Employer Responsive Model – Train to Gain Learners continuing from 2007/08 into 2008/09

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Background

1. The introduction of demand-led funding in 2008/09 will have a significant effect on the funding of Train to Gain. Funding will change from a 50% start and outcome payment to a 75% paid in monthly instalments and 25% outcome. For providers who have already received a 50% start fee there needs to be a transitional arrangement in place to deal with continued funding.

2. It is imperative that these arrangements ensure that providers are not disadvantaged in funding terms but take into account the changes to funding rates.

3. The process will have a systems solution and will be ‘driven’ from ILR data that the provider and LSC already hold.

4. Although these changes are minimal the LSC has undertaken consultation with a wide range of stakeholders. These stakeholders were made aware that there was not a ‘do nothing’ option as to maintain the existing system would not be beneficial and also very costly to both providers and the LSC.

5. This document should be read in conjunction with LSC Funding Guidance - Principles, Rules and Regulations and The 16-18, Adult Learner and Employer Responsive Funding Models issued by the LSC.

Purpose

6. This briefing note sets out the arrangements for learners who started prior to 01/08/2008 and will continue in learning after 01/08/2008 in Train to Gain within the Employer Responsive Model.

7. There are 4 types of learners from 2007/08 who are affected by these transitional arrangements.
   - Mainstream Train to Gain
   - NES Train to Gain
   - FE NVQs delivered in the workplace
- WBL NVQs for learners aged 19+

8 In Train to Gain, mainstream and NES, a start payment has been made. No further funding has been paid. The start fee depends on the sector subject area of the aim. Therefore there is a balance of funding still to pay.

9 With FE NVQs a proportion of funding has been paid based on the start date of the learner during the funding year. This could range from 0-100% of funding.

10 WBL NVQs have been paid in monthly instalments that are broadly similar to the employer responsive model.

11 This note does not include transitional arrangements for learners on Level 3 Trials. A separate Briefing Note will be issued in July 2008 dealing with arrangements for this trial.

**Principles**

12 There are several principles that underpin transitional arrangements for Train to Gain Learners. They are:

- Funding for all learners within the employer responsive model should use the same methodology.

- **Transitional protection** is defined as adjustment to funds paid to a provider in respect of a change in funding rates previously paid to a provider. **Transitional arrangements** are a set of processes that make adjustments in respect of factors that affect the Standard Learner Number (SLN) values that a provider earns within a funding year.

- Rates used for Train to Gain during a funding year will be the prevailing rate for that funding year in question.

- FE NVQs delivered on employer premises being funded through the employer responsive model are subject to transitional protection.

**Transitional arrangements**

13 WBL NVQs for learners aged 19+ will not have transitional arrangements applied as the current process in 2007/08 and the employer responsive model methodology are broadly similar. NVQ Learners aged 19+ but being funded as 16-18 will be funded as 16-18 but within the employer responsive model. NVQ learners aged 16-18 will be funded through the 16-18 model. Further guidance will be issued in June 2008.

14 For Train to Gain, both mainstream and NES, the proportion of funding left to pay after taking into account the start fee paid using the employer responsive methodology will be paid. That is, 25% paid for achievement of the aim and the balance either paid in monthly instalments between the 1st August 2008 and the planned end date or where the planned end date is before 31st August 2008 the balance on achievement. A flow diagram of the process is in Annex A.
A similar approach will be used for FE NVQs based on the proportion left to pay.

A manual adjustment will need to be made concerning NES Skills for Life 2nd qualifications. This is because no ‘start’ fee has been paid, although one would have been paid for the 1st qualification. Therefore in 2008/09 when a learner following a 2nd NES Skills for Life qualification completes then the difference in funding can be claimed using the Training Provider Statement (TPS). The value claimed is the proportion of the 2008/09 rate not paid.

Examples

A mainstream Train to Gain learner starts their aim on 1st February 2008 and has an expected end of learning date of 1st October 2008. The provider will have already received a ‘start’ fee of 50% of the 2007/08 Train to Gain rate. On the 1st August the learner still has 2 months until they reach their expected end of learning date. Therefore 25% of the funding rate based on 2008/09 rates is split into 2 monthly payments. If the learner achieved during October then the remaining 25% of the 2008/09 rates would be paid.

If the learner, in paragraph 16, achieved earlier than their expected end of learning date then the balance would be paid at that date. For example, if a learner achieved in 2007/08 then the 2007/08 rules would apply and the provider would receive the 50% of the 2007/08 rate. If the learner achieved in 2008/09 the provider would receive monthly payments for the months in learning, the achievement payment plus any remaining monthly payment due. This would add up to 50% of the 2008/09 rate.

If the learner, in paragraph 16, left learning in 2008/09 and did not achieve then the funding would cease on the day they left. If the left before 31st August then no more funding would be paid. If they left before 30th September only the monthly payment for August would be paid. Leaving after 1st October would mean that all monthly instalments would have been paid.

If the learner would have been funded by NES a similar process would have applied only the percentages would have been different as the start fee represents a far smaller percentage. For example in Health, Public Services and Care the start fee for a level 2 qualification the start fee is 18% of the funding rate. Therefore 57% of the 08/09 rate would be paid in monthly instalments and the standard 25% paid for achievement.

For FE NVQ learners we need to establish the proportion of funding already paid to a provider. This would be calculated using the start and expected end dates for an aim. This would give us how many tri-annual payments have been made and from this the percentage remaining can be identified. If more than 75% of the funding has already been paid then the remaining percentage is paid on outcome. Below 75% the achievement payment of 25% is held back with the remainder being paid in monthly instalments. Again similar to the learner in paragraph 18 if they leave before achieving, funding will cease on the day that they leave.
Issues
22 Each of the programmes being combined into the employer responsive model has its own system in 2007/08. It is not possible to extend these systems enabling them to continue to deal with carryover learners whilst the new demand-led funding system dealt with new learners. The cost not only to the LSC but also to providers would be great as both would have to maintain legacy systems for many years. Therefore there is not a ‘do nothing’ option.
23 The funding calculation will be done completely by LSC systems and very little manual intervention is required. Only NES Skills for Life second qualifications will need to be claimed manually.
24 The process embeds the new DLF system as all learners will be funded in a similar way.
25 It recognises that the cost of delivery is spread out over the course of learning and not just at the beginning and end. It will ease providers’ cash flow as new learners will be paid in monthly instalments and existing learners will also be paid monthly. This will, in some way, ameliorate removing the 50% starts fee.
26 All learners in 2008/09 will be funded in the same way by monthly payments and 25% achievement, where possible.
27 Providers should not, under any circumstance, change the Learning Planned End Date (A28) on an ILR once the data has been submitted to the LSC.
28 It is important that all providers understand the process. In order to enable understanding this briefing paper has been prepared and colleagues from the funding team will arrange seminars and workshops to support providers and regional LSC teams.
29 There is a financial risk that providers receive more funding without an increase in achievement. The principle of funding is that it should relate to activity and this transitional arrangement process supports this.

Next steps
30 The LSC will put in place systems that automatically fund learners going from 2007/08 into 2008/09.
31 A further briefing Note will be issued in July 2008 that deals with Learners undertaking Level 3 Trials in 2007/08 and continue in learning in 2008/09.
32 This briefing note should be circulated as widely as possible to enable understanding of the process being implemented. LSC Regional and Partnership teams should ensure that all providers with provision that is listed in paragraph 7 are made aware of this briefing note.
Appendix A

FE NVQ and TtG Learners continuing into Employer Responsive funding 08/09 from 07/08

 Started Train to Gain Aim before 01/08/08?  
Yes  
  
  
No  

Standard ERM Funding

Train to Gain

  
  
  
Yes  

National Employer Service provision?

No

Is the planned end date equal to or greater than 31/08/08?

No

On achievement 50% outcome payment made of 08/09 rate or for NES provision 08/09 rate less proportion paid for start

25% of 08/09 rate paid monthly* to planned end date. 25% of 08/09 rate paid on achievement

25% paid on achievement. Balance of 08/09 rate less proportion paid for start paid monthly*

Yes

FE employer based NVQs

Calculate proportion of funding has already paid of 07/08 rate

Is proportion paid greater than or equal to 75%?

No

Does the planned end date greater than 30/08/08

Yes

Yes

Proportion left (less 25%) paid monthly* of 08/09 rate to planned end. 25% of 08/09 rate paid on achievement

Balance of 08/09 rate paid on achievement

No

*Payments in 2008/09 will be made in equal monthly instalments based on the number of census dates between August 2008 and the Learning Planned End Date