 0.

Compute franchdi_ORD = 0.

Compute franchdi_ENR = 0.

Compute pn_corefund_KS = 0.

Compute pn_corefund_ORD = 0.

Compute pn_corefund_ENR = 0.

Compute corefund_KS = 0.

Compute corefund_ORD = 0.

Compute corefund_ENR = 0.

Compute pn_feerem_KS = 0.

Compute pn_feerem_ORD = 0.

Compute pn_feerem_ENR = 0.

Compute feerem_KS = 0.
Compute feerem_ORD = 0.
Compute feerem_ENR = 0.
Compute new_pn_fee_elem_KS = 0.
Compute new_fee_elem_KS = 0.
Compute new_pn_fee_elem_ORD = 0.
Compute new_fee_elem_ORD = 0.
Compute new_pn_franchdi_KS = 0.
Compute new_franchdi_KS = 0.
Compute new_pn_franchdi_ORD = 0.
Compute new_franchdi_ORD = 0.

***Flag Key skills ***.

***Where Keyskills variable in learning aims database equals 1 or 2 compute the new variable Key_skill equals 1***.

Compute key_skill = 0.
Do if any(a_kscode,"1","2").
Compute key_skill = 1.
end if.
value labels key_skill 0 'Not Key Skill learning aim'
  1 'Key Skill learning aim'.

***Flag Entitlement dummy aim***.

***When learning aim sequence equals 99 compute the new variable Enrichment = 1***.

Compute Enrichment = 0.
Do if A05 = 99.
Compute Enrichment = 1.
End if.
value labels Enrichment 0 'Ordinary learning Aim'
  1 'Enrichment Dummy Aim'.

***Flag ordinary learning aims***.

***When learning aim sequence equals anything other than 99 compute the new variable ordinary_aim = 1***.

Compute ordinary_aim = 0.
Do if A05 <> 99.
Compute ordinary_aim = 1.
End if.
value labels ordinary_aim 0 'Enrichment Dummy Aim'
1 'Ordinary learning Aim'.

*** For each period calculate fee element, Franchised discount, Programme funding and fee remission for the three following categories of records***.

*** Key skills learning aims only (KS), all genuine learning aims (ORD) and additional enrichment records (ENR)***.

Compute pn_fee_elem_KS = key_skill * fee_elem.
Compute pn_fee_elem_ORD = Ordinary_aim * fee_elem.
Compute pn_fee_elem_ENR = Enrichment * fee_elem.
Compute pn_franchdi_KS = key_skill * franchdi.
Compute pn_franchdi_ORD = Ordinary_aim * franchdi.
Compute pn_franchdi_ENR = Enrichment * franchdi.
Compute pn_corefund_KS = key_skill * corefund.
Compute pn_corefund_ORD = Ordinary_aim * corefund.
Compute pn_corefund_ENR = Enrichment * corefund.
Compute pn_feerem_KS = key_skill * feerem.
Compute pn_feerem_ORD = Ordinary_aim * feerem.
Compute pn_feerem_ENR = Enrichment * feerem.

end if.

*** For the whole year calculate fee element, Franchised discount, Programme funding and fee remission for the three following categories of records***.

*** Key skills learning aims only (KS), all genuine learning aims (ORD) and additional enrichment records (ENR)***.

Compute fee_elem_KS = key_skill * fee_elem.
Compute fee_elem_ORD = Ordinary_aim * fee_elem.
Compute fee_elem_ENR = Enrichment * fee_elem.
Compute franchdi_KS = key_skill * franchdi.
Compute franchdi_ORD = Ordinary_aim * franchdi.
Compute franchdi_ENR = Enrichment * franchdi.
Compute corefund_KS = key_skill * corefund.
Compute corefund_ORD = Ordinary_aim * corefund.
Compute corefund_ENR = Enrichment * corefund.
Compute feerem_KS = key_skill * feerem.
Compute feerem_ORD = Ordinary_aim * feerem.
**Compute feerem\_ENR = Enrichment * feerem.**

***Calculate revised fee element for Key skills only***.

Compute new\_pn\_fee\_elem\_KS = pn\_fee\_elem\_KS * (new\_perc\_fee\_elem / current\_perc\_fee\_elem).

Compute new\_fee\_elem\_KS = fee\_elem\_KS * (new\_perc\_fee\_elem / current\_perc\_fee\_elem).

***Calculate revised fee element for all genuine learning aims***.

Compute new\_pn\_fee\_elem\_ORD = pn\_fee\_elem\_ORD * (new\_perc\_fee\_elem / current\_perc\_fee\_elem).

Compute new\_fee\_elem\_ORD = fee\_elem\_ORD * (new\_perc\_fee\_elem / current\_perc\_fee\_elem).

****Where applicable calculate new Franchised discount for Key skills only and for all genuine learning aims***.

Do if franchdi > 0.

Compute new\_pn\_franchdi\_KS = pn\_franchdi\_KS - (pn\_fee\_elem\_KS * !number3).

Compute new\_franchdi\_KS = franchdi\_KS - (fee\_elem\_KS * !number3).

Compute new\_pn\_franchdi\_ORD = pn\_franchdi\_ORD - (pn\_fee\_elem\_ORD * !number3).

Compute new\_franchdi\_ORD = franchdi\_ORD - (fee\_elem\_ORD * !number3).

end if.

***Calculate new programme funding for Key skills only and for all genuine learning aims ***.

Compute new\_pn\_corefund\_KS = pn\_corefund\_KS + (pn\_fee\_elem\_KS - new\_pn\_fee\_elem\_KS) + (pn\_franchdi\_KS - new\_pn\_franchdi\_KS).


Compute new\_pn\_corefund\_ORD = pn\_corefund\_ORD + (pn\_fee\_elem\_ORD - new\_pn\_fee\_elem\_ORD) + (pn\_franchdi\_ORD - new\_pn\_franchdi\_ORD).

Compute new\_corefund\_ORD = corefund\_ORD + (fee\_elem\_ORD - new\_fee\_elem\_ORD) + (franchdi\_ORD - new\_franchdi\_ORD).

***Calculate new fee remission funding for Key skills only and for all genuine learning aims ***.

Compute new\_pn\_feerem\_KS = pn\_feerem\_KS * (new\_perc\_fee\_elem / current\_perc\_fee\_elem).

Compute new\_feerem\_KS = feerem\_KS * (new\_perc\_fee\_elem / current\_perc\_fee\_elem).

Compute new\_pn\_feerem\_ORD = pn\_feerem\_ORD * (new\_perc\_fee\_elem / current\_perc\_fee\_elem).

Compute new\_feerem\_ORD = feerem\_ORD * (new\_perc\_fee\_elem / current\_perc\_fee\_elem).

***Aggregate all variables to learner level***.

Sort cases I01 I03.

AGGREGATE

/OUTFILE = *

/PRESORTED

/BREAK I01 I03

/pn\_fee\_elem\_KS = sum(pn\_fee\_elem\_KS)
/new_franchdi_KS = sum(new_franchdi_KS)
/new_pn_franchdi_ORD = sum(new_pn_franchdi_ORD)
/new_pn_corefund_KS = sum(new_pn_corefund_KS)
/new_corefund_KS = sum(new_corefund_KS)
/new_pn_corefund_ORD = sum(new_pn_corefund_ORD)
/new_corefund_ORD = sum(new_corefund_ORD)
/new_peerem_KS = sum(new_peerem_KS)
/new_corefund_KS = sum(new_corefund_KS)
/new_peerem_ORD = sum(new_peerem_ORD)
/new_corefund_ORD = sum(new_corefund_ORD)

/aims = n.

***Calculate total of revised programme and fee remission for Key skills learning aims only***.
Compute new_pn_corefund_feerem_KS = new_pn_corefund_KS + new_pn_feerem_KS.
Compute new_corefund_feerem_KS = new_corefund_KS + new_feerem_KS.

***Calculate combined totals of current Key skills and enrichment record programme funding ***.
Compute pn_corefund_KS_ENR = pn_corefund_KS + pn_corefund_ENR.
Compute corefund_KS_ENR = corefund_KS + corefund_ENR.

***Calculate combined totals of current Key skills and enrichment record fee remission funding ***.
Compute pn_feerem_KS_ENR = pn_feerem_KS + pn_feerem_ENR.
Compute feerem_KS_ENR = feerem_KS + feerem_ENR.

***Calculate combined totals of current Key skills and enrichment record fee remission and programme funding***.
Compute pn_corefund_feerem_KS_ENR = pn_Corefund_KS_ENR + pn_feerem_KS_ENR.
Compute corefund_feerem_KS_ENR = Corefund_KS_ENR + feerem_KS_ENR.

***Calculate current programme and fee remission funding for enrichment records only***.
Compute pn_corefund_feerem_ENR = pn_corefund_ENR + pn_feerem_ENR.

***Calculate current programme and fee remission funding for Key Skills learning aims only***.
Compute pn_corefund_feerem_KS = pn_corefund_KS + pn_feerem_KS.

***Calculate the difference between the total of the current and the revised programme and fee remission funding for Key skills learning aims***.
Compute pn_KS_difference = 0.
Do if pn_corefund_ENR > 0.
Compute pn_KS_difference = new_pn_corefund_feerem_KS - pn_corefund_feerem_KS.
End if.

### Calculate the revised combined total of core and fee remission funding for Key skills and additional enrichment records

Compute \( \text{new\_pn\_corefund\_feerem\_ENR\_KS} = \text{pn\_corefund\_feerem\_ENR} - \text{pn\_KS\_difference} + \text{new\_pn\_corefund\_feerem\_KS} \).

### Calculate maximum possible revised Fee remission total for key skill aims and dummy enrichment aim

Compute \( \text{feerem\_total\_ENR} = \text{!period\_enrichment\_amount} \times \text{!new\_perc\_fee\_elem} \).

### Calculate revised per period maximum possible funding for dummy enrichment aim

Compute \( \text{pn\_Max\_new\_total\_ENR} = 0 \).

Do if \( \text{new\_pn\_corefund\_feerem\_ENR\_KS} > \text{new\_pn\_corefund\_feerem\_KS} \).

Compute \( \text{pn\_Max\_new\_total\_ENR} = \text{new\_pn\_corefund\_feerem\_ENR\_KS} - \text{new\_pn\_corefund\_feerem\_KS} \).

End if.

### Calculate revised annual maximum possible funding for dummy enrichment aim

Compute \( \text{Max\_new\_total\_ENR} = \text{p1\_Max\_new\_total\_ENR} + \text{p2\_Max\_new\_total\_ENR} + \text{p3\_Max\_new\_total\_ENR} \).

### Calculate revised annual franchised discount

Compute \( \text{new\_franchdi\_ORD} = \text{new\_p1\_franchdi\_ORD} + \text{new\_p2\_franchdi\_ORD} + \text{new\_p3\_franchdi\_ORD} \).

### Calculate possible revised fee remission funding for enrichment dummy aim

Compute \( \text{pn\_Possible\_Fee\_rem} = \text{feerem\_total\_ENR} - \text{new\_pn\_feerem\_KS} \).

### Calculate revised per period fee remission funding for enrichment dummy aim

Compute \( \text{new\_pn\_feerem\_ENR} = 0 \).

Do if \( \text{pn\_Max\_new\_total\_ENR} > 0 \) and \( \text{pn\_Possible\_Fee\_rem} > 0 \) and \( \text{pn\_corefund\_ENR} > 0 \).

Compute \( \text{new\_pn\_feerem\_ENR} = \min(\text{pn\_Max\_new\_total\_ENR}, \text{pn\_Possible\_Fee\_rem}) \).

End if.

### Calculate revised annual fee remission funding for enrichment dummy aim

Compute \( \text{new\_feeerem\_ENR} = \text{new\_p1\_feeerem\_ENR} + \text{new\_p2\_feeerem\_ENR} + \text{new\_p3\_feeerem\_ENR} \).

### Calculate revised per period core funding for enrichment dummy aim

Compute \( \text{new\_pn\_corefund\_ENR} = \text{pn\_Max\_new\_total\_ENR} - \text{new\_pn\_feerem\_ENR} \).

### Calculate revised annual core funding for enrichment dummy aim

Compute \( \text{new\_corefund\_ENR} = \text{new\_p1\_corefund\_ENR} + \text{new\_p2\_corefund\_ENR} + \text{new\_p3\_corefund\_ENR} \).

### Calculate total revised annual core funding

Compute \( \text{new\_corefund} = \text{new\_corefund\_ORD} + \text{new\_corefund\_ENR} \).

### Calculate total revised fee remission funding

Compute \( \text{new\_feeerem} = \text{new\_feeerem\_ORD} + \text{new\_feeerem\_ENR} \).

### Aggregate to provider level
AGGREGATE
/OUTFILE = *
/PRESORTED
/BREAK id1
/new_corefund = sum(new_corefund)
/achieve = sum(achieve).

***Calculate provider level Achievement factors – .0607 for final and replace naming to .0708 for provisional***.

Compute Achievement_factor_0607 = achieve / new_corefund.