

FE Funding 2012-2013

1 Introduction

- 1.1 This Note is a digest of the overall funding situation for adult learners (SFA funding) and 16-19 year olds (YPLA funding).
- 1.2 It also contains model questions that branches can use in consultations with their managements. As in previous such Notes, these questions have been developed out of the funding situation as outlined in the BIS publication 'New Challenges, New Chances: Skills Investment Statement 2011-2014' (December 2011), www.bis.gov.uk for adult learning and skills: and the YPLA 16-19 Funding Statement December 2011 www.ypla.gov.uk
- 1.3 Other SFA and YPLA publications that have information on some of the detail in funding can be found in SFA publication 'Allocations Methodology for the Initial Funding Statement for the Adult Skills Budget for the 2012-2013 Contracting Year'. www.skillsfundingagency@bis.gov.uk and a YPLA question and answer sheet www.ypla.gov.uk
- 1.4 There have been further cuts and changes to the SFA adult learning and skills funding (details below). These are in line with the direction set out in the Comprehensive Spending Review settlement of autumn 2010. This stated that adult learning resources would be cut by 25% over the CSR period and 16-19 would be cut overall by 1%.
- 1.5 The position is as yet less clear for 16-19 funding as the YPLA funding process begins with a calculation and allocation of student numbers to providers. These are based on 'lagged numbers' i.e. how many students were enrolled in the previous academic year. When these are known by the DfE, the actual funding rate, the amount of money per student is calculated and allocated to providers. So provisional numbers of 16-19s that the YPLA will fund should be with colleges now. From this college managements should be able to say whether the numbers are up or down for the next academic year
- 1.6 The SFA will issue final allocations for 2012-2013 on 30th March 2012. The YPLA has by law to issue schools with their final allocations by this date.
- 1.7 If you get answers from your college to all or any of the questions below, please let your regional office and Dan Taubman at Head Office (dtaubman@ucu.org.uk) know the details that you may have obtained from your management**

2 SFA Adult Skills Budget 2012-2013

- 2.1 There is now only a single revenue budget from the SFA instead of the Adult and Employer Responsive Funding budgets
- 2.2 Total BIS spend on adult learning and skills £3.8b for financial year 2012-2013 with £3.6b going through the SFA. SFA teaching and learning will be £3b with a minimum expectation that £698m will go to apprenticeships for 19+

- 2.3 Those getting access to free provision (fully funded in BIS-SFA speak) for adults on JSA and ESM are those in 'inactive' benefits eg income support, working tax credit, disability, incapacity and housing benefit will have free access on the same basis as this year, that if they declare that they will be looking for work. This at the provider's discretion.
- 2.4 English and Maths basic skills including GCSE English and Maths continue to be free but without previous uplifts for literacy and ESOL.
- 2.5 The statutory entitlements: for adults up to 24 1st full level 2 and foundation learning and those up to 25 1st full level 3 still free.
- 2.6 Those not fully funded for a Level 2 or a Level 3 and above will be paying fee, now 50% of costs of the course
- 2.7 Level 2 and 3 intermediate apprenticeships only funded by SFA up to 50%, so they or their employer will have to pay fees for the other 50%
- 2.8 The Government policy to the FE and Skills Sector is to give providers freedoms and flexibilities to respond to the needs of their communities, both individuals and employers. The various targets and conditions laid on funding under the previous government have been removed. This should mean that colleges should be free to use their funding allocations for programmes that they consider their locality and communities need and want.
- 2.9 The Adult Skills Budget will fund classroom based, apprenticeship and workplace provision. It will include this coming year funds for 'Formal First Step Learning' which was a separate funding line of £37.5m. Those who had funding under this heading will now receive it as part of their main budget.
- 2.10 The Skills Investment Statement published by the Government in December 2011 emphasised that providers should meet the needs of younger learners, those with low skills and the unemployed. E.g. SFA expects within adult apprenticeships a greater focus on 19-24s rather than maintaining current recruitment levels of over 25s.
- 2.11 Some programmes still are outside the Adult Skills Budget: 16-18 apprenticeships, offender learning, European Social Fund (ESF), Adult Safeguarded Budget.
- 2.12 Annual government funding starts in April 1st and finishes March 31. The SFA has converted the financial year budget figures into academic year allocations for 2012-2013, Certain costs of meeting some commitments eg students over 25 or between 19 and 25 and who don't have a learning assessment, have been allowed for.
- 2.13 It is estimated that there is a 12% cash reduction in colleges' allocations.
- 2.14 Colleges are paid by the SFA on the basis of their annual profile. Other providers such as work based learning providers are paid on actual delivery each month. The annual profile is based on performance at the end of the 2010-2011 academic year
- 2.15 To provide stability and limit too drastic changes, the SFA will apply a 'floor' and a 'ceiling' to providers whose allocation is based on profile. For classroom and other workshop based provision the ceiling will be 100% of the 2011-2012 allocation and the floor will be 75% of the 2011-2012 allocation. For apprenticeships for those 19 and over, the ceiling will be 101% of 2011-2012 allocation and the floor will be 87% of the 2011-2012 allocation.
- 2.16 The government has set up a £250 million fund from the SFA overall allocation. This competitive fund which will route public investment directly to employers 'will be backed by significant resources from existing skills budgets'. Funding for 2012/13 will be up to £50m, with an additional £200m in the second year, 'subject to evidence of high-quality proposals from employers and ongoing evaluation'.

- 2.17 The SFA and BIS are proposing changes to the funding methodology in 2013-2014. These include a single funding system and set of rules: a funding formula based around a single element with a maximum of three where disadvantage and area cost uplifts apply. This will apply across the adult skills system. Funding will be based on actual in-year delivery. There will be no provider factor and single set of rates across all adult skills provision. These rates will be expressed in pounds (£). It is likely there will be around 30 rates for all adult skills provision, all of which will be listed. Payments will be through a a single methodology based on programme instalments and an achievement element. There will be a simpler Funding Formula – which will be: funding = rate (£) [x disadvantage uplift x area cost uplift (where applicable)]. 2012/13 will see dual running of current and new simplified funding systems, with full implementation in 2013/14
- 2.18 Employer Ownership Programme: £250m has been top sliced from the SFA Adult learning and skills budget to fund employers for apprenticeships
- 2.19 Job Outcome Payments: these were announced for last year’s funding. £80m was top sliced off the providers’ allocations. This scheme will mean payment on the basis of job outcomes for unemployed learners who have access to free provision. It is being trialled in 2012-2013

3 16-19 funding

- 3.1 YPLA funding statement December 2011 www.ypla.gov.uk
- 3.2 Sets out the estimated numbers to be funded 2012-2013. Based on ‘lagged numbers’. This is based on autumn data returns on enrolments
- 3.3 Sets out April 2012- March 2013 budget
- 3.4 Sets out non-participation budgets ie 16-19 Bursary Fund
- 3.5 Although there will be 20,000 less 16-19 year olds this year as compared with last year, YPLA wants to fund an additional 34,000 places. Given that the budget remains broadly the same, this will mean less money per student. This will amount to reduction of the national funding rate of 2%.
- 3.6 There is £833m for 140,200 16-18 apprenticeships, up from 133,500 last year.
- 3.7 Raising the age of participation of 16-18 year olds: by 2013 all 16 year olds will have to participate in some form of learning and training. This will be extended to 17 year olds in 2015.
- 3.8 Priorities: full participation by young people, targeted funding to disadvantaged and those needing additional support so additional £150m retained from 2011-2012, protecting LDD funding, protecting the size of core programmes + 30 glh for enrichment activities
- 3.9 Safety net from 2011-2013 of no provider falling by more than 3% retained. This protection doesn’t apply to changes in funding because of any fall in student numbers nor against the normal operation of the funding formula
- 3.10 £164m coming in from European Social Fund for particularly disadvantaged young people
- 3.11 Funding for young people with LDD and young people in the youth justice system same as 2011-2012.
- 3.12 Govt announced Youth Contract which is almost £1 billion will be spent over the next three years to provide unemployed young people with extra help
- 3.13 Funding rates (cash per student) remain frozen

- 3.14 The 16-19 budget is finite. If schools start new 6th forms and/or if there is a new academy, free school, UTC delivering 16-19 programmes, funding for these will come out of the existing 16-19 budget. This may impact on the college's 16-19 budget.
- 3.15 Various changes take effect in 2013
- 3.16 New approach to 16-18 programmes and 16-18 apprenticeships. Implementation of Wolf recommendation to stop funding qualifications and fund instead a study programme
- 3.17 Compulsory participation for 16 year olds: 1st stage of raising the age of participation
- 3.18 The DfE and YPLA are considering changes to 16-19 funding for 2013. There has been a consultation document. The changes proposed include reviewing the 16-18 funding formula, the possibility of up to 3 funding rates for full-time students, the possible removal of success rate element and possible changes to other factors in formula (eg. disadvantage factor).
- 3.19 The main change will be funding a coherent study programme for 16-19s. This would be one significant large qualification/s eg BTEC National, A levels programme, additional English and Maths if needed by a student and enrichment activities such as tutorials.

4 Skills Conditionality

- 4.1 Skills Conditionality comes out of DWP.
- 4.2 This is the procedure through which JobCentre+ send claimants off for mandatory assessment if the JobCentre+ adviser considers that training will help the claimant getting a job.
- 4.3 The assessment can be carried out by either the new Adult Career Guidance Service or the provider.
- 4.4 If the assessment results in a recommendation that the claimant undertakes some training and there is a course, the training is mandatory.
- 4.5 Should the claimant not attend the assessment or the training, there are benefit sanctions.

5 Additional Learning Support (ALS)

- 5.1 The budget of £113.5m in 2011-2012 will be retained for 2012-2013.

6 Discretionary Learner Support

- 6.1 There will be a single Discretionary Learner Support fund. This will combine the current Discretionary Fund, the Adult Learning Grant and the Residential Support Grant.
- 6.2 The SFA will use the 2010-2011 allocation level of £0.8m as the baseline for initial 2012-2013 allocations. There will be further changes in 2013-2014.
- 6.3 The Residential Support Scheme aspect is no longer included in the initial allocation. The final allocation for 2012-2013 will include a new Residential Access Fund combining 2 previous bursary schemes

7 Adult Safeguarded Budget

- 7.1 Although there was a consultation on informal adult and community learning and review of the use of the Adult Safeguarded Budget in 2011 summer, and the

government response to consultation in December 2011, the actual amount of the Adult Safeguarded Budget will remain at £210m. This is the level of funding for this Budget since it was introduced in 2005. It has of course been eaten away by inflation.

- 7.2 This budget stream no longer comes with sub divisions such as family learning, personal and community development and disadvantaged neighbourhoods. It is now a single budget.
- 7.3 Despite the prospect of changes in how the Adult Safeguarded Budget may be distributed as a result of the IACL consultation, the SFA has maintained the allocations to providers used in 2011/12.
- 7.4 However the SFA will take into account the 2010/2011 overrun when issuing final allocations.

8 Prison Education

- 8.1 There is a small drop in the overall OLASS budget from £133.6m to £131.8m since 2011-2012
- 8.2 Offender education contracts are being re-tendered. The results of this are still not known at the time of writing

9 Essential Questions to ask management

These are the essential questions branches should ask of their management in relation to funding 2012-2013

9.1 Adult Learning

- 9.1.1 Allocations to colleges' are being reduced by 12% - 13% in the coming year. Has the college's SFA allocation be reduced? If so by how much and what will be the impact on courses.
- 9.1.2 Did your college/service use its discretion in relation to inactive claimant students and not charge fees to these students? Does intend to next year? If not what will be the impact on ESOL students and LDD students over 19? What has been and what will be the impact in terms of student numbers, courses?
- 9.1.3 Has the college/service estimated the loss of students in 2013 with the restrictions to the statutory entitlements and the introduction of FE loans for those over 24 and undertaking a level 3 or above course? Is it planning to survey current students who will be affected by these changes?
- 9.1.4 Has the college received it shadow budget (which is based on the proposed changes in funding methodology)? If so what has that shown?

9.2 16-19 funding

- 9.2.1 What 16-19 numbers have been allocated to the college? Is this a rise or fall from last year? How will this impact on the college in terms of programmes?
- 9.2.2 If 16-19 numbers have fallen, what are the reasons for this?
- 9.2.3 Funding rates remain frozen. How is this affecting the college?
- 9.2.4 It is understood that some colleges are thinking of cutting hours for some programmes. Is this happening at your college? How many hours are courses

being reduced by? Does the college think this will have an impact on success rates and minimum performance levels?

10 Further questions to ask management

10.1 Adult Funding

- 10.1.1 Was the college under or over target for adult student numbers? If so what were the reasons for this? What will be the impact on courses and jobs?
- 10.1.2 What has been the effect of the withdrawal of the basic skills uplifts?
- 10.1.3 Using the new freedoms and flexibilities that government states it has given to FE providers how will the college be using these freedoms and flexibilities? What is the college's short and medium term strategies for finding out what are its local learning needs and wants are? How will next year's programme be different than the current programme – what new courses will there be, what current courses are being dropped? What is the employment prospects arising from these changes?
- 10.1.4 Will the college be affected by either the ceiling on funding introduced by the SFA, or the floor? If so how will this impact on actual funding, and on actual courses and jobs?
- 10.1.5 Did your college receive Formal 1st Steps Funding last year? If so does the college believe that it has received this now in its main allocation?
- 10.1.6 The government has set up a £250m for funding employers delivering their own training. How will this affect the college's provision? Are there college courses for employers that will be displaced by this new funding route? If so will there be job losses because of this?
- 10.1.7 Has the college/service begun planning for the changes in funding methodology in 2013? If so what are the main points of its plans? Does the college/service anticipate the impact of the changes being positive, negative or neutral?
- 10.1.8 Did the college lose money for the Job Outcomes Scheme last year? If so how much? Is the college being used in the trials for this?
- 10.1.9 HE in FE programmes: is your college going to run the same level of HE programmes as last year? If not why not? Is it reducing or expanding its HE programmes? Did your college bid for additional HE places? If so was it successful. Are changes in HE provision at the college going to impact on jobs?
- 10.1.10 Does your college/service receive Adult Safeguarded funding? If so is this remaining the same.
- 10.1.11 For those branches in Local Authority Adult and Community Learning Services, are their local authority cuts affecting the Service? If so what is the impact on jobs and courses?

10.2 16-19 funding

- 10.2.1 It is understood that some colleges are moving to shorter less expensive courses for 16-19. Is this happening in your college? If so why and what is the effect?
- 10.2.2 16-18 Bursary: what has the college lost in comparison with what the college received for EMAs? What is the impact on the college in terms of the loss of EMAs, especially the impact on courses?

- 10.2.3 Raising the age of participation in learning: from 2013 all 16 year olds will have to participate in some form in education and/or training. Has the college begun planning for this? If so what is in these plans?
- 10.2.4 Did the college have to make use of the safety net this year?
- 10.2.5 Does your college/service expect to gain from the introduction of the Youth Contract additional funding
- 10.2.6 Is there any new 16-19 provision in your locality? If so what has been the impact on the college's provision and funding?
- 10.2.7 Has the college started to plan for the changes in 16-19 funding that will be implemented in 2013? If so what are the main points of its plans?

10.3 Apprenticeships

- 10.3.1 Given the SFA's focus in apprenticeships on 19-24 year olds, how will this impact on college recruitment and programmes?
- 10.3.2 There has been a fall reported in the number of 16-18 apprenticeships. Has the college had a fall in the number of these apprenticeships? If so what is the impact on college programmes and jobs?
- 10.3.3 Some colleges are charging fees for 19+ apprenticeships. These will be 50% of the costs of the course. Is your college going to do this?