Providers who have taken this opportunity are:

- Reaping financial rewards
- Attracting new learners and employers
- Driving up quality and value
- Delivering real benefits for their community and employers
- Increasing their independence
Key Messages to Providers to support Fees Strategies

• Understand your customers – price and value
• Understand your business – positioning in the market place
• Understand your competitors – unique selling points, beating low fee competitors
• Understand price sensitivity
• Take action – adding value
Policy Background 2


• Leitch Implementation Plan:– ‘World Class Skills, Implementing the Leitch Review of Skills’, DIUS, July 2007

• ‘Our Statement of Priorities: Better skills, Better jobs, Better lives’, LSC, November 2007

Policy Background 3

• In the 2009/10 joint Grant letter from DCSF and DIUS the commitment to fee and income generation was re-iterated: “the LSC must continue to support colleges and other providers to be more efficient in the way they generate and collect fee income from learners and employers who are expected to contribute towards the costs of learning.”

• In the Statement of Priorities 2009/10 restated its commitment to ensuring that “colleges and other providers secure financial contributions towards the costs of learning from employers and learners.”
## Targets

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Fee Assumption</th>
<th>Fee Collection rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05</td>
<td>25%</td>
<td>Was 58%</td>
</tr>
<tr>
<td>2005/06</td>
<td>27.5%</td>
<td>Was 58%</td>
</tr>
<tr>
<td>2006/07</td>
<td>32.5%</td>
<td>Was 59%</td>
</tr>
<tr>
<td>2007/08</td>
<td>37.5%</td>
<td>Was 55%</td>
</tr>
<tr>
<td>2008/09</td>
<td>42.5%</td>
<td></td>
</tr>
<tr>
<td>2009/10</td>
<td>47.5%</td>
<td></td>
</tr>
<tr>
<td>2010/11</td>
<td>50%</td>
<td>Aim 60%</td>
</tr>
</tbody>
</table>
Example of targets

EXAMPLE in 2011

THEORETICAL FEE INCOME
- 10 learners (none are eligible for fee remission)
- £100 course cost
- 50% theoretical fee income
- College income = 10 * £100 * 50% = £500

ACTUAL FEE INCOME
- 60% of the theoretical fee is collected
- College income = £500 * 60% = £300
What has the LSC done to implement this agenda?

RESEARCH & CONSULTATION
• Extensive provider and market research
• Internal and external advisory groups

IMPLEMENTATION
• Co-funded Fee Target Setting Framework
• Full cost fee income assessment of added value

SUPPORT
• Development and promotion of income generation toolkits and training in partnership with LSIS
• Case studies of college and non-college providers
Success Stories

Providers are responding well to the challenge of increasing contributions from the learner and/or employer:

• Co-funded fee collection increased by 10% from 2006/07 to 2007/08, averaging £597 collected per co-funded SLN, with the top quartile collecting over £1,000 per co-funded SLN.

• Full cost fee income increased by 31% from 2006/07 to 2007/08. The added value generated by college providers through full cost income averaged 8% in 2007/08 with the highest performing providers achieving over 25%
The Challenge Faced

• The current economic situation and the national fee assumptions present challenges to providers:

• If the target fee collection rate per co-funded SLN is to meet the national fee assumption then the fees collected per co-funded SLN would need to increase by 45% from the 2007/08 baseline data (£596) and 24% from the 2009/10 targets (£692).

• To help you work towards these targets and address these challenges the LSC has ……….
Set up Advisory Groups

External Fees advisory Group
- MEMBERS - AoC, NIACE, ALP, DIUS, LSIS (QIA), KPMG – World Class Skills, LSC representatives from Finance, TTG, Skills.
- ROLE - advising on increasing the income of the FE sector, including target setting, promotion, marketing and communication of fee income generation

Regional Fees Champions
- MEMBERS - Nominated via the Funding Planning and Performance Board and/or the Learning Planning and Performance Directors.
- ROLE – Communication and advice on the implementation and delivery of the target setting framework
Undertaken Research

Published Research

- 10 Case Studies across 2 publications on Income Generation (all types of providers)
- Who Gets Fee Remission
- Value of Learning in the Adult Market
- The Impact of Fees Policies on Recruitment to LSC Funded Provision
- Fees and Commercial Income - Good Practice and Other Key Issues

ALL AVAILABLE ON THE INTERNET
Produced Toolkits
Delivered Training

Income Generation workshops – practical solutions and implementation – AoC (delivered in 2008)

World Class Skills Income Generation
Specialist workshops on the tools for generating income

World Class Skills – Funding and Finance for Maximising Business – LSIS and KPMG
Specialist workshops on finance and consultancy support for providers – ongoing delivery
http://wcs.excellencegateway.org.uk/
Developed a web resource

www.lsc.gov.uk/providers/funding-policy/income-generation/