

Employer Responsive Funding



Leading learning and skills

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Modes of Delivery



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School/college/provider

Employer based

16-18 Budget

16-18 Model

Provision funded through negotiated commissioning without in/end year reconciliation

Apprenticeships (funded through employer responsive model)

19+ Budget

19+ Learner responsive Model

Provision funded through negotiated commissioning with in/end year reconciliation

Employer responsive Model

Train to Gain,
NVQs in the workplace
Apprenticeships 19+(funded through employer responsive model)

E2E (Learner Responsive)



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1 week = 0.039 SLN

Bonuses: average length of stay = 22 weeks

Success = 74%

Each = 0.063 SLN

Provider Factor: 1.3 Programme Weighting

0.87 Success

Disadvantage – current

Higher of...

SLN adjustment

Existing payment arrangements

Employer Responsive Model



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- Covers Train to Gain including FE employer-based NVQs, Apprenticeships
- Negotiated indicative maximum contract value
- Calculated using DLF formula (TtG)
- Payments on actual delivery in arrears
- Achievement element
 - Train to Gain – 25% for each aim paid as each aim achieved
 - Apprenticeships – 25% NVQ paid on achievement of whole apprenticeship framework
- Quarterly reviews

Budgets 2008/09



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16-18 Apprenticeships	19+ Apprenticeships	Train to Gain
£93 million	£36 million	£117 million

The Funding Formula (ERM)



Standard Learner Number (SLN)

X

National Funding Rate

X

Provider Factor

(prior year data for contracting
or actual activity for payments)

+

Additional Learning Support (ALS)

=

FUNDING CONTRACT OR PAYMENTS IN £

Provider Factor (ERM)



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- **Programme Weighting**

- Average for contracting
- Actual for payments

- **Disadvantage**

- Applies to Apprenticeships only
- Learners home postcode
- Uses IMD2004

- **Area Costs**

- based on postcode of delivery location

- **Retention and Achievement Factor**

- Only used for contracting
- Actual retention and achievement of individual learners for payments

Apprenticeships – Maximum Contract Value



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- 2007-08 projected outturn
- uplifted by 1.6%
- added 60% of learner growth rate in cash terms
- Outliers reviewed

Train to Gain – Maximum Contract Value

- Starts multiplied by SLN, NR and PF
- Manual adjustments required to PF for new or Apprenticeship only providers
- Given new allocations methodology – will need to review MCV quarterly in light of provider actual SLN ratios and PFs

Maximum Contract Value



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One contract. Same rules apply

- Aggregate targets
- NOT a guarantee of income
- Payment based on actuals
- Contract value can grow/reduce in-year based on performance

Carry Forward Activity



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- Maximum Contract Value assumes ALL 08/09 starts FULLY funded in year
- Assumption that as a growing programme there will be more carry forward required for 09/10 than 07/08
- Therefore should be sufficient within MCV to fund carry in

ERM - Actual Payment Formula

– Train to Gain

Learner SLN

X

The Learner/Learning Aim's
Programme Weight x Area cost Uplift

X

National Funding Rate

=

FUNDING PAYMENTS IN £

Standard Learner Numbers Employer Responsive



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- SLN values are based on activity costing work, driven by costs of delivery in the workplace
- TtG has standard rates for NVQs for 2008/09
 - High/low rates (15 hour rule)
 - Sector weightings
- Each of the aims within an Apprenticeship is given an SLN value
 - NVQ, Key Skills, Technical Certificate

Start and Withdrawal (1)



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- A learner is considered to have started a programme if they meet the minimum qualifying period – 6 weeks for courses of 24 weeks or more.
- In order to claim funding, the learner must still be ‘in learning’ on the last day of the calendar month. Funding is claimed monthly in arrears in the ILR.

Start and Withdrawal (2)



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- **A learner is considered to have withdrawn from a programme of study if they:**
 - are known to have withdrawn
 - have transferred to another programme; or
 - no evidence of participation for 12 weeks.
- If a learner has withdrawn from a programme before the start qualification period they are not counted as an SLN in that year. The withdrawal date is the last date in the ILR of actual attendance.

Monthly Payments



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Profile Payments (based on ILR start and end dates)

A learner starts on a 9 month programme.

In terms of programme payment (75%), the rule is:

$(n+1)$ where n is the planned months on programme.

So for this example $(n+1) = (9+1) = 10$ instalments over 9 months. The first payment includes 2 instalments and subsequent payments are equal –so 2/10 followed by 1/10 for 9 months, (that is 100% of the 75%).

Months	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	
Payments	2/10	1/10	1/10	1/10	1/10	1/10	1/10	1/10	1/10	100%

25% of total funding is then paid on achievement

Transitional Protection



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- To reduce the effects of funding changes that result directly from the formula and policy changes:
- Does not protect learner numbers or SLNs
- Employer responsive:
 - FE funded employer-based NVQs - Yes
 - Apprenticeships – providers can claim against 2007/08 methodology and funding rates for completed apprenticeship
 - Train to Gain - No

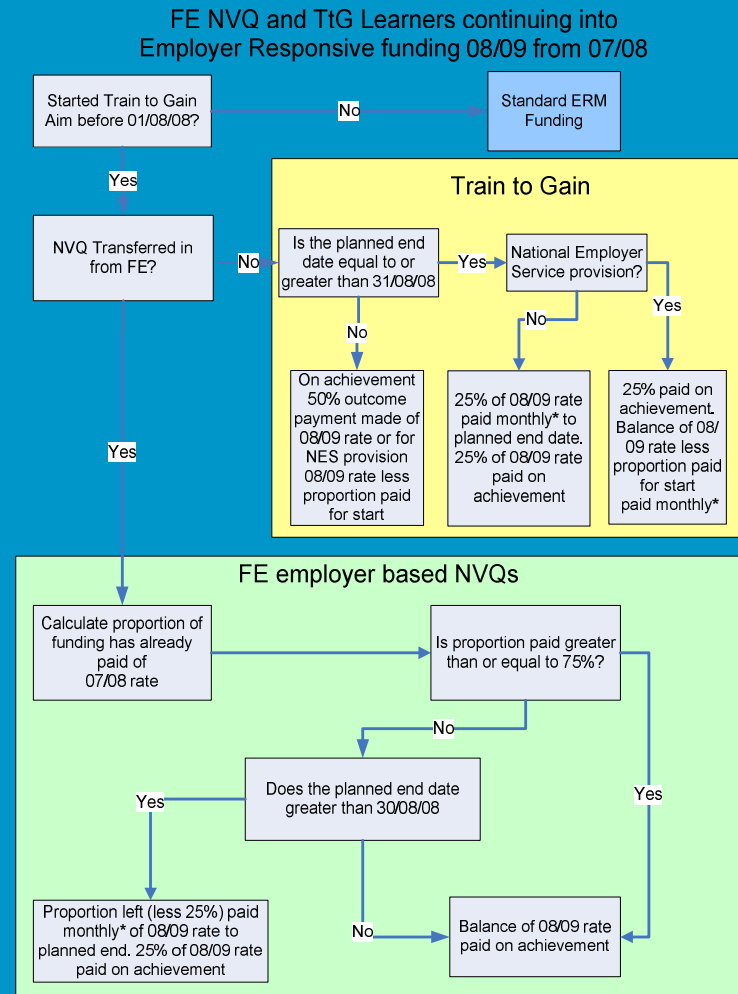
Transitional Arrangements



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Principle – Train to Gain

- Move to employer responsive methodology
- Based on proportion of funding already paid
- Systems based
- Uses existing data where possible



*Payments in 2008/09 will be made in equal monthly instalments based on the number of census dates between August 2008 and the Learning Planned End Date

Transitional Arrangements



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Principle - Apprenticeships

- The value of the Apprenticeship remains constant
- Increase in funding rates are reflected
- Paid on achievement only
- Increase in employer contribution for 19+ is also reflected

Apprenticeship Learners continuing into Employer Responsive funding 08/09 from 07/08

