

## Briefing on FE College funding 2010-2011

### Introduction

This briefing contains details of the funding for 2010-2011.

The Government publications on the 2010-2011 funding can be found on [bis.gov.uk/publications](http://bis.gov.uk/publications) for the funding of adult learning. The publication is the Skills Investment Strategy, supplemented by 3 Guidance Notes, available on the SFA Web site <http://skillsfundingagency.bis.gov.uk/funding/>. For 16-19 funding the publication is the Statement of Priorities. It could be found on the web site for the Young People Learning Agency, the YPLA. This is replacing the LSC in relation to 16 to 19 education and training. [www.ypla.gov.uk](http://www.ypla.gov.uk)

This briefing contains the information at national level on FE funding. Whatever the position nationally, an individual college's allocations will also be made up factors that derive from its individual circumstances. How these impact on a college's allocation will be described below.

There has also been a briefing written with the kind of questions that UCU FE and ACE branches may wish to use in discussions with management. This is available as a separate briefing.

### 16-19 funding

- Funds allocated through national formula with allocations for 2010-11 made by the LSC to local authorities and providers.
- FE colleges have received their allocations for 2010-2011.
- A stock take of mainstream 16-19 provision was undertaken in October 2009. This showed increased demand and uptake by young people over what had been expected, and greater than growth funds had allowed for. This has had a knock-on effect on expected demand for 2010-11 and has been taken into account in the 2010-11 funding.
- With additional funding from April 2009 Budget and December 2009 Pre Budget Report, total funding for 16-19 education and training now £8.5b. This will fund additional 16-19 = 1.6m places
- Pre Budget Report made 0.9% real terms increase for 3 years to 2012-13.
- Base rates to be at 2009-10 levels: but there will be in-year adjustments moving from providers significantly not meeting targets to those with significant over-performance. SLN funding rate (basically = to a full time programme) = £3007 for school 6<sup>th</sup> forms, £2920 for FE and Apprenticeships. This means there is still a funding gap between FE

colleges and school 6<sup>th</sup> forms, despite government promises to reduce, and then eliminate this gap.

- 80,000 young people more will come within the scope of Educational Maintenance Allowance. This has been achieved by the abolition of the funds for the bonus scheme within EMAs, and with extra funding.
- There is an increase of £439m = 6.2% in funding. The total budget is £7.5b for learning places; £677m for learner support.
- This will fund 1.6m learning places which is 70,000 over 2009/10 figure = 4.5% increase.
- Planned participation will be 97% for 16 year olds and 92% for 17 year olds.
- An extra 21,000 Apprenticeship places are being funded.
- Additional Learning Support is increased and targeted at those with lowest GCSE points scores in English and Maths.
- There is £270m for capital funding, an increase of £30m.
- £53m will come from the European Social Fund.
- £67m will support 14-19 reforms.
- Learning Disabilities/Difficulties specialist provision will be £267m.
- There will be a 10% uplift for all undertaking Diplomas.
- Entry to employment is being merged with Foundation Learning to form new Foundation Learning Budget.
- The funding document states that this year's funding will be 'challenging' for those providers with the highest average size and most expensive provision for each learner, and such providers will be expected to reduce their budgets. This is not class size, but size of the actual programme. It shouldn't hit FE colleges, but may well hit small school 6th forms who are adding additional parts to individual programmes.
- Unit costs increased from 2003/4 because of inflation, increased success rates, more students from disadvantaged areas and new larger programmes e.g. Diplomas. E.g. FE/apprenticeship place increased by 45%, school 6<sup>th</sup> form by 25%. The DCSF claims this will close the funding gap from 14% in 2002/3 to 6% 2009/10 (it is disputed by the AoC who claim it is still around 14%)
- 16 - 19 Sector being asked to make efficiency savings by controlling unit costs and absorbing some of 2010-11 planned increases in numbers.
- Youth Offender Institutions (YOIs) for 15-17 year olds are being given a place price which can be amended by the Youth Justice Board, and if the Prison Service changes what full capacity means. The LSC was providing £18m for 2595 YOI places.
- Although most programmes below Level 2 work is to go into Foundation Learning in 2010/11, there may be some learners who won't be able to immediately access such provision, so as to maintain flexibility. Some provision for non-qualification programmes will be allowed outside this = to a maximum of 10% of SLNs.
- The AoC recently conducted a survey of their member colleges on 16-19 funding allocations. 118 colleges responded representing 33% of colleges. The survey showed that:
  - That the numbers of 16-18 students in colleges is expected to rise by at least 22,000/2.8%. Additional funds were expected to be allocated by the LSC

before its demise in April 2010. This would bring to the rise of young people to 30,000.

- Funding for 16-19 is expected to rise by £72m/2.3% to £3,428m.
- Colleges face a 0.5% cut per student in 2010-2011.
- The DCSF made a tighter budget for 16-19 in FE, but took different approach to funding local authority administration and school development activities.
- Although FE colleges have received their 16-19 allocations, some have received less allocation that they received last year. The reasons for this are:
  - There may be a new provider in the college's catchment area such as an academy. The college's allocated numbers of young people may have been reduced to allocate to this new provider. The AoC survey on 16-19 funding states that whilst colleges and schools will enrol more 16-19 year olds than they were funded for in 2009, academies are expected to miss their funding target by 8%.
  - The college may not have achieved its target numbers agreed with the LSC for 2009-2010. Consequently its target numbers will have been reduced to the numbers achieved last year.
  - Changes in the funding formula for some colleges. The Standard Learner Number (SLN) which is a measure of the volume of a course taken by a student. This was frozen in cash terms resulting in 51% of colleges in the AoC survey seeing a cut.
  - In 2009- 2010, there was an underestimation of the numbers of young people deciding to continue to participate in education and training. This was largely due to the recession and increasing numbers of young unemployed. The government found an additional £600m. Providers had to bid for the additional places in May 2009. A college may not have achieved its bid, but will have enrolled the additional numbers of young people in September 2009. If its bid for additional places for young people was not successful, it will have had to fund these young people from its own resources, and may be continuing to do so. The LSC has stated that all the additional places for young people in 2009-2010, will be funded in 2010-2011.
  - If a college has had a reduced allocation in the numbers of young people for 2010-2011, and it is not for the reasons above, the UCU branch at that college should be asking what the reason for the loss of places is, and let the UCU Policy Department know what the reason given is. Contact Dan Taubman dtaubman@ucu.org.uk

### **Planned Investment 16-19 for 2009-10 2011-12**

Participation		2009-10 £ms	2010-11 £ms	% increase/decrease
	FE including foundation learning and	3,776	4,025	6.6%

	E2E			
	School 6 <sup>th</sup> forms	2,317	2,392	3.2%
	Specialist LDD	237	267	12.7%
Apprenticeships(DCSF)		695	780	12.2%
Total Participation		7,023	7,482	6.2%
	EMA & learner support	671	677	0.9%
	14-19 reform	109	67	-38.5%
Total Non participation		780	744	-4.6%
Total revenue		7,823	8,226	5.2%
16-19 Capital		213	270	26.8%
Total Investment		8,036	8,496	5.7%

## Learner Numbers

	2008/09 Actual outturn	2009/10 projected outturn	2010/11 planned delivery
FE All Levels	888,000	933,000	943,000
of which E2E	78,000	108,000	N/A
Of which Foundation Learning	147,000	146,000	237,000
Apprenticeships	181,000	202,000	223,000
School 6 <sup>th</sup> forms	399,000	420,000	431,000
Of which maintained schools	384,000	395,000	395,000
Of which Academies 6 <sup>th</sup> forms	15,000	25,000	37,000
Specialist LDD 16-19	4000	4000	4000
Specialist LDD 19-25	4000	4000	4000
Total Learners	1,476,00	1,563,000	1,605,000

## Adult Learning Funding

- BIS published the Skills Investment Strategy giving details of the funding for adult learning for 2010-2011 in November 2009.

- Provisional allocations were made to colleges in January 2010. Final allocations April-May 2010.
- This publication gives details of both funding and expected learner numbers for 2008-9 2009-10 and 2010-11. It gives details of the £340m efficiency saving that had been announced by DIUS after the April Budget. It also talks about an additional £88m funding pressure from within the LSC.
- BIS is expecting a greater focus on those without prior qualifications (known as 'firstness'), an increased importance for numeracy, and a need to work with employers to respond to emerging priority sectors and occupations as highlighted in the Skills for Growth White Paper, UKCES National Strategic Skills Audit and the RDA Regional Priority Statements. These are around high skill, low carbon, sustainable development, increased Level 3 qualifications, especially for technician and associate professional jobs.
- There are 4 broad funding streams for adult learning from the LSC (the Skills Funding Agency/SFA) from 1<sup>st</sup> April 2010. They are:
  - Employer Responsive: which funds all programmes directly linked to employers; Train to Gain and Apprenticeships.
  - Adult Responsive: this funds all FE programmes not directly linked to employers. Those that are open to adults to enrol on, and often make up the College Prospectus. This funding stream is sub divided. The main sub-streams are Foundation Learning, Skills for Life and Developmental Learning.
  - Adult Safeguarded Funding: which funds programmes that do not lead to qualifications, sometimes called non- or informal adult learning.
- Minimum Performance Levels implemented more rigorously.
- College targets for fee income also to be implemented more rigorously. Fees for Level 3 and above programmes will reach 50% of costs 2010
- Overall BIS expects a loss of 133,000 adult learners
- Some colleges also receive funding for higher education programmes. Some direct from the HEFCE, some through franchising, validation and accreditation arrangements between colleges and higher education institutions.

## **Employer Responsive**

- Train to Gain funding rates cut by 6%.
- Train to Gain funding rate = £2727.
- Train to Gain up just under £60m but numbers up over 300,000.
- Providers will need very significant growth April – July 2010 but none for the rest of financial year 2010-2011. The SFA wants to smooth this profile out and will offer providers the opportunity to reduce the April – July starts and transfer the funding across the 1st 8 months of the 2010-11 contract.
- Co-funding with employers reintroduced for repeat Level 2s, Level 3s and 4s outside the entitlement (that is up to the age of 25).
- £17m will come from Train to Gain for Advanced Apprenticeships for 19-30 year olds.
- 75,000 extra apprenticeships.

- 10% further reduction on Adult Apprenticeships.
- 19-24 Apprenticeship Rate = £2732, 25+ Apprenticeship = £2186.
- All Apprentices have to be employed. Programme-led Apprenticeships will no longer be funded, except for specific circumstances for a period up to 6 months.
- Minimum Performance Levels for Train to Gain 65% For Apprenticeships 50%. If performance fell below these levels in 2008-2009. it won't be re-contracted.
- 25% reduction in rates paid to large employers (1000+) for Train to Gain and 19+ Apprenticeships. This apply to all employers not just those working through the LSC/SFA National Employer Service.

## Adult Responsive

- Funding rates for all funding streams cut by 3%.
- Funding rate = £2732.
- Colleges received for 2010-2011 between 75% to 90% of last year's Adult Responsive funding allocation. This size of the cut was arrived at by the LSC analysing the programmes delivered by each college funded by Adult Responsive to see how much 'priority' programme provision was delivered: the more priority provision the less the cut. Priority provision was defined as:
  - Full levels 2, 3 and 4 programmes.
  - Foundation Learning.
  - Skills for Life (approved and non approved but the non approved has to be no more than 10% of the total).
  - Learning Difficulties/disabilities .
  - 19+ learners completing 16-18 programmes.
  - Trade Union Studies.
  - FE Initial Teacher Training.
- If the target numbers for 2009-2010 had not been reached, then the cut was calculated on what had been reached not what had been allocated in 2009-2010.
- **Skills for Life funding** uplift reduced from 1.4 to 1.2 with a view to further reductions, except for numeracy, which is now the new focus. Funding for Skills for Life reduced by £30m but target numbers up by 20,000. Notice given that there may be national providers for the new numeracy programmes.
- **Foundation Learning** increases from £175m to £182m and numbers remain constant.
- **Developmental Learning** cut from £330m to £186m and numbers from 583,000 to 212,000. This funds everything that does not fall into the above categories. This includes some LDD, some trade union studies, LSC/SFA funding for FE initial teacher training and lots of low level Skills for Life that does not make up the mainline Skills for Life programmes that contribute to the national targets.
- **Adult Safeguarded** budget remains at £210m but 20,000 less learners. From August 2011 this budget will go to lead accountable bodies, usually local authorities who will convene a committee of all non- and informal adult learning providers and stakeholders, and with this committee come up, with a local informal adult learning plan which will be signed off by the SFA.

## Programmes for the Unemployed

- Secured through negotiated commissioning using open and competitive tendering.
- 6 month Unemployment Programme up from £26.5m in 2009-2010 to £56.5m 2010-2011.
- Young Person's Guarantee up from £21m. 2009-2010 to £100.9m 2010-2011.

## Prison Education

- Has increased overall by £2.2m

## Summary

### Skills Funding Agency budget 2008-09 to 2010-11

Budget Line	2008-9 £000s	2009-10 £000s	2010-2011 £000s
Adult Learner Responsive	£1,664,556	£1,753,338	£1,782,906
Of which: Foundation Learning	£158,399	£175,091	£182,857
Skills for Life	£526,997	£541,339	£514,817
Full Level 2	£229,276	£293,107	£327,791
Full Level 3	£228,276	£529,555	£327,791
Full Level 4	£17,147	£15,694	£17,164
Developmental Learning	£424,056	£330,769	£186,696
6 months Guarantee		£26,000	£56,500
Young Persons' Guarantee		£21.500	£100,900
Employer Responsive	£1,158,614	£1,315,575	£1,381,781
Apprenticeships	£332,911	£389,914	£388,410
Train to Gain	£825,703	£925,661	£983,371
Response to Redundancy			£50,000
Of which: foundation learning	£8,163	£4,774	£5,031
Skills for Life	£67,755	£88,995	£84,532
Full Level 2	£522,744	£550,576	£552,786
Full Level 3	£131,675	£162,793	£185,179
Full Level 4	£11,820	£10,726	£11,804
Adult Safeguarded	£210, 000	£210, 000	£210, 000

Offenders Learning	£137,185	£132,623	£134,828
Totals	£3,170,854	£3,411,543	£3,509,516

### Planned Skills Funding Agency funded learners aged 19 and over 2008/09 to 2010/11 academic year

Budget Line	2008-2009	2009-2010	2010-2011
<b>Adult Responsive</b>	1,450,000	1,150,000	1,120,000
Of which: foundation learning	290,000	216,000	216,000
Skills for Life	560,000	537,000	557,000
Full Level 2	117,000	159,000	169,000
Full Level 3	88,000	102,000	109,000
Full Level 4	31,000	29,000	35,000
Developmental Learning	703,000	583,000	213,000
6 Month Unemployment Programme	4000	45,000	35,000
Young Person's Guarantee		49,000	26,000
<b>Employer Responsive</b>	1,413,000	1,410,000	1,720,000
Apprenticeships	277,000	287,000	329,000
Response to Redundancy		30,000	20,000
Train to Gain	1,116,000	1,109,000	1,370,000
Of which: Foundation Learning	12,000	7,000	12,000
Skills for Life	291,000	283,000	289,000
Full Level 2	753,000	689,000	880,000
Full level 3	205,000	210,000	297,000
Full Level 4	20,000	17,000	23,000
<b>Adult Safeguarded</b>	630,000	605,000	585,000

### HE in FE.

- Total HEFCE funding for HE in FE colleges in 2010-11 will increase by 2.2%. This is almost in line with the latest Treasury forecast for GDP inflation in 2010-11 of 2.25%.
- Within that overall figure, there are wide differences among the 123 colleges which receive HEFCE teaching funding. North East Surrey College of Technology (-21.6%), Totton College (-16.6%) and Herefordshire College of Technology (-12.1%) will have cuts of more than 10% in cash terms next year. In all 55 - or 45% of - colleges are getting a cut in cash terms.
- Bradford College's HEFCE funding is being held level in cash terms, and 27 colleges (22%) are getting a cash increase which is below the 2.25% GDP inflation forecast – in other words, a real terms cut. A further 40 (33%) colleges are getting a cash increase



above the forecast level of inflation. Of these 11 colleges are getting a cash increase above 10%.

- It should be pointed out that for most FE colleges, income from higher education is a relatively small proportion of their total income. It was 6% in total in 2007-8, according to LSC accounts data. Within that figure, there was a wide range, with some colleges getting no income for higher education, and others, like Blackburn College and Northbrook College, getting a quarter of their income from HE.

## Likely consequences of funding cuts

- Job cuts and programme losses. Branches already experiencing this. But there is an urgent information. UCU have created a form through a Survey Monkey **on which branches are urgently requested to fill in when they have firm information on what is happening in their college**. Branches must report through this so we know what is happening. <https://www.surveymonkey.com/s/FEcutssurvey>
- This is only the start of cuts. The Pre Budget Report announced another cuts of £300m over next 3 years. And this is Labour. There is still no real idea of what Conservatives are planning.
- Colleges under very severe financial pressure so will be looking to make 'efficiency savings' and increase productivity.
- So there will be extreme pressure on workloads, increase of contact hours, shorter holidays, larger classes etc.
- Dilution of professionalism: substituting of full lecturers by instructors, assessors, associate teachers.
- Fragmentation of workforce: into core and peripheral. Already 1 college proposing 2 mainstream employment contracts: one for 16-19 one for post 19
- College mergers and other arrangements e.g. confederations. We may well see some colleges trying to take over colleges well outside their area. Newcastle College now runs Skelmesdale College near Liverpool. One college is reported to have war chest £80m, and saying they want to take over at least 10 colleges by end of year.
- Emergence of national providers. Already there for prisons and DWP provision.
- Much hard internal management: middle managers under pressure around jobs and quality.