



Leading learning and skills

15 August 2008

Dear Colleague

### **Funding for learning and skills 2008/09**

The purpose of this letter is to provide colleges, schools, providers and other partners with a national overview of the funds being made available for learning and skills in 2008/09. Later this year we will publish more detailed information on allocations at college, school and provider level to assist the planning process for 2009/10.

We recognise that the introduction of the new funding arrangements in 2008/09 has been exceptionally challenging, and are working with partners to improve the process for 2009/10. We will set out more detail on this in the Statement of Priorities. In the meantime, I hope you will find the information in this letter helpful.

### **Context**

In 2008/09 the LSC will invest £9.3 billion of public funds in the main areas of learning and skills provision in England. This compares with £8.7 billion in 2007/08, an increase of £600 million or 7%. Three Annexes attached show the detail of this investment.

In addition, we will distribute between £850 and £950 million of ESF funding from 2008 to 2010, with potentially similar figures being available from successor organisations from 2010 to 2013. We have also committed £3 billion between 2007 and 2011 to capital projects to significantly improve the learning infrastructure and environment.

This investment will enable colleges, schools and providers to maximise their contribution to the challenging goals set by the government, outlined in the LSC's Statement of Priorities published in November 2007. In particular, we will focus on:

- working towards the goal of 100% of young people participating in learning by increasing the number of 16-18 places available
- contributing towards narrowing of the gap in achievement between young people from disadvantaged backgrounds and their peers
- supporting the introduction of the new diploma programme, and seeking to expand high quality provision which meets the needs of the labour market
- expanding Train to Gain substantially and incorporating flexibilities approved by Ministers in June
- directing an increasing proportion of funding for adults towards the achievement of full, nationally-recognised qualifications, including Skills

for Life, the new Foundation Learning Tier, full level 2, full level 3 and Apprenticeships

- at least maintaining the number of learners identifying themselves as having a learning difficulty and/or disability, and increasing the budget for specialist provision

## **Young People's Learning**

### **School sixth forms**

- The number of 16-18 places funded by the LSC in school sixth forms will increase by 2.5% to 384,000. In addition, a further 16,000 places will be available in academies
- LSC funding for school sixth forms will increase overall by 4.9% to £1,881 million.

### **16-18 provision in FE**

- The number of 16-18 places funded by the LSC in colleges and FE providers will increase by 1.8% to 787,000.
- Funding for young people in FE will increase by 5.3% to £3,449 million. This includes £219 million for additional learning support, which has increased by 2.3%

### **16-18 Apprenticeships**

- The LSC is contracting to deliver 120,000 16-18 Apprenticeship starts in 2008/09
- Funding for 16-18 Apprenticeships will increase by 7.1% to £677 million

### **Entry to Employment (E2E)**

- The number of funded E2E places will be maintained broadly at current levels, but the take up of these places will be improved significantly
- We plan to expand the number of learners benefiting from E2E to 73,000, an increase of 27.3%
- Funding for E2E will increase by 3.8% to £186 million.

## **Adult Learning and Skills**

The funding being made available for adult learning and skills includes college/provider based learning (through the adult learner responsive model), employer-based learning (through the employer responsive model) and adult safeguarded learning. The total funds in 2008/09 will rise to £3,149 million, an increase of 11%.

Within the total:

- £1,390 million will support adult education delivered in colleges and other providers, a reduction of 1.6%. Funding for Skills for Life, Foundation Learning Tier, full level 2 and full level 3, will be maintained or increased, while the reduction will be targeted on provision that does not meet government priorities. Although this 'developmental learning' expenditure will be reduced, it remains a substantial amount of the total funding.

- Funding for employer-based learning, including Apprenticeships (19-25) and Train to Gain will increase by 37% to £1,237 million. The value of contracts for Train to Gain going to colleges, as opposed to other providers, is estimated to be £437 million, an increase of 27% compared with 2007/08.

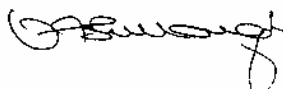
Annex 1 – summarises the cumulative change to college allocations, as the main group of providers receiving funds from each of the three funding streams (16-18, adult learner responsive and employer responsive).

Annex 2 – provides further analysis of other 16-18 allocations, including Schools, the Entry to Employment (E2E) programme and Apprenticeships.

Annex 3 – provides more details of allocations for adult provision.

The increasing investment by government in the FE system will enable schools, colleges and providers to maintain or expand high quality provision for young people, grow responsive learning services for employers through Train to Gain and Apprenticeships, and deliver government targets for priority qualifications. These are challenging ambitions, but ones which the LSC and FE system can and must achieve by working together.

Yours sincerely



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National Director, Funding, Planning and Performance

Annex 1:

FE Provider Allocations 2002/03 to 2008/09

Young People

	16-18	16-18	16-18	Total	Adults					Total FE Allocations
	Learners	£'millions	ALS	16-18	19+ Adult Responsive	19+ Employer Responsive	Train to Gain	19+ ALS	Total 19+	
			£'millions	£'millions	£'millions	£'millions	£'millions	£'millions	£'millions	
2002/03	699,209	1,772	162	1,934	1,510			113	1,623	3,557
2003/04	703,165	2,073	182	2,255	1,756			127	1,883	4,138
2004/05	719,334	2,345	194	2,539	1,838			134	1,972	4,511
2005/06	738,399	2,588	201	2,789	1,624	167		139	1,930	4,719
2006/07	754,978	2,811	206	3,017	1,489	175	132	143	1,939	4,956
2007/08	773,000	3,060	214	3,274	1,413	197	146	149	1,905	5,179
2008/09	786,996	3,230	219	3,449	1,390	210	227	153	1,952	5,401
<b>Movement 2007/08 to 2008/09</b>	<b>13,996</b>	<b>170</b>	<b>5</b>	<b>175</b>	<b>-23</b>	<b>13</b>	<b>81</b>	<b>4</b>	<b>75</b>	<b>250</b>
Movement %	1.8%	5.6%	2.3%	5.3%	-1.7%	6.6%	55.5%	2.7%	3.9%	4.8%
<b>Movement 2002/03 to 2008/09</b>	<b>87,787</b>	<b>1,458</b>	<b>57</b>	<b>1,515</b>	<b>-120</b>	<b>210</b>	<b>227</b>	<b>40</b>	<b>357</b>	<b>1,872</b>
Movement %	12.6%	82.3%	35.2%	78.3%	-7.9%			35.4%	22.0%	52.6%

Notes:

TtG figures are estimates given consortia arrangements

19+ Employer figures are derived from the ILR and the planned figure for 2008/09

ALS figures are planned for 2008/09 and a split of 59%/41% for previous years

Learner numbers are headcount figures including both full and part time learners,

**Annex 2:**

**School Sixth Form Allocations 2002/03 to 2008/09**

**Other 16-18 Learner Numbers and Allocations**

	16-18	16-18	Pensions	16-18 ALS	Total 16-18						
	Learners	£'millions	£'millions	£'millions	£'millions	2007/08 Allocations		2008/09 Allocations		%age increase over 2007/08	
						Learners	£m	Learners	£m	Learners	Funding
2002/03	329,625	1,215	12		1,227						
2003/04	348,422	1,276	36		1,312						
2004/05	359,101	1,482	37		1,519						
2005/06	363,974	1,586	41		1,627						
2006/07	365,122	1,645	44		1,689						
2007/08	374,370	1,747	46		1,793						
2008/09	383,755	1,782	49	50	1,881						
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<b>Movement 2007/08 to 2008/09</b>	<b>9,385</b>	<b>35</b>	<b>3</b>	<b>50</b>	<b>88</b>						
Movement %	2.5%	2.0%	6.5%		4.9%						
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<b>Movement 2002/03 to 2008/09</b>	<b>54,130</b>	<b>567</b>	<b>37</b>	<b>50</b>	<b>654</b>						
Movement %	16.4%	46.7%	308.3%		53.3%						

Notes: Figures exclude Academy Sixth Forms, which are funded by DCSF  
 Figures exclude SEN funding which goes directly to Local Authorities  
 Figures exclude Teachers Pay Grant, which is £73 million in FY 2008-09

**Annex 3:**

**Adult Responsive, Employer Responsive and Adult Safeguarded Learning  
Funding 2007/08 to 2008/09**

	<b>2007/08</b>	<b>2008/09</b>	<b>Change</b>	<b>Change</b>
	<b>£'Million</b>	<b>£'Million</b>	<b>£'Million</b>	<b>%</b>
<b>Adult Responsive</b>				
FE 19+	1,413.2	1,389.6	-23.6	-1.7
Additional Learning Support	149.0	153.0	4.0	2.7
UFI/Learn Direct	122.0	122.0	0.0	0.0
First Steps Learning	37.5	37.5	0.0	0.0
<b>Total Adult Responsive</b>	<b>1,721.7</b>	<b>1,702.1</b>	<b>-19.6</b>	<b>-1.1</b>
<b>Employer Responsive</b>				
Train to Gain (including FE Employers NVQs)*	583.4	907.0	323.6	55.5
19+ Work Based Learning	316.0	330.2	14.2	4.5
<b>Total Employer Responsive</b>	<b>899.4</b>	<b>1,237.2</b>	<b>337.8</b>	<b>37.6</b>
*TtG latest trajectory				
<b>Adult Safeguarded Learning</b>				
PCDL in FE	33.0	33.0	0.0	0.0
Other ASL	177.0	177.0	0.0	0.0
<b>Total Adult Safeguarded Learning</b>	<b>210.0</b>	<b>210.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total LSC Adult Funding</b>	<b>2,831.1</b>	<b>3,149.3</b>	<b>318.2</b>	<b>11.2</b>

Notes:

Figures on this table for Train to Gain include the figures shown on Annex 1 under FE Adult for 19= Employer Responsive and Train to Gain  
Table excludes Offender Learning, which is increasing by inflation.