Frequently Asked Questions

1. Where can I find the Demand-led Funding Models document?

The ‘16-18, Adult Learner- and Employer-responsive Funding Models’ document was published on 27 November 2007 and is available on the LSC internet site at the following link:


2. Where can I find the LSC Funding Guidance 2008/09 – Funding Rates for 2008/09?

Version 1 of this document was published on 21 December 2007 and can be found on the LSC website at the following link:

http://readingroom.lsc.gov.uk/lsc/National/Funding_Rates_for_200809.pdf

Version 2 of this document is expected to be available in mid-March and will include the funding rates for E2E and the Employer Responsive model.

The 16-18 Model

3. Could another institution join a Diploma consortium to feed learners onto a Diploma?

We have through the Gateway process set out clear expectations of consortia to ensure that all members are planning and preparing to deliver a high quality programme of learning to those young people starting Diplomas. We have deliberately set the standard high as we want the fullest confidence that the consortium is ready: that they have had time to plan and put in place the right arrangements to deliver Diplomas across the consortium; that the right staff development has taken place; and that the facilities are appropriate. We will, of course, expect some consortia to extend their membership in future years but expansion plans will need to be considered by a subsequent Gateway process so we can ensure that all consortia meet the high standards we have set.

4. How is ALS calculated for 16-18 year olds?

ALS for 16-18 year olds is 60% based on a formula and 40% negotiated for providers other than schools, and 100% based on the formula for schools. The proportion based on the formula for schools is different to ensure that the minimum funding floor is maintained; there has previously been no ALS separately identified for schools.
The formula is based on GCSE points scores for English and Maths, as set out in the technical annex of the '16-18, Adult Learner- and Employer-responsive Funding Models' document (November 2007). The data on points scores is taken from data provided by DCSF matching attainment at 16 to post-16 participation (the ‘matched admin database’) for 2005/06. This gives a grade for GCSE English and Maths for each young person, and this data is used to calculate the points score for each learner. These give an average level of ALS for the learner, which is then aggregated (weighted by SLN) to provider level.

5. **Are there any circumstances where institutions can charge fees for provision for 16-18 learners?**

No. There’s quite a lot of detail on this in the existing FE funding guidance (see para 30 on conditions of funding).

6. **What happens if we recruit more learners than planned?**

All recruitment will be recognised in next year’s allocation. We will use learner numbers from the school census/F01 return to update allocations to ensure all over recruitment is rewarded in future allocations. This is the only way to ensure growth, so is a strong incentive to target as many 16-18 year olds as possible.

7. **What happens if we deliver more SLNs than agreed but don’t meet our learner numbers?**

The LSC’s first priority is participation; therefore the funding must follow the learner. For the sake of stability and quality in year adjustments are not made but where providers do not meet participation targets they can expect to have a reduced allocation the following year. Making up the delivery by increasing the number of SLNs delivered per learner will not prevent the allocation being reduced.

8. **Why are Independent Private Providers treated differently?**

Independent Providers have a fundamentally different status in law and are not subject to propriety and regularity audit. However, we have been able to offer providers a degree of stability by not conducting retrospective adjustments. This is a compromise agreed with the Association of Learning Providers.

9. **What are the main differences to the current process?**
These are detailed at paragraphs 57 to 60 of the ‘16-18, Adult Learner-and Employer-responsive Funding Models’ document

10. **Where do Programme-led Apprenticeships sit?**

A Programme-led Apprentice (PLA) is, by definition, a learner who is not employed. Learners following a full apprenticeship framework will be funded from the Employer Responsive Model. This is similar to the 2007/08 funding model where they are funded through Work-based Learning. Learners currently in FE but described as a PLA, who are not following the full apprenticeship framework but one or more constituent parts, will be funded using the respective 16-18 or Adult Learner Responsive models based on their age.
The Adult Learner Responsive Model

11. How will Vocationally Related Qualifications delivered in the workplace be funded in 2008/09; that is, by the Employer Responsive Model or Adult Learner Responsive funding model?

Vocationally Related Qualifications delivered in the workplace will be funded through the Adult Learner Responsive funding model in 2008/09. Only the 19+ FE funded employer-based NVQs transfer into the Employer Responsive funding model in 2008/09. Other employer-based provision will transfer into the Employer Responsive model in time, but we haven't agreed a timetable as such.
The Employer Responsive Model

12. Where a learner completes an aim more quickly than was planned in the Employer Responsive model, will the LSC pay the full funding rate?

Yes, any remaining monthly instalments and the outcome would be paid. Note that for Train to Gain, this is subject to the 1.75 SLN cap per learner per year. This cap will not apply for apprenticeships in 2008/09 whilst research into activity costing is carried out.

13. How will the provider factor be calculated for a Train to Gain consortium, where the contract holder is not actually a delivery provider?

The consortia will be treated as a provider in their own right. For planning and contracting the Provider Factor will be calculated based on data held for that consortium. Actual provider factor will take into account individual learner data from the ILR.

14. What happens to the Disadvantage element of a provider factor (within Apprenticeships) if a learner moves address during their programme?

The Disadvantage factor is fixed at the start of a learning aim.

15. If a learner completes a key skill with one provider then moves on to another provider, what happens to the achievement element for that learner? Will the full 25% go to the new provider once the remaining learning aims are achieved?

Only the NVQ and Apprenticeship element have an achievement element. The provider, with whom the learner achieves, receives the achievement element.

16. If a learner has completed part of their aim with one provider and then moved to another (regardless of achievement), how will the balance of funding be calculated?

The provider to where the learner moves to must calculate the proportion of learning that still needs to take place. They should use field A51A on the ILR to reduce the funding rate to match that proportion. Further guidance
will be found in Funding Guidance and Provider Support documentation on the ILR.

17. How will the achievement element be paid in Apprenticeships?

25% of the value of the NVQ and Apprenticeship Element will be held back and only paid when the learner achieves their full Apprenticeship framework. With regard to Key Skills and Technical Certificates all the funding for these qualifications will be paid through monthly instalments, as there is no achievement element.

18. Is there any modelling data available to share with providers showing the anticipated effects on the different sectors, e.g. FE, Apprenticeships etc?

The demand-led calculator is available for FE and for Apprenticeships and is available from the LSC Internet site. See http://www.lsc.gov.uk/providers/Data/Software/DLC/

19. Do learners have to pass a census date to draw down the monthly in learning payments within the new methodology, or just be in learning at any date during the month?

To quality for a monthly instalment payment the learner must be in learning at the end of each calendar month.

20. Will a start payment be made for Train to Gain?

No. 75% of the funding will be paid in monthly instalments based on the start and planned end date of the aim. The remaining 25% will be paid on achievement of the aim by the learner. If a learner achieves the aim earlier than expected then the remaining funds will be paid subject to the 1.75 SLN per learner per year cap. If a learner does not achieve within the expect timeframe monthly payments will cease once 75% of funding has been paid.

21. How will the National Employer Service (NES) operate in the Employer Responsive model?

NES will fully operate the Employer Responsive Model. Apart from MoD contracts all funding will be the same as for all other providers. Transitional arrangements will be in place for NES Train to Gain learners who started
22. **Are there special arrangements for large employers?**

Following discussion at the Train to Gain Executive Board on 10 December 2007, we have agreed that the revised increased lower rate will apply to all large organisations who employ 5000 or more employees, whether they are dealt with directly by NES or via a provider, and irrespective of the number of learners. There is an economy of scale in dealing with large organisations which the lower rate reflects. The increase in the lower rate will help regions in their plans to focus on larger sized organisations.

23. **Will Additional Learning Support (ALS) be available in Train to Gain?**

ALS is already available to Train to Gain in 2007/08. In 2008/09 we will make ALS available in the same way as the current system for apprentices. However, we will need to issue further guidance as it is recognised that, as all Train to Gain learners are employed, there will only be specific conditions that will require additional support. Additional Learner support will also be made available to Train to Gain learners so that funds used are correctly identified and classified. This is currently not clear in the 2007/08 guidance. We intend to issue further detailed guidance in 2008.

24. **Why is there a policy of funding the 19+ Apprenticeship at a co-funded rate (-37.5% in 2007/08, increasing to 42.5% in 2008/09), when there is an entitlement to free training for the first level 2 qualification?**

The Governments preferred route for employed vocational learners up to the age of 25 is apprenticeships. Train to Gain should only be used in exceptional circumstances for example when there is no framework available or the learner is following a ‘Skills for Life’ qualification. Although there is an assumed employer contribution the overall level of funding is far greater than a stand alone NVQ in Train to Gain. This may be reviewed at a later date.

25. **What will happen to funding for learners who started prior to 2008/09?**

The funding rates applicable will the prevailing rate for that year. Learners from Train to Gain and FE will be funded based on the remainder of funding due. (See process chart below). Apprenticeship funding for
2008/09 is similar to 2007/08 and therefore the transition will be less complex.

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

26. How will a second Skills for Life qualification that started in 2007/08 and delivered under NES contracts be paid in 2008/09
These second Skills for Life qualification received no funding in 2007/08 as they are 100% outcome funded. Providers will be expected to claim the additional 50%, not identified under the transitional process, via the Training Provider Statement at the successful end of learning.

**NVQs AND DEMAND LED FUNDING**

27. **How will NVQ provision be funded in the demand-led system from 2008/09?**

NVQ delivery to learners aged 16-18 will be funded through the 16-18 model, irrespective of delivery location. Note though that it is LSC policy that the preferred route for employed learners following a vocational route with an NVQ under 25 years old is an apprenticeship.

For 19+ learners, the appropriate funding model will depend on where these NVQs are delivered:

1. Where delivery is wholly on the provider premises and covers all components of the NVQ, then this provision is adult learner responsive.
2. Where delivery is by provider and employer jointly these NVQs are employer responsive.
3. Where delivery is by provider and employer jointly, taking place entirely at the workplace, these NVQs are employer responsive.

1) is referred to as provider-based NVQs and will be funded through the adult learner responsive model.

2) and 3) are referred to as Train to Gain, i.e. employer-based NVQs and will be funded through the employer responsive model. NVQs that have any elements delivered at the learners' employers' premises are employer responsive provision. This includes distance learning where evidence is gathered in the workplace.

**What is the implication of this policy on colleges' employer-based NVQ provision?**

Current FE funded employer-based NVQ provision will transfer into the employer responsive model in 2008/09.

Associated 2006/07 volumes and budgets have been identified and used to inform this transfer. At a national level, this provision has been extrapolated to give the equivalent SLNs and budgets for 2008/09, and transferred from FE into the 2008/09 employer responsive model. At an individual provider level, this element of their 2006/07 provision will be identified, extrapolated, and transferred into the provider's employer responsive allocations for 2008/09.
This provision will then be funded through the employer responsive model, i.e. provider funding based on actual delivery and paid monthly in arrears.

How have these employer-based NVQs been identified in college delivery?

The ILR field A18 (main delivery method) has been used to identify the FE funded employer-based NVQs. 2006/07ILR data has been used to identify the provision coded A18=12 or 13 relating to delivery mainly or entirely at the workplace that has been transferred into the employer responsive model.

Colleges have stated that some of their 2006/07 day and block release NVQ provision has been wrongly coded and should be adult learner responsive rather than employer responsive. What should colleges do?

It is recognised that, in 2006/07, FE ILR data may have been ambiguously coded using field A18. Some provision delivered wholly on provider premises may have been coded as A18=12 (NVQ delivered mainly at the workplace) rather than A18=11 (NVQ delivered entirely at the institution).

Thus college provision A18=12 may also include some block and day release NVQs delivered wholly on colleges premises.

Providers should not alter their current ILR data to order to correct this ambiguity. In the planning discussion with colleges, we will ask colleges to review their 2006/07 baseline allocations to ensure they correctly reflect their adult learner and employer responsive provision. (A survey of some large colleges suggests that this can be done quite quickly.) Any adjustments to volumes of provider- and employer-based provision should be able to be accommodated through the regional allocations process.

Which model will day and block release NVQ provision fall under?

NVQs delivered wholly on provider premises will be in learner responsive provision based on age. NVQs that have any elements delivered at the learners’ employers’ premises are employer responsive provision. This includes distance learning where evidence is gathered in the workplace. The only exception to this is a learner who starts before they are 19 as all non-apprenticeship NVQ only provision is delivered in the 16-18 model. It still remains LSC policy that the preferred route for employed learners following a vocational route with a NVQ under 25 years old is an apprenticeship. For the purposes of 2008/09 planning, colleges should therefore review their 2006/07 baseline allocations to ensure they correctly reflect their adult learner and employer responsive provision. And going forward, their future delivery of day and block release NVQ provision.
How should we manage discussions about colleges’ employer responsive provision?

Regions and local partnership teams should reiterate to colleges the assurance in Our Statement of Priorities that their FE funded employer-based NVQ provision will be protected in the employer responsive model and they will receive funding up to this value for 2008/09.

This will be covered in more detail in the framework for negotiation for employer responsive provision which is currently being developed and will be issued to regions early April.

How should we proceed with allocating adult learner responsive provision in the light of this transfer?

Regions and local partnership teams should be looking closely at what is being delivered through their adult learner responsive model in each college and redistribute funds in line with priorities, as a step towards 2010/11 when there will be virtually no provision outside full L2 and 3, FLT and SfL.

The starting point for the distribution of the adult learner responsive model should include the effects of the NVQ transfer.

The framework for negotiation for Adult Learner Responsive provision is currently being developed and will be issued to regions in early April.

What will the framework for negotiation for Adult Learner Responsive provision cover?

As a national framework for agreeing learner numbers and funding at provider level for 2008/09 it will cover:

- Methodologies for agreeing baselines for adult learner provision
- Method for agreeing growth & final planning numbers (and associated funding) for 2008/09
- Procedure for logging of key shared planning assumptions
- Timeline for the allocations process.

What is the scale by region of the impact of this policy?

Figures in Our Statement of Priorities were explicit about national volumes, funding and SLNs for this provision in the CSR period with clear syntax and business rules enabling regional colleagues to calculate figures for their own areas.

The modelling at institution level of demand-led funding on FE NVQs is available on SharePoint at http://teams.lsc.gov.uk/modelling - Demand Led Funding – Models. The link below takes you to the spreadsheet for FE institutions:

The base rates (£ per SLN) have been determined now and transitional protection will be covered in the Funding Guidance.

**Cross-Cutting Themes**

28. **Where do 19 – 25 LLDD sit with regard to funding – 16-18 or adult learner responsive?**

Learners 19 years and over are funded through the Adult Learner Responsive Model. However those with Independent Specialist Colleges are outside the model for 2008/09 and are being brought in for 2009/10.

**Technical Annex**

29. **Specialist Colleges – what has happened to the specialist college factor?**

There is no specialist college factor in the demand-led funding approach. Instead we propose to recognise specialist provision through higher programme weightings for specific learning aims.

In addition, we will recognise the extra costs of residential accommodation for 16 and 17 year olds to comply with the Care Standards regulations set out in the Children’s Act 2000. Those providers with residential accommodation on site which is subject to inspection by Ofsted will receive additional funding through the provider factor based on the number of 16 and 17 year olds requiring that accommodation.

PaMs as at February 2008 included the higher programme weightings but not the residential element; this will be incorporated by the end of March.

30. **What has happened to premium funding?**

There is no premium funding in 2008/09. It is likely that providers in receipt of premium funding through the performance-related funding approach in 2007/08 (0.95% additional funding) would have higher than average success rates, so would benefit from the changes to the funding methodology which put a higher emphasis on success.

31. **What data will we use for HEIs?**
Some HEIs (around 8 out of 33 receiving LSC funding in 2007/08) return ILR data, and in those cases we will use the ILR data to calculate the provider factor and to monitor performance in 2008/09.

For HEIs which do not return ILR data, we have agreed provider factors with regions based on the 2005/06 HESA data.

32. How can I find the SLN Value of a Learning Aim on the LAD?

SLN values can be found on the LAD.

1. Search for the qualification by using the reference number/title in the LAD
2. Once the qualification is shown, click on the “Shared” Tab.
3. Scroll down; you will see “SLN GLH 1”.
4. This is the SLN Value you are looking for.

33. When will the SLN rates be put into the LAD/LIS and when will that be released?

Most of the 16-18 and adult learner responsive values are included in the LAD based on the funding rates document published in December 2007. There isn’t a firm date for publishing a DLF LIS at present - the IM team are working on the timetable. For the time being, providers should continue to use the demand-led calculator for internal modelling, although the definitive figures will be held in PaM.

34. Under the new funding arrangements is the SLN value for GLH the recommended delivery time for a qualification aim? If so what are the implications if the qualification was delivered in less GLH than the SLN value?

The SLN value for listed learning aims is based on a combination of QCA/Awarding Body recommended glh and actual delivery glh. Listed rates will be stated on the LAD. For listed learning aims, the implications of delivering above or below the listed value is largely an internal value for money/cost benefit issue – the rates will pay for roughly the listed glh, so if you can deliver more efficiently (i.e. in fewer glh than the listed value) you should make a margin on the aim, but if you deliver more glh than the listed value then you are likely to run the course at a loss. Neither of which is any particular issue as long as you can balance your books at provider level.
Of course, if every provider in the country can deliver a particular learning aim in fewer glh than the listed value, the annual rates review would pick this up and lower the listed value to match delivery – this is a way in which the national funding system encourages efficient delivery.

35. **Are we going to publish all institution provider factors?**

We’re expecting that provider factors for the 16-18 and adult learner responsive models will be included in the Learner Information Suite, so visible to all providers. Employer responsive provider factors are only used in contracting so won’t be in the software as funding is calculated on actual activity.

36. **Is the 42.5% tuition fee in the adult learner responsive model for 2008/09 taken off the new base rate before the provider factor is calculated?**

This is an interesting question, and one that is very difficult to answer satisfactorily as the SLN, Provider Factor and Co-funded rates are calculated independently.

The provider factor wraps up all the weightings at learning aim level into a single figure. The tuition fee assumption is unaffected by the provider factor – that is the assumed fee is the same regardless of any weighting. Keeping this policy forces us to make an adjustment for the provider factor when calculating a provider-level co-funded rate, as the co-funded rate that we calculate will be multiplied by the provider factor when the funding calculation is run (SLN x PF x Rate = £).

Note that this is all to ensure that the tuition fee assumption is always 42.5% of the national rate, regardless of provider factor.

37. **When will the components of the provider factor be reviewed? (not the values for an institution, but the elements that we consider.)**

We would keep these under review as part of the annual funding rates review, but would not expect to change them significantly. It’s unlikely that we would have a more fundamental review for several years.

38. **For special ability students who can do 2 years in one, a waiver has been given in the past. Can these go above 1.75 SLN? – this seems at odds with what schools have been advised who are concerned about**
the cap in some cases, e.g. grammar schools with gifted and talented pupils.

We do not expect there to be exceptions to the 1.75 cap – it should apply in all circumstances. We’re not saying that students can’t do larger programmes, but that there is a limit to the amount of funding we will provide to support them.

39. Are key skills included in Success Factor in 08/09? Our understanding is that all qualification aims for learners that have been in learning for the qualifying period would be included in the Success Factor, is this correct?

The success factor calculations for FE are based on the standard LSC methodology for calculating success rates, which currently excludes key skills.

40. How will success factors be affected by programmes of greater than one year duration?

The inclusion of a learning aim in the calculation of the success factor depends on when the aim was due to be completed.

41. Does the 114 glh for entitlement include one key skill?

No, the entitlement is for curriculum enrichment only. The change to the GLH for the entitlement reflects the removal of a key skill, which may now be claimed when they are delivered.

42. What is the future policy on funding of part-time learners in sixth forms? Will they be funded or counted for data purposes?

No they will not, although this is an issue we have fed in to the discussions on the raising of the compulsory leaving age.

43. What is the impact of the removal of the triannual periods? For example, a learner enrolling on a two-year programme late in year 1?
See Para 18, Page 67 of the ‘16-18, Adult Learner- and Employer-responsive Funding Models’ document. Where the learning aim is spread over two years, this will be done proportionately, based on start and expected end dates. Where needed, a balancing payment will be made in the adult learner responsive model for early achievement.

44. **What happens in the case of long courses which are started at the end of one year and extend into the next?**

See Para 18, Page 67 of the ‘16-18, Adult Learner- and Employer-responsive Funding Models’ document. Where the learning aim is spread over two years, this will be done proportionately, based on start and expected end dates. Where needed, a balancing payment will be made in the adult learner responsive model for early achievement.

45. **What is the basis for the transitional protection rate for FE?**

The rate is based on the funding per SLN calculated from the ILR data for 2006/07, along with any associated manual adjustments. This has then been uprated for the increase in rates between 2006/07 and 2007/08 to give a 2007/08 rate/SLN.

46. **Under the current Funding Methodology, the DfES provided additional funding for Trades Union Congress (TUC) learning aims. This funding is intended to pay the tuition fee element for learners on these learning aims who would not otherwise be eligible to claim fee remission. The LSC, the DfES and the TUC have agreed that the National Base Rates will automatically include the tuition fee element. Please refer to paragraphs 280 – 284 of Funding Guidance for Further Education in 2007/08. Reference to the Learning aim database indicates that the Individually Listed funding value for these qualifications is set at a value which is not directly related to the glh quoted for these qualifications and also includes an amount which presumably is the tuition fee element quoted in the guidance. Thus TUC Collective Bargaining/Industrial Relations - Level 2 (30 glh) Learning Aim Reference 00289894 has an Individually Listed rate of £378.21 which is £142.21 above the National Base Rate equating to the 30 – 39 glh loadband. Reference to the Shared Annual Values Tab indicates that the SLN glh value for this qualification is 30 i.e. the recommended glh for the aims delivery. Please can you advise how, or even if, the new funding methodology will provide the enhanced funding values currently available for the TUC qualifications?**
There is a new code in A14 (code 27) for TUC learning aims. This means that rather than adjust the rates to take account of the fact that all TUC learning is tuition fee free, we simply code it as such in the ILR and the funding formula does the rest.