

Dear
<Address line1>
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18 January 2007

Dear

Planning and Funding for 2007/08

As you may know from the Strategic Briefing Event in November, we will soon begin detailed discussions with you about planning and funding for 2007/08. I am writing to provide further information on our strategic priorities and on the process and timetable for the next few months. My colleagues in local offices will hold more detailed discussions with you throughout this period, and may well have set up individual meetings to start this process.

We are committed to ensuring that we manage the process in a consistent, fair and transparent manner. This letter sets out how we intend to achieve that.

The South West Regional Commissioning Plan

The Regional Commissioning Plan is the headline document setting out the summary of our analysis and of our priorities for the coming year. The next stages are to prepare local annual plans, setting out how the Regional Commissioning Plan will be expressed in action locally. This is a one year plan but it is developed in the context of a longer term strategy and vision for the South West, which we share with other members of the South West's Regional Skills Partnership and the South West RDA. You may download a copy of the Regional Commissioning Plan from our website at <http://www.lsc.gov.uk/Regions/SouthWest/>

We now have the final budget settlement for the South West region, which will be focused to deliver the priorities and targets in the Regional Commissioning Plan.

Priorities and Targets

1. Young People

Across the South West, there is an overall increase in the number of FE places for Young People required. In considering the plans to which we wish to contribute funds, we will take into account 2005/06 performance of colleges and other providers, with adjustments made for under-delivery, considerations of quality and other exceptional circumstances.

For Apprenticeships we will build provision and expect to commission around 2,000 places to replace current poor provision in line with the national policy for Identifying and Managing Underperformance, to be published shortly.

2. Adults

In FE, we will look to increase the volume of Full Level 2 places by 13% and Full Level 3 places by 12%. This is an overall average and funded plans will be based on past performance, quality, relevance and capacity. To balance this, non-priority Skills for Life and other lower priority provision will need to reduce and we expect the funding policy changes (as set out in *Raising our Game*) to reduce the volume of ESOL provision. However, we are expecting to maintain our existing contribution to the national SfL target.

There is a significant increase in investment in Train to Gain (TTG) in 2007/08 and we expect providers who have performed well in responding to employer demand within Train to Gain to increase their delivery accordingly. Of the regional Train to Gain budget, at least 20% will be available as a responsiveness fund; this will be invested throughout the year to meet specific unplanned employer demand. We will also commission further provision in 07/08 should the need arise through a limited tendering round.

There will be a small budget for Apprenticeships for Adults (25+) and it is likely that this money will be subject to an open and competitive tender (OCT).

For 19-24 Apprenticeships, we will commission around 1,000 places to replace current poor provision in line with the national policy for Identifying and Managing Underperformance to be published shortly.

Planning and Funding Timetable

We expect to agree provider development plans and associated funding for 2007/08 by May 2007. The outline timetable for this period is shown below. Your

local partnership contact will agree with you a more detailed timetable, including specific dates for meetings and for the supply and return of information.

Date	Activity
January	Planning and Modelling System (PaMS) launched
31 st January	First provider Summary Statements of Activity (SSOAs) 'promoted' on PaMS (i.e. visible to LSC)
February	Regional appraisal of 'promoted' SSOAs Local office dialogue with providers on initial 'promoted SSOAs'
End February	Second provider SSOAs 'promoted' Discussion of second 'promoted' SSOAs. 'In-negotiation' status applied to straightforward cases Moderation meetings
Early March	'In-negotiation status' applied to provider SSOAs that were agreed at moderation
March / April	On-going discussions to agree Development Plans
12 th May	SSOAs 'approved'
15 th May	Plans agreed and final allocations issued

The Planning and Modelling System (PaMS) is a new development for this planning round. It went live in December and I am advising you that we will need your first draft Summary Statement of Activity (SSOA) by **Wednesday 31st January**. This tool will be a vital part in the planning process and your local partnership team will be able to provide advice on completion of the Summary Statement of Activity.

To support this process I have attached the *Provider Summary Statement of Activity*, which is designed to underpin PaMS.

The regional discussions in February are an important step in the process. We will review all proposed plans and associated allocations to ensure that the agreed methodology, to be published shortly, has been appropriately applied, that previous and current performance and quality are taken into account, that shifts in

provision and funding have been identified in a consistent manner, and that growth proposals reflect LSC priorities and are supported by appropriate evidence.

Contestability and Growth

To deliver the LSC commitment to contestability, it is likely that there will be limits to the amount of growth that can be awarded to existing high performing providers. If, for example, this limit is 10%, then your contract may be increased by up to 10% of your current Average in Learning figure, following discussions with your Area Team.

This does not mean that the most effective providers cannot grow by more than 10% (tbc); it means that additional growth would need to be subject to competition.

If you plan to grow by more than 10%, you will need to participate in the Open Competitive Tender exercise being run by the LSC, starting with an advertisement to be published in the Times Educational Supplement on 2nd February.

If you plan to increase the breadth of your provision, moving into new sectors or programmes, you will also need to participate in the competition.

The programmes likely to be in scope are:

- Apprenticeships
- Skills for Life
- Skills for Jobs

Next Steps

We are committed to a commissioning process that is fair, transparent and consistent. However, this is a complex and challenging process and, if at any time, you feel that these principles are not being met, please do speak to your local Area Director.

Yours sincerely



Malcolm Gillespie
Regional Director

Provider Summary Statement of Activity

Provider Summary Statement of Activity	Year 1	
	16-18 (Learner Volumes)	Adult (Learner Volumes)
LSC Funded Participation		
Number of FE learners (total)		
Number of FE learners undertaking Level 4 and above		
Number of FE learners undertaking Level 3		
<i>of which: Full Level 3 Learners</i>		
<i>of which: First Full Level 3 Learners</i>		
Number of Train to Gain learners undertaking Level 3		
Number of learners undertaking an Advanced Apprenticeship (Average in Learning)		
Number of FE learners undertaking Level 2		
<i>of which: Full Level 2 Learners</i>		
<i>of which: First Full Level 2 Learners</i>		
Number of Train to Gain learners undertaking Level 2		
Number of learners undertaking an Apprenticeship at Level 2 (Average in Learning)		
Number of FE learners undertaking Skills for Life qualifications that directly contribute to PSA target		
Number of Advanced Apprenticeships and Apprenticeship learners undertaking Skills for Life qualifications that directly contribute to PSA target		
Number of Train to Gain learners undertaking Skills for Life qualifications that directly contribute to PSA target		
Number of FE learners undertaking Level 1 and Entry		
Number of learners undertaking Entry to Employment (starts)		
Number of learners undertaking Safeguarded Adult Learning (Total)		
<i>of which: Number of learners undertaking Family learning, literacy and numeracy</i>		
<i>of which: Number of learners undertaking Neighbourhood learning in deprived communities</i>		
<i>of which: Number of learners undertaking Wider Family Learning</i>		
<i>of which: Number of learners undertaking Personal / Leisure Learning</i>		
ESF Funded Participation	16-18 (Learner Volumes)	Adult (Learner Volumes)
Number of ESF Learners undertaking any ESF Activity		
Number of ESF Learners not included in LSC Funded Participation table above		
<i>Of which:</i>		
Level 4 and above		
Full Level 3		
Full Level 2		
Skills for life that directly contributes towards the PSA target		
Level 1 and Entry		
Other ESF activity		

LSC Funded Outcomes	16-18 (Learner achievements)	Adult (Learner achievements)	16-18 Success Rate (%)	Adult Success Rate (%)
Number of FE Learners achieving a Full Level 3 qualification				
Number of FE Learners achieving a First Full Level 3 qualification				
Number of Train to Gain learners achieving a Full Level 3				
Number of Learners achieving an Advanced Apprenticeship Framework				
Number of FE Learners achieving a Full Level 2 qualification				
Number of FE Learners achieving a First Full Level 2 qualification				
Number of Train to Gain Learners achieving a Full Level 2 qualification				
Number of Learners achieving an Apprenticeship Framework (at Level 2)				
Number of FE learners achieving a Skills for Life qualification (s) that directly contribute to PSA target				
Number of Advanced Apprenticeship and Apprenticeship learners achieving a Skills for Life qualification(s) that directly contribute to PSA target				
Number of Train to Gain learners achieving a Skills for Life qualification(s) that directly contribute to PSA target				
Number of learners progressing to a positive destination from Entry to Employment				
ESF Funded Outcomes				
Number of ESF Learners not included in LSC Funded Outcomes table above achieving a qualification at:				
Full Level 3				
Full Level 2				
Skills for life qualification that directly contributes to the PSA target				

Funding summary	Funding (£)
FE 16 - 18	
FE Adult	
FE Additional Learning Support	
Train to Gain	
Advanced Apprenticeships and Apprenticeships 16-18	
Advanced Apprenticeships and Apprenticeships (Adult)	
Entry to Employment	
WBL additional learner / learning support	
Safeguarded Adult Learning	
ESF	
Total	

Fee Income and Other Activity Summary	Fee Income (£)	% of LSC funded activity Fee Income	Number of Learners
LSC Funded provision			
Not publicly subsidised / full cost			