

Funding Guidance 2011/12:

ILR Funding Returns: Addendum

This addendum (which updates the main document) contains updated information on funding returns to the YPLA together with more detail on funding reconciliation for this year. It includes updated advice for all providers on funding returns based on issues identified from last year's returns.

This document does not apply to school sixth forms returning school census data.

Of interest to all YPLA ILR funded 16-19 providers and in particular those staff working in their management information and finance teams.

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* *A minor correction has been made to paragraph 18 since original publication*

 For information

ILR Funding Estimates and Final Claim 2011/12

Introduction

1. This document provides supplementary advice on where providers should send their YPLA final funding claim 2011/12. The document also includes technical advice that supports the associated ILR data returns that must be returned through the Data Service web portal during the year. This document is only intended for YPLA 16-19 funded providers and is written on the basis that readers have fully read the other various YPLA Funding Guidance 2011/12 documents and in particular document *ILR Funding Returns*.
2. The YPLA has now decided that only independent private training providers and any other organisation subject to funding reconciliation are required to submit electronic funding returns for mid-year and year-end estimates to the YPLA funding claim inbox at cvhiltrreturns@ypla.gov.uk. Colleges, sixth form colleges, higher education institutions and local authorities are not required to make either mid-year or year-end Annex B workbook estimates.
3. All mid-year and year-end estimates should be returned with an electronic copy of the Learner Information Suite (LIS) *ILR (2011/12) Funding Claim Report*. In making their electronic returns will providers please make sure that the **email header clearly states their provider name and UPIN**.
4. Any paperwork funding estimates should be sent to the YPLA at the address shown in the Annex B workbook available from the Funding Guidance page of the website. This address will change in April 2012 following the creation of the Education Funding Agency and is not therefore included in this publication. An updated version of this document will be published in October 2012 so all references in the document are then to the final funding claims for which original signed paper returns will still be required this Autumn.

Advice on completing the mid-year estimate in 2011/12

5. All mid-year estimates should be returned electronically to the YPLA and should only be made using the **mid-year estimate** workbook available with this document on the website. All workbooks should be returned with a copy of the LIS Funding Claim Report that includes the last submitted ILR R06 figures in column D. In column E providers should enter their rest of year estimate so the figures in column F are those the provider expects to reach in their final claim for 2011/12. The following information and advice may assist providers in making their Column E entries. The information set out below will be used by the YPLA to validate provider 2011/12 mid-year estimates.
 - For YPLA funding, learners on learning aims earn all their funding for the year from the start of each individual learning aim. For this reason the percentage of funding earned at the half year point is usually much higher than 50 per cent. The actual profile varies for every individual provider but historical data can be used to assist in making more accurate future estimates.

- The YPLA will issue to independent private providers in early February final reconciliation statements that will include all of the following information for 2010/11.
 - The allocation for 2010/11 including separate figures for the main cash allocation, any protected cash allocation, the SLN, learner numbers and the additional learning support allocation.
 - The funding claim funded programme cash, SLN and learner numbers. These will be split so as to show separately the ILR values and any manual adjustments.
 - Any funding clawback and its final recovery profile for 2010/11.
 - The funding out-turn from ILR LR05 for both funding and learner numbers split so as to show the funding earned for learners starting qualifications between 1 August 2010 and 31 January and those that started qualifications after 1 February 2011. This will be shown in actual values and as percentages to assist providers making their 2011/12 mid-year estimates.

6. The YPLA will validate mid-year estimates by comparing the rest of year (Column E) figures as a percentage to the total figures (column F) to the equivalent figure in 2010/11. Where these figures are substantially different providers may be asked to submit additional funding claims during 2011/12 to substantiate their mid-year estimates. Providers whose delivery after 1 February is substantially different to the figures returned in mid-year estimates are encouraged to submit additional returns during the summer period where the figures significantly alter any clawback figures. Any in-year clawback is an interim recovery for final clawback and any provider whose delivery increases late in the year will receive the appropriate rebate of any over-recovered mid-year clawback in full as soon as the delivery is evidenced to the YPLA.

Funding Reconciliation in 2011/12

7. The main funding reconciliation rules are set out in the main document *ILR Funding Returns* in paragraphs 21 to 29. This addendum does not change the main reconciliation rules but includes some additional processing guidance to assist providers to understand the impact of any transitional protection adjustments, sets out the agreed clawback profile that will apply for 2011/12 and removes any reference to regional schedules from reconciliation.
8. For 2011/12 any provider with significant underperformance will be subject to interim clawback rather than any change to their agreed allocation. The clawback rules for in-year adjustments will be the same as those that apply to final claims for 2011/12 as set out in the main document and are also similar to the final reconciliation rules for 2010/11.

Transitional Protection Adjustments to Allocations

9. For funding reconciliation purposes transitional protection (TP) adjustments to provider allocations will not be subject to funding reconciliation by the YPLA for the purposes of calculating any clawback. The following table gives examples of how both positive (+ ve) and negative (-ve) TP is applied to funding reconciliation calculations.

Table 1: TP examples		TP (- ve)	No TP	TP (+ ve)
1.1	Funding Allocation	£3,000	£3,000	£3,000
1.2	Transitional Protection (TP)	-£300	£0	£300
1.3	Net Allocation *	£2,700	£3,000	£3,300
1.4	Funding Allocation (that is being used for reconciliation)	£2,700	£3,000	£3,000
1.5	Tolerance - standard 5%	£135	£150	£150
1.6	Tolerance – 10% - (only if > 95% learner number in allocation) #	£270	£300	£300
1.7	Funding Claim (figures from ILR LIS Funding Claim report). Provider only delivered 90% of Learner Numbers Allocation	£2,400	£2,400	£2,400
1.8	Clawback	-£165	-£450	-£450
<p>* <i>The YPLA is not reconciling transitional protection for 2011/12 as shown above.</i></p> <p># <i>Providers who deliver at least 95% of their learner number targets are eligible for a higher tolerance of 10% against any programme funding underperformance - see paragraph 28 of ILR Funding Returns.</i></p>				

Contract Providers (IPP) with regional schedules in 2011/12

10. The YPLA has simplified the process for providers with regional schedules and will now reconcile all providers on a national basis for 2011/12. The fourth bullet point in paragraph 28 of *ILR Funding Returns* guidance is now deleted. This change will enable all providers with regional schedules to count all delivery against their total contract before any clawback is calculated. All providers are now only required to submit estimates and final claims for 2011/12 on a national basis.

Clawback profile for 2011/12

11. The clawback profile for 2011/12 that will be applied to providers is set out below in Table 2 and will apply to all funding reconciliations for 2011/12 whether determined by mid-year, year-end or final claims. When a year-end or final claim is different from the previous return and a provider has no allocations in 2012/13, any adjustments to clawback will be applied at 100 per cent in autumn 2012. Providers with 2012/13 allocations will have the cumulative profile to the month their revised claim is processed applied to their revised clawback figure.

Table 2: Clawback profile	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Allocation Payment profile %	12.56%	11.60%	9.60%	5.68%	12.56%	9.44%	9.56%	7.44%	5.60%	5.60%	5.20%	5.16%
Providers with 2012/13 Allocations	-	13.27%	10.98%	6.50%	14.36%	10.80%	10.93%	8.51%	6.40%	6.40%	5.95%	5.90%
Providers with no 2012/13 Allocations	31.85%	29.41%	24.34%	14.40%	-	-	-	-	-	-	-	-

12. This profile has been agreed as to meet the following policy requirements.
- For providers who are funded in 2012/13 to spread their clawback for underperformance in 2012/13 in proportion to their allocation payments so as to reduce the risk to delivery in 2012/13 whilst also meeting Treasury requirements to recover unused public funds.
 - For continuing providers the actual in-year clawback is around 31% of their likely final clawback and for this reason the mid-year tolerances are the same as final claim tolerances so simplifying the guidance and systems needed to support funding reconciliation.
 - To safeguard public funds and reduce the risk of debtor default. Providers who cease delivery in July 2012 are not left with significant public funds that must be recovered after the end of the year.

Eligibility for Funding Entitlement

13. The relevant paragraphs in *Funding Regulations 2011/12* are paragraphs 106, 119 to 121. Entitlement may only be claimed for full-time learners and may be claimed once for any 12 month period. The YPLA has agreed the following guidance for providers with learners whose programme is full-time across two funding years but is not full time in any one funding year. For these learners, providers may claim the entitlement in the first funding year rather than the second if either of the following conditions are met:
- the majority of their programme is being delivered in the first year; or
 - they are enrolled on their full time programmes before 1 May 2012.

14. To reflect the fact that the glh delivery may cross two funding years the PDSAT report on entitlement claims for non-full time learners for 2011/12 retains the threshold at 336 glh in the funding year rather than the higher 420 glh implied in *Funding Regulations* paragraph 120. Providers are reminded that entitlement funding can only be claimed once for learners who only achieve full time status for a single 12 month period across two funding years.
15. *The YPLA Funding Guidance 2011/12: Funding Regulations* document is available at: (http://readingroom.lsc.gov.uk/YPLA/ypla-Funding_Guidance_Regulations_2011-12_gn-Jul11-v1.pdf).

Provider Data Self Assessment Tool (PDSAT) Reports on Entitlement Funding

PDSAT reports 120-03-204 and 120-05-104

16. Entitlement funding is generated for 2011/12 when ILR field *Learner funding and monitoring type* is set to EFE and 12 for learners aged 16-18. To help providers check whether entitlement funding has been claimed the *PDSAT report 120-03-204* should be run by the provider. This lists the planned glh of the learner's programmes – so those whose total programme delivery in 2011/12 is at least 336 glh may be eligible for entitlement funding.
17. Similarly *PDSAT report number 120-05-104 - Part time 16-18 Claiming Enhanced Funding* – this report shows learners on programmes of less than 336 glh who may not be ineligible for entitlement funding and providers need to review this report to make sure they are not over claiming for entitlement funding. The YPLA audit teams are likely to review ILR data so as to ensure that providers do not over-claim entitlement funding.
18. The final date for claiming entitlement is the 16 November 2012 as part of returning final 2011/12 ILR R15 data and the signed final claim to the funding body. It is important that all providers ensure their entitlement funding is correctly claimed before making their final ILR R15 submission.

PDSATs – where to find them

19. The 2011/12 PDSAT (Provider Data Self-Assessment Toolkit) software (and guidance documentation) can be found on the Data Service website at the following link:
<http://www.thedataservice.org.uk/Services/DataCollection/software/dsat/DSAT1112.htm>.
20. The software is developed and supported by KPMG. Support is via their helpdesk facility is as detailed on the main PDSAT page, where you can also find a PDSAT e-learning guide:
<http://www.thedataservice.org.uk/Services/DataCollection/software/dsat/>.

Review of final funding claims for 2010/11 – all providers

21. In reviewing both final funding claims and final ILR LR05 2010/11 returns all providers are reminded of the need to check their funding totals on their ILR data before submitting data through the portal. Providers may find the following checks helpful and these checks are particularly important before making the last R06, R14 or R15 ILR data submissions.
- To check their added value reports on the portal before making their next ILR submission as these will show any learners that whilst included on the LIS Funding Claim Report will not be included in any YPLA calculations for lagged funding purposes.
 - To review their LIS funding claim reports to check that all learners who have become 19 during the second or subsequent year of their programme are correctly recorded (please read ILR Returns Annex E for full details on the coding required for these learners).
 - For learners shown in row C (and similarly in rows B) on the funding claim report the YPLA would expect to see a high cost ALS entry. These learners are also likely to have a S139a LDA and where this is the case providers must complete ILR field *Learning funding and monitoring code* so the LDA reference is set to 1.

Summer School Programmes for Learners of Compulsory School Age

22. In Funding Regulations paragraph 58 the YPLA allow for small scale recruitment of learners of compulsory school age for basic skills summer programmes. Learners who finish school in the early summer each year are funded and counted for government purposes as part of the year 11 group in academies and secondary schools. It is not expected that this group should also be added in any material number to the post-16 learner numbers and used for lagged funding purposes in the following year.
23. The concession in paragraph 58 is to allow providers to target those learners who have had disrupted year 11 school education or who are expected to have very low attainment from their year 11 studies and are therefore at high risk of being not in education, employment or training (NEET) in the following year. If providers have any such learners who are enrolled after the school leaving date (last Friday in June) then they should notify the YPLA territory if they expect to include these learners in their data returns for funding purposes. Providers are free to offer any taster or induction programmes to other learners but they should not be included in ILR data returns for the same funding year that learners complete their year 11 (or any earlier year) studies purely to boost learner numbers for funding purposes.

Annex F: Manual Adjustment 2011/12-4

24. The manual adjustment 2011/12-4 shown in *ILR Funding Returns Annex F* is now being widened and is amended as shown below.

Manual adjustments to 2011/12 funding claims derived from a specified version of the Learner Information Suite (LIS) using specified versions of the Learning Aims Reference Application (LARA)

Number	Possible reason for a manual adjustment to final funding claim	YPLA response for 2011/12
2011/12-4	<p>Where a provider enrolls a 19-24 LLDD learner (i.e. a learner funded by the YPLA using the Adult Learner Responsive funding model) on a learning aim that is available to the 16-18 funding model but not to the ALR funding model a validation rule violation will occur.</p> <p>Previous guidance from ILR Returns</p> <p>Where a provider enrolls a 19-24 LLDD learner (i.e. a learner funded by the YPLA using the Adult Learner Responsive funding model) on the 'Foundation Learning weekly aim' (learning aim reference ZFLW0001) a validation rule violation will occur as the aim is not available within the Adult Learner Responsive funding model.</p>	<p>Providers can manually adjust their funding claim for these learners. In most cases this will affect SLN and cash. A manual adjustment for learner numbers will only be required for learners only on these aims (that is, those learners not generating any ILR funding).</p> <p>For Foundation Learning weekly aim</p> <p>Care must be taken to only claim funding for each Monday on or after the learner's start date on the aim and on or before the learner's actual end date on the aim.</p> <p>Special care should be taken where a learner is on this aim for an extended period of time, or progresses onto other aims and is subject to the funding cap. This manual adjustment must not result in any learner exceeding the level of the cap.</p>

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