



# Funding Update 2010-11



## Presentation Outline

- Machinery of Government (MOG) changes – the Young Peoples' Learning Agency and Skills Funding Agency
- Key state funding policy changes impacting on Colleges
- Timescales for change



# Machinery of Government

- LSC key funding partner is abolished and ceases to exist on March 31<sup>st</sup> March 2010.
- New multi agencies for planning and funding in its place from April 1<sup>st</sup> 2010.
- Apprenticeships, Skills, Children and Learning Act 2009 driving the Government policy and reforms.
- National Commissioning Framework (NCF) to be published in April 2010 by the Young Peoples' Learning Agency (YPLA).



# Young Peoples' Learning Agency

## For 14-19 Young People

- Local Authorities (LAs) responsible for strategic planning and commissioning.
- Young Peoples Learning Agency (YPLA) created primary focus on support to LAs, funding and performance and National Priorities.
- 16-19 Statement of Priorities and Investment Strategy 2010-11 published January 15<sup>th</sup> 2010.



# Skills Funding Agency

## For Adults

- Department for Business Innovation and Skills (BIS).
- Lord Mandelson Secretary of State.
- Skills for Growth – National Skills Strategy published November 2009.
- Skills Investment Strategy 2010-11- Published November 2009.
- Higher Education – Higher Ambitions Strategy published November 2009.



# Skills Funding Agency

- Skills Funding Agency (SFA) April 1<sup>st</sup> 2010.
- Responsible for all Government/public funding in adult skills and learning except Higher Education.
- Primarily a National Delivery Organisation with capacity to respond to regional priorities.
- National Employer Skills Service (NES) and Learner Skills Service (LSS) support.
- National Apprenticeship Service (NAS).
- Single Account Management with each provider.



## Skills Funding Agency

- Regional Skills Strategies being written in conjunction with the Regional Development Agencies and Sector Skills Councils (SSC).
- This process will start from 2010-11 with new focus on priority sectors and skills.
- The SFA will deliver these priorities through commissioning Colleges and providers in response to skills needs of RDA, Employers and SSC.



# Funding 2010-11

## Young People 16-19

- Changes to national base rates per SLN.
- 16-18 **No** Change £2920 per SLN.
- In real terms this is a cut when taking inflation into account of around 1%.
- Consolidated baseline allocations set at 2009-10 levels.
- Local demographics taken into account Yr11 outturn and adjusted accordingly at local/regional level.



## Funding 2010-11

- Take into account any infrastructure changes i.e. Capital Build effect/mergers.
- Negotiate growth (if any) for:
  - NEETs
  - September Guarantee
  - Other identified needs at regional level.



## Funding 2010-11

- Level 2 and Level 3 attainment key priority.
- NEETs key priority.
- Apprenticeships priority and potential for growth which is significant as limited growth elsewhere.
- Foundation Learning including E2E priority (entry level through to Level 1 inclusive).
- Functional Skills all providers must deliver FS as removal of funding of adult literacy and numeracy funding for 16-18 year olds.
- Flexible Provision a priority for vulnerable groups i.e. young single parents mums, carers.



## Funding 2010-11

- Flexible start dates and times for young people.
- New Diplomas key priority.
- EMA bonus payments removed saving £94 million nationally.
- Common Application Process (CAP) in place by September 2010.



# Funding 2010-11

## Adult Learner Responsive (ALR)

- 19+ A reduction of 3% to £2732 per SLN.
- In real terms this is a cut of around 5% when taking inflation into account.
- Minimum 5% reduction in ALR or volume of funding.
- Maximum 25% reduction in ALR nationally.
- Skills for Life Programme weighting reduced from 1.4 to 1.2 a 14% reduction in real terms.



## Funding 2010-11

- Skills Accounts introduced Nationally in 2010-11.
- Priorities remain as before:
  - First full level 2 and
  - First Full level 3 and
  - Entry level 3 Numeracy and
  - Level 1 Literacy
- Focus on Priority groups and priority learner groups



## Funding 2010-11

- Reduction in real terms of Developmental Learning i.e. non target bearing qualifications and other provision.
- Increased funding for programmes targeted at the unemployed i.e. Response to Redundancy and Employability Skills Programme.
- Limited potential bidding opportunities under ESF for example.
- Department for Work and Pensions (DWP) has significant funding but are major projects with limited opportunity for individual providers to bid for.



# Funding 2010-11

## Apprenticeships

- Apprenticeships aim to increase participation and grow particularly 16-18 and advanced apprenticeships but;
- Funding rates reduced by 3%.
- Further 10% reduction to rates for 25+ apps.
- Fees to employers also rise to 50% assumed fee element.



# Funding 2010-11

## Train to Gain

- Train to Gain tightening up on flexibilities.
- Funding rates cut by 6%.
- Minimum Level of Performance introduced to focus on quality of provision not just volume.
- Fees to employers also rise to 50% assumed fee element.
- Level 2, 3 priority still.



# Funding 2010-11

## Additional Learning Support

- ALS No changes in formulae used to calculate the 60%.
- Remaining 40% to be negotiated for 16-18 and 19+.
- High Cost ALS information already requested as estimate for next year from College to LSC 3 months earlier than normal.
- Because of contraction of ALR expect less ALS in 2010-11 for Adult ALS.



# Funding 2010-11

## Higher Education

- £984m cut in HE funding announced by Lord Mandelson in December 2009.
- Universities and Colleges told they will face £3500 fine per student that is recruited over target.
- May be removal of enhanced funding for Foundation degrees.
- Fee levels subject to National review.
- No growth likely unless through Franchising with partner universities.
- Demand nationally massively up so competition for places intense.



## Funding & Finance – Impact on Colleges

- 16-18 funding neutral assuming targets met 2009-10
- 19+ funding ALR:
  - Min 5%
  - Max 25%
- Reduction in ALS due to contraction of ALR.
- HE funding neutral.
- Apprentices funding increase 3%.
- Train to Gain funding neutral assuming criteria met.
- No new ESF contracts.
- Claw back re-introduced for all streams in 2010-11.



## Timescales

- 16-18 including Apprenticeship funding must be finalised by 31<sup>st</sup> March.
- 19+ including Train 2 Gain planned to be prior to March 31<sup>st</sup> HE grant letter expected end of January.
- Bidding i.e. ESF, R2R bidding anytime.



## Summary

- Funding being cut significantly due to Government cutbacks and national policy.
- Impact will be significant for Colleges.
- Very few opportunities for growth or new contracts.
- Challenging business planning for 2010-11 and beyond.