LSC Funding Guidance 2008/09: Funding Formula

April 2008

Of interest to everyone involved in delivering LSC-funded provision
Further information
For further information, please contact the appropriate LSC partnership team at the local LSC. Contact details for each office can be found on the LSC’s website: www.lsc.gov.uk.

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Status: An integral part of the LSC’s funding agreements, for reference and information.

For information
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Executive Summary

This document, *Funding Formula*, forms part of LSC Funding Guidance 2008/09 (referred to here as ‘the Guidance’) which sets out the Learning and Skills Council’s (LSC) approach to, and the authoritative guidance for, the funding of LSC provision in 2008/09. It is a technical reference document, and should be used as a handbook for all LSC programme funding. All colleges, school sixth forms, providers and other organisations that receive funding from the LSC for the provision of education and training are required to comply with the Guidance.

The Guidance forms part of the LSC’s funding agreements with schools, colleges and other providers of LSC provision.

To simplify this guidance the term ‘providers’ will be used rather than a constant reference to schools, colleges and other providers. The individual type(s) will only be used where the guidance applies only to that specific type(s) of provider.

*LSC Funding Guidance 2008/09* will be published as a series of booklets (of which this document is one), in line with its business cycle, outlining the main features of the LSC’s funding arrangements for 2008/09. Under the main heading *LSC Funding Guidance 2008/09* each separate document is listed below, and will be available on the LSC’s website at: [www.lsc.gov.uk/Providers/fundingpolicy](http://www.lsc.gov.uk/Providers/fundingpolicy).

- **Funding Rates**
- **Funding Formula**
- **Principles, Rules and Regulations**
- **Learner Eligibility Guidance**
- **ILR Funding Compliance Advice and Audit Guidance for Providers**
- **ILR Funding Claims and Audit Returns**

These booklets will update the various LSC funding booklets for 2007/08 that applied to further education (FE), work-based learning (WBL), Train to Gain (TtG) and school sixth forms.

This document, called *Funding Formula*, is set out as follows.

- **Section 2: SLN and Provider Factors** provides guidance on calculating standard learner numbers (SLNs) and provider factors.
- **Section 3: Additional Learning Support** provides guidance on the calculation of additional learning support.
- **Section 4: Calculation of Funding** provides the calculation formulas.
- **Annex A** lists all the formulae that appear in the main body of the text for ease of reference.

The guidance in this document and all the other LSC *Funding Guidance 2008/09* documents is the definitive LSC guidance and takes precedence over any other separate documents.

**Changes to the Funding Formula in 2008/09**

The funding approach has changed significantly in 2008/09, as described in the document *The 16–18, Adult Learner- and Employer-responsive Funding Models* published by the LSC in November 2007.

This document describes the new funding formula and supersedes any previous funding formula guidance. It does not describe every difference between the new formula and the old formula due to the scale of the changes.

**Intended Recipients**

Principals, chief executives, head teachers, directors of children’s services, heads of providers, heads of sixth forms, finance directors and management information officers of providers delivering post-16 education and training.
1: Funding Formula
Principles

Terminology
1 The standard learner number (SLN), of the various types described below, is a measure of the volume of activity associated with a qualification, learning aim, learner, contract or allocation.
2 While the SLN gives a robust measure of volume of learning, the relative cost of that learning must also be taken into account by the funding formula. The provider factor (and component provider factor weightings, as described below) is the measure that reflects the relative cost of provision. It includes the following drivers of relative cost:
   • programme weighting;
   • disadvantage;
   • area costs;
   • short programmes;
   • success.

SLN values
3 Funding rates for 2008/09 will be stated as SLN values. An SLN value is a measure of fundable volume for a whole learning aim, irrespective of the time taken to deliver it.
4 It is SLN values that will be listed on the Learning Aim Database (LAD) and used as a basis for the funding calculations in all demand-led funding models.
5 In classroom and other group-based environments, SLN values are directly related to guided learning hours (glh). In work-based and distance learning environments, they are related to activity in terms of a mixture of one-to-one contact and group-based hours.
6 In general, employer-responsive SLN values are derived from activity and learner-responsive SLN values are derived from glh.
7 All learning aims in the employer-responsive model have listed SLN values on the LAD.
8 Not all learning aims in the learner-responsive models have listed SLN values – some are ‘unlisted’.
9 For unlisted learning aims, that is, learning aims which do not have an SLN value stated on the LAD, the SLN value is derived from the data in the individualised learner record (ILR) (specifically A32 guided learning hours for the learner-responsive models).

Annual SLN
10 Annual SLN is the measure used directly in the funding calculations for the purposes of calculating actuals at learning aim level for the 16–18 and adult learner-responsive models (LRM).
11 Annual SLN is derived from the SLN value by application of the SLN section of the funding calculations.
12 This process distributes the SLN value across funding years in order to derive annual SLN, and distinguishes the annual SLN from other measures.

SLN instalments
13 SLN instalments is the measure used directly in the funding calculations for the purposes of calculating the actual funding at learning aim level for the employer-responsive model (ERM).
14 SLN instalments are derived from the SLN value by application of the SLN instalment section of the funding calculations.
15 This process distributes the SLN value across periods (with an achievement element and balancing element in the relevant months) in order to derive SLN instalments, and distinguishes the SLN instalment from other measures.
16 SLN instalments are calculated on a monthly basis to support the payments, but can be summed up to annual level for contracting purposes.
17 Figure 1 graphically displays the relationship between SLN value, annual SLN and SLN instalments for a learning aim that starts during May and is achieved during November.
Figure 1: SLN values, annual SLNs and SLN instalments

<table>
<thead>
<tr>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
</tr>
</thead>
<tbody>
<tr>
<td>SLN value</td>
<td>Annual SLN (year 1)</td>
<td>Annual SLN (year 2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-prog SLN instalment</td>
<td>On-prog SLN instalment</td>
<td>On-prog SLN instalment</td>
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<td>On-prog SLN instalment</td>
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<tr>
<td>Achieve SLN instalment</td>
<td>Achieve SLN instalment</td>
<td>Achieve SLN instalment</td>
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</tr>
</tbody>
</table>

**Notes**

'Achieve SLN instalment' refers to the SLN instalment that forms the achievement element.

'On-prog SLN instalment' refers to each of the 'on-programme' SLN instalments which are the monthly proportion of the SLN value after removing the achievement element. Note that two on-prog SLN instalments are generated in the first month of a programme to recognise the higher costs at enrolment.

**SLN instalment factor**

18 The SLN instalment factor is the SLN instalments (summed at annual level) divided by the annual SLNs. In effect it is a conversion factor between annual SLNs and SLN instalments.

19 The SLN instalment factor will not always be calculable at individual learning aim level. As described above, the criteria for determining SLN instalments and annual SLNs are quite separate, so an individual aim could qualify for an SLN instalment but not for an annual SLN and vice-versa.

20 Hence the SLN instalment factor is only really useful at aggregate levels such as contracts.

**Provider factor weightings**

21 Provider factor weightings are the elements of the provider factor applied at individual learning aim level. For example, the programme weighting factor associated with a particular learning aim or the area costs factor associated with a particular postcode.

22 Provider factor weightings are used in determining the actuals for the ERM, and in calculating provider factors in the LRM.

**Provider factor**

23 The provider factor is the provider-level aggregation of the provider factor weightings within each funding model. It is a single figure that can be expressed as composite parts.

24 The provider factor is used in determining the actuals for the LRM, but only for setting contract values in the ERM.

**The Formula**

25 The formula that underpins the demand-led funding models has been stated in previous Learning and Skills Council (LSC) consultations and documents and is repeated below.

\[
\text{Funding} = (\text{SLN} \times \text{Rate per SLN} \times \text{Provider factor}) + \text{Additional learning support}
\]

26 This document details the calculation of the SLN, provider factor and additional learning support.
27 The national funding rate per SLN has been published on the LSC website and in the companion document *Funding Rates*. The LSC will inform providers of their provider factor and their funding rate per SLN.

28 Figure 2 illustrates how the key elements of the formula combine to produce the rate paid.

**Figure 2: Key elements of the funding formula**

\[
\text{Funding} = \text{SLN} \times \text{rate per SLN} \times \text{Programme weighting} \times \text{Disadvantage weighting} \times \text{Area costs uplift} \times \text{Short programme modifier} \times \text{Success factor}
\]

29 SLN is divided into fully-funded SLN and co-funded SLN and the rate applied is either the fully-funded rate per SLN or the co-funded rate per SLN respectively.

30 The calculation of the co-funded rate per SLN is described later in this document.

31 (a) In the 16–18 and adult learner-responsive models, the SLN type used is annual SLN and the provider factor is pre-set based on a prior year’s data.

(b) In the employer-responsive model, the SLN type used is SLN instalments. This is then multiplied by the provider factor weightings from in-year data in the calculation of funding. The provider factor that is based on a prior year’s data is only used in order to set an appropriate maximum contract value. The employer-responsive model is described in more detail later in this document.
2: SLN and Provider Factors

**Annual SLN**

32 Annual SLNs are based on learner enrolments and are not affected by withdrawals (which are taken into account in the calculation of the provider factor). They are calculated separately for each academic year of study of each learner’s programme. Hence, when a learner is on a two-year programme, an annual SLN will be calculated separately for each year.

**Definition of a start**

33 Annual SLNs will be counted when a learner is deemed to have started.

34 A learner is deemed to have started a learning aim once they have remained on that learning aim within the current funding year for the period of time defined in Table 1.

**Table 1: Criteria for learner-responsive SLN start purposes**

<table>
<thead>
<tr>
<th>Learning aim length in-year</th>
<th>Start period</th>
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</thead>
<tbody>
<tr>
<td>&gt;= 24 weeks</td>
<td>6 weeks</td>
</tr>
<tr>
<td>2 to 24 weeks</td>
<td>2 weeks</td>
</tr>
<tr>
<td>&lt;2 weeks</td>
<td>1 learning engagement</td>
</tr>
</tbody>
</table>

35 For learning aims that span more than one funding year, starts are determined separately for each year, in line with the approach of calculating an annual SLN separately for each year.

**Guided learning hours (16–18 and adult learner-responsive models)**

36 SLN values in the 16–18 and adult learner-responsive models are based on guided learning hours (glh).

37 The glh for a learning aim is set using the following logic.

- If there is no listed SLN glh value, but the individualised learner record (ILR) has a value in the distance learning funding field, then the rate is based on the agreed value in this field.

- If there is no listed SLN glh value and a distance learning value has not been agreed, then the learning aim is ‘unlisted’, and the SLN glh value is set to the value in the planned glh field.

38 There are some exceptions to this method.

- Evening GCE/GCSEs, as identified by the LAD and delivery mode, are assigned the second listed SLN glh value from the LAD.

- Access to higher education (HE), as identified by the LAD, is assigned the listed SLN glh value from the LAD if the planned glh in the relevant funding year is at least 450. If the planned glh is less than 450, then the aim is treated as unlisted.

- Occupational qualifications (which currently are almost exclusively national vocational qualifications), as identified by the LAD, get one of three listed SLN glh values, depending on the main delivery method, and according to Table 2. If a learning aim is planned over more than 1.5 years then the listed SLN glh value is doubled. In addition, if the delivery method is ‘entirely at the provider’ and the planned glh in the relevant funding year is less than 450, then the aim is treated as unlisted. Only the first delivery method is available under the adult learner-responsive model; either of the other two delivery methods would be funded using the employer-responsive model.
Table 2: Determination of occupational qualification SLN rates

<table>
<thead>
<tr>
<th>Model(s)</th>
<th>Main delivery method</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>16–18 or adult learner-responsive</td>
<td>All components delivered by the provider, entirely at the provider</td>
<td>SLN value 1</td>
</tr>
<tr>
<td>16–18 only</td>
<td>Information, advice and guidance (IAG), support and assessment plus either underpinning knowledge and understanding or substantial skills development</td>
<td>SLN value 2</td>
</tr>
<tr>
<td>16–18 only</td>
<td>IAG, support and assessment only</td>
<td>SLN value 3</td>
</tr>
</tbody>
</table>

- If an occupational qualification does not have a valid code in the main delivery method field, the learning aim is treated as unlisted.
- If a learning aim is coded as a re-take, the learning aim is treated as unlisted. Re-sits of assessments that do not involve any guided learning are not eligible for LSC funding.

39 In addition, for all learners with the 16–18 funding entitlement and with a total planned glh in the relevant funding year of at least 450 including the entitlement glh, a record with a listed SLN value is added for the entitlement.

Conversion from glh to SLN

40 The SLN value for each learning aim is the SLN glh value divided by 450.

Annualisation

41 The proportion of the learning aim delivered in the current academic year is calculated based on the number of days in the current academic year. For learning aims completed before the planned end date, the number of days after the current academic year are added to the number of days within the current academic year, thus producing a ‘balancing payment’.

42 Annual SLN is calculated by multiplying the previously determined SLN value for each learning aim by the proportion of the learning aim that occurs in the current funding year.

The funding cap

43 The annual SLN is capped by aggregating the values for the individual learning aims to learner level and capping at a maximum of 1.75 annual SLN per learner.

44 The capping factor is then the capped annual SLN divided by the uncapped annual SLN at learner level.

45 The learning aim level annual SLN is scaled by the capping factor.

Fully-funded/co-funded

46 All 16- to 18-year-olds are automatically treated as fully funded.

47 Adult learner-responsive provision would normally attract a tuition fee and hence would be co-funded. However, certain categories of adult learner and/or learning aim are entitled to fee remission under the LSC’s fee remission policy, as described in the companion document Principles, Rules and Regulations, and would therefore be fully funded.

48 The co-funded rate for the adult learner-responsive model will vary in line with the provider factor, as the LSC’s policy is to have the same fee element irrespective of other factors, such as area costs or programme weighting. It is calculated using the following method:

\[
\text{Fee element} = \text{Fully-funded rate per SLN} \times \text{Fee proportion}
\]

\[
\text{Co-funded rate per SLN} = \frac{\text{Fully-funded rate per SLN} \times \text{Fee element}}{\text{Provider factor}}
\]

49 Dividing the fee element by the provider factor in this way ensures that the assumed fee remains unweighted by disadvantage, area costs or programme weighting.
SLN Instalments

50 SLN instalments are only applicable to the employer-responsive model.

51 SLN instalments are based on learner enrolments, monthly retention and achievement. They are calculated separately for each month of each learner’s programme.

52 SLN instalments fall into three types:
- Achievement;
- On-programme;
- Balancing.

Definition of a start

53 SLN instalments will start to be counted when a learner is deemed to have started.

54 A learner is deemed to have started a learning aim once they have remained on that learning aim for the period of time defined in Table 3.

<table>
<thead>
<tr>
<th>Total learning aim length</th>
<th>Start period</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;= 24 weeks</td>
<td>6 weeks</td>
</tr>
<tr>
<td>2 to 24 weeks</td>
<td>2 weeks</td>
</tr>
<tr>
<td>&lt;2 weeks</td>
<td>1 learning engagement</td>
</tr>
</tbody>
</table>

55 For SLN instalments, a start is determined once for each learning aim, regardless of the duration of the aim.

Activity (employer-responsive model)

56 All learning aims available in the employer-responsive model will have a listed SLN value on the LAD.

57 This listed SLN value is derived from activity costs.

58 Activity takes two broad forms: one-to-one contact and group-based hours. Group-based hours are broadly equivalent to glh, but are not identical.

59 Currently, for historical reasons, the activity costs methodology produces an activity-based cost of delivery from which the SLN can be derived.

60 The LSC is working to further develop the activity-based approach to funding employer-responsive provision.

Achievement SLN instalments

61 For Apprenticeships, 25 per cent of the SLN value of the main aim and Apprenticeship element is generated on achievement of the Apprenticeship framework. This is the achievement SLN instalment. Key skills and technical certificates within Apprenticeships do not have an achievement SLN instalment.

62 For all other employer-responsive provision, 25 per cent of the SLN value for each learning aim is generated on achievement of the learning aim. This is the achievement SLN instalment.

On-programme SLN instalments

63 Once the achievement element has been removed from the SLN value, the remainder is apportioned across the planned periods for the learning aim.

64 A learning aim is deemed to be planned in a period if it starts before or on, and is planned to end on or after, the associated period census date, which is the last day of the month.

65 The on-programme SLN instalment of the first period of any learning aim is twice the size of the rest. The apportionment of the SLN value across periods takes account of this ‘n+1’ approach. Only the first period of the entire learning aim is double-sized – if a learning aim crosses more than one funding year then the first period of the second and subsequent funding years is not double-sized.

66 An on-programme SLN instalment is earned if the learner has both started according to the above definition and has actually crossed the associated period census date.

Balancing SLN instalments

67 If a learning aim is achieved before the final planned period then a balancing SLN instalment is produced.

68 The value of the balancing SLN instalment is the difference between the SLN value and the sum of the achievement and on-programme SLN instalments. In effect, that is the combined value of the on-programme SLN instalments for the planned periods that occur after the actual end date.

Fully-funded/co-funded

69 Employer-responsive provision for adults would normally have an assumed employer contribution (either in cash or in kind) and hence would be co-funded. However, certain categories of adult learner are entitled to be fully-funded under LSC policy (for example, first full Level 2s under Train to Gain), as described in Principles, Rules and Regulations.
The co-funded rate for the employer-responsive model is a simple reduction against the fully-funded rate and is calculated using the following method:

\[
\text{Fee element} = \text{Fully-funded rate per SLN} \times \text{Fee proportion}
\]

\[
\text{Co-funded rate per SLN} = \text{Fully-funded rate per SLN} - \text{Fee element}
\]

**Provider Factor**

The provider factor includes the following elements, which are multiplied together to give the overall factor:

- success factor (not applicable to the employer-responsive model);
- area costs;
- programme weighting;
- disadvantage;
- short-programme modifier (not applicable to the employer-responsive model);
- Care Standards;
- long-term residential colleges;
- Train to Gain uplift.

**Success factor**

Success includes retention and achievement. Success is no longer separately used for funding purposes in the 16–18 and adult learner-responsive models.

A single aggregated success rate is calculated by averaging published success rates for long, short and very short courses, weighted by the provider’s annual SLN for learning aims in each of these three categories.

The success factor is then the mid-point between the success rate and 100 per cent. This is found from the formula:

\[
\text{Success factor} = 50\% + \frac{\text{Success rate}}{2}
\]

**Area costs**

There is no change to the index of area cost factors in 2008/09. For the 16–18 and adult learner-responsive models, the provider-level area cost uplift is normally determined by the geographical location of the provider’s headquarters. In the employer-responsive model, area cost uplift is determined by delivery location – that is, employer premises.

**Care Standards**

The Care Standards Act 2000, and related regulations in 2002, placed further responsibilities on providers offering residential accommodation for learners under the age of 18.

Higher costs are associated with complying with the Care Standards regulations. These extra costs apply to young people aged under 18 who are living away from home and where the college is considered ‘in loco parentis’.

The value of the Care Standards uplift is calculated for those providers registered for Care Standards inspection and converted into a provider-level factor for inclusion in the provider factor.

**Train to Gain uplift**

An additional 3 per cent uplift is applied to all Train to Gain learning aims within the funding formula as an additional provider factor weighting. This is the implementation of the general rates increase as part of the Train to Gain flexibilities announced in June 2008.

**Programme weighting, disadvantage and short-programme modifier**

In order to ensure that the provider factor has exactly the same effect on a provider’s funding as applying the various weightings at learning aim level, the calculation of some provider factor elements must be carried out at learning aim level and then aggregated up, before being disaggregated into its component parts.

The elements of the provider factor that must be calculated in this way are those elements that operate at learner or learning aim level. That is, the programme weighting, disadvantage and short-programme modifier.

For the 16–18 and adult learner-responsive models, the values for individual learning aims are weighted by the annual SLN of those learning aims when aggregating them to provider level.

For the employer-responsive model, the values for individual learning aims are weighted by the SLN instalments of those learning aims when aggregating them to provider level. Note that for the calculation of funding, the employer-responsive model uses the individual provider factor weightings at learner and learning aim level rather than an aggregated provider factor, which is only used in contracting.
Programme weightings for all learning aims are taken from the LAD.

The specialist college factor has been removed for 2008/09 and replaced by programme weighting factor G.

Learning aims with a programme weighting factor of G delivered by providers who have demonstrated the use of specialist facilities to the LSC attract a 1.92 programme weighting. Learning aims with a programme weighting factor of G delivered by providers who have not demonstrated the use of specialist facilities to the LSC attract a 1.72 programme weighting.

The disadvantage uplift is based on the Index of Multiple Deprivation (IMD) 2004 (until 2007/08 the Index of Multiple Deprivation 2000 was used). Other categories of learner are also entitled to disadvantage uplift, as described in Principles, Rules and Regulations.

The disadvantage uplift will mean the following.

- Funding for learners living in the 27 per cent most deprived lower-layer super output areas (SOAs) of the country will be increased for disadvantage.
- The funding uplift for these learners ranges from 8 to 32 per cent, depending on the level of deprivation recorded in IMD 2004.

Learners in the 16–18 and adult learner-responsive models who fall into one of the categories described in Principles, Rules and Regulations are eligible for either 12 or 14 per cent disadvantage uplift. Learners in these categories are eligible for the greater of the SOA-based and the category-based disadvantage uplift, not the sum thereof.

Disadvantage uplift based on these categories is not available in the employer-responsive model, as they are similar (although not identical) to the categories of learner entitled to additional social needs (ASN) within that model.

The short-programme modifier is calculated from the learner level annual SLN, and does not apply to the employer-responsive model. It only applies to learners with both a total planned glh of less than 225 and an annual SLN of less than 0.5. The formula is as follows:

\[
\text{Short-programme modifier} = 1 + 0.3 \times \left(1 - \frac{\text{Annual SLN}}{0.5}\right)
\]
3: Additional Learning Support

16–18 and Adult Learner-responsive Models

92 Additional learning support (ALS) is split into three parts under demand-led funding.

• The first £5,500 of any claim is funded based on the low-cost ALS formulas described below, although this may involve some discussion with the LSC, as indicated by the model descriptions.

• The next £13,500 (that is, up to £19,000 total claim) is funded from an allocation made based on historical allocation and claim data and discussion with the LSC.

• Amounts above £19,000 are funded from a regional budget on an individual basis.

93 For low-cost ALS in the 16–18 and adult learner-responsive models, 60 per cent of the overall budget is allocated using a formula and 40 per cent is negotiated.

• For the 16–18 model, the formula is based on GCSE points score in English and mathematics for each learner:

\[ ALS = ((0.11232 \times \text{GCSEPoints}) - (23.2794 \times \text{GCSEPoints}) + 1219.87) \times \text{SLN} \]

Note that these coefficients are rounded.

• For the adult learner-responsive model, the formula is based on level of study:

\[ ALS = ((566.30 \times L1) + (168.34 \times L2) + (154.96 \times L3) + (86.76 \times L4)) \]

Note that these coefficients are rounded.
L1 to L4 are the numbers of SLN at each level of study.
L1 includes Entry Level learners, and L4 includes all learner levels above Level 4.

Employer-responsive Model

94 For the employer-responsive model, the low-cost ALS budget is based on negotiation between the LSC and providers. ALS payments are then based on assessed need, in line with the previous Apprenticeships approach. This approach covers two areas – additional learning needs and additional social needs.

95 Additional learning needs (ALN) funding is a monthly payment that providers can draw down if a learner is assessed as having Skills for Life needs below Level 1.

96 Additional social needs (ASN) funding is a monthly payment that providers can draw down if the learner falls into one of several categories. These categories are similar to the ‘disadvantage’ categories in the learner-responsive models.
4: Calculation of Funding

16–18 and Adult Learner-responsive Models

97 SLNs are based on the annual SLN calculation described in Section 2, applied to in-year data.

98 Provider factors are based on the calculation described in Section 2, applied to the latest full-year data available to the LSC. For 2008/09 for providers that submit FE ILRs, this is the latest submitted 2006/07 FE ILR as at 8 February 2008. For schools, this is the final PLAMS submission.

99 Funding within these models is simply a case of applying the main funding formula at provider level:

\[
\text{Funding} = (\text{Annual SLN} \times \text{Rate per SLN} \times \text{Provider factor}) + \text{Additional learning support}
\]

100 However, using the same method at learning aim level would mean that the provider-level averages for weightings are used, not the weightings associated with the individual learning aim.

101 Providers should be aware of this, and may wish to calculate funding at learning aim level for their own internal purposes using other means. For example, the current individual programme weightings and disadvantage factors could be used. Alternatively, providers may wish to use the provider factor calculation described in Section 2 as a basis for sub-provider level factors that can then be applied using historical data in the same way as the provider factor is.

102 Whatever approach a provider chooses to use to model funding at learning aim level, the provider will be funded on the basis of annual SLN and provider factors as described above.

Employer-responsive Model

103 SLNs are based on the SLN instalment calculation described in Section 2.

104 The provider factor weightings for each individual learning aim are used in place of the pre-set provider factor.

105 Funding is then the application of the main funding formula:

\[
\text{Funding} = (\text{SLN Instalments} \times \text{Rate per SLN} \times \text{Provider factor weightings}) + \text{Additional learning support}
\]

106 In the employer-responsive model, as both SLN instalments and provider factor weightings are based on individual learning aim data, the main formula can be applied at any level, and is unaffected by aggregations.
### Annex A

#### List of Formulae

The following formulae appear in the main body of the text and are reproduced here for ease of reference.

<table>
<thead>
<tr>
<th>Paragraph number</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>Funding = (SLN × Rate per SLN × Provider factor) + Additional learning support</td>
</tr>
<tr>
<td>48</td>
<td>Fee element = Fully-funded rate per SLN × Fee proportion</td>
</tr>
<tr>
<td>48</td>
<td>Co-funded rate per SLN = Fully-funded rate per SLN − ( \frac{\text{Fee element}}{\text{Provider factor}} )</td>
</tr>
<tr>
<td>70</td>
<td>Fee element = Fully-funded rate per SLN × Fee proportion</td>
</tr>
<tr>
<td>70</td>
<td>Co-funded rate per SLN = Fully-funded rate per SLN − Fee element</td>
</tr>
<tr>
<td>74</td>
<td>Success factor = 50% + ( \frac{\text{Success rate}}{2} )</td>
</tr>
<tr>
<td>91</td>
<td>Short-programme modifier = 1 + ( 0.3 \times \left( 1 - \frac{\text{Annual SLN}}{0.5} \right) )</td>
</tr>
<tr>
<td>93</td>
<td>ALS = ( (0.11232 \times \text{GCSEPoints}) - (23.2794 \times \text{GCSEPoints}) + 1219.87 ) × SLN</td>
</tr>
<tr>
<td></td>
<td>Note that these coefficients are rounded.</td>
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<tr>
<td>93</td>
<td>ALS = ( (566.30 \times \text{L1}) + (168.34 \times \text{L2}) + (154.96 \times \text{L3}) + (86.76 \times \text{L4}) )</td>
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