

# Briefing on FE funding 2013-2014

## Introduction

1. This note gives details of the funding allocations for FE colleges and adult and community learning services for 2013-2014. Also included are some model questions that UCU branches can put to their management. The answers to these questions will give some indication of likely cuts to both jobs and programmes. **Please send any answers from your management to your Regional Office and to Dan Taubman at Head Office. [dtaubman@ucu.org.uk](mailto:dtaubman@ucu.org.uk)**
2. Funding and its impacts for 2013-2014 are complicated by a number of factors:
  - Changes to the funding methodology for both learning for young people and adult learning. These changes may mask what is actually going on and may amplify or diminish some of these impacts. They could result in increased pressure on teaching and reductions in Guided Learning Hours (glh) [see below sections 78 to 90]
  - For adults the statutory entitlements for free study for those adults on first full level 2 programmes and those up to the age of 26 for 1st full level 3 programmes are being restricted to adults to the age of 23. This may well cut down enrolments for some courses, rendering some unviable.
  - FE Loans are being introduced in Sept 2013 when all BIS funding for adults over 24 studying level 3 and above courses is removed and replaced by FE loans.
  - Universal Credit is being rolled out from April 2013. It will increasingly replace all the benefits on which fee remission is based
  - For young people funding will be for a study programme not an individual course.
3. The Comprehensive Spending Review Summer 2010 proposed a 25% cut in FE and Skills expenditure for the 3 years to 2014-2015. The SFA is set to lose £1.1b between 2010 and 2015. There will be another spending review in 2013 which will cover 2014-15 and 2015-16; that is through to and over the next General Election. There has been plenty of press coverage about how the Government is missing its reduction plans for the deficit and that austerity and cuts lasting until 2017-18.
4. The Government is preparing the next Comprehensive Spending Review which will be for 1 year, 2015-2016. BIS stands to lose £1b from its budget from the additional £10b the Government is looking to cut overall. It is likely that most of the £1b cut may fall on FE and skills development, given that there is little more cash to remove from HE except for the science budget and it is likely that various 'growth' budgets would be difficult to cut. Reports in the TES 15<sup>th</sup> Feb. speculated that the cut may come in as FE loans for those aged 19 to 24. BIS has apparently carried out research that suggests that younger learners are more likely to say that they would take out loans than the over 24s. Two thirds of the 19-24s said they would be interested in an income contingent loan for

learning compared with 59% over 24s. Of course as the AoC point out in the TES article willingness to pay is not the same as actually paying.

5. A further future threat to FE funding arrangements was reported in FE Week Feb 11<sup>th</sup>. This report said that BIs have had informal discussions with the AoC and AELP about progressing the recommendation in Heseltine's 'Review of Growth'. This recommended that skills development funding should be removed from the SFA and given to Local Enterprise Partnerships (LEPs) to allocate. Apparently an announcement will be made in the Budget set for 20 March. Heseltine's recommendation was that various budgets including the skills budget should be wrapped up into a single funding pot for the LEPs. If this happens it could be like when the local Training and Enterprise Councils held the funds for work based/place training in the late 1980s and 1990s, but if it happens it is likely to be even worse than that was. The article said that Heseltine had proposed that the bids for the skills money would be 5 years and include not only the Adult Skills Budget but also the offender learning budget, the DfE budget for 16-19 apprenticeships and amount to around £10b over 4 years.
6. New minimum performance levels have been brought in for both 16-19 and adult learning. A college will be seen as underperforming if its performance table results show that:
  - Fewer than 40 per cent of students achieve the number of points per entry in vocational qualifications set equal to the fifth percentile of students nationally. In 2010/11 the fifth percentile was 197 points per entry, but the standard which will apply in 2011/12 will be calculated from the final data for that year; or
  - Fewer than 40 per cent of students achieve the number of points per entry in A levels and other academic qualifications set equal to the fifth percentile of students nationally. In 2010/11 the fifth percentile was 174 points per entry but the standard which will apply in 2011/12 will be calculated from the final data for that year.
7. If a college falls below either the vocational or the academic point score thresholds the Department will give notice to the school or college that their performance is inadequate and needs to improve. This could be a verbal notice or a written notice. It will be made clear to the school or college what needs to improve and progress will be monitored. The Department will determine when the provider has made sufficient progress for progress monitoring to cease.
8. The SFA have announced they will formally intervene when the proportion of underperformance is 40% or more of the total type of provision delivered by a provider. However it will expect providers to take robust action to tackle underperformance before it reaches this level.
9. The proposed new Minimum Standards thresholds to be applied for different types of provision in 2012/13 will be:
  - classroom based provision for adults only:
    - Long Duration - 63% (including AS) and 75% for A levels.
    - Short Duration - 65%
  - workplace provision for adult only - 68%

- Apprenticeships for all ages - 55%

## Funding for 16-19

10. Funding for 16-18 funding comes from the Education Funding Agency (EFA). This body used to be called the Young Peoples' Learning Agency (YPLA). It was set up after the dissolution of the LSC in April 2010. It was a quango but the new Agency is now part of the DfE. It funds academies as well as 16-18. it funds all of 16-18 in FE colleges, 6<sup>th</sup> Form colleges, independent providers and schools.

### The overall position on 16-19

11. It is much more difficult trying to identify what the cut the DfE may have made on 16-19 than it is with the SFA and data around adult learning funding and numbers.
12. Total 16-19 EFA programme funding and learner numbers for FE colleges and providers, England (excludes schools and sixth forms)

	Total 16-19 Programme Funding (£)	Learner numbers	Standard Learner Numbers
TOTAL 2011-12	£3,960,877,382	876,149	1,008,251
TOTAL 2012-13	£3,873,593,412	863,917	989,522
change to 2012-13	-£87,283,970	-12,232	-18,729
% change to 2012-13	-2.2%	-1.4%	-1.9%

The following are links to spreadsheets with the funding and student numbers for 2011-12 and 2012-2013

<http://education.gov.uk/schools/adminandfinance/financialmanagement/b00204972/16-19-allocations/2011-12>

<http://education.gov.uk/aboutdfe/executiveagencies/efa/funding/fundinga/b00204972/16-19-allocations/fe-2012-13>

13. The funding allocation process for 16-18 is different than for adult learning. 1<sup>st</sup> the DfE allocates student numbers. This is on the basis of the previous full year enrolments. Providers get this or what they actually achieved. Providers are always cut back to what they achieved. It is not certain year to year whether growth is. These allocated numbers of students are termed 'lagged numbers'. The total amount of funding that the DfE allocates for 16-18 is then divided by the total number of lagged numbers and that gives the funding rate for 16-19 learning.
14. The 16-19 cohort is declining in absolute numbers. This began in 2009 and will continue to 2019.
15. Numbers may not drop partly because of the destruction of the youth labour market leaves few other alternatives than learning, and also because the government is still pursuing the raising of the age of learning participation policy. This was introduced by the Labour Government and means that in 2013 those aged 16 will have to continue participating in learning from the end of year they are 17. This starts in summer 2013. 17 year olds will have to continue participating in learning until they

are 18. This will begin from summer 2015. Participation is defined as full time education (= to 540 guided learning hours (glh) or more), in home education, an apprentice or in at least 280 hours per year if in full time work. Colleges should be making arrangements on how to handle these students, some of whom at least will not be happy about having to continue with learning. The government dropped the elements of the new policy that would have included sanctions for young people refusing to continue with learning.

16. It seems that 16-18 student numbers in colleges may be slightly down in 2012-13 compared to 2011-12.
17. The EFA has allocated student numbers to each provider in January.
18. Final 16-18 funding allocations from EFA which will include actual 2013-14 funding rates and the formula protection grant information. These are due in mid March
19. DfE has still not published anything to explain how it will deliver the additional 2014-15 financial year spending cuts announced in the Treasury's Autumn Statement.
20. The 2012 Autumn Statement stated that the DfE faced an additional £450 million cut. This will not touch the core schools budget but must be made before March 2015 so could threaten 16-18 funding in the future.
21. The DfE publication on the new funding methodology is a DfE/EFA document 16-19 Funding Formula Review, It can be found on <http://media.education.gov.uk/assets/files/pdf/1/16-19%20funding%20policy%20document.pdf>
22. There is still a funding gap between what schools receive in cash terms for 16-19 and what FE colleges receive. Although DfE set out a clear plan to close the gap (in the 2010 White Paper), it will take until about 2016 to harmonise funding rates because DfE is also making substantial year-on-year cuts to funding/student (the entitlement cut) but offering transitional protection to ensure schools or colleges don't lose more than 3% per year.

### Study Programmes

23. The major change in 16-19 funding is to the funding methodology: funding will no longer be to the student for individual qualifications, but for a substantial programme of study. This was recommended in the Wolf Report 2011 and accepted by the Government.
24. The level of funding will be the same irrespective of where the student is studying
25. The old formula inherited from the LSC was student numbers X national qualification rate X success rates (retention and achievement) X programme weighting x provider factor (made of various uplifts per individual college) + Additional Learning Support).
26. The new formula will be: student numbers X national funding rate X retention programme weightings X disadvantage funding X area cost allowance = total programme funding.

27. The success factor has been taken out of the formula and replaced by a retention factor. Disadvantage funding will be taken from disadvantage measured by the same index as before. Area cost allowance is the London weightings.
28. Full time programmes have to be between 540 hours and 600 hours. This will fund a substantial qualification eg A levels BTEC National: English and Maths for those who do have English and Maths GCSE, tutorials and any other activity that would require lecturer time eg rehearsals and performances in performing arts, workplace visits on vocational programmes. These are the sort of activities that were funded by the 'entitlement' hours which were cut last year. The vital question is whether 540-600 will be sufficient to fund all this work per student. UCU has queried this with the EFA and was told that colleges had the software to model this year's allocation through next year's methodology and there were few complained, so they believed it was sufficient. UCU does not necessarily believe this and we believe that will be pressure on guided learning hours (teaching). This is discussed below in section s
29. Part time learning is anything less than 540 hours per year. There will be 3 funding rates for part time study.
30. Part time bands and the number of hours used to calculate funding

<b>Student status</b>	<b>Hours required per year</b>	<b>Funded at</b>
Full time	540 +	600
Band 4	450-539	600
Band 3	360-449	405
Band 2	280-359	320
Band 1	up to 280	% of 600

31. The guided learning hours claimed and used for a study programme are referred to 'planned hours' in the new methodology. 'Planned hours' are those that are timetabled, organised and/or supervised by the institution, and take place in line with the institution's normal working pattern to deliver the Study Programme. Hours that count towards Study Programmes will be categorised as either qualification or non-qualification hours. The full-time rate has been set at 600 hours and the aim is that all young people should study this number of hours.
32. The formal definition of planned hours is:
- Planned tutor led activity on qualification bearing courses for the student in the academic year;
  - Planned hours of tutorials, work experience or supported internship for the student in the academic year, and planned hours on other activities that are organised and provided by the institution, such as sport or volunteering for the student in the academic year
- Other activity, such as the Duke of Edinburgh Award, that might lead to an award rather than a formal qualification and as a result is not listed on s96 will not count towards qualification hours, but can count towards non-qualification hours.
33. The EFA will count towards the definition of funded time planned hours that meet the following principles:

#### **General Principles – Hours that:**

- are directly relevant to the student's Study Programme; and
- are **planned**, explicit in the **student's learning plan or timetable, supervised** and/or organised by a member of staff; and
- take place normally within the institution's normal working pattern - including twilight sessions provided they meet the other principles.

#### **Qualification hours- Hours that:**

- are approved for teaching to 16-19 year olds under section 96 of the Learning and Skills Act 2000 (s96), (qualifications that are NOT approved under Section 96 CANNOT be taught in schools).

#### **Non-qualification hours- Hours that:**

- do not count towards a qualification counted above; and are delivered towards informal certificates or other non-qualification activity (including activity to give young people the skills they need to live more independently and be integrated within their community); or
- are for tutorial purpose; or
- are spent on work experience other work-related activities, volunteering and/or community activities or enrichment activities organised and quality assured by or on behalf of the institution whether paid or not, including activity such as the Duke of Edinburgh Award that might lead to an award but is not listed on Section 96

#### **For clarity – the following are examples of activities that are not funded:**

- voluntary extra-curricular activities and clubs delivered during breaks or outside the normal working pattern;
- study that is homework or independent study/research that is not timetabled;
- time spent in employment and or work experience organised by anyone other than by or on behalf of the organisation;
- time spent on volunteering and/or community activities that are not organised by or on behalf of the institution.

34. As an interim measure students that were categorised as full-time (450 glh, the old methodology definition of full time in glh) will be funded at the full-time rate for 2013/14 and 2014/15, but following this students in the 450-540 band will only attract part-time funding.
35. Colleges need to be careful and claim all the hours which are relevant to the student's programme, planned, explicit in their timetable, supervised or organised, quality assured and within the student's normal working pattern. The EFA is funding 450+ hour students at a full-time rate for two years to allow time for institutions to adjust.

36. Retention is defined at the level of the student not at qualification level. Retained means still studying a core aim on the planned end date or left early but has completed the aim. For academic programmes this means the student is still studying one of the academic aims; for a vocational programme the student is still studying the core substantial aim. So if the student leaves before the qualifying period (based on 2 or 6 weeks and autumn census or ILR) = 0 funding; if the student leaves before the planned end and hasn't completed = 50% funding; if the student stays to the end date and completes = 100% funding; if the student leaves before the end date and has completed = 100% funding.

37. Qualifying period for funding eligibility

Programmes greater than 24 weeks	6 weeks
Programmes less than 24 weeks	2 weeks
Programmes less than 2 weeks	Not funded

38. Programme weightings that reflect the differential costs of different vocational courses is kept but reduced to 5 levels from 7. They apply to the whole programme of the student.

39. Current average weightings and provisional weightings for 2013/14

<b>Weighting Category</b>	<b>Student level Average programme weighting using 12/13 factors</b>	<b>Provisional weightings for 2013/14</b>
<b>Base</b>	1.075	1.0
<b>Medium</b>	1.276	1.2
<b>High</b>	1.598	1.5
<b>Specialist</b>	1.718	1.6

40. Additional Learning Support and Disadvantage funding: these were 2 separate items in the old funding methodology. Disadvantage was an uplift that is percentage increase on the national funding rate. It was measured by an index of deprivation used by local government. Additional learning support came in 2 blocks, one part a block payment per college and another part that was based on actual student need. High cost needs were treated separately.

41. The new formula keeps disadvantage but splits it into 2: Block 1, an element for economic deprivation (poverty) and this is measured by the same deprivation index as before based on the student's home post code with an uplift of between 8.4% and 33.6%: and Block 2, an element for prior attainment, measured on GCSE English and Maths results at the end of Year 11. It will be a flat rate based on non achievement of Grade C. All of this will be in a single budget to be used at the college's discretion. A flat rate minimum will be paid if the total disadvantage does not reach a threshold.

42. What colleges will have received as individual additional learning support will not be funded by the EFA. The responsibility for students with learning difficulties and/or disabilities will move back to the local authorities and be extended to include all up to age of 25. This means the local authority will make an assessment and then fund whatever is needed for the student's learning taking into account that assessment. However local authorities are receiving and will continue to receive harsh

cuts. Their capacity to make these assessments and fund the necessary support must be in doubt. There is special provision for those students with support needs of £6000 or more – ‘High Needs’ students.

43. There are 3 elements of funding for High Needs. Element 1 paid through the standard funding formula on the basis of lagged numbers, element 2 which is the 1<sup>st</sup> £6000 of the individual high needs. Each local authority tells the EFA on the basis of lagged numbers how many places it will commission from each institution and the EFA adds £6000 to the institutional allocation for each place. Element 3 is a top up from the local authority for individual needs above the 1<sup>st</sup> 2 elements. This top up is negotiated and agreed with the student’s home local authority.
44. There is a Bill going through Parliament to give effect of the new arrangements. It is saying that assessments of LDD has to be joint by the local authority and the provider but the new system is likely to be very bureaucratic and multifaceted so that it may take a lot of time trying to understand and implement each aspect of it. For LAs trying to forecast how many learners they will place, and where, there are massive capacity issues. For providers trying to plan on the basis of forecasts which are fundamentally inaccurate, it presents significant risks. But most of all, for young people and their families caught up in its complexities, it is a real nightmare.
45. Formula Protection Funding (FPF) is funding introduced to ease the transition of providers from the old funding methodologies to the new one, especially for schools who will be moving down to FE levels of funding. The current transitional protection (TP) for the reduction in entitlement funding and achievement of fair funding will continue to be reduced by 3% of funding per student per year or in 4 equal instalments, whichever is the greater until 2014/15. This protection ceases in 2014/15 and none will be paid in 2015/16.
46. Funding Conditions on Provision of English and Mathematics: Students who do not hold an A\*-C in these subjects will be expected to continue to study towards them as a part of their 16-19 Study Programme.
47. To support this aim the teaching of English and maths qualifications will become a condition of funding with effect from September 2014. The condition of funding will be met if students are enrolled to take either a GCSE; entry Level, Level One or Level Two Functional Skills; Foundation, Intermediate or Advanced Free Standing Maths Qualifications (in relation to maths only); or English for Speakers of Other Languages (ESOL) qualifications (in relation to English only), in the subjects they do not already hold at GCSE A\*-C level. Functional Skills and Free Standing Maths Qualifications are seen as ‘interim’ or ‘stepping stone’ qualifications on the journey towards achievement of a GCSE.

#### **14-16 Year olds in FE colleges**

48. From September 2013 General Further Education (GFE) and Sixth Form colleges will be able to recruit directly full time 14 and 15 year olds onto their rolls.
49. This change follows the recommendation of the Wolf Review to give opportunity for full time 14-16 year olds to enrol directly with FE colleges, and for the funding to make this practicably possible. Colleges should offer a programme of study that delivers the mandatory requirements of Key Stage



4 (KS4) national curriculum alongside a technical vocational qualification to provide stretch and breadth.

50. FE colleges and Sixth Form colleges with an OFSTED rating of “Good” or “Outstanding” and those with “Satisfactory” which have made significant improvement in the last 4 years, will be eligible to enrol full time 14-16 year olds and deliver KS4 education within their institution directly. They will no longer need to enter into an arrangement with schools or local authorities to transfer funding for these students.
51. The funding methodology to be used is that described in this document. This is the most transparent and simplest way in which to give colleges stability in funding for forecasting budgets by using a constant level of funding across both 14-16 and 16-19 year olds.

**How the post-16 formula will be applied to 14-16 year olds in FE.**

<b>Post-16</b>	<b>14-16</b>
Student Numbers	Based on full-time as post-16
National Funding Rate	Same as post-16
Retention Factor	There is no retention factor in pre-16; so a factor of one will be used
Programme Cost Weighting	An uplift of 4% to recognise technical element
Disadvantage	Block one: uses IMD based on pupils home postcode as post-16 Block two: all those who attract funding for IMD will get this payment
Area Cost Allowance	As post-16

52. In addition to the total programme funding above, those pupils who qualify for the Pupil Premium will attract the additional entitlement payment of a Pupil Premium to make the total funding amount. This means;
- those who qualify for Free School Meals (FSM); and
  - those who are in Care.

**Funding for Adult Learning**

53. Funding for adult learning comes from the Skills Funding Agency (SFA). There were a a number of different funding streams such as Adult Responsive, Employer Responsive, Adult Safeguarded budget. The Adult Responsive and Employer Responsive Funding have been merged in to one funding stream, the Adult Skills Budget. There is a sub set of this stream for apprenticeships, covering all apprenticeships – those for 16-18 year olds and those for over 19s up to the age of 24 when if it is a level 3 or above course even for an apprentice loans will kick in.
54. The Adult Safeguarded Budget remains separate although is renamed the Community Learning Fund. HEFCE still funds HE in FE either directly to the college concerned or through a university in a franchise or accreditation relationship. For further details on these separate funding streams below.

55. The details of the SFA's funding for 2013-2014 are in a BIS publication, 'The Skills Investment Statement' available from the BIS web site [www.bis.gov.uk](http://www.bis.gov.uk) This outlines developments around funding adult learning
- LEPs to have new strategic role around skills policy in their area. Colleges expected to work closely with LEPs
  - £270m for capital to improve colleges
  - New streamlined funding system to be introduced from Sept 2013.
  - Government's priorities young adults, low skilled and unemployed and where there are market failures.
  - Colleges have the freedom to fund individuals, employers and communities in the way they think is suitable.
  - Overall funding for adult FE and Skills £4.1b in financial year 2013-14. £3.6b goes through the SFA to support 3m+ learners; teaching and learning will be £3.3b of which £764m for adult apprenticeships. Only workplace training in SMEs ie with less than 250 employees is fundable. Community learning (previously the Adult Safeguarded budget remains at £210m as it has since it was created in 2005.
  - Funding and fees:
    - Adults (19+) claimants on JSA/ESA fully funded up to Level 2 ie free: those over 24 and on level 3+ programmes have to take out a loan.
    - Adults taking English and maths GCSE, functional English and Maths and QCF English and Maths are fully funded;
    - Students up to 24 taking 1<sup>st</sup> full level 2 or 3 and students progressing from Foundation Learning fully funded.
    - Students undertaking Level 2 and not in above categories co-funded ie student pays 50% of assumed costs of course.
    - Students up to not in above categories and taking Levels 3 or 4 co funded:
    - those over 24 loans. Level 2 Intermediate Apprenticeship co-funded; Level 3 Advanced Apprenticeship co-funded up to 24 and loans for those over 24
    - From Sept 2013 funding for above Level 4 will only be available for Higher Apprenticeships at Levels 5 and 6.
  - Funding rates for functional English and Maths have been doubled this year and this will continue for next year. The rate for adult GCSEs will increase the same way as for functional skills
  - Training for the unemployed likely to include employability skills, short locally relevant vocational training, English, Maths and ESOL

- Stand alone qualifications in Health and Safety, Food Hygiene. 1<sup>st</sup> Aid at work and Fork Lift Truck will be fully funded again for JSA/ESA claimants
  - Trade union courses up to level 3 remain fully funded and for FE loans will not yet apply to trade union studies at level 3 and above.
  - The Government have announced a scheme for young people aged 16 to 24 who can't get an apprenticeship and aren't NEETs. It will be a combination of work preparation, English and Maths and work placements. Funding for 16-19s is to be on the same basis as funding for the rest of 16-19 (See below). It is not yet clear what the funding will be for those aged 19 to 24. Colleges are likely to be in the forefront of its delivery.
  - The Innovation Code remains in existence. This allows colleges to delivery programmes for the unemployed where there are not yet recognisable qualifications. They can use the Code to fund and deliver such programmes as long as they are working with an Awarding Body to create a qualification and lasting programme.
56. There also may be a threat to adult learning programmes in plans by the SFA to remove funding for more than 1,000 qualifications which have had fewer than 100 enrolments from 2011 to last November. A further 1,440 qualifications that had no enrolments at all in the same period are also at risk of losing agency funding from August. Ofqual has written to awarding bodies asking them to withdraw their least popular qualifications.
57. Provisional adult funding allocations were issued to colleges in December 2012. Confirmed allocations should be with colleges in March 2013. The SFA receives its budget in December of each year. Any cut is expressed as cut across a financial year. Colleges of course run on an academic year. This means a financial year cut has to be spread over 2 academic years and ends up being a greater percentage than the headline figures in government publications on FE funding.
58. The SFA budget is set to fall in the 2013-2014 financial year by around 6%. This does not include the funding for loans.
59. The SFA funding rates, the cash paid per course have also been set out. There is no change in the funding rate from last year. BIS and the SFA have achieved their cuts in line with the Comprehensive Spending Review in 2010. The rates apply to provision funded by the Adult Skills Budget and for offender education through OLASS. The rates can be found on <http://skillsfundingagency.bis.gov.uk/providers/FundingSimplification/> These spread sheets list all the qualifications which the Skills Funding Agency (Agency) has approved for public funding in 2013/14. Its scope includes Ofqual regulated qualifications on the Qualifications and Credit Framework (QCF) or National Qualifications Framework (NQF), Quality Assurance Agency (QAA) regulated Access to Higher Education Diplomas, apprenticeships and continuing non-regulated provision. These the funding will be applied to the Offender Learning and Skills Service.
60. Although the funding rate has not been cut, funding allocations to individual colleges may have been cut. It is thought that the average cut seems to be in the region of 11%. Some of this may be attributable to a college not reaching their student targets. Funding may have been cut to adjust

the college down to the students it actually achieved. The forecast on student numbers across the sector is that there will in 2012-13 be a forecasted fall of a 0.3% against targets nationally.

61. The major change in adult learning funding methodology is a change to the basis of what is funded. Up to now funding has been available for the amount of guided learning hours delivered. This will be changed in Sept 2013 to funding being based on bundles of units in the Qualification and Credit Framework (QCF), the QAA Framework (mostly Open College courses) and for apprenticeships.
62. Some qualifications will be in load bands. Others will be listed separately. Those that are listed separately will have set numbers of glh.
63. Funding rates have been set using a simplified funding rates matrix developed with the help of the Agency's Funding External Technical Advisory Group and extensively tested with the sector:

Funding Band (Credits)	Programme Weighting (PW)				
	A – Base (unweighted rate)	B – Low	C – Medium	D – High	E – Lower Specialist or G* – Higher Specialist
Award (1-4)	£148	£166	£193	£237	£255
Award (5-12)	£336	£376	£437	£537	£578
Certificate (13-24)	£724	£811	£941	£1,159	£1,246
Certificate (25-36)	£1,265	£1,417	£1,645	£2,025	£2,176
Diploma (37-48)	£1,987	£2,225	£2,583	£3,179	£3,417
Diploma (49-72)	£2,573	£2,882	£3,345	£4,117	£4,425
Diploma (73-132)	£4,170	£4,670	£5,421	£6,671	£7,172
Diploma (133+)	£6,602	£7,395	£8,583	£10,564	£11,356

Higher Specialist provision attracts an additional uplift where delivered by certain specialist providers

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Certificate (25-36)	£1,265	£1,417	£1,645	£2,025	£2,176
Diploma (37-48)	£1,987	£2,225	£2,583	£3,179	£3,417
Diploma (49-72)	£2,573	£2,882	£3,345	£4,117	£4,425
Diploma (73-132)	£4,170	£4,670	£5,421	£6,671	£7,172
Diploma (133+)	£6,602	£7,395	£8,583	£10,564	£11,356

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65. Certain qualifications have their funding band determined as a matter of policy, including:

Qualification	Funding Band
GCE AS or A2 Level	Certificate (13-24)
GCE A Level	Diploma (37-48)
GCSE	Certificate (13-24)
GCSE short course	Award (5-12)
Adult Certificates in ESOL	Certificate (13-24)
Adult Certificates in ESOL (Speaking and listening)	Award (5-12)
Functional Skills in English and maths	Certificate (13-24)
Functional Skills in IT	Award (5-12)

In addition, Access to Higher Education qualifications will be funded at £3,022, £3,384, £3,928, £4,835 or £5,197 dependent on Programme Weighting.

QCF qualifications have their funding band determined by their credit value.

NQF qualifications have their funding band determined using their recommended guided learning hours (GLH) available from the Register of regulated qualifications operated by Ofqual.

Other learning aims have their funding band determined by their previous delivery patterns.

66. Where funding bands are determined by any form of GLH, the following mapping applies:

Guided Learning Hours	Funding Band
Up to 36	Award (1-4)
37 to 100	Award (5-12)
101 to 196	Certificate (13-24)
197 to 292	Certificate (25-36)
293 to 388	Diploma (37-48)
389 to 580	Diploma (49-72)
581 to 1060	Diploma (73-132)
1061 +	Diploma (133+)

**67. Changes to funding and learner numbers for 19+ further education, England, 2009-10 to 2014-15**

Skills Funding Agency, England	Teaching & Learning (incl Apprenticeships) £000s	Adult Safeguarded Learning / Community Learning £000s	Offender Learning & Skills Service £000s	Capital grants £000s	Grand Total £000s	Total Adult (19+) Learner Numbers 000s
2009-10	3,068,913	210,000	132,630	907,800	4,934,372	3,510
2010-11	3,164,687	210,000	134,8228	513,800	4,501,302	3,430
2011-12	2,834,542	210,747	133,600	304,724	3,923,925	3,280
2012-13	2,711,252	210,747	131,800	272,658	3,988,778	3,126
2013-14	2,467,875	210,747	130,400	467,871	4,099,429	3,060
2014-15	2,218,311	210,747	128,900	356,857	4,069,504	3,130
Change 2009-10 to 2014-15	-27.7%	0.4%	-2.8%	-60.7%	-17.5%	-10.8%

68. From September 2013 new statutory entitlements will restrict free 1<sup>st</sup> level 2s and level 3s to those aged 19-23.

69. From September 2013, there will no longer be BIS/SFA funding for students over 24 undertaking level 3 or above programmes. FE loans will be introduced. These will range from £300 to £4000 and above and subject to similar conditions as apply to HE loans. These are for non-apprenticeship programmes. For apprentices the maximum loan for apprenticeships is 50% of the full funded rate. Apprenticeships are made up of component parts (competency, knowledge and functional skills). The max loan amount is based upon 50% of the component parts that attract the highest level of funding. This therefore means that the maximum loan amount available may be greater than 50%, if lower funding value component parts are delivered. The maximum loan amount is exactly that, the maximum loan available. It does not mean that the learner is required to take out a loan for that amount.

70. The SFA funding for these courses £400m has been removed from the SFA budget for 2013-2014. An impact assessment by BIS on loans found that 250,000 adult students might be lost to learning. The Student Loan Company will be starting the arrangements for implementing FE loans from April. Potential students will then be able to start applying for courses from then. However there will be no national campaign of awareness for the new loans. Colleges should be putting into place arrangements to disseminate information to current students who will have to take out a loan to continue studying from Sept 2013 and making arrangement in the college to deal with students with the loans. £129m has been allocated to go to loans.

71. Colleges will be given an indicative amount of funding that students will be able to draw down as loans to attend courses at that college. This is based on the numbers of students last year that would be within the scope of loans. As is understood at the time of writing there are no plans yet to claw back resources from those colleges whose allocation of loans is not taken up. Nor are there plans to fund those colleges who may have over demand for loans from potential students. It would be difficult for the SFA to try to claw back indicative allocations as students could be enrolling

throughout the year paying their fees from loans. BIS research shows that certain groups of students will be more reluctant to pay for FE study from loans. Among these groups are Muslims and those over 40. UCU and others have and are still campaigning against the introduction of loans. This resulted in some concessions: Access to HE students will have their FE loan written off if they graduate from HE; there is also a £50m spread over 2 years bursary scheme.

72. In April 2013 Universal Credit will be introduced abolishing all previous benefits and replacing them with a flat universal benefit. This means that all the current benefits on which colleges have remitted fees for have been abolished. Discussions between DWP and BIS have resulted in the continuation of the change around 'inactive claimants' that came out of the ESOL campaign continue: that is colleges are able to use their discretion to waive fees if the claimant will seek work in the future. The reference for this is in the SFA 'Funding Rules 2013/2014 January 2013 Current claimants will continue on their current benefits whilst Universal Credit is introduced in a rolling programme down to 2017. This will start in Oct 2013 in defined geographic areas. From Oct 2013 to March 2014 coverage will be extended to include couples and job seekers with children across the UK. The final phase will be from April 2014 -2017 with total transition to the new scheme completed by the end of 2017. This should mean that current students who are claimants should not be affected in terms of studying. Universal Credit will only 1<sup>st</sup> apply to new claimants. However from Oct 2013 colleges can expect to have increasing numbers of students who are on Universal Credit. One of results of introducing Universal Credit is that Job Centre Plus advisers will be able to attach conditions onto a claimant; failure to abide by these conditions may result in loss of benefits.
73. There is some top slicing from the SFA budget. £240m goes to Employer Ownership Pilots. These are employers being funded by the SFA to deliver directly training to their own workforces. This funding will be spread over 2012-2013 and 2013-2014. There is also SFA money going into Job Outcomes Incentive Payments which were introduced 2 years ago. This is paid to providers if students are in sustainable employment (ie 6 months in a job).

### Community Learning

74. Used to be called the Adult Safeguarded Budget and went to adult and community learning providers delivering non accredited programmes. The 2010 White Paper set up 15 Community Learning Trusts that brought together all providers of non accredited adult learning and informal learning with the various community and self organised groups using and even delivering adult learning together to plan, co-ordinate, fund and deliver local adult learning.
75. Community Learning providers will get the same allocation as 2011-2013.
76. However local authority adult and community learning services are being hit by local authority cuts. Local authorities often support adult and community learning services in a variety of ways. Sometimes it is by a direct grant to the service, sometimes it is free or heavily subsidised rates for the use of local authority buildings. These additional forms of funding and support are being hit heavily by cuts to local authorities. These will continue next academic year. Local authorities will be finalising their budgets for 2013-2014 now. Many local authority adult and community learning services are re-structuring their adult learning provision. Sometimes they are placing it in another department or directorate. There are continual reports of redundancies in these services

## HE in FE

77. Some colleges did received direct HEFCE funds, others had partnership agreements with universities and received funding and student numbers from them. There is no supplementary funding for HE in FE since the fees were increased to £9000 and 80% of HEFCE funding for HE teaching was withdrawn and replaced by loans.
78. Last year HEFCE made student numbers available for FE colleges if they charged less than £9000 fees. This continues 2013-14 but with far fewer numbers. Remaining partnership arrangements will also be under threat as universities may well claw back numbers given that HE admissions have fallen in the face of the high fees. Universities also have to be very careful with their numbers as they can be penalised if they enrol above their set numbers.
79. Confirmed figures from HEFCE will be published on 21 March 2013

## Prison education

80. The overall amount for prison education has not been cut.
81. However funding for prison education is in a state of flux as it will move to funding based around guided learning hours and the new mainstream FE adult and skills funding stream. This is likely to result in to increasing the number of learners through courses. The new funding methodology will encourage providers to get as many as possible enrolled onto prison education programmes so that they can claim 80% of the available funding for each student and then if the student achieves another 20% , although this is likely to seem a less important element than the 80%.
82. Those prisoners over 24 and taking in Level 3 or above programme will have to take out a loan

## Learner support changes

83. Both the EFA and SFA are exploring some changes to learner support for 2013-14. These are:
  - Bursary allocations in 2013-14 will be based on learner numbers from 2011-2012 and a model of the provider's previous EMA profile (i.e. if 50% of an institution's students claimed EMA in the final year's criteria and the institution have grown by 100 students, it will get additional funds for 50).
  - There are plans for EFA to handle the budget for the guaranteed bursaries for vulnerable learners with Colleges still handling assessments and applications.
  - SFA staffs are investigating ways in which they can merge different funds including disadvantage funding, additional learner support and discretionary learner support. Whether and when this happens is up for debate but SFA staff are well aware of the need to smooth any transition by making changes incrementally.

## Pressure on teaching time

84. There will be severe pressure on teaching time for both 16-19 education and training and adult learning



85. **16-19 education and training:** as described above the funding for 16-19 will no longer be for single qualifications but fund a programme of study. This is a 'substantial' qualification, plus English and Maths if needed, tutorials and other staffed activities. A full time study programme has to be at least 540 hours and be no more than 600 hours. The definitions and divisions of elements of the study programme are given in sections 20 -34 above.
86. It is not clear if 600 glh will enough to fund a full study programme with the various additions that may need to be part of the study programme. Colleges may attempt various strategies to make the study programme fit into the total amount of glh. Cutting teaching time, glh, is an obvious tactic that college management may try
87. Branches will need to establish first what their managements are planning. A set of model questions branch can ask management to find what they intend to do. When branches have established this, regional offices and Head Office need to be told.
88. Branches will then need to establish a strategic response to what management is doing.
89. One tactic may be attempts by managements to persuade different departments to carry out the cuts on their own behalf. This can lead to sowing divisions amongst members in different departments. This is not to say that opportunities may arise to create spaces to improve the depth and quality of the education we provide as the government is less prescriptive as to how money should be spent
90. One college is looking at where students have to have additional GCSE English and Maths or Functional Skills (FS) in English or Maths in their study programme where the student have not a Level 2 qualification in these subjects. Other study programmes will need to include work experience. The wording of the new funding refers to students 'working towards GCSE or FS English and Maths'. If student drops out of their English course but stays on the main award, there will be a cut in the overall funding as their remaining study programme could be deemed to be part time as the total amount of glh is below. There will be a corresponding loss of teaching time. For example if the college is allocating 140 glh for a GCSE, it could mean a loss of 60 glh per year. It could mean job losses, increased workloads or a combination of both.
91. There can also be problems around the new element in the funding formula around Retention (an explanation of this and how it will work is given in sections 33 and 34 above. Retention has always been part of the funding formula but it was expressed as part of success rates. These have been dropped from the new funding formula, they still are important for self-assessment and for OFSTED inspections). With the new definitions, managements may instruct staff to only enter students into for a GCSE/FS exam if they are certain that they will pass. For example 20 students enroll on a course and remain on it between September and February this will mean that the college keeps their funding. However the college is worried about its success rates so only enters 10 of the students where 8 pass, achieving an 80% success rate. This approach allows the college to maximize the funding and keep OFSTED happy at the same time.
92. The change to funding study programmes could also put pressures on the amount of glh that fund tutorials, work experience/placements and other activities that require some staff input eg rehearsals for performing arts students. These activities were funded as part of what was known as 'the entitlement'. This was funded at 114 glh and last year was cut to 30 glh per student. Again the

squeeze on glh may lead to job losses and increased workloads given that many staff feel very committed to their students and could well undertake these activities on a voluntary basis.

93. There will be pressures for students taking Level 3 courses where a college may find it advantageous to try and put students with lower grades into a certificate rather than a full diploma. This happened in the 1990s with the FEFC funding methodology in which achievement amounted to 25% of a student's funding. This may lead to students dropping out and moving to a provider who would allow them to undertake the programme they wanted and the level they
94. Managements may well ask teachers to be more flexible and imaginative. The college from which we have heard of management plans around study programmes is also suggesting that costs could be cut by the student doing less qualifications so reducing exam fees, staff being imaginative in course design such as using a project or multi unit approach so there is less writing for students and more co-operation between teams. 'Masterclasses' could cater for high achievers to increase higher grades.
95. There could be a re-emergence and new emphasis on learning in resource centres – YOYO or FOFO(You're On Your Own and Fxxk Off and Find Out)) Again this was a tactic that was used extensively in the 1990s when there were similar but less draconian pressures on teaching time.
96. Other management ideas might include teaching two groups inside the time allocated for one. Two units could be combined and taught in 3 hours per week which previously would have been taught in 6 hours or a one and a half hour classes could be taught in 1 hour.
97. **Pressures on teaching time in adult learning programmes:** the various changes to adult learning funding ie the new restricted statutory entitlements, the introduction of FE loans may well mean that some adult programmes become unviable in terms of student numbers. This may well lead to job losses and increased workloads for those lecturers who remain.
98. The change to a new basis for funding from guided learning hours to QCF units is already causing problems in some curriculum areas. Each credit on the QCF represents a notional ten hours of study. The simplified funding rates and the fact that some qualifications are going to be listed along with set amounts of guided learning hours rather than being load banded, is already hitting ESOL as well as English and Maths Functional Skills. The amount of glh funded for these listed courses will be set at a flat rate 100 glh irrespective of how many hours are delivered. It will mean there probably will be fewer hours for students on these courses to achieve the whole qualification. So colleges may well have less freedom to cover as much as has been covered in these programmes previously. For ESOL parts of programmes such as speaking and listening will be funded separately as 'Awards'.
99. An illustration of the problem in ESOL is that under the present funding a college will be paid for the amount of guided learning hours that are delivered up to the amount of learning hours for a full time course. So if a student completes a course of study in 100 hours, the college gets paid 100 hours, if the student does 420 hours, then 420 hours are paid for. This is how colleges can offer flexible programmes that reflect the different needs of different learners, spiky profiles and diverse educational backgrounds. In many colleges programmes vary from small numbers of hours, termly courses to full time, year long courses, with ESOL as the main or only component. This does not reflect a low level of expectation, but a recognition that it takes a long time to learn a language and that it takes some learners much longer than others.

100. Under the new methodology all modes qualifications have been rated as a Certificate (13-24 credits on the QCF), and will attract £724 per learner at the fully funded rate. It is being assumed they would be delivered in 130-240 hours. If a student takes Speaking and Listening (an element in ESOL programmes, and then moves onto an all modes qualification the hours they have already been funded for (or £336) would be deducted from the claim for the all modes qualification.
101. The temptation may be for a college to enrol a student on a lower level course which they may have more chance of achieving. However the SFA funding rules preclude state the following: Learners must be enrolled on a level of learning that is beyond that to which they are assessed. For example, if a learner is assessed as being at entry level 3 they must be enrolled on at least a level-1 qualification. Learners must not simply be accredited for knowledge they already have. “
102. The SFA seem to have recognised the change to the new methodology could be very destabilising with some. A SFA announcement is expected about some increased “transitional protection” to colleges if the value of some qualifications is showing too large a fall. SFA is saying it is committed to ensure the current offer is not adversely affected and wants to allow for a sensible transition to the new ESOL offer that is currently in development. This commitment will ensure the level of earnings for the current ESOL offer within each College’s allocation will be protected.
103. Colleges will be looking to new arrangements in some programmes to try to protect aspects of the programmes.

### **Model questions for branches to ask management**

104. 103. Both the funding agencies, the EFA and the SFA have given providers the software to run the current year’s funding allocation through next year’s different funding methodologies. Branches should ask management if they have undertaken this exercise and what the results were in terms of funding and any consequent job or programme losses.

### **16-19 funding**

105. The college has received its allocation of numbers of 16-19 year olds for 2013-2014. Is this increased, decreased or the same as last year? If the numbers have decreased what is the cause of this?
106. In the light of any new academies, free schools, studio schools and University Technical Colleges, does the college expect to be able to enrol the numbers of 16-19s they have been given? How will they achieve this?
107. Does the college believe that it can deliver 16-19 study programmes within the 600 hour limit that is being set? If not what strategies are the college contemplating to make study programmes fit into the new limit? Will there be consequences for jobs and programme losses? What will be the likely consequences in terms of student achievement?
108. Will tutorials, work placement visits and other staffed activities be cut next year in the light of the funding for the study programmes?

109. Does the college have any indication of how many 16-19 students may require additional English and Maths? How will this affect workloads for those delivering this additional work?
110. Does the college meet the new minimum performance levels for 16-19 programmes? If it does not, what are the consequences of this?
111. There is a new element in the funding formula for retention. How is this likely to impact on the college's funding for 16-19. What are the consequences of this in terms of job and programme losses?
112. There are new arrangements for 16-19 additional learning support. How will this impact on the college and LDD students? Local authorities will have the responsibility of assessing and funding young people with LDD until the age of 25, is the college in discussions with the local authorities they serve? What are the indications that the local authority will be able to undertake and fund the assessments it makes? If the local authority is unable to give assurances on assessments and funding what will be the impact on the college and its LDD students?
113. What preparations have the college made in the light of the introduction of raising the age of participation of young people?

## Adult learning

114. Has the college estimated how many students are likely to be lost by:
- The new restricted entitlements for adults to have free level 2 and 3 programmes up to the age of 24?
  - The introduction of FE loans for those over 24 taking level 3 and above programmes?
115. Has the college estimated how many students are likely to be lost by:
- The new restricted entitlements for adults to have free level 2 and 3 programmes up to the age of 24?
  - The introduction of FE loans for those over 24 taking level 3 and above programmes?
116. What preparations has the college taken in the light of the introduction of FE Loans?
- Have existing students who will have to take out loans been informed of this? Have staff, especially those staff involved in admissions and enrolment been briefed and prepared for the introduction of FE loans? If not when will this take place?
  - What other steps is the college taking to publicise the introduction of loans locally?
  - Are systems in place for students to receive independent financial advice?
  - Have staff received information on whether there are bursaries available and how they will be allocated?
  - Will they monitor shortfall on what would be normal application rates for 24+ students?

■ Have staff received information about apprentices taking out 24+ loans?

117. Is the college using the discretion granted to it in 2011 to not charge students who are in 'inactive' claimants if they signed a statement that they would be seeking working in the future? If so will they continue to do so? If not why are they not using this and will they consider changing their policy?
118. How does the college think that the introduction of Universal Credit will impact on the college and its students? Will they be informing and training staff involved with enrolment and admissions in the light of the introduction of Universal Credit?
119. The adult funding methodology is changing its basis from guided learning hours to being based on bands of credits. How is this going to affect the college's adult funding? What are the consequences of the changes in terms of job and programme losses and increased workloads?
120. There could be particular problems in the change of adult learning funding for ESOL students. Is the college aware of the recent changes announced by the SFA in respect of ESOL and other basic skills funding for 2013-2014? What will be results of this change for those programmes?
121. Adult and community learning: does your college have the contract to deliver in-formal/non formal adult and community learning from a local authority? If so does it receive any additional funds from the local authority, and if so have these been cut for 2013-2014? Are there other local authority cuts that may impact on the college's provision in this area?
122. ACE branches: is your service going to have cuts in local authority funding? If so how is this going to impact on the service in terms of job and programme losses and delivery of learning?
123. Prison education: how is the change of funding methodology going to impact on provision of your prison education programme? Will it mean job and programme losses? If so what job and programmes may be lost?
124. HE in FE: if your college delivers HE programmes, have the numbers of student places been cut? If your college is in a relationship with higher education institutions, is still continuing? Are there any changes in terms of student places? If the college's HE in FE programmes are being cut what are the consequences in job and programme losses?