

All providers in London

22 January 2009

Dear colleague

### Planning and Funding in London for 2009/10

The purpose of this letter is to update you on progress with planning and funding for 2009/10, and to outline the next steps leading to the issue of final allocations. In particular, the letter provides feedback on the planning numbers which providers submitted in December. This is to inform further planning discussions with your LSC Partnership Team which are happening now and over the coming weeks. As is our usual practice, I am writing in similar terms to all Schools, providers of Further Education, Work Based Learning, Train to Gain and Employability programmes. Some of the contents of this letter may not be directly relevant to your organisation, but I hope you find it useful to see the wider context.

### 16-18 Learner Responsive

We issued Provisional Funding Positions (PFPs) to all 16-18 providers on 9 January. The table below shows the position across London.

	2007/08 Full Year		2008/09 Full Year Plan		2008/09 F01/ October Census		2008/09 Full Year Estimate		2009/10 Provisional Funding Position	
	Learners (Actual)	Funding (Plan) ('000)	Learners	Funding ('000)	Learners	Funding ('000)	Learners	Funding ('000)	Learners	Funding ('000)
FE	94,644	464,490	99,944	483,971	89,935	-	96,125	471,259	94,905	455,913 <sup>1</sup>
Schools	63,441	364,247	66,623	357,499	66,246	-	-	-	66,153	362,948

<sup>1</sup> Provisional Funding Positions only include the formulaic element of ALS, so this figure will rise to include discretionary ALS allocations.

	2007/08 Full Year		2008/09 Full Year Plan		2008/09 F01/ October Census		2008/09 Full Year Estimate			2009/10 Provisional Funding Position	
Total	158,085	742,636	166,567	841,470	156,181	-	-	-	-	161,058	818,861

From this analysis, we can see that the value of the 2009/10 PFPs issued in London is lower than the 2008/09 plan. The principal reason for the difference is that learner numbers reported by providers in the autumn term data return were substantially lower than the planned learner numbers which we are funding for 2008/09. While some providers have reported learner numbers higher than plan, and this growth has been consolidated, more have reported lower than planned learner numbers.

The Demand Led Funding (DLF) system means that the reduction in learner numbers results in a reduction in funding. This may be partly offset by the increase in the national funding rate, and funding at provider level is also affected by any change in the Standard Learner Number (SLN) ratio, and the Provider Factor. The SLN ratio and the Provider Factor will be informed by final full year data from 2007/08 when it is available.

There are two further steps before final allocations are confirmed:

- Adjustments to PFPs: in cases where providers believe the PFP is substantially incorrect, they have been discussing this with their LSC Partnership Team. Reasons may include incomplete or incorrect data, significant changes in recruitment patterns or issues relating to the SLN ratio or Provider Factor. If the Partnership Team believes there may be a case to adjust the PFP, they will invite the provider to submit appropriate supporting evidence. We expect such cases to be rare.
- Growth proposals: in the light of the analysis above, we expect to support very few cases for further growth in 2009/10, beyond the consolidated growth already reflected in the PFPs. As we have previously indicated, we will only consider growth requests which relate to approved capital projects where there was a prior agreement to consider growth, and to infrastructure changes agreed by the local 14-19 partnership, i.e. a planned increase in learners at an institution which is offset by a planned reduction elsewhere. Again, we expect such cases to be rare, and Partnership Teams are in dialogue already with providers who may meet these criteria. Where the Partnership Team believes there is a case to be made for growth, and where further information is needed, they will ask the provider to submit appropriate supporting information.

Partnership Teams have been in dialogue with providers in recent weeks to identify any cases where adjustments to PFPs or growth proposals may be

considered. They will complete this work, and conclude discussions on any exceptional cases, by **Wednesday 28 January**. During February, growth proposals and corrections to PFPs will be reviewed and moderated, locally, regionally and nationally, before final allocations are confirmed in March. If necessary, your partnership team may discuss your proposals further with you during this time and may seek more information.

### **Adult Learner Responsive**

We have reviewed the planning numbers submitted by providers in December. At headline level, these indicate:

- For Full Level 2, providers have offered a total of 24,287 learners against a regional delivery assumption of 25,381
- For Full Level 3, providers have offered a total of 21,918 learners against a regional delivery assumption of 20,731
- For Skills for Life Target, providers have offered a total of 68,065 learners against a regional delivery assumption of 96,344
- For Foundation Learning Tier, providers have offered a total of 57,820 learners against a regional delivery assumption of 67,475

For Full Level 2 and Full Level 3, we are close to or above the delivery assumption and will simply be reviewing proposals against provider performance and track record, and moderating any that appear unrealistic, while seeking an increased stretch from those who appear to have scope for a greater increase in 2009/10 than they are currently proposing.

For Skills for Life (SFL) and Foundation Learning Tier (FLT), we believe the position may be complicated by confusion over definitions of what should be included in the Summary Statement of Activity (SSOA). Initially, therefore, Partnership Teams will be reviewing planning numbers with providers where they appear to be lower than we would have expected, to ensure that the correct definitions are being used and that all proposed priority provision is captured in the SSOA.

It is important to remember that these learner numbers will drive the Adult Learner Responsive funding allocation for 2009/10. Provision in one of the four priority categories above, which is agreed with your Partnership Team and by the moderation process, will be funded via the Demand Led Funding Methodology. All other provision will be counted as Developmental Learning. Funding for Developmental Learning is expected to reduce by an average of c40% in 2009/10, although the reduction will be higher for some providers because of the need to protect certain elements of provision, namely LLDD, TUC, EIs and SDIs. It is

therefore imperative that providers clearly identify all priority provision in their SSOA.

To support further discussion with partnership teams, we are producing two reports:

- One report will show the provider's mix of provision, using 2007/08 data. We have produced similar reports in previous years to assist the dialogue, and help identify courses which may be converted to priority provision.
- One report will model the LSC London Region's priority targets at individual provider level. This will help provide an indication of the contribution towards each of the priorities which we might reasonably expect from each provider. This is to inform discussion, and we understand that there will be reasons why providers may wish to propose numbers which are lower, or higher, than the modelling would indicate. Partnership Teams will want to discuss with providers any proposed learner numbers which appear to be either not sufficiently stretching or unrealistically high.

On Foundation Learning Tier, both in adult learning and 16-18, our focus at this stage is on agreeing the headline learner number target. Partnership Teams will follow up subsequently with more detailed discussions about the movement of provision to FLT Progression Pathways.

Partnership Teams have been in dialogue with providers in recent weeks to review the Adult Learner Responsive numbers and to agree adjustments where necessary. They will complete this work by **Friday 13 February**. During the remainder of February and March, proposed learner numbers will be reviewed and moderated, locally, regionally and nationally, before final allocations are confirmed at the end of March. If necessary, your partnership team may discuss your proposals further with you during this time and may seek more information.

### **Employer Responsive**

Employer Responsive maximum contract values for 2009/10 will be calculated based on contract performance in 2008/09. We will take into account the most recent performance data available, including success rates and any Minimum Levels of Performance. We will also agree the starts, completions and learner numbers associated with this maximum contract value. We expect to communicate these to providers by March 31<sup>st</sup>.

### **Employability Programmes**

We will be seeking to negotiate volumes for employability programmes from existing Skills for Jobs (SFJ) and Employability Skills Programme (ESP) providers for 2009/10. These will be set at values that reflect performance in 2008/09. In

particular, we will be looking closely at evidence of providers' success in helping Londoners into employment.

We may also wish to expand the coverage of employability programmes through a restricted tender process from existing providers who do not currently hold an ESP or Skills for Jobs contract. The tender process would seek to fill geographical gaps (by JCP district) and we would make an assessment of provider capacity, viability and performance to select a limited number of providers to help address these needs.

### **Other Budgets**

**Additional Learning Support (ALS):** as previously indicated, the new methodology for allocating ALS which was introduced in 2008/09 is being reviewed for 2009/10 to address some anomalies, including around Skills for Life learners. We now expect that this will mean that London will receive a similar allocation to 2008/09, and we expect confirmation of this shortly. If this is the case, we expect to make allocations to providers in line with the revised methodology, whilst at the same time minimising turbulence for providers. We will aim to confirm details at the same time as final allocations in March.

**Learner Support:** we expect the budget to increase in line with the inflationary assumptions set out in the Statement of Priorities. We will use prior years' expenditure to determine the allocation of funding, subject to affordability.

**European Social Funding (ESF):** additional ESF funding will be available to support activities in response to the economic downturn, both from the current programme and from additional resources made available as a result of the revaluation of sterling. We will launch the Invitation to Tender on 2 February 2009.

### **Responding to the Economic Downturn – Flexibilities in LSC Programmes**

In December, the Mayor published his Economic Recovery Action Plan for London, which included contributions from the LSC, LDA and JCP. In parallel with this, the three agencies have been developing a Joint Action Plan to outline the work we are doing together in response to the economic downturn. This is consistent with the Mayor's Plan, and has a specific and detailed focus on employment and skills. The Joint Action Plan will be launched on 2 February 2009, together with the Invitation to Tender for new ESF programmes.

We are aware that providers are also reviewing their services in response to the economic downturn, and in many cases are reacting rapidly and flexibly where there are potential or actual redundancies locally. They are working directly with employers (in some cases with administrators/receivers), with Jobcentre Plus and with other local partners, notably local authorities, to put together packages of support. We wish to encourage and support this work, and particularly to ensure

that providers are able to make use of all available flexibilities in LSC-funded programmes.

Earlier this month, we published details of additional flexibilities available in the Train to Gain programme, and this is available via the LSC website. In the Annex to this letter, we provide further clarification on the flexibilities available within Adult Learner Responsive provision.

### **Conclusion**

I hope this letter provides a helpful update on progress with planning and funding for 2009/10, and that you will find it of use on finalising your proposals. Should you have queries at any time, please refer to your Partnership Team as your first point of contact.

Yours sincerely

A handwritten signature in black ink that reads "Jill Lowery". The signature is written in a cursive, slightly slanted style.

Jill Lowery  
Regional Operations Director

## **ANNEX 1: Guidance on flexibility in Adult Learner Responsive pre-level 2 provision**

### **Introduction**

This note provides guidance to providers on the availability of flexibilities within pre-level 2 provision in the Adult Learner Responsive model. For these purposes, 'pre-level 2' includes appropriate Skills for Life (SFL), Foundation Learning Tier (FLT) and Developmental Learning provision.

### **Policy context**

The LSC Statement of Priorities published in November 2008 introduces new flexibilities in pre-level 2 provision in the Adult Learner Responsive model, alongside the private sector SME flexibilities in the Employer Responsive model. Colleges and providers will be expected to deliver their agreed contribution to SFL PSA targets (as set out in their Summary Statement of Activity), but beyond that will have flexibility to use their funds for SFL, FLT and Developmental Learning to respond to local need. Within this flexibility, providers will be expected to maintain key priority areas such as LLDD and TU learning, but not to meet specific targets.

### **Programme Guidance**

#### Skills for Life

Colleges and providers who receive Skills for Life funding and are required to meet Skills for Life PSA targets will still be expected to meet their agreed target. This refers specifically to the volumes that contribute directly to literacy level 1 and numeracy entry level 3 targets.

Where providers include the delivery of higher level provision (i.e. numeracy levels 1 and 2, and literacy level 2) to meet their PSA targets, this should be also prioritised.

#### Foundation Learning Tier Progression Pathways

It is an LSC priority to move the majority of existing entry and level 1 provision into FLT Progression Pathways<sup>2</sup> by August 2010, with an interim target (as set out in the LSC's Annual Statement of Priorities) to move 30% of provision in 2009/10. Achieving the 30% target, where this is possible, should take priority in 2009/10 before other forms of flexible provision are considered.

The development of an individual's employability skills is implicit through all the FLT Progression Pathways. Successful achievement of these help equip learners

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<sup>2</sup> FLT Progression Pathways are the new, main organising structures for provision at entry level and level 1 and are made up of qualifications drawn from the Qualifications and Credit Framework – see FLT Prospectus, FLT Catalogue and FLT Getting Started Pack and Mini-Guides weblinks on final page

with the knowledge, skills and/or competence directly relevant to work or employment. They also provide a range of sector-related knowledge, skills and capabilities that serve as preparation for employability in specific sectors. FLT Progression Pathways should therefore be highly appropriate for many of those affected by the economic downturn.

### **Principles to apply to flexible provision**

In order to take advantage of the flexibilities available, the following principles will apply both for Skills for Life and other types of sub-level 2 provision:

- An individual's starting point and planned destination, having regard to previous experience/achievements and future aspirations, should be the key determining factors in identifying the type of provision to be offered.
- Provision should be "roll-on/roll-off", with at least monthly intakes of learners (including over the summer period June/August)
- Provision may be sector specific and tailored to the needs of different occupational areas, or offer generic employability skills which will prepare an individual to enter employment upon completion of the programme
- Provision should align with the design and ethos of Foundation Learning Tier Progression Pathways
- Provision should avoid problems over the "16 hour rule" by being 15 hours per week or less, but sufficient to enable people to progress to employment as quickly as possible
- Provision should either lead to job outcomes or provide a clear progression route to a further programme which should ultimately lead to a job outcome (for example to Skills for Jobs, the Employability Skills Programme or to a full Foundation Learning Tier Progression Pathway)
- Provision should enable individuals to continue their learning once in employment, through Train to Gain
- Provision should complement, and not duplicate, existing employability programmes funded by the LSC, JobCentre Plus and other partners

### **Examples of Eligible Provision**

- Short intensive programmes of Skills for Life and ESOL (for example 15 hours per week x 8-10 weeks), particularly at pre-entry and entry 1/2 levels to prepare learners to access and achieve within the Employability Skills Programme (i.e. the provision should provide a direct progression route to the programme)
- QCF vocational or employability qualifications, or units of such qualifications, drawn from the FLT qualifications catalogue (which could in time enable a learner to complete one of the four FLT Progression Pathways)
- Independent living skills, delivered in conjunction with wider employability skills, enabling disabled learners to progress to programmes like Skills for Jobs or supported employment agencies

## **Delivery model**

The provision should be delivered in the context of the local labour market, and the targets and priority groups identified within local authority agreements and local employment partnerships. In order for the flexible provision to lead to successful outcomes providers, should work with a range of key strategic partners including JobCentre Plus, local authorities, supported employment agencies (for learners with learning difficulties and/or disabilities), Nextstep Service and LSC-funded providers of Train to Gain, Skills for Jobs and Employability Skills Programmes.

## **Useful Resources**

Foundation Learning Tier Prospectus

[http://readingroom.lsc.gov.uk/lsc/National/LSC-P-NAT-080131\\_ProspectusProgressionPathways.pdf](http://readingroom.lsc.gov.uk/lsc/National/LSC-P-NAT-080131_ProspectusProgressionPathways.pdf)

Foundation Learning Tier – Getting Started and Progression Pathway Mini-Guides

<http://flt.excellence.qia.org.uk/document.asp?id=238>

<http://excellence.qia.org.uk/page.aspx?o=167793>

Foundation Learning Tier Qualifications Catalogue

[http://www.qca.org.uk/qca\\_20389.aspx](http://www.qca.org.uk/qca_20389.aspx)

Sector Employability Toolkits

<http://www.lsc.gov.uk/providers/local-employment-partnerships/>