LSC Funding Guidance 2008/09: ILR Funding Claims and Audit Returns

Individualised learner record mid-year estimate, year-end estimate and final funding claim 2008/09 and associated relevant audit opinions

September 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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F 024 7682 3675
www.lsc.gov.uk

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

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

Every LSC provider receiving any learner-responsive funding is required to provide the Learning and Skills Council (LSC) with three completed returns for 2008/09 (see Annex B) stating the learner numbers and associated total funding estimated or generated by the college or other provider with reference to the 2008/09 learner-responsive funding allocation.

This booklet provides all funding estimate/claim forms and individualised learner record (ILR) funding auditor opinions for the year 2008/09 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 required from all LSC-funded providers on their partner providers (see paragraph 71 of ILR Funding Compliance Advice and Audit Guidance for Providers). It also includes an example of a learner-responsive reconciliation statement, together with guidance on the calculation of any growth funding or clawback of funds for adult learner-responsive funding in 2008/09.

Any updates to this booklet will be published on the LSC website from autumn 2008, including any updates to Annex H (valid manual adjustments for 2008/09), and any changes to the notified versions of the Learning Aim Database (LAD) and Learner Information Suite (LIS) to be used for compiling final funding claims.

Intended recipients
This document is of interest to principals and/or chief executives of colleges and other providers, heads of providers, finance directors and management information officers of providers delivering LSC-funded provision, and to funding and programme auditors, the National Audit Office, 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 2008/09.
Summary

The funding reconciliation approach for adult learner-responsive funding and, where appropriate, 16–18 learner-responsive funding is set out in this document in accordance with the new demand-led funding approach for 2008/09.

This guidance should be read in conjunction with the other published LSC Funding Guidance 2008/09 booklets:

- 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
- Addendum to LSC Funding Guidance 2008/09. This document will only be published on the LSC website during 2008/09 to update any of the booklets as necessary during the year and will not be printed by the LSC.

16–18 Learner-responsive Funding Model

- Reconciliation of 16–18 learner-responsive funding will not apply for the majority of either grant or grant-in-aid providers in 2008/09. This should mean no mid-year or retrospective reconciliation funding adjustments for such providers.

- For a small number of grant and grant-in-aid providers delivering 16–18 learner-responsive funding reconciliation (for underperformance only) will still apply. These will be providers regarded in previous years as ineligible for plan-led funding by their LSC partnership team.

- Contract providers (those ineligible for a grant or grant-in-aid relationship) allocations are subject to review in the light of actual performance in the 16–18 learner-responsive funding model. Further guidance will be provided in Annex J: 16–18 In-year Contract Adjustments for Non-grant-funded Providers (Including E2E and All Other 16–18 Provision, Less Apprenticeships).

Adult Learner-responsive Funding Model

- There is no retrospective clawback of funds for all providers achieving 97 per cent or more of their funding allocations in their final funding return.

- Providers will usually be eligible for a 3 per cent tolerance for underperformance before funding is recovered for shortfalls in delivery against their funding allocations.

- There will be responsive growth payments for providers delivering at least 105 per cent of their funding agreement but capped at a maximum value of 3 to 5 per cent and that the growth funding delivered is in accordance with LSC priorities as agreed by providers’ LSC partnership teams.

All Providers Receiving Learner-responsive Funding in 2008/09

All providers are, however, reminded that even with the tolerance arrangements in place for the 2008/09 funding year they are still expected to plan their delivery to meet their funding allocation fully in each and every funding year. Colleges and other providers whose delivery is significantly below their funding agreement are expected to agree any necessary reductions in their mid-year allocations during 2008/09.

All returns should be sent to either the relevant LSC partnership team or the LSC regional processing (contract) team. Each provider will be separately notified by their LSC partnership team as to which local LSC office their returns should be sent. The timetable for returns is similar to that for the previous year’s further education (FE) funding returns.

The format of the funding estimate/claim form for 2008/09 reflects the new funding arrangements in 2008/09. A report will be provided within the Learner Information Suite (LIS) for 2008/09 to support the required funding claim returns. The estimate/claim forms (in Annex B) are also available on the LSC website in the form of an Excel workbook. Estimate returns do not require a 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 (NAO) and will be used by the LSC in monitoring performance by colleges and other providers for 2008/09.
For adult learner-responsive funding providers, retrospective clawback for the allocation will continue to be calculated only by comparing total funding earned with the total final allocation.

All funding claims and audit reports for the 2007/08 academic year are available in the document *FE ILR Funding Estimate/Claim 2007/08* which, together with the document *FE ILR Funding Compliance Advice 2007/08*, can be found on the LSC website at:

ILR Funding Claims and Audit Returns

Introduction

1 This booklet provides advice on how to make the returns for the academic year 2008/09. All providers receiving learner-responsive funding are required to make three returns for 2008/09 (forms for these returns are at Annex B). For providers with returns subject to audit, a relevant individualised learner record (ILR) funding auditor report may also be required with their return(s). 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 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 qualify for any underperformance tolerance or access any eligible growth funding, providers must comply with the deadline for all returns set out in this booklet.

Table 1: Deadlines for returns

<table>
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<th>Funding model (all types of provider)*</th>
<th>Deadlines for returns</th>
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<tr>
<td>Annex B: Mid-year estimate</td>
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<td>Annex B: Year-end estimate</td>
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<tr>
<td>Annex B: Final claim**</td>
<td>23 November 2009</td>
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<tr>
<td>Annexes C and D: Final audit report</td>
<td>As specified by the LSC on an individual provider basis. Where requested, all audit reports on individual funding claim returns must meet the claim return deadlines set out above.</td>
</tr>
<tr>
<td>Annex I: Partner provider self-declaration form</td>
<td>31 August 2008</td>
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* Provider types required to make funding claim returns:

1) All adult learner-responsive funding providers

2) 16–18 learner-responsive funding grant and grant-in-aid providers (and agreed by their LSC partnership team as falling within the principles of a non-reconciliation approach)

3) 16–18 learner-responsive funding contract providers

4) 16–18 grant and grant-in-aid providers advised by their LSC partnership team as subject to underperformance reconciliation

5) Any other provider in receipt of 16–18 learner-responsive funding (excluding Apprenticeships funding)

** All final additional support costs claims above £19,000 must be returned to the LSC by no later than 23 November 2009. Providers intending to make such claims should first read paragraph 32 in this document.
Table 2: Explanatory annexes in this booklet

<table>
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<th>Annex</th>
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<td>Guidance for Completing Forms: ILR Funding Estimate/Claim 2008/09</td>
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<td>C</td>
<td>Audit Report on Learner Data Final Returns 2008/09 (Only Provider-contracted Funding Auditors)</td>
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<td>F</td>
<td>Calculation of Any Adjustment of Funding for 2008/09</td>
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<td>G</td>
<td>Example Learner Information Suite Learner-responsive Funding Claim Report 2008/09: All Providers</td>
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<td>H</td>
<td>Manual Adjustments 2008/09: All Providers</td>
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<td>I</td>
<td>LSC ILR Partner-provider Details</td>
<td>All providers</td>
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<td>16–18 In-year Contract Adjustments for Non-grant-funded Providers (Including E2E and All Other 16–18 Provision, Less Apprenticeships)</td>
<td>Only 16–18 contract providers</td>
</tr>
</tbody>
</table>

4 The LSC will use this information to assess the performance of each provider against its funding agreement and to determine whether any adjustments are required to the funding paid to the provider for 2008/09. Performance in 2008/09 will also be taken into account in future funding allocation processes. The mid-year estimate is required by no later than 16 February 2009 and will assist the LSC in assessing provider performance against funding allocations and in managing the overall LSC programme 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 and for 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 mid-year monitoring for 2008/09 and any agreed allocation changes for 2008/09. 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 2009/10. All estimate/claims for 2008/09 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;

• in the estimate/claim return, the LIS report values must exactly match the first column requesting actual ILR data, and all manual adjustments and estimates of future activity being delivered during the year must only be entered in the second column of the funding claim return.

5 The two estimate returns need only be returned electronically by providers and do not require a 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 ILR returns themselves for 2008/09 remain those published by the LSC and the Information Authority.
College Funding and Audit Returns: All Colleges

6 For 2008/09, LSC-contracted funding ILR auditors are asked to use the audit opinion in Annex D of this booklet for the final return.

Higher Education and Former External Institution Funding and Audit Returns

7 For 2008/09, external funding auditors of higher education (HE) institutions and LSC-funded former external institutions (EIs) where funding is being reconciled for 2008/09 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

8 Some colleges and most other providers are required to provide the LSC with an audited final return of funding for 2008/09. Colleges or other providers and funding auditors are reminded that the return should be provided to ILR auditors by no later than 31 October 2009 and the return is due to the LSC by no later than 23 November 2009. If colleges, other providers or funding auditors anticipate that this return will not be received by 23 November 2009, 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. Non-reconciled providers (usually grant and grant-in-aid receiving 16–18 learner-responsive funding) must make timely returns to remain in a non-reconciled funding arrangement.

Arrangements

All providers

9 All colleges or other providers receiving learner-responsive funding are asked to make ILR funding returns for 2008/09 by completing form ILR Funding Estimate/Claim 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 2008/09. 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 G. 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 any retrospective clawback for any providers. Guidance on completing the forms can be found at Annex A.

Colleges and EIs are reminded that ILR F05 (2008/09) data should be sent via the web portal to the LSC. This return will form the basis of all 2008/09 final funding claims. Similarly, ILR F02 should form the basis of the mid-year return and ILR F04 the year-end return.

10 The LSC expects funding claims for 2008/09 to use the latest available version (version 16 of the LIS from the LSC website and, for final claims for 2008/09, the Learning Aim Database (LAD) dated 1 October 2009). Final claims that use any LAD version dated from 1 October 2008 to 23 November 2009 will be valid, as no changes to existing records in the LAD for 2008/09 are expected between these dates. It is, however, possible that new records for 2008/09 may be added after 1 October 2008, where a permanent code has been requested. No version of LAD after 23 November 2009 may be used for any 2008/09 final funding claims. Colleges and other providers making mid-year and year-end estimates before 1 October 2009 should use the latest possible LAD for compiling these estimates. The LSC expects cash generated from ILR F05 to be consistent with the final funding claim, after taking account of manual adjustments. Colleges and other providers are reminded of the need to run any relevant LSC funding compliance and eligibility data self-assessment toolkit (DSAT) reports to verify their own ILR data during the year. Colleges or other providers will find advice on manual adjustments that are acceptable to the LSC published in 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.

12 Colleges and other providers are requested to use their unique provider identification number (UPIN) as their LSC code on returns for 2008/09.

13 Providers 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 2008/09 final funding claim and supporting data for 2008/09.

Funding Audit Opinions for 2008/09

14 The LSC final audit opinion for 2008/09 is similar to the final funding audit opinion on FE final funding claims for 2007/08. The emphasis remains on the importance of the accuracy of all provider funding claims. The funding audit opinion for final returns requires funding auditors signing off the final audit opinion after the due date to attach a report identifying the causes for delay. This will mean that any funding audit opinions submitted after that date will not enable the LSC to record the college or other
provider as submitting timely data returns. The final claim data must be available in good time to sign off college financial accounts, due no later than 31 December 2009.

15 Colleges are reminded of the need to run relevant ILR funding audit DSATs reports to verify their own data during the year. For colleges wishing to simplify their ILR funding audit, it is recommended that the reports are run and cleared prior to any substantive visits from the funding auditor.

16 The National Audit Office (NAO) and the Department for Innovation, Universities and Skills (DIUS) are closely monitoring the LSC over the timeliness of returns and it is essential that all colleges and other providers meet the return deadlines.

Adjustments to Payments

17 For the purposes of calculating payments to colleges or other providers, the LSC will calculate the performance of each institution in 2008/09 as described in this booklet and in the other LSC Funding Guidance 2008/09 booklets and, in particular, by comparing the institution’s eligible LSC funding total with the funded cash in the provider’s funding allocation and agreement.

18 The LSC remains very concerned about the small number of providers falling significantly short of their planned activity targets. The sector response to previous FE funding guidance 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 2008/09 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 16–18 learner-responsive provision FE colleges that either face retrospective clawback of funding in 2007/08 and 2008/09 or have their ILR funding audits qualified, the LSC will need to consider very carefully when they will be able to enter the non-reconciliation funding approach.

Adult learner-responsive funding model

19 The LSC intends to fund some growth for providers delivering more than their adult learner-responsive funding allocation, as stated below.

- In the first instance, providers whose performance is over 105 per cent of the cash allocation will be paid growth funding for delivery above 105 per cent, but subject to the following conditions:
  - local partnership teams need to agree with the provider that growth meets priorities agreed between the LSC and the provider;
  - payments will be capped at a maximum of 3 per cent of the total cash allocation (that is, delivery between 105 and 108 per cent of total cash allocation is paid);
  - the cap may be raised by the LSC during the year to 5 per cent of the total cash allocation (that is, delivery between 105 and 110 per cent of total cash allocation is paid) and providers will be informed of this decision after the LSC receives the sector mid-year estimates as the final decision depends on LSC budgetary constraints.

20 The LSC intends to moderate any retrospective clawback of funds for colleges or other providers within the adult learner-responsive funding model that have not achieved their funding allocation or funding agreement in 2008/09 as follows.

- For most colleges or other providers, this means that performance above 97 per cent of the cash allocation will not result in any retrospective recovery of funds.

- Calculations will be based on the funding allocated for 2008/09 and paid to colleges or other providers for the year.

- Colleges or other providers whose final underperformance exceeds 3 per cent of the funded cash allocation will be subject to clawback for all underperformance below 97 per cent.

21 Growth payments and the tolerance for underperformance set out above are wholly dependent on the LSC’s receipt of timely funding estimates and claims and any associated ILR funding audit opinions for adult learner-responsive providers by the deadlines set out in Table 1 at paragraph 3 above. Those colleges or other providers that fail to meet the deadline for funding estimates and final returns will face full recovery of funds for underperformance. These arrangements are described in more detail in Annex F.

22 Colleges and other providers are reminded of the need to comply with LSC guidance on the return of final accounts.

23 The LSC will use the mid-year returns, due to be returned to the LSC in February 2009, to adjust payments for agreed growth and recovery for underperformance in June and July 2009. The LSC will then use the final funding claim returns due in November 2009 to determine final growth and clawback adjustments. These will then be profiled for adjustment through the latter months of the 2009/10 funding year.
Colleges or other providers will be sent reconciliation statements based on these calculations from spring 2009 in accordance with the return timetable set out in Table 1.

Where colleges or other providers submit their final funding claim by 23 November 2009, any growth or recovery of payments will be based on that return, and this data will replace any previously notified interim data. The final adjustment of funds for over- or underperformance in 2008/09 will usually be determined using ILR F05, the final funding claim 2008/09 (taking account of any audit qualifications) and, in exceptional circumstances, the results of any separate LSC investigation.

16–18 learner-responsive funding model

All providers delivering the 16–18 learner-responsive model and not in receipt of either grant or grant-in-aid funding will be subject to in-year contract adjustments. This includes all providers funded under a contract for services regardless of their provider type, and any provider that does not receive grant or grant-in-aid funding.

The principles of in-year contract adjustments are:

- payments are made on profile as is planned for the 16–18 learner-responsive model;
- in-year delivery is reviewed at months three, six and nine and then, where delivery falls outside a 5 per cent tolerance, action is taken to adjust the profile for the remainder of the year;
- past profile payments are not usually reconciled to actual delivery to avoid provider fears of retrospective clawback and therefore under-investment;
- year-end reconciliation is still required but will only usually be based on a tolerance of 3 per cent of the revised SLN profile for the last quarter only;
- audit effort is directed at providers with persistent under-delivery;
- where persistent underperformers are found not to have the required capacity, then provider funding is put at risk and will if necessary be recovered by the LSC;
- where a provider’s year-end estimate of SLN delivery is below 95 per cent of its year-end SLN allocation, an LSC funding recovery should be expected by the provider;
- where a provider’s year-end estimate of SLN delivery is above 105 per cent, then an upward funding adjustment is at the LSC’s discretion and is not guaranteed.

2008/09 Funding Principles: All Providers

Providers are reminded that they are 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 tolerance and non-reconciliation of 16–18 learner-responsive funding is not designed to reward persistent underperformance.

Completing LSC Partner-provider Details (Annex I)

Providers are asked to read Section 3 of the companion document ILR Funding Compliance Advice and Audit Guidance for Providers 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 the companion document ILR Funding Compliance Advice and Audit Guidance for Providers, 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’ funding audit cycle from 2008/09. 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.

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.

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

32 As stated in the companion document *Principles, Rules and Regulations*, paragraph 635, 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 3 of this booklet. Similar rules apply to 2007/08 claims and any outstanding claims for 2007/08 must comply with the deadlines set out in Table 1 of *FE ILR Funding Estimate/Claim 2007/08*. 
Annex A
Guidance for Completing Forms: ILR Funding Estimate/Claim 2008/09

Calculation of ILR Cash: All Providers

1 Guidance on the calculation of funding cash for the 2008/09 funding allocation is given in the documents that make up LSC Funding Guidance 2008/09. The funding estimate/claim returns for 2008/09 are attached as Annex B of this booklet. Further guidance is provided in ILR Funding Compliance Advice and Audit Guidance for Providers.

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). While none is known at the time of writing this document, any necessary guidance will be included in the companion Addendum document being published later this year on the LSC website.

4 All colleges or other providers are asked to indicate, on Annex B forms in this document, the total funding cash that they are claiming for the academic year 2008/09. As stated in paragraph 4 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 took place in 2009/10, and for this reason all estimate/claims for 2008/09 must be returned as set out below.

a. Every funding estimate/claim returned to the LSC must be accompanied by a copy of the matching LIS Funding Claim Report.

b. In the estimate/claim return the LIS report values must exactly match the left-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.

c. As part of its 16–18 learner-responsive and adult learner-responsive allocation, each provider has a programme and an ALS cash allocation; for each provider the overall ALS cash allocation is then divided by the provider overall SLN allocation to calculate a provider ALS per SLN figure. In the estimate/claim forms the following data should be entered into the ALS rows:

– Total ALS row – the value shown in this line should be calculated as the out-turn SLN value multiplied by the allocation ALS per SLN figure. This figure will be shown on the LIS Funding Claim Report, but if any manual adjustments are made to the SLN figure on the funding claim then an ALS manual adjustment should also be entered multiplying the SLN adjustment by the allocation ALS per SLN figure. No other manual adjustment for ALS should be entered on this line.

– ALS High Value Claims only – this figure is shown on LIS Funding Claim Report page 3 and is calculated from ILR field L31 and includes all ALS costs entered above £5,500. As this figure is calculated on a completely different basis from the total ALS figure, it is not included in any of the totals within the funding claim return. This information should assist both the LSC and providers in determining appropriate future negotiated ALS allocations.

Manual Adjustments (see Annex H)

5 Colleges or other providers should provide summary numerical information on the Funding Diff Form 2008/09 at 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.

7 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, while the learner numbers will usually be different.

8 The learner number adjustment rules are set out below.

- Part 1: Adjust only for learner numbers not recorded on the ILR. It is possible any cash adjustment will not require learner number adjustments as the learner numbers may be correct and are already reflected in the ILR; for example, an audit adjustment to reduce funding per learner.

- Part 2: Record the number of learners affected by the cash manual adjustment. For example, if 100 learners have their funding reduced at audit, Part 2 will record learners affected as 100 while Part 1 will record 0 (zero) learners affected.

Learner Information Suite: All Providers

9 The LSC will provide a version of the LIS, numbered at least 16.01, to help colleges or other providers make their funding estimate/claim returns for 2008/09. If a later version than 16.01 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 16.01, 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 16 from the LSC website that is current to their own individual return date.

10 All colleges or other providers returning ILR data for 2008/09 are asked to use the latest version of the Learning Aim Database (LAD) to calculate their final total of funding (see paragraph 11 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.

11 For all non-plan-led funding colleges and other providers, the 2008/09 audit of learner numbers is based on their ILR data return.

Declaration on Final Claim: All Providers

12 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.

13 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 2008/09, in accordance with the guidance and definitions set out in the various documents that make up LSC Funding Guidance 2008/09 and other relevant guidance.

14 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 LSC Mid-year and Year-end Estimates: All Providers

15 The purpose of these claims is to assist the LSC in assessing providers’ performance against their funding allocations and in managing the overall LSC 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 2008/09 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 mid-year funding adjustments for adult provision in 2009/10.
Purpose of Final Claim: All Providers

16 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 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 all providers whether any funds paid for 2008/09 will be adjusted for either retrospective growth or clawback payments. The LSC expects the overall total of cash claimed to be consistent with any financial provision being made by the provider in its financial statements.

17 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.

18 As stated in paragraph 25 of the main body of this booklet, any retrospective adjustment of funds will be finally determined using the final funding claim 2008/09, taking account of any audit qualifications and, in exceptional circumstances, the results of any separate LSC investigation.

Purpose of LSC Funding Auditor’s Opinion on a Final Claim: All Providers

19 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 paid to the providers by the LSC. This opinion also provides the LSC with a final opinion on the college’s funding entitlement for 2008/09 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 2008/09.
Annex B

ILR Funding Estimate/Claim 2008/09 (*Mid-year Estimate/Year-end Estimate/Final Claim): All Providers

Reference: ILR Funding Claims and Audit Returns (also available on the LSC website). *Please delete as appropriate

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

*(16–18 learner-responsive funding claim / adult-learner responsive funding claim). *Please delete as appropriate

All colleges and other providers receiving funding from the LSC for 2008/09 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 3 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 3.

Part 1 of funding estimate/claim

Provider name in 2008/09 (please print):

LSC unique provider information number (UPIN) code in 2008/09:

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 where reconciliation is appropriate to determine whether any funds paid for 2008/09 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 2008/09, taking account of any audit qualifications and, in exceptional circumstances, the results of any separate LSC investigation.
ILR Funding Claims and Audit Returns (*Mid-year Estimate/Year-end Estimate/Final Claim)* 16–18

ILR Funding Estimates/Claims 2008/09 (*Delete as appropriate)

<table>
<thead>
<tr>
<th>Provider name:</th>
<th>UPIN code:</th>
</tr>
</thead>
<tbody>
<tr>
<td>16–18 learner-responsive funding</td>
<td>Category</td>
</tr>
<tr>
<td>All 16–18 learner-responsive funding (excluding Apprenticeships)</td>
<td>Funding value (£)</td>
</tr>
<tr>
<td>16–18 learner-responsive funding (excluding Apprenticeships) (also included in first group of rows)</td>
<td>Funding value (£)</td>
</tr>
<tr>
<td>E2E (also included in first group of rows)</td>
<td>Funding value (£)</td>
</tr>
<tr>
<td>Total ALS (generated from 2008/09 allocation formula, but calculated using out-turn SLN)</td>
<td>Funding value (£)</td>
</tr>
<tr>
<td>ALS High Value Claims only (calculated from ILR cost data above £5,500 – see page 3 of LIS Funding Claim Report)</td>
<td>Funding value (£)</td>
</tr>
<tr>
<td>Total funding (programme and ALS)</td>
<td>Funding value (£)</td>
</tr>
</tbody>
</table>

Codes (this part does not appear on claim)
Unshaded cells mean that data entry is needed (figures to be entered from attached LIS Funding Claim Report) together with any appropriate manual adjustments.
Shaded cells require sub-totalling or totalling.
ILR Funding Claims and Audit Returns (*Mid-year Estimate/Year-end Estimate/Final Claim)* 19+

ILR Funding Estimates/Claims 2008/09 (*Delete as appropriate)

<table>
<thead>
<tr>
<th>Provider name:</th>
<th>UPIN code:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult (19+) learner-responsive funding</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>ILR values</td>
</tr>
<tr>
<td>Adult (19+) learner-responsive funding</td>
<td>Funding value (£)</td>
</tr>
<tr>
<td></td>
<td>Fully funded SLN</td>
</tr>
<tr>
<td></td>
<td>Co-funded SLN</td>
</tr>
<tr>
<td></td>
<td>Total SLN</td>
</tr>
<tr>
<td></td>
<td>Learners</td>
</tr>
<tr>
<td>Adult priority learning</td>
<td>Funding value (£)</td>
</tr>
<tr>
<td>(also included in the above rows)</td>
<td>Fully funded SLN</td>
</tr>
<tr>
<td></td>
<td>Co-funded SLN</td>
</tr>
<tr>
<td></td>
<td>Total SLN</td>
</tr>
<tr>
<td></td>
<td>Learners</td>
</tr>
<tr>
<td>Total ALS</td>
<td>Funding value (£)</td>
</tr>
<tr>
<td>(generated from 2008/09 allocation formula, but calculated using out-turn SLN)</td>
<td></td>
</tr>
<tr>
<td>ALS High value Claims only</td>
<td>Funding value (£)</td>
</tr>
<tr>
<td>(calculated from ILR cost data above £5,500 – see page 3 of LIS Funding Claim Report)</td>
<td></td>
</tr>
<tr>
<td>Total funding</td>
<td>Funding value (£)</td>
</tr>
<tr>
<td>(programme and ALS)</td>
<td></td>
</tr>
</tbody>
</table>

Codes (this part does not appear on claim)

Unshaded cells mean that data entry is needed (figures to be entered from attached LIS Funding Claim Report) together with any appropriate manual adjustments.

Shaded cells require sub-totalling or totalling.
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 2008/09, in accordance with the guidance and definitions set out in the booklets that make up the *LSC Funding Guidance 2008/09* 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 that make up *LSC Funding Guidance 2008/09*.

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 funding claim workbook available on the LSC website contains more detailed guidance on how to complete Part 1.
Funding Diff Form 2008/09: All Providers

Reference: FE ILR Funding Estimate/Claim 2008/09

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

All colleges and other providers receiving funding from the LSC for 2008/09 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

Type of estimate/claim: (*Mid-year/Year-end/Final) *Delete as appropriate.

Provider name in 2008/09 (please print):

LSC unique provider information number (UPIN) code in 2008/09:

<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>2009–2 (mid- and year-end estimate returns only)</td>
<td>Funding not yet generated on ILR return for 2008/09</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total difference arising from manual adjustments (cash adjustments must match total manual cash adjustment in Part 1)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex C
Audit Report on Learner Data Final Returns 2008/09 (Only Provider-contracted Funding Auditors)

Reference: ILR Funding Claims and Audit Returns

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 23 November 2009.

Addressee: LSC

Name of LSC-funded college or other provider in 2008/09 (please print):

LSC unique provider information number (UPIN) code in 2008/09:

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 2008/09 in accordance with the guidance and definitions as set out in the booklets that make up LSC Funding Guidance 2008/09, 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 as set out in the booklets that make up LSC Funding Guidance 2008/09 (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 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.

Opinion

We have reviewed the entries in the total claim for funding of [insert amount] as shown on attached form ILR (Final) Funding Claim 2008/09 and form Final Funding Diff 2008/09, returned by the above institution, and the Individualised Learner Record ILR F05 (2008/09) 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 ILR Funding Compliance Advice and Audit Guidance for Providers.
Part 1

Delete all but one of sub-paragraphs (a) to (e) below.

a. The opinion has been submitted to the LSC by 23 November 2009, we have no comments on the audit, and . . .

b. The opinion has been submitted to the LSC after 23 November 2009 (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 23 November 2009 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 . . .

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 the documents that make up LSC Funding Guidance 2008/09.

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>Attachments</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original form ILR Funding Estimate/Claim 2008/09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original form ILR Funding Diff 2008/09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learner Information Suite (LIS) Funding Claim Report</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 2008/09 (Only LSC-contracted Funding Auditors)

Reference: ILR Funding Claims and Audit Returns

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

For Learning and Skills Council (LSC)-funded providers required by the LSC to obtain an Individualised Learner Record (ILR) audit opinion from an LSC-contracted auditor.

LSC-contracted funding auditors of LSC providers are requested to complete and return this form to the relevant local or regional LSC office no later than 23 November 2009.

Addressee: LSC

Name of LSC-funded FE provider in 2008/09 (please print):

LSC unique provider information
number (UPIN) code in 2008/09:

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 2008/09, in accordance with the guidance and definitions as set out in the booklets that make up LSC Funding Guidance 2008/09, together with other relevant guidance. Our responsibility, as the LSC’s contracted funding auditor, is to form an independent opinion, based on 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) F05 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 ILR Funding (Final) Claim 2008/09 and form ILR Funding Diff 2008/09, 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 sub-paragraphs (a) to (e) below.

a. The opinion has been submitted to the LSC by 23 November 2009, we have no comments on the audit, and . . .

b. The opinion has been submitted to the LSC after 23 November 2009 (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 23 November 2009 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 the documents that make up LSC Funding Guidance 2008/09.

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 ILR Funding Estimate/Claim 2008/09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original form Final Diff 2008/09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learner Information Suite (LIS) Funding Claim Report</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>
<tr>
<td>A separate management letter will follow this report.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex E

Reconciliation Statement for 2008/09: All Providers

*Adult learner-responsive funding model

Provider name: Casterbridge College
Provider UPIN Code: 12345
Local LSC: A local LSC
Institution payment code: Q2CAS01

The LSC databases show the following funding reconciliation data for the year 2008/09.

Table E1: ILR funding position 2008/09

<table>
<thead>
<tr>
<th>1.1</th>
<th>Academic year 2008/09</th>
<th>Cash (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2</td>
<td>Programme funded allocation</td>
<td>8,000,000</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>8,000,000</td>
</tr>
<tr>
<td>1.5</td>
<td>Out-turn cash</td>
<td>8,005,000</td>
</tr>
<tr>
<td>1.6</td>
<td>ILR cash variance</td>
<td>5,000</td>
</tr>
<tr>
<td>1.7</td>
<td>ALS cash allocation</td>
<td>500,000</td>
</tr>
</tbody>
</table>

Table E2: Cash adjustments 2008/09

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

<table>
<thead>
<tr>
<th>2.1</th>
<th>Academic year 2008/09</th>
<th>2.2 Cash adjustment</th>
<th>2.3 Cash already paid/recovered</th>
<th>2.4 Cash to be adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Clawback</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>2.5 Source of out-turn information</td>
<td></td>
<td></td>
<td></td>
<td>Year-end estimate</td>
</tr>
</tbody>
</table>

Please see explanation in ILR Funding Claims and Audit Returns. If any further clarification is needed, please contact your LSC partnership team. The ALS cash allocation is shown for the benefit of provider financial statement auditors as evidence of total LSC funding paid for 2008/09.

*The LSC will issue separate reconciliation statements for both the 16–18 learner-responsive funding model and the adult learner-responsive funding models and each statement will include the funding model in its title. This note will not appear on actual reconciliation statements.
**Guidance on the reconciliation statement 2008/09**

**Table E1: ILR funding position 2008/09**

1.2 Programme cash allocation for 2008/09 (excludes all ALS funding).

1.3 Additional cash allocation.

1.4 Total of 1.2 + 1.3.

1.5 Out-turn cash (excludes all ALS funding).

1.6 ILR cash variance (excludes all ALS funding).

1.7 Total ALS cash allocation.

**Table E2: Cash adjustments 2008/09**

2.2 Total cash adjustments calculated for 2008/09. This should only be regarded as the final figure if box 2.5 shows 'Final claim approved by local LSC'. Any cash adjustment shown will be paid/recovered during 2009/10. 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 paid/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 2008/09. 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>Comment Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timely final funding claim and clear audit opinion</td>
<td>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.</td>
</tr>
<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 (non-audited learner-responsive funding provision).</td>
</tr>
<tr>
<td>Mid-year estimate</td>
<td>Mid-year estimate used to assess out-turn position.</td>
</tr>
<tr>
<td>Year-end estimate</td>
<td>Year-end 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>
## Annex F
### Calculation of Any Adjustment of Funding for 2008/09

1. This annex sets out in detail how the Learning and Skills Council (LSC) will calculate the adjustment of funds for 2008/09. The starting point for any calculation will be the comparison of the agreed final Individualised Learner Record (ILR) funding claim and audit opinion against the LSC learner-responsive 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 a learner-responsive provider for 2008/09. The cash figure includes any supplements for area weightings.</td>
</tr>
<tr>
<td>ILR cash out-turn</td>
<td>The amount of cash claimed by a 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 2008/09 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>Additional allocations and mid-year funding growth adjustments</td>
<td>Any additional allocation paid in-year that is reconciled through the ILR. These will usually be recovered for any under-delivery on a pound-for-pound basis and are not subject to any tolerance for under-delivery. This will include all mid-year additional growth payments.</td>
</tr>
<tr>
<td>Adult learner-responsive growth payments</td>
<td>The amount of funding being paid to providers for growth above funded cash allocation. Any growth payments are subject to agreement by provider LSC partnership team that growth meets agreed LSC priorities and payments are limited by the funding growth cap.</td>
</tr>
<tr>
<td>Recovery of funds (for 2008/09)</td>
<td>The amount of funding being recovered from colleges or other providers for shortfalls against funded targets (for 2008/09). This has often been referred to in the sector as clawback.</td>
</tr>
<tr>
<td>Cash protection (funding under-performance) Not applicable from 2008/09</td>
<td>The LSC is not abating any clawback for under-delivery by providers in 2008/09 through the application of any minimum guaranteed cash allocations – this means no cash protection figure is necessary for providers in 2008/09.</td>
</tr>
<tr>
<td>Funding growth cap (overperformance)</td>
<td>This limits the amount of growth funding that will be paid by the LSC for delivery above the provider’s cash allocation. Details on this limit are set out below.</td>
</tr>
</tbody>
</table>
  * Cash growth payments will be limited to a maximum value of 3 per cent of provider cash allocations and will be paid for delivery above the tolerance limit (that is, for delivery above 105 per cent of cash allocation and up to 108 per cent will be paid). |
  * Only after receiving and processing mid-year returns will the LSC decide whether to raise the maximum value to 5 per cent of provider cash allocations and so pay for over-delivery between 105 and 110 per cent. This decision will depend on the sector overall performance and available LSC budgetary resource. |
Table F1: Terminology used in this annex (continued)

<table>
<thead>
<tr>
<th>Term</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tolerance</strong></td>
<td>For adult-learner responsive funding, the LSC has set this limit as follows.</td>
</tr>
<tr>
<td></td>
<td>• Underperformance: 3 per cent of the college’s or other provider’s ILR cash allocation for providers not delivering their agreed allocation.</td>
</tr>
<tr>
<td></td>
<td>• Overperformance: 5 per cent of the college’s or other provider’s ILR cash allocation for providers delivering above their agreed allocation.</td>
</tr>
<tr>
<td><strong>ALS allocation (formula-based)</strong></td>
<td>A provider ALS cash allocation is divided by the provider allocation SLN target to calculate the provider ALS per SLN allocation figure.</td>
</tr>
<tr>
<td><strong>ALS out-turn (formula-based)</strong></td>
<td>The provider out-turn SLN is multiplied by the ALS per SLN allocation figure to calculate the provider ALS out-turn (formula-based).</td>
</tr>
<tr>
<td><strong>ALS High Value Claims only</strong></td>
<td>This is calculated solely from the provider ILR return by adding together all valid funded learner records with ALS costs above £5,500 in ILR field L31.</td>
</tr>
<tr>
<td><strong>ALS reconciliation</strong></td>
<td>The LSC has agreed that no formulaic reconciliation of ALS out-turns and allocations will be made for 2008/09. However, for providers with very significant variations in either SLNs or ALS costs the LSC will review the appropriateness of provider ALS allocations – this is expected to affect only a very small number of providers each year.</td>
</tr>
</tbody>
</table>

Growth funding and the thresholds for recovery of funds are available only to colleges or other providers returning final claim and audit opinions to the LSC by the deadline of 23 November 2009.
### Table F2: Adjustment of funds: examples for Casterbridge College 2008/09

<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>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>8,995,000</td>
<td>8,600,000</td>
<td>8,350,000</td>
<td>7,800,000</td>
<td>7,600,000</td>
<td>7,000,000</td>
</tr>
<tr>
<td>Variance (in cash)</td>
<td>+995,000</td>
<td>+600,000</td>
<td>+350,000</td>
<td>−200,000</td>
<td>−400,000</td>
<td>−1,000,000</td>
</tr>
<tr>
<td>Final funding cap for growth payments (assumed for this example to be 10% but tolerance growth not funded)</td>
<td>800,000</td>
<td>800,000</td>
<td>800,000</td>
<td>800,000</td>
<td>800,000</td>
<td>800,000</td>
</tr>
<tr>
<td>Final tolerance (over-performance: 5%)</td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
</tr>
<tr>
<td>Final tolerance (under-performance: 3%)</td>
<td>−240,000</td>
<td>−240,000</td>
<td>−240,000</td>
<td>−240,000</td>
<td>−240,000</td>
<td>−240,000</td>
</tr>
<tr>
<td>ILR cash for reconciliation (adjusted for tolerance and cap where appropriate)</td>
<td>400,000</td>
<td>200,000</td>
<td>0</td>
<td>0</td>
<td>−160,000</td>
<td>−760,000</td>
</tr>
<tr>
<td>Out-turn variance against target (in %)</td>
<td>112.44</td>
<td>107.50</td>
<td>104.38</td>
<td>97.50</td>
<td>95.00</td>
<td>87.50</td>
</tr>
</tbody>
</table>

### Final funding allocation payments – and as used for FE college accounts

<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>Actual reconciliation adjustment</td>
<td>400,000</td>
<td>200,000</td>
<td>0</td>
<td>0</td>
<td>−160,000</td>
<td>−760,000</td>
</tr>
<tr>
<td>Total funding payment 2008/09</td>
<td>8,400,000</td>
<td>8,200,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>7,840,000</td>
<td>7,240,000</td>
</tr>
</tbody>
</table>

**Notes:**

The mid-year tolerances will be 5 per cent for under- and overperformance.

The funding cap for growth will be 8 per cent at the mid-year stage and the final funding growth cap will be between 8 and 10 per cent; with the tolerance growth of 5 per cent not being funded. The maximum growth payments for over-delivery above the funding cap will be set by the LSC as between 3 to 5 per cent of the provider allocation.

All growth payments are subject to LSC partnership team agreement that growth meets agreed LSC priorities.

The possible reconciliation outcomes at the mid-year and at the final claim stages are set out in Table F3.
Summary of possible funding reconciliation

Table F3: Out-turn compared with allocation
The three alternative outcomes at final claim compared with possible mid-year claim reconciliation positions.

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Mid-year</th>
<th>Final</th>
<th>Final</th>
<th>Final</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Interim payment adjustments</td>
<td>(payment adjustment to take account of mid-year adjustments)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over-delivery and priority growth</td>
<td>Priority growth</td>
<td>Priority growth</td>
<td>No final adjustment other than reversal of mid-year adjustment</td>
<td>Clawback (and reversal of in-year growth claim)</td>
</tr>
<tr>
<td>Within tolerance</td>
<td>Within tolerance</td>
<td>Priority growth</td>
<td>No final adjustment</td>
<td>Clawback</td>
</tr>
<tr>
<td>Under-delivery and clawback</td>
<td>Clawback</td>
<td>Priority growth (and reversal of in-year clawback)</td>
<td>No final adjustment other than reversal of mid-year adjustment</td>
<td>Clawback</td>
</tr>
</tbody>
</table>
Annex G
Example Learner Information Suite
Learner-responsive Funding Claim Report 2008/09: All Providers

This report will match the funding claim returns in Annex B and the actual LIS report is currently being specified and tested.

**ILR Funding Estimates/Claims 2008/09 (**Mid-year Estimate/Year-end Estimate/Final Claim) (**Delete as appropriate)**

<table>
<thead>
<tr>
<th>16–18 learner-responsive funding (excluding Apprenticeships)</th>
<th>Category</th>
<th>ILR values</th>
<th>Manual adjustment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A All 16–18 learner-responsive funding</td>
<td>Funding value (£)</td>
<td>SLN Learners</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16–18 learner-responsive funding – non-E2E (also included in row group A)</td>
<td>Funding value (£)</td>
<td>SLN Learners</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E2E only (also included in row group A)</td>
<td>Funding value (£)</td>
<td>SLN Learners</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B ALS (generated from 2008/09 allocation formula, but calculated using out-turn SLN)</td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C* ALS High Value Claims only (calculated from ILR cost data above £5,500 - see page 3 of LIS Funding Claim Report)</td>
<td>Based on ILR ALS claims over £5,500 (£)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A+B Total funding (programme and ALS)</td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*C: ALS High Value Claims figure is excluded from all totals on this page – see also final page of LIS Funding Claim Report.
### ILR Funding Estimates/Claims 2008/09 (*Mid-year Estimate/Year-end Estimate/Final Claim)*

(*Delete as appropriate*)

<table>
<thead>
<tr>
<th><strong>Adult 19+ learner-responsive funding</strong></th>
<th><strong>Category</strong></th>
<th><strong>ILR Values</strong></th>
<th><strong>Manual Adjustment</strong></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Adult (19+) learner-responsive funding</td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fully funded SLN</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Co-funded SLN</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total SLN</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Learners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B: Adult priority learning (also included in row group A)</td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fully funded SLN</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Co-funded SLN</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total SLN</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Learners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C*: ALS High Value Claims only (calculated from ILR cost data above £5,500 – see page 3 of LIS Funding Claim Report)</td>
<td>Based on ILR ALS claims over £5,500 (£)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A+B: Total funding (programme and ALS)</td>
<td>Funding value (£)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*C*: ALS High Value Claims figure is excluded from all totals on this page – see also final page of LIS Funding Claim Report.
ILR Funding Estimates/Claims 2008/09 (*Mid-year Estimate/Year-end Estimate/Final Claim) (*Delete as appropriate)

<table>
<thead>
<tr>
<th>Additional learning support</th>
<th>ALS in ILR (£)¹</th>
<th>Count of ALS learners in ILR</th>
<th>ALS from formula²</th>
<th>Variance (costs to formula) (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>16–18 learner-responsive model</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-value claims (but above minimum thresholds)³</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High-value claims (above £5,500)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total ALS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adult learner-responsive model</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-value claims (but above minimum thresholds)³</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Value Claims (above £5,500)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total ALS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 ILR cost values are generated from ILR field L31 for learners with costs over the minimum cost thresholds for full-time (£501) or part-time (£170) learners.

2 This is calculated using the allocation ALS per SLN rate and then multiplying this by the total out-turn SLN to generate the formula-based ALS out-turn value (ALS per SLN rate x out-turn SLN).

3 Minimum thresholds of £501 for full-time learners, £170 for part-time learners.

The red shaded figures are the figures also returned in the first two pages of this report.
Annex H
Manual Adjustments 2008/09: All Providers

Manual adjustments to 2008/09 funding claims derived from a specified version of the Learner Information Suite using specified versions of the Learning Aim 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 2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auditor or LSC partnership team adjustments</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 2008/09–1 | Audit (or LSC) adjustments may be made to reduce funding in the following circumstances:  
  - to reflect errors in an institution’s claim or the lack of an adequate audit trail;  
  - to remove funding for ineligible learners or programmes; and/or  
  - to remove funding for learners duplicated in either other funding streams or other provider funding claims. | Manual adjustments may be made by auditors where ILR adjustments are agreed inappropriate by the LSC and the auditors. These are expected to be negative, as any overall positive audit adjustments the LSC will require providers to amend the underlying ILR data records.  
Manual adjustments may be agreed by the LSC and auditors where the LSC agrees providers need not also amend the underlying ILR data to save providers from unnecessary bureaucracy in reducing their funding claims. |

| **Mid-year and year-end estimates** | | |
| 2008/09–2 | This number should be used on mid-year and year-end returns where providers are using manual entries to update their current ILR data to equate to their anticipated final out-turn figure.  
This number cannot be used on final claim returns. | To enable mid-year and year-end return figures to match provider anticipated final figures |

| **Additional support funds** | | |
| 2008/09–3 | 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 LSC 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. | This would lead to an understatement of the amount of cash and may warrant a manual addition on the ALS claim form only.  
This adjustment would not warrant an adjustment to Annex B Part 1 or Part 2 as ALS funding is only declared on those forms on the basis of ALS formula-driven calculations. |

**2008/09–3 Use funding claim workbook: ALS costs to return this manual adjustment to the LSC.**
The funding claim workbook on the LSC website (Annex B workbook with this document on the website) will include a page to enable those providers wishing to make this adjustment to their ALS costs to return the information to the LSC. This is the only method for returning this manual adjustment as only a very few providers are expected to want to make this adjustment.
**LSC National Office funding rates and eligibility team advice to LSC partnership teams and funding auditors on manual adjustments (see also paragraph 11 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 2007/08 manual adjustments.

2. At the time of writing, for final claims, the LSC is only aware of one agreed manual adjustment other than the one allowing funding auditors to adjust claims in the light of any audit and assurance work they have undertaken on behalf of either the LSC or the provider. It is expected that overall audit adjustments will be negative as any provider under-claims will require changes to underlying ILR data.

3. Specific advice on claiming and approving 2008/09 manual adjustments taking into account the new funding methodology and a review of previous year 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. This must be agreed with the local LSC before the adjustment is claimed. The figures in the background note must reconcile with 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 the companion document *Principles, Rules and Regulations*, paragraph 635, any claims for ALS above £19,000 must be made before 23 November 2009 in accordance with the timetable set out in this booklet.

c. No manual adjustments can be agreed for changes in provider factor data in the current year.

d. The only manual adjustments allowed are those listed above in this Annex H to *ILR Funding Claims and Audit Returns*. No older manual adjustment numbers used in previous years are claimable and must not be used for 2008/09 or subsequent years.

e. No manual adjustments will be agreed to over-ride the LIS maximum SLN value in respect of learner-responsive funding in 2008/09.
Annex I
LSC ILR Partner-provider Details

Reference: *ILR Funding Claims and Audit Returns* (also available on the LSC website)

**Part 1**

All colleges and other providers claiming funding from the Learning and Skills Council (LSC) for 2008/09 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 *ILR Funding Compliance Advice and Audit Guidance for Providers*. This form is available in a workbook on the website and the LSC expects returns to be made using the workbook format.

See Section 3 of *ILR Funding Compliance Advice and Audit Guidance for Providers* 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 2008/09 (*please print*):

| LSC unique provider information number (UPIN) code in 2008/09: |
| Date of return: |

| Type of delivery (see Table 1 in *ILR Funding Compliance Advice and Audit Guidance for Providers*): |
| Trading name of partner provider: |
| This must include any other related business trading names involved in any LSC-funded provision. |

| Trading address of partner provider: |
| Only the postcode is needed if the full address is returned in Annex I ILR Return Register of Franchise and Other Partners. |

| Partner-provider delivery number (ILR field A22): |
| Value and length of annual contract:* |
| 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. |

| Value of annual contract in learner numbers: |
| Record either full-time (FT) and part-time (PT) learner numbers or learner numbers and expected funded standard learner number (SLN) values – state which. |

| Delivery location postcode(s) of partner-provider provision (ILR field A23):* |
| Amount (as a %) of LSC funding passed to partner provider for the provision:* |
**LSC ILR Partner-provider Details**

Reference: *ILR Funding Claims and Audit Returns* (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:

Details of any out-of-area recruitment:

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

Details of contribution to local LSC targets and/or skills priorities:

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
16–18 In-year Contract Adjustments for Non-grant-funded Providers (Including E2E and All Other 16–18 Provision, Less Apprenticeships)

1 The introduction of demand-led funding for 2008/09 combines all 16–18 provision into one 16–18 funding model across school sixth forms (SSFs), colleges of further education, independent private providers and all other providers of 16–18 provision including those with charitable status.

2 Many of these providers are public sector organisations in receipt of grant funding and therefore subject to regularity and propriety requirements from the Treasury. It has been agreed that reconciliation will not be required for these providers. However, providers not in receipt of a grant are not subject to these requirements and can utilise any surplus funds as they see fit.

3 Therefore, the LSC has agreed it will operate a system of contact and profile adjustments for all non-grant-funded providers, which will give the benefit of the stability required to effectively increase 16–18 participation while at the same time minimising the risk of funding under-delivery.

4 The purpose of this annex is to detail the arrangements for in-year contract adjustments each quarter and at year-end for all non-grant funded providers operating the 16–18 learner-responsive model.

Scope

5 Providers deemed to be ‘non-grant’ have been classed as independent for this purpose. Providers that have been classed as independent can be summarised as:

- those providers that are funded under a contract for services delivering education and training provision under the 16–18 learner-responsive model – this includes charitable providers;
- those providers that do not receive grant funding.

6 A mapping of the various provider types has been compiled by the LSC and is attached. This classification has been built into the main LSC provider database, known to the sector as PIMS which is available to local LSC partnership teams.

Agreed Principles

7 The principles of a risk-based approach to in-year contract adjustments have been agreed as follows:

- payments are made on profile as is planned for the 16–18 learner-responsive model;
- in-year delivery is reviewed at months three, six and nine and then, where delivery falls outside a 5 per cent tolerance, action is taken to adjust the profile for the remainder of the year;
- past profile payments would not be reconciled to actual delivery to avoid provider fears of retrospective clawback and therefore under-investment;
- year-end reconciliation is still required but will usually be based on a tolerance of 3 per cent of the revised SLN profile for the last quarter only;
- audit effort is directed at providers with persistent under-delivery;
- where persistent underperformers are found not to have the required capacity, then provider funding is put at risk and will if necessary be recovered by the LSC;
- where a provider’s year-end estimate of SLN delivery is below 97 per cent of its year-end SLN allocation, an LSC funding recovery should be expected by the provider;
- where a provider’s year-end estimate of SLN delivery is above 105 per cent, then an upward funding adjustment is at the LSC’s discretion and is not guaranteed.
Business Rules

8 The business rules of these arrangements are as follows:

(a) The profile will be an important factor in determining whether or not an adjustment is necessary and the level of the adjustment. Therefore, it will be based on an historical profile for the past two years.

(b) The profile will be:
   • for E2E based on actual start and end dates;
   • for E2E based on weekly calculations of SLNs (and bonuses);
   • for other programmes based on annualised SLNs;
   • confirmed by the LSC in negotiation with the provider.

(c) The actual SLN calculation will be based on:
   • SLN annualised values for programmes which are qualification based;
   • weekly calculations based on actual start and end dates for E2E.

(d) Payments will be made (in common with other 16–18 provision) on the common payment profile. This can be varied in exceptional circumstances only; for example, provider start-ups and closures.

(e) Data collections are to be based on the F01 to F05 learner-responsive timetable, with the F01 return required by 14 November each year.

(f) A standard national report will be provided, which highlights those providers that need to have a profile adjustment for that quarter. This report will also calculate the recommended revised profile.

(g) The basis for deciding if an adjustment is necessary is an estimate of the provider’s progress towards its current year-end SLN allocation. At quarter 1 this will be the original SLN allocation; at subsequent reviews it will be the revised SLN allocation. It is based on a standard calculation and not operational judgement. This is calculated as follows:

\[
\text{Estimated year-end SLN delivery \%} = \frac{\text{Actual YTD SLNs} + \text{Profile for remaining months}}{\text{SLN allocation for the year}} \times 100
\]

(h) If the provider’s estimated year-end delivery is between 95 per cent and 105 per cent then no adjustment is necessary.

(i) If the provider’s estimated year-end SLN delivery is under 95 per cent, then a reduction to the funding profile and the maximum contract value (MCV) should be expected.

(j) If the provider’s estimated year-end SLN delivery is over 105 per cent, then an upward adjustment is to be considered in the context of:
   • the provider’s positive destinations, qualification success rates and average length of stay;
   • local need;
   • affordability.

(k) Where the LSC and providers wish to either reflect late delivery by increasing the profile later in the year or to increase the profile and therefore the contract value, the approval of the region will be required.

(l) The revised monthly payment will take effect two months after the quarter end. Calculation of the revised SLN profile will be:
Revised monthly SLN profile = Original monthly SLN profile x Estimated year-end SLN delivery %

(m) Calculation of upward variations will be calculated as above; delivery over profile in past months is not included in the revised SLN allocation.

(n) Quarter 4 reconciliation will be required. This is to ensure that providers are accountable for performance in the last three months of the year. In common with the adult learner-responsive model, the tolerance will be 3 per cent of the revised quarter 4 SLN allocation. The calculation is:

\[
\text{Final quarter SLN delivery } \% = \frac{\text{SLN actual in final quarter}}{\text{SLN profile in final quarter}} \times 100
\]

(o) Should quarter 4 reconciliation be required, then it is calculated as shown below; any funding to be reclaimed will be reduced from payments made in March the following year. There is no provision for reconciliation of overperformance, any over performance that is agreed as funded is to be included in the allocation through a contract variation before the end of the year. The calculation is:

\[
\text{SLNs to be recovered} = \text{SLNs profiled in Q4} - \text{SLNs delivered in Q4}
\]

(p) Where recovery is due, it is recovered in full at the SLN rate for the year in which the delivery took place. It is calculated as follows:

\[
\text{Value of recovery} = \text{SLNs to be recovered} \times \text{Provider SLN rate} \times \text{Provider factor in £}
\]

(q) In all cases where the MCV is to change, the revised MCV will be calculated by the LSC.

9 This process does not preclude MCV variations during the year on an operational basis, that is, should the provider be expanding rapidly to meet local need in excess of its contract, or close a centre reducing its capacity, then contracts can be varied to reflect these changes. These changes are outside this process but could of course be co-ordinated with it. These changes are subject to regional approval.