

# Adult Learner Responsive

## Funding Requirements 2010/11

### Draft 0.1

This draft document has been issued by the Skills Funding Agency to providers delivering provision under Adult Learner Responsive funding.

Although the majority of the Funding Requirements have been confirmed there are some finer detailed requirements that have yet to be finalised. It is not expected that the requirements contained in this document will change other than for clarification purposes.

The full version of the Adult Learner Responsive Funding Requirements will be issued at the end of September 2010.

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## Section 1 - Executive Summary

1. This document sets out the way in which the Skills Funding Agency (the Agency) will fund Adult Learner Responsive provision in 2010/11. It builds on previous funding guidance from the Learning and Skills Council (LSC) from which it assumed responsibility in April 2010 for the funding of Adult Learner Responsive provision.
2. These requirements change significantly the guidance previously issued in 2008/09 and 2009/10 by the LSC as there have been changes in policy which are being introduced in 2010/11. These changes have been announced in the Skills Investment Strategy 2010-11 and more recently in the [Skills Funding Agency Guidance Notes](#).
3. Adult Learner Responsive provision is learning that has traditionally been delivered in a college to adults. It ranges in depth from non accredited attendance based learning to qualifications at a very high level, such as Level 4 or Level 5. However, there are now a wide range of providers delivering this provision. In the main it is classroom, workshop or blended learning delivery. It is not delivered in an employer premises. Its principle funding methodology is Guided Learning Hours (GLH) where there is a relationship between the teacher/tutor/lecturer and the student/learner in a ratio of one to many. The funding reflects that there a costs associated with the infrastructure in which the learning takes place. This is unlike Employer Responsive provision where learning takes place on employer premises where there is not the infrastructure costs and the ratio of the assessor/tutor to the learner is one to one (or very few). It is important that in 2010/11 that the distinction between the funding models is observed and that Individualised Learner Record (ILR) data is correctly code and sent to the Skills Funding Agency.

## Section 2 Funding Priorities for 2010/11

4. The Minister for Further Education, Skills and Lifelong Learning, John Hayes, wrote to the Chief Executive of the Skills Funding Agency on 17 June 2010 setting out the priorities for 2010/11 for the Skills Funding Agency. These were:
  - Our ambition to create a dynamic economy requires people to learn new skills that enhance their job prospects, enrich their lives, and enliven their communities, where empowered informed learners drive the system
  - Our commitment to continuing investment in colleges and training organisations, recognising the excellence you have achieved and the critical role you play in building our economic future; and
  - Our mission to remove unnecessary regulation and bureaucracy, freeing you from the constraints that impact on your ability to respond flexibly to the changing needs of your local economy and local community, and

leading to a more responsive system overall, while ensuring rigorous accountability.

5. In addition the letter went on to say that
  - Our goals include an increased focus on high quality Apprenticeships to meet employers' and individuals' needs
  - on funding a wide range of different routes into further and higher education (HE) to help prospective learners get into, and
  - reap the benefits of, education and make a successful transition into working life.
6. The full letter can be accessed on the [BIS website](#).

## 2.1 Foundation Learning Curriculum

7. In 2010/11 the Foundation Learning Tier is replaced by the Foundation Learning Curriculum, which offers a framework to help adults progress ultimately to Level 2. The Foundation Learning Curriculum, which includes formal First Step learning, will be built on a clear analysis of individuals' needs to ensure they receive the mix of skills that is right for them to promote confidence in learning, minimal occupational competence, employability and independent living. It will be constructed to help learners and providers to identify personalised learning programmes to address their learning and skills gaps by drawing from the following three skill sets:
  - Functional skills in English, Mathematics and ICT
  - Vocational training
  - Personal and social development skills

## 2.2 Skills for Life and Functional Skills

8. Functional English, Maths and ICT qualifications replace Key Skills qualifications in Communication, Application of Number and ICT from September 2010 at Levels 1 and 2.
9. Though Functional Skills qualifications will be available and funded for all colleges and training institutions to use in 2010/11, Adult Basic Skills Certificates will continue to be funded as the main literacy and numeracy qualification for adults aged 19 or over.

## 2.3 Focus on numeracy

10. Our ambition for numeracy is particularly challenging. Achieving this will require a step-change in the number of adults taking courses and a change in attitudes toward numeracy. We need to ensure that we support learners at the lower levels to move up to the functional level (Entry Level 3). A number of actions are being taken to drive progress on numeracy. This includes setting out the expectation that Further Education (FE) colleges and training institutions offer Skills for Life assessments to all learners on programmes at

Level 2 and below, including assessments for learners who are Adult Learner Responsive already enrolled on literacy and ESOL programmes. We need to find more innovative ways of engaging adults to undertake numeracy qualifications.

11. Since 2001, a programme funding uplift for confirmed Skills for Life provision has been provided to recognise the additional support required for Skills for Life learners as well as enabling colleges and training institutions to build the capacity of their Skills for Life provision. As capacity and quality of provision has developed significantly since the start of the strategy, this uplift has been reduced to 1.2 for all Skills for Life provision with the exception of the confirmed Entry Level Certificate in Adult Numeracy and Functional Skills qualification in mathematics where it remains at 1.4, reflecting the need to build capacity to support more learners at this level.
12. Colleges and training institutions will continue to be given freedom to decide on their mix of literacy and numeracy provision, although we expect to see a greater focus on numeracy provision at Entry Level 3. Depending on the increase in Entry Level 3 numeracy in the 2010/11, alternative approaches may be considered for 2011/12.

#### 2.4 Learners with learning difficulties and/or disabilities

13. Investing in FE and skills training for learners with learning difficulties and/or disabilities (LLDD) remains a priority and we have a continuing commitment to maintaining the opportunities for these learners. This means making sure the right level of support is available so that FE colleges and training institutions are able to meet the needs of these learners to access mainstream provision or employment.

#### 2.5 Discretionary Learner Support Funds

14. Funding is administered through the FE college or training institution to provide where necessary financial support for learners and is intended to remove financial barriers to learning which otherwise might discourage participation. Funds are directed at those experiencing financial difficulty and priority groups such as low skilled, low income individuals and covers residential, childcare and some travel costs.

#### 2.6 Reconciliation 2010/11

15. As described in Skills Funding Agency Guidance Notes 4 and 5 a college's allocation for both Adult Learner Responsive and Employer Responsive funding will be treated as a single allocation. Reconciliation for both models will be made at the end of 2010/11 after the final data submission. Payments made in 2010/11 will be paid on the standard payment profile and then compared to the cumulative actual earnings.
16. For providers who have not been given a single allocation for Adult Learner

and Employer Responsive provision the allocation for Adult Learner Responsive provision will be paid on profile and reconciled at mid-year and year end.

## 2.7 Learner fees

17. Fee remission is applicable to all adult learners who meet specified criteria. Where fees are remitted for learners who meet these criteria, the provider should not charge the learners tuition fees. In these cases, the fully funded national funding rate will be payable.
18. The categories of learners who are entitled to fee remission are:
  - Learners studying their first full Level 2 qualification. Full Level 2 qualifications are identified on the [learning aims database](#) (LAD).
  - 19–to 25-year-olds learners studying their first full Level 3 qualification (it should be noted that, for the purpose of the entitlement, four AS-Level qualifications are not regarded as equivalent to a full Level 3 and that AS-Level qualifications are eligible within the entitlement only where they form steps towards the achievement of two or more A-Levels).
  - Those in receipt of any income-based benefits listed below, formerly known as means-tested benefits, that is:
    - unemployed people in receipt of income-based Jobseeker's Allowance;
    - those in receipt of Council Tax Benefit;
    - those in receipt of Housing Benefit;
    - those in receipt of Income Support;
    - those in receipt of Working Tax Credit with a household income of less than **£15,276**; and
    - those in receipt of Pension Credits (Guarantee Credit only)
    - those in receipt of income-related Employment and Support Allowance (ESA); a new allowance from 27 October 2008.
  - Unemployed people in receipt of contribution-based Jobseeker's Allowance.
  - The unwaged dependants (as defined by Jobcentre Plus) of those listed above.
  - Offenders who are serving their sentence in the community.
  - Those taking learning aims that are funded as basic skills, excluding ESOL.
  - Asylum seekers eligible for Skills Funding Agency FE funding according to paragraph 18 above and in receipt of the equivalent of income based benefit (assistance under the terms of the Immigration and Asylum Act 1999) and their dependants.
  - Certain learners participating in Skills Funding Agency-funded projects where identified in the project specification.
  - Level 3 jumpers (those taking a full Level 3 without having a full Level 2 qualification).

19. Learners not in receipt of full fee remission are expected to pay 50% of the tuition fees. The funding paid to a provider will be reduced by the expected fee income.
20. Providers must ensure that when a learner starts learning they are aware of fees that they may have to pay including course fees, examination and assessment fees during the time spent following the aim. Providers must also ensure that all learners are aware of their Fees and Charging Policy; so that if a learners circumstances change they are informed of the consequences in respect of the fees which may or may not be charged.

### Section 3 Principles of Funding Learning

21. The funding provided to schools, colleges and other providers must reflect the directly incurred costs of efficiently delivered provision (with an appropriate contribution to overheads) within the national funding framework and rates.
22. All Skills Funding Agency -funded providers must:
  - claim funding at standard learner number (SLN) rates to reflect the costs of delivery and ensure that multiple funding for provision is not claimed
  - ensure that duplication of provision in a learner's programme of study is avoided and, where this occurs because of an overlap in learning aim content, adjust the funding claimed to reflect the degree of overlap
  - consider guided learning hours (glh) as the key driver of costs incurred when determining the level of funding claimed in the Adult Learner Responsive funding systems
  - discuss with the Skills Funding Agency team what funding should be claimed in circumstances where the calculation of funding to be claimed results in a level of funding that is clearly well in excess of the costs incurred
  - discuss with the Skills Funding Agency team what funding should be claimed where providers wish to make provision that is in the best interests of their learners but the funding arrangement is viewed as a barrier
  - not claim Skills Funding Agency funding for any part of any learner's programme of study that duplicates that received from any other source, for example a different Skills Funding Agency funding stream, their employer or Higher Education Funding Council for England (HEFCE)
  - only claim funding for learners assessed as eligible for Skills Funding Agency funding as stated in the companion document Learner Eligibility Guidance.
23. To ensure that the costs of efficiently delivered provision are reflected in the national SLN values and in national rates, the Skills Funding Agency gathers and reviews the evidence available that relates to such costs.
24. Colleges are reminded that, through their grant-in-aid funding relationship with the Skills Funding Agency, they must ensure their use of public funds is consistent with the purposes for which the funds have been given.

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## Section 4 Eligibility

### 4.1 Learner Eligibility to public funding

25. All learners have to be eligible for public funding. Details can be found in the [Skills Funding Agency/YPLA Learner Eligibility Guidance](#). This guidance details whether an individual is eligible for public funding.
26. Providers are required to evidence and record that all learners for whom they claim Skills Funding Agency funding are eligible.
27. Learners aged 19 years or older on the 31 August in the Funding Year in question may be funded from the Adult Learner Responsive budget within that funding year. A 16- to 18-year-old learner is any learner who is aged 16, 17 or 18 on 31 August in the relevant funding year. Such learners are normally eligible for YPLA funding, subject to the other regulations in this guidance.
28. Learners aged below 19 years of age when they started following qualifications that continue from one year to the next, where they are now classified as 19 years of age, will continue to be funded at 16-18 rates until the end of their qualification. All other learners aged 19 and over on 31 August in the relevant funding year would not normally be funded by the YPLA.
29. The YPLA also funds learners aged 19-24 on the 31 August in the funding year 2010/11 who have ALS needs over £5,500 including those with or without an Learning Difficulty Assessment (LDA) in the year. These learners will be funded at adult rates and be ineligible for entitlement funding unless they meet the eligibility criteria for learners completing learning programmes started whilst 16-18 as set out in the above paragraph. More details can be found on the [YPLA website](#).

### 4.2 Programmes for Learners with Learning Difficulties and/or Disabilities (LLDD)

30. The arrangements for this area of provision should ensure that all learners, including those with profound and complex needs, are able to access education and/or training within the context of Learning for Living and Work, the Skills Funding Agency's strategy for learners with learning difficulties and/or disabilities provision (published October 2006). The Skills Funding Agency wishes to fund provision for this group of learners that is learner-centred and cost-effective in the use of Skills Funding Agency funds.
31. Where possible, the Skills Funding Agency expects programmes to include confirmed qualifications or, for those aged 19 or over, units of confirmed qualifications. However, provision outside the NQF may be eligible for

funding in agreement with the Skills Funding Agency where programmes or elements of programmes have been specifically designed for learners with learning difficulties and/or disabilities. In order to include all learners and different types of provision and colleges and providers, the determining factors for funding eligibility must relate to the programme, its structure and its delivery.

32. Learning for Living and Work (LSC 2006) gave the commitment that:

*By September 2010, the LSC will no longer fund providers to deliver work preparation programmes for learners with learning difficulties and/or disabilities, which do not focus on learning in the workplace and the supported employment model.*

33. Supported Employment is increasingly being used by providers in a variety of ways to deliver employability for learners with learning difficulties and/or disabilities. To capture 'employment' as a successful outcome of learning on programmes whose primary aim is employment providers will use field A62. Generic learning aim codes will be available for Supported Employment and providers will be able to record the glh for this element of the learner's programme. Learners engaged in Supported Employment programmes are likely to have a range of learning aims, some accredited – Skills for Life, Personal and Social Development, Vocational Skills – and non-accredited aims associated with their personal job search, work preparation, job coaching and working interview/internship as well as continuing support once in employment.

### 4.3 Ineligible Provision

34. Vendor-certificated courses are not fundable by the Skills Funding Agency as stand alone provision in the Adult Learner Responsive model.
35. Specific stand-alone learning aims designed to meet employers' statutory or other responsibilities. These include:
- first aid at work and first-aid provision below Level 2;
  - any learning aim in health and safety, food safety and/or first aid that is not approved under Sections 96 and 97;
  - other health- and safety-related aims delivered as stand-alone provision for employers, for example manual handling, health and safety in the workplace;
  - acquisition of forklift truck and HGV and PSV licences;
  - updating of qualifications to comply with health and safety regulations, for example CORGI registration renewal within the NVQ.
36. Very short learning aims of fewer than 9 glh, including any one-day provision delivered without prior local LSC approval at a qualification or aim level. Previous experience suggests that it is very difficult to deliver good-quality provision in one day of fewer than 9 glh and local LSCs will need good

evidence that the learner will receive a good-quality programme before authorising any LSC funding for one-day provision.

37. College-devised higher-level provision at notional NQF Levels 4 and 5.
38. Costs related to obtaining membership of professional bodies.
39. Provision that was previously approved under Schedule 2a and 2b to the Further and Higher Education Act 1992.
40. Former 'proxy' or 'legacy' ESOL qualifications that have been replaced by the new Certificates in ESOL, which are based on the national standards for literacy.
41. Qualifications falling out of approval. The Skills Funding Agency does not expect to fund any enrolments onto qualifications after the approval end date where suitable alternative approved qualifications are available. Any learner enrolment onto a course leading to an approved qualification should be either on or before the last date of approval of that qualification. In addition, the course itself (that is, the teaching and learning, and not just the learner induction) must have commenced before the approval end date. However, the Skills Funding Agency will fund continuing learners enrolled on programmes before the approval end date in order to enable them to complete. Where learners are enrolled onto a course leading to a qualification nearing the end of its approval, colleges and providers are reminded that they are responsible for checking qualification availability, final registration and certification end dates with the awarding body.
42. Where there are two or more approved qualifications with the same title from the same awarding body, owing to changes in specifications. The qualification with the old specification is not available for new starters from the date when the new revised specification becomes available.
43. Approved qualifications identified on the LAD as ineligible for funding.
44. Prescribed HE, including:
  - learning aims for the further training of teachers or youth or community workers;
  - postgraduate learning aims;
  - first-degree learning aims;
  - learning aims for the Diploma in HE;
  - foundation degrees;
  - learning aims for the Certificate in Education;
  - learning aims for the HND or HNC;
  - learning aims for any diploma awarded by an HE institution.
45. Full-cost recovery provision. Colleges and providers are reminded that funding should not be claimed for closed courses run for employees of large employers where the training being provided is highly relevant to core business activities. For this type of training, the guidance on full-cost

recovery courses is applicable, and colleges and providers should subject provision to a fundamental test on the displacement of public funding before claiming funding for training activity that was previously funded privately.

46. Company-specific knowledge learning aims.
47. Vendor-certificated courses, unless they are approved qualifications or are embedded within and contribute directly towards the generic learning required to achieve an approved qualification. Examples of vendor certificates include those of information technology companies that are specific to those companies' own products and services. Therefore, learners following an NVQ for IT Users, for example, may use the learning associated with a vendor's products in order to achieve their qualifications. Vendor-certificated courses may form part of the enrichment activities included within 16–18-year-old full-time learners' entitlement.
48. Primary and advanced driving skills (for example, defensive driving) or piloting skills.
49. Inward collaborative provision.
50. Any other learning aims that are considered to be fully funded from other sources.

## Section 5 Qualifications and Funding

51. This section deals only with a limited range of qualifications that are outside of mainstream provision. Details of the qualifications that could be funded are found in the [Learning Aim Database](#).

### 5.1 Foundation Learning Curriculum

52. The Foundation Learning Curriculum (FLC) for Adults aims to help adults progress, ultimately to Level 2 or other appropriate destinations by supporting progression through the achievement of an appropriate combination of qualifications from entry Level and Level 1. The personalised approach will be built on a clear analysis of individuals' needs to ensure they receive the mix of skills that is right for them to promote confidence in learning, minimal occupational competence, employability and independent living. The adult FLC is designed to help learners and providers develop personalised learning programmes to address the individual's learning and skills gaps by drawing from the following skills sets:
- personal and social development skills
  - vocational training
  - functional skills in English, maths and ICT (including adult basic skills in literacy and numeracy and Skills for Life ESOL).
53. To allow for different starting points, aspirations and current knowledge and skills of adult learners, it is not mandatory for adults to undertake learning from each of the three skills sets within the FLC.
54. The individual's initial assessment must make clear the areas that require learning and skills acquisition. For some adults this may be all 3 skill sets, for others it could be one or two of the skill sets only. The learning may also be at different levels, for example, entry Level 3 for literacy and Level 1 for the vocational qualification.

### 5.2 Access to Higher Education

55. The Skills Funding Agency recognises the significance of the Quality Assurance Agency QAA Access to Higher Education (HE) provision as an important means of widening progression into HE for underrepresented learners. The importance of continuing to work with HEFCE to secure more flexible routes to HE, and supporting the Access to HE Diploma was emphasised in the Skills Investment Strategy 2010-11.
56. In addition, the Skills Funding Agency strategy for HE has made a commitment to support the delivery of the widening participation agenda across HE. A key component of this strategy is to identify and support appropriate progression routes to HE. In the context of the balance and mix of provision, Skills Funding Agency teams should be aware that Access to HE provision is identified within the HE strategy as a critical and important

component of progression and it remains the expectation that this provision, which is regulated by the QAA for Higher Education, should be secured and consolidated.

57. The Skills Funding Agency therefore considers it important to ensure that, through appropriate planning, sufficient funding is made available to prevent a decline in this provision and support the range of opportunities that it offers. This may include support for new Access to HE courses to meet identified need, and/or to replace courses that have outlived their usefulness.
58. The QAA-regulated Access to HE qualification was accepted as a full Level 3 qualification in the Labour Force Survey in autumn 2004. It is also a qualification eligible for fee remission within the 19–25 first full Level 3 entitlement.
59. The QAA regulates the framework for the recognition and quality assurance of Access to HE courses through the approved processes of Access validating agencies, in accordance with the structures and mechanisms described in the QAA Recognition Scheme for Access to Higher Education in England, Wales and Northern Ireland (available on the [Access to HE website](#)).
60. All QAA-recognised Access to HE courses will lead to the award of the Access to Higher Education Diploma and will be identifiable by a qualification title using a standard format: Access to HE Diploma (subject/area of study). This and other requirements are detailed in the Diploma credit and qualification specifications, available from the [Access to HE website](#).
61. In addition to the Access to HE Diploma, a learner's programme may include other separate and distinct learning provided it is part of a coherent programme of learning.

### 5.3 Prince's Trust Programme

62. In order to allow for the different numbers of hours that the programme is delivered in, depending on whether the learner is employed or unemployed, both learning aims (one for employed learners, one for unemployed learners) will be funded as unlisted provision. This means that the amount of funding is directly related to the number of glh delivered by the provider.
63. The qualification will be funded as basic skills, so will attract a programme weighting of 1.2 and a minimum disadvantage uplift of 1.12.
64. Adult Learner Responsive funding will be claimed by completing an ILR in the usual manner. The key field within the ILR when claiming funding for a qualification that is unlisted is A32: the number of glh in which it is planned to deliver the learning aim.

#### 5.3.1 Funding for the Prince's Trust programme: unemployed learners

65. It is expected that the programme will last for 12 weeks and 420 glh. Where this is the case, 420 must be entered in field A32 of the ILR to generate the correct SLN values for 2010/11.

### **5.3.2 Funding for the Prince's Trust programme: employed learners**

66. It is expected that the programme will last for 20 days and 90 glh. Where this is the case, 90 must be entered in field A32 of the ILR to generate the correct SLN values for 2010/11.

## **5.4 Short programmes of fewer than 9 glh**

67. Very short learning aims below 9 glh remain ineligible for funding, except learning aims that are:
- confirmed for funding by the Skills Funding Agency or
  - delivered and funded through the PCDL safeguard.
68. Further guidance in relation to very short learning aims related to Skills for Life is given in the Skills for Life section.

## **5.5 Learner fees**

69. The Learning and Skills Act 2000 has been amended by the Education and Skills Act 2008. This legislation now gives eligible adult learners (those who have attained the age of 19) a legal entitlement to expect the following.
- No tuition fees shall be charged to learners aged 19 or over studying towards their first full Level 2 vocational qualification.
  - No tuition fees shall be charged to learners aged 19 or over but under 25 studying towards their first full Level 3 qualification.
  - No tuition fees shall be charged to learners aged 19 or over studying towards Level 1 literacy and/or entry Level 3 numeracy qualifications. In addition, eligible learners accessing Level 1 literacy or entry Level 3 numeracy will not have to pay fees in respect of assessment or examination
70. All learners may be charged for costs outside of the directly incurred learning costs. For example, replacement locker keys, library fines, replacement ID badges, etc. Providers must publish a charges policy in relation to these charges.
71. In addition to this legal entitlement, the Skills Funding Agency also has in place a policy that means that other eligible adult literacy and numeracy qualifications are eligible for automatic fee remission and that no costs associated with learning, assessment or exam registration should be passed onto the learner. For further details of which qualifications and provision are eligible for automatic fee remission please refer to the table on page 14.

## Section 6 Skills for Life (Including Adult Basic Skills and Functional Skills)

### 6.1 Qualifications and Credit Framework

72. The Qualifications and Credit Framework (QCF) is a flexible way learners can progress towards achieving a qualification by building up smaller steps of learning units which allow learners to achieve the skills and qualifications that meet their own and employer needs. From 1 April 2010, the Skills Funding Agency assumed responsibility for confirming qualifications for public funding for post 19 learners in England. This process, by which vocational qualifications will be confirmed for funding on the advice of sector organisations, is part of the move to focusing funding on the QCF.
73. Qualifications confirmed by the Skills Funding Agency for funding will be confirmed only for the funding year or their operational end date (set by Awarding Organisations and recorded by Ofqual), whichever is sooner. Every January the Skills Funding Agency will review the confirmation of provision for public funding for the following funding year, at which point the funding end date for all confirmed qualifications will be extended as appropriate.
74. In addition to confirmed provision in the QCF, the Skills Funding Agency will continue to confirm for funding specific qualifications in the NQF, such as Skills for Life, ESOL, GCSE/A-Levels and other core general qualifications, until a policy decision is reached concerning their transfer to the QCF.
75. The implementation of the QCF across the post 19 FE and Skills sector in England is a key part of the Skills Funding Agency's work, and is central to the aspiration for a system where there is wider and more flexible access to skills training and a greater focus on skills for the modern world. As part of the implementation of the QCF and wider programme of vocational qualification reform, the Skills Funding Agency intends to focus funding on provision from the QCF from 1 August 2010 and work with key delivery partners (sector organisations and awarding organisations) to ensure a comprehensive QCF from early 2011.
76. From August 2010 the Skills Funding Agency will focus funding on QCF qualifications. However, the Skills Funding Agency accepts that there may be a need to fund both NQF and QCF qualifications for the interim period leading to December 2010. Where this is the case we will look at how we can actively encourage providers to make the switch to the QCF qualification as soon as possible and certainly review whether funding for the NQF qualification can be turned off as part of the end September 2010 list. In all cases we will expect the vast majority of new starts to be on the QCF

qualification as soon as it is available. More information on the transition from the NQF to the QCF is available on the [Skills Funding Agency website](#).

77. QCF qualifications Adult Learner Responsive already confirmed for funding and available for delivery now and throughout the forthcoming delivery year (2010/11) can be viewed [online](#). This list is currently being updated every two weeks. It represents the core of the QCF offer which providers will be expected to deliver for 2010/11.

## 6.2 Skills for Life Provision

78. This section outlines the policy background and funding guidance relating to the literacy, numeracy and ESOL provision that is defined as Skills for Life.
79. Improving the literacy, English language and numeracy skills of the nation continues to be a key priority for the Government. To reflect this ambition the Skills Funding Agency must continue to prioritise funding to meet the skills needs of those most at risk of disadvantage.
80. Colleges and providers must ensure that learners are enrolled on learning aims that are appropriate to their needs and are aiming to improve their skills to a level above their current attainment.
81. In 2010/11 Skills for Life covers and includes the following provision, which is all fundable through the Adult Learner Responsive budget:
- NQF Certificate in Adult Literacy, Certificate in Adult Numeracy and Certificate in ESOL Skills for Life at Entry Levels 1, 2 and 3, Levels 1 and 2
  - NQF GCSE Mathematics and GCSE English
  - NQF Functional Skills qualifications in English and Mathematics at Entry Levels 1, 2 and 3, Levels 1 and 2
  - non-NQF/QCF basic skills learning aims (based on the national standards and curriculum for adult literacy, ESOL or numeracy) at Entry Level and pre-Entry Level

### 6.2.1 Funding adult literacy, numeracy and language (ESOL) provision

82. Funding has been prioritised to support the delivery of NQF entry level numeracy qualifications. Only NQF entry level numeracy qualifications (Certificate in Adult Numeracy and Functional Skills qualification in mathematics) will be funded at programme weighting 1.4. All other adult basic skills and adult Functional Skills provision (including units of NQF qualifications) will be funded at programme weighting 1.2. GCSE's in English and Maths will continue to be funded at a listed rate. Refer to the table below for details of the uplifts applicable to each type of Skills for Life provision.

The table below sets out the provision defined as Skills for Life. It details the programme weighting applicable and identifies those learners that are eligible for automatic fee remission.

	Funded at programme weighting 1.4	Funded at programme weighting 1.2	Automatic fee remission
<b>NQF Certificate in Adult Literacy</b>			
Entry Level	x	√	√
Level 1	x	√	√
Level 2	x	√	√
<b>NQF Certificate in Adult Numeracy</b>			
Entry Level	√	x	√
Level 1	x	√	√
Level 2	x	√	√
<b>NQF Certificate in ESOL Skills for Life</b>			
Entry Level	x	√	x
Level 1	x	√	x
Level 2	x	√	x
<b>GCSE English</b>			
(A*-C) = Level 2	x	x	x
(D-G) = Level 1	x	x	x
<b>GCSE Mathematics</b>			
(A*-C) = Level 2	x	x	x
(D-G) = Level 1	x	x	x
<b>Functional Skills qualifications in English</b>			
Entry Level	x	√	√
Level 1	x	√	√
Level 2	x	√	√
<b>Functional Skills qualifications in Mathematics</b>			
Entry Level	√	x	√
Level 1	x	√	√
Level 2	x	√	√
<b>Non-NQF/QCF pre-Entry and Entry Level literacy and numeracy learning aims</b> (based on the national standards and curriculum for adult literacy and numeracy)	x	√	√
<b>Non-NQF/QCF pre-Entry and entry level ESOL learning aims</b> (based on the national standards for adult literacy and ESOL curriculum)	x	√	x

Key: √ = applies x = does not apply

### **6.2.2 Skills for Life (literacy, numeracy or ESOL) assessment**

83. Where learners, through initial and diagnostic assessment, are identified as having a literacy, English language or numeracy skill need they will be eligible for funding.
84. If a learner's assessment outcome is that they are currently operating at Level 2 literacy, language or numeracy then they would not have a designated Skills for Life need and must not be enrolled onto Skills for Life provision. If learners are assessed at operating at and having skills at Level 2, but they still need some support with certain aspects e.g. percentages or report writing then providers must embed this learning into their other learning programmes.
85. This section outlines the Skills Funding Agency's expectation for assessment of a learner's literacy, English language and numeracy skills. It is important that learners improve their skills. They must not simply be accredited for prior knowledge.
86. To enrol a learner onto any programme to improve their Literacy, language and numeracy skills all providers must follow good practice in screening, initial and diagnostic practice to determine and evidence the appropriate course/qualification level the learner must be working towards. The outcome of the initial and diagnostic Skills for Life assessment must be recorded on the learners Individual Learning Plan.
87. Improvement is defined by, and measured as, a learner moving up a level of attainment from, for example, entry 3 to Level 1. A learner assessed as already having a majority of skills at, for example, Level 1, has a need for provision at Level 2 in order to achieve measurable improvement.
88. It is therefore expected that learners who, having been assessed, as already having the majority of skills at one level are not simply enrolled onto that same skills level and given a few hours of learning to achieve the qualification (at that level). They must be enrolled on to the next qualification level which will mean they have to learn new skills and progress from their original assessment. Where this does not happen the Skills Funding Agency will judge that this is ineligible provision and the funds have not been used for the purpose to which they were intended. We will require that all funding is returned to the Skills Funding Agency for this ineligible delivery.
89. The majority of learners with literacy, English language and numeracy needs will require a significant amount of learning and teaching time in order to move up a skills level. It is therefore expected that the majority of Skills for Life learners will require longer programmes of study in order to move up a skills level and gain a confirmed qualification.

### **6.2.3 Skills Check (often referred to as screening)**

90. Assessment must be part of a learner-centred process, where tools can be used to help learners and others identify skills and needs at a particular starting point. At an early stage in the assessment process the learner must

be screened for potential literacy, language and numeracy skills through a skills check.

91. A skills check (or screening) is the way of identifying if a learner's literacy, language and numeracy (LLN) skills are already at Level 2 and/or if there is a need for a more detailed assessment by an LLN professional (this is not required if a learner has referred themselves to LLN provision).
92. The Skills check process will not establish the learner's level but alert the assessor to some possible literacy/language and numeracy needs. Any learner indicating they have not already achieved at Level 2 must be referred on for more detailed assessment.
93. A Skills check must be administered by a practitioner who has been trained to deliver skills checks and trained in the use of any particular tool used.

#### **6.2.4 Initial Assessment for literacy, English language and numeracy needs**

94. Initial assessment is a holistic process where providers can start to build up a picture of an individual's achievements, skills, previous learning experiences, goals and learning needs. Importantly an initial assessment must also identify the learner's literacy, language and numeracy skill level using a tool that is based on the literacy and numeracy standards and core curriculum.
95. The outcome of the initial assessment must demonstrate the level at which the individual is currently operating at, to then inform which level they enrol on to. The results of the initial assessment and the level the learner is currently operating at must be recorded as evidence on an Individual Learning Plan (ILP) or learner record.
96. The person undertaking the initial assessment will get a general indication of the learner's background, skills, confidence and goals, and also ensure that the learner is sufficiently comfortable with the situation to be able to engage with the assessment tool with confidence. The initial assessment is often conducted on a 1:1 basis. It is important to remember that for many learners this may be their first encounter for many years with a learning organisation.
97. Initial assessment must include the use of an assessment tool that is based on the literacy and numeracy standards. It must be administered by a practitioner trained in the assessment tool and who is able to understand the whole assessment process; present it to learners in a positive and constructive way; use a variety of approaches appropriate to the individual learner and the context for learning; interpret results appropriately and give professional feedback to learners; recommend learning programmes and be able to refer learners for further expert assessment.
98. The decision as to which learning aim a learner is enrolled onto must be based on the needs of the learner and ensures they learn new skills. It must not be based on what other learners are doing or financial issues i.e. enrolling learners on a literacy programme when ESOL is more appropriate.

99. Funding follows learning; sole accreditation of prior knowledge and simply taking an end assessment will not be funded by the Skills Funding Agency i.e. a learner is assessed, undertakes no learning and takes the national test. This is not appropriate as it does not support any learning.

#### **6.2.5 Skills for Life Assessment Tools**

100. The Skills Funding Agency does not endorse any particular Skills check (screening), initial or diagnostic assessment tools. However, we expect providers to be using up-to-date tools which are based on the national literacy and numeracy standards and core curriculum. The Skills for Life core curriculum sets out the teaching and learning required for each level. The newly updated curriculum can be accessed via the [excellence gateway](#).
101. Providers must use initial assessment tools that place a learner's current skills level within the NQF/QCF levels. For example we require robust tools that state if a learner's current skills are at entry Level 1, entry Level 2, entry Level 3, Level 1 or Level 2. Tools that only state a learner is below a certain level, e.g. below Level 1, are less robust and not appropriate.

#### **6.2.6 Diagnostic Assessment**

102. The Diagnostic Assessment will identify a learner's strengths and weaknesses and highlight any specific skills gaps. It helps provide a detailed learner profile against the standards and curriculum documents and must be used to inform and structure a learner's individual learning plan to use as a basis for a programme of study.
103. The results may show a spiky profile of learning needs across the range of detailed areas for literacy, numeracy and ESOL. That is, following a literacy diagnostic assessment, they may have speaking and listening levels at Level 1, but reading and writing at entry Level 3. The assessor will have to decide the best level on which to enrol this learner based on the results but ensure they are moving up a level of attainment from where they have been assessed and also consider the learners attitude, confidence and ultimate goal.
104. Diagnostic assessment can take several hours and must be carried out as part of a learner's programme.
105. Diagnostic assessments must be carried out by staff who, in addition to having the skills required to undertake initial assessment, are able to use assessment outcomes to plan individual and group learning; monitor progress and use LLN diagnostic assessment tools creatively and flexibly.

#### **6.2.7 The Skills for Life Learning Journey**

106. The learning journey must be a continuum and following the processes outlined above providers must also undertake on-going assessment of a learner's progress, provide constructive feedback and analysis of further

assessment outcomes must continue throughout a learner's course or programme. This is called assessment for learning or formative assessment.

107. The initial and diagnostic assessment documentation and full process must be clearly evidenced for audit purposes. All documentation used as part of the assessment process must be available for inspection by the Skills Funding Agency and Audit as requested. Notes of any skills checks (screening), assessments and conversations, including those which detail where the learner wishes to progress to, must be noted on a learner's Individual Learning Plan (ILP). This includes noting the outcome of conversations with the learner that effects what provision the learner finally enrol onto.
108. Despite an assessor's best efforts a learner may occasionally refuse the offer of improving their literacy, language or numeracy skills. Providers must ensure this offer is noted on the learning plan. However, if this learner continues with the provider, on another qualification, we would expect the provider to keep an open door policy and return to the basic skills needs at a later date, when appropriate. This may be particularly useful if a learner enrolls onto a competency qualification and struggles because of their lack of literacy, language or numeracy skills.
109. In addition, if a provider identifies literacy, language or numeracy skills needs but for whatever reason, does not offer Skills for Life provision themselves but refers the learner onto another provider, the Skills Funding Agency also expects the provider to note the outcome of the Skills for Life assessment and record the referral on the learning plan.

#### **6.2.8 NQF SfL qualifications: a key priority in 2010/11**

110. It is the Skills Funding Agency's intention to increase the take-up of NQF/QCF Skills for Life qualifications and, in line with our policy on the mix and balance of provision, providers must convert any non-NQF/QCF literacy, ESOL or numeracy provision at Levels 1 and 2 to NQF/QCF Skills for Life qualifications. Consequently, non-NQF/QCF literacy, numeracy and ESOL learning aims at Levels 1 and 2 are not eligible for funding as Skills for Life and will not be included in the Skills for Life offer.
111. In 2010/11 providers are expected to review the balance and mix of their provision to reflect the Skills Funding Agency's priorities and providers are expected to continue to offer an increasing proportion of confirmed qualifications at Entry Level, particularly in numeracy. The Skills Funding Agency will expect the provider to consider an appropriate balance that meets local needs but also encourages greater participation in confirmed qualifications. The Skills Funding Agency will be working to a position where nationally 90 per cent of all Pre-entry and Entry Level enrolments are onto NQF qualifications and only 10 per cent are onto non-NQF/QCF aims.
112. Pre-Entry and Entry Level provision outside the NQF/QCF must be used only when assessment indicates that the learner is unlikely to be ready to

take a NQF qualification at the end of the programme, and/or where the main purpose of the learning provision is to engage learners from hard-to-reach priority groups. However, learners' abilities must not be underestimated. If it later becomes apparent that a learner could gain a qualification, the provider must transfer the learner to a nationally approved NQF qualification and record this on their ILR return, using the relevant learning-aim reference code.

#### **6.2.9 ESOL provision**

113. ESOL provision does not attract automatic fee remission at any level. Learners will be expected to pay the assumed fee (50 per cent of the unweighted national funding rate in 2010/11) unless they are eligible for fee remission. Providers must refer to the [2010/11 Learner Eligibility Guidance](#) for further advice on fees and fee remission.
114. All NQF ESOL Skills for Life qualifications at all levels (that is, Entry Level and Levels 1 and 2) and non-NQF/QCF pre-Entry Level and Entry Level ESOL Skills for Life provision will attract a programme weighting of 1.2.

#### **6.2.10 Additional funding for ESOL learners**

115. The Skills Funding Agency is making £4.6 million available for the Financial Year 2010/11 to support course fees for ESOL provision. This was previously funded through the discretionary Learner Support Fund (dLSF)
116. This allocation has been made available to support the transition from the removal of automatic fee remission for ESOL learners in 2007. It is intended for learners identified through the Race Equality Impact Assessment 2007 who would be unintentionally disadvantaged as a result of the removal of automatic fee remission in October 2006.
117. These are:
- spouses, particularly in the settled communities, that are unable to evidence their entitlement to full fee remission, or are unable to make a financial contribution to their fee costs
  - low paid workers who are unable to demonstrate receipt of an income based benefit.
118. This additional £4.6 million funding will be distributed to ESOL providers on the basis of the allocation they received in 2009/10 through the main allocation in Adult Learner Responsive. This funding can only be used to support tuition fees for ESOL learners. Support costs, such as transport or childcare cannot be met from this funding.
119. No additional data collection will be required, standard audit arrangements will apply and providers will need to ensure they have a transparent and written process for deciding which ESOL learners would benefit from this allocation.

120. Providers must ensure that learners using this funding are eligible for public funding as set out in the [2010/11 Learner Eligibility Guidance](#).

#### **6.2.11 Basic skills learners and disadvantage uplift**

121. The disadvantage uplift will continue to be applied to literacy, numeracy and ESOL provision.

#### **6.2.12 Very short (3 and 6 glh) Skills for Life learning aims**

122. The Skills Funding Agency will not fund enrolments onto very short 3 and 6glh Skills for Life courses that are used to deliver taster sessions and diagnostic programmes. providers must manage appropriate learner assessment in the same way as for other learning provision, through existing pre-course guidance, enrolment and on-course induction processes, and to incorporate diagnostic assessments into longer programmes for learners.
123. It is not the expectation that NQF/QCF Skills for Life qualifications will be delivered in less than 9 glh. Colleges and providers may deliver a whole NQF/QCF qualification in less than 9 glh only if they can provide evidence that (a) learners have had identified needs assessed through robust initial and diagnostic assessment and (b) the provision will meet those needs and help the learner to move up a NQF/QCF level in under 9 glh.

#### **6.2.13 Funding embedded basic skills provision**

124. Each of the vocational and basic skills learning aims delivered as part of an embedded or integrated programme will be funded at the appropriate rate. Further guidance on funding and recording the delivery of embedded literacy, numeracy or ESOL provision can be found in this document in Annex C: Funding the Embedded Delivery of Basic Skills Provision.

#### **6.2.14 External candidates taking adult literacy, numeracy and language (ESOL) qualifications**

125. The Skills Funding Agency does not fund external candidates to take stand-alone tests in adult literacy, numeracy or ESOL Skills for Life. Providers that continue to offer stand-alone tests may charge candidates a fee for this service.

#### **6.2.15 Functional Skills**

126. Following the 14-19 Education and Skills White Paper in February 2005 and the Skills White Paper (March 2005), the then Department for Education and Skills (DfES) gave the QCA a remit to develop Functional Skills in English, ICT and Mathematics.
127. Functional Skills in English, mathematics and ICT at entry Level, Level 1 and Level 2 are being rolled out nationally in 2010/11. These will replace the Key Skill qualifications in Communication, Application of Number and ICT from 1

September 2010 at Levels 1 and 2 delivered through Adult Learner Responsive funding. To note, a further period of transition has been agreed to allow Key Skills to be funded (alongside Functional Skills) in Apprenticeship frameworks up to 31 March 2011.

128. Following the outcome of the adult Functional Skills pilots, a decision will be taken on whether Functional Skills qualifications will also replace the Certificate in Adult Literacy and Certificate in Adult Numeracy. Further work will also be undertaken before a decision is made on whether to replace the English for Speakers of other Languages (ESOL) Skills for Life qualifications with Functional English qualifications
129. The Certificates in Adult Literacy, Adult Numeracy and ESOL Skills for Life will continue to be funded as the main literacy and numeracy qualification. Functional Skills will not be eligible for funding through Train to Gain or the Employability Skills Programme.

### 6.3 Unit Funding Trials

130. Unit Funding Trials (UFT) began in January 2009. The main purpose of the trials is to evaluate the benefit that funding units, as engagement can have on progressing learners to a full qualification where they would not otherwise engage. The trials additional purpose is how packages of units can be responsive in a period of economic downturn, both in terms of re-engagement, and in terms of up-skilling and retraining. These trials will form a critical part of the future direction of funding policy. In 2010/11, the following trials of unit funding and/or flexible delivery will take place:
  - Extension of unit funding trials to the Offenders' Learning and Skills Service (OLASS)
  - The use of QCF units to support the Qualify with a Business (QwaB) pathfinders
  - Refreshed trials of flexible delivery in Adult Learner Responsive provision.
131. The Skills Funding Agency has been operating/funding trials in Adult Learner Responsive and Train to Gain to support the testing of a Credit Success Rate (CSR) measure to track learner progression to qualifications. The trials also test how the technical features of the QCF, in particular the rules of combination and the requirement for a Unique Learner Number (ULN), can be used to ensure providers support learners to progress from units to qualifications.
132. QwaB is an offer for adults in FE colleges to develop key business skills alongside their vocational training so that they are both qualified in a vocational area and ready to run a business. A number of QCF units have been assessed as suitable for QwaB and participating colleges will be able to select appropriate units to be followed alongside vocational qualifications.
133. Once a college is accepted as a QwaB pathfinder (authorised by the Regional Development Agency and Skills Funding Agency regional lead) they are included in the Unit Funding Trials (UFT). Participating colleges can have QwaB provision funded through Adult Learner Responsive programme,

either through an extension of the UFT and/or Full Level 3 qualifications in the QCF. The freedom and flexibilities announced by Minister John Hayes in June 2010 enables colleges participating in QwaB pathfinders to allocate appropriate funds to deliver QwaB. More information is available on the [Skills Funding Agency website](#).

134. The 2010/11 OLASS unit funding trials will be from January 2010 to July 2011. These trials will allow the Skills Funding Agency to assess the effectiveness of unit-by-unit delivery in promoting engagement and progression towards qualifications in a traditionally hard-to-reach group of learners. Providers with an OLASS allocation for delivery of the core curriculum in custody may displace funding to deliver eligible units within the unit funding trials, although they are asked to speak to their Skills Funding Agency contact before starting to offer this. Note that there is no new additional funding available for the trials. The Skills Funding Agency has selected units that are appropriate for inclusion in the unit funding trials in OLASS. Providers must develop appropriate plans for their learners, by choosing units or packages of units from this list. More information is available on the [Skills Funding Agency website](#).

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## Section 7 Additional Learning Support

135. This section deals with the funding available to support a learner's learning.

### 7.1 The Skills Funding Agency's and the YPLA's legal duties and funding arrangements for 19-24 year olds

136. The Skills Funding Agency is responsible for securing education for people 19 or over other than persons aged under 25 who are subject to a learning difficulty assessment. Similarly, the YPLA must secure the provision of suitable education for persons who are over compulsory school age but under 19 or who are under 25 but subject to a learning difficulty assessment (Section 139A/140).

137. Up until August 2010 there has been no means to identify learners with a learning difficulty assessment in the Individual Learner Record (ILR). In the absence of any such data about these learners it has been agreed that funding for 19-24 year olds will be as follows:

#### **Funded by the YPLA:**

- all learners aged 19-24 who are in receipt of high level and exceptional level additional learning support (ALS) amounts over £5,500 in year either with or without a Section 140 or 139A Learning Difficulty Assessment

#### **Funded by the Skills Funding Agency:**

- all learners aged 19+ who are in receipt of low level additional learning support amounts below £5,500 in year either with or without a Section 140 or 139A Learning Difficulty Assessment

138. The duties of local authorities, the YPLA and the Skills Funding Agency are not affected by this arrangement which is being used solely to allocate funds to providers.

139. To ensure consistency in the support available for these learners, as they move from provision between the ages of 19 and 25, we are proposing to maintain the current funding available for additional learning support (ALS). This means that, regardless of whether the learner is funded by the YPLA/local authority or Skills Funding Agency, there will be consistency in the application of ALS support.

140. As well as continuing to ensure appropriate funding is available to meet the needs of learners with learning difficulties and/or disabilities, we also want to make sure that the curriculum and qualification approach supports their development. Therefore, where it is appropriate programmes for learners with learning difficulties and/or disabilities will be tailored to take account of the needs of individual learners drawing from the three main elements of

Foundation Learning – functional skills, vocational training and personal and social development. Combinations of QCF units and qualifications (where appropriate) at Entry and Level 1 will give learners with learning difficulties and/or disabilities the best chance to progress. Taken together all the elements of their programme should enhance the employability of learners with learning difficulties and/or disabilities, support their achievement of qualifications and independent living.

141. The minimum threshold for recording ALS expenditure requires providers to record funding for ALS at or above £170 for part-time learners and £501 for full-time learners. This reflects the assumption that a degree of ALS is built into providers' mainstream programme funding. Providers are expected to provide ALS to all learners with assessed and diagnosed ALS needs, but only where the costs of providing the ALS are in excess of these thresholds will the funding be 'counted' as ALS.

## 7.2 Defining the Principles of Use for Additional Learning Support Funding

142. It is not intended that ALS should be used to deal with the everyday difficulties experienced by learners on their programmes or for supporting literacy, numeracy or language (ESOL) needs of learners enrolled on Skills for Life learning aims. The types of ALS provided for learners may include the following.
- Additional teaching, either to reduce class sizes or to provide support in or out of the class.
  - Other specialist staffing: for example, personal care assistant; mobility assistant; reader; note-taker; amanuensis; in-class support assistant; dedicated technician (for supply, maintenance and training in the use of equipment for learners with disabilities and/or learning difficulties); specialist tutor (for example, teacher of the deaf, or teacher of learners with dyslexia); communication support worker (for example, Brailist or support for deaf learners); additional tutor support for counselling and guidance for individual learners that relate to their disability; material adaptation worker; or educational psychologist.
  - Funding for a speech therapist and/or a physiotherapist (where such support is identified in a learning agreement as necessary to enable a learner to achieve their learning aims, and meets the definition of ALS). Such support must be funded by the provider and is eligible for ALS funding. Normally, the provision of such support must follow an assessment by an appropriately qualified person. Where speech therapy or physiotherapy is not identified in a learning agreement as necessary to enable a learner to achieve their learning aims and does not meet the definition of ALS, funding must be sought from the relevant health authority.
  - Personal counselling, where such support is necessary to enable a learner to achieve their learning goal.

- Transport between sites and to other off-site activities for learners with mobility difficulties, but not home-to-provider transport.

### 7.2.1 High level Additional Learning Support Costs Form

143. The updated ALS costs form for 2010/11. The form will be used by providers claiming funding for all learners with costs above £5,500 and can be found on the [Skills Funding Agency website](#).

### 7.2.2 Exceptional ALS - Claims above £19,000

144. 121 It is important that providers apply in advance to their Account Manager for specific additional financial support for learners whose ALS costs exceed £19,000. In such cases, it will be necessary to demonstrate the need for such additional support. The learners likely to require exceptional ALS are individuals with significant support needs and there will be other agencies involved in their care and support. Such learners are unlikely to be planning to participate in learning without careful consideration of their needs and the capacity to meet them.
145. During the pre-enrolment and initial assessment stages the provider will identify learners' support needs, estimate the costs of the ALS and complete the "ALS Costs Form 2010/11 (compulsory for costs over £5,500)" and send to their Account Manager.
146. There are some learners who will have needs that are not identified during the pre-enrolment and initial assessment stages. It is important that, as soon as these needs are identified, an assessment is carried out and the "ALS Costs Form 2010/11 (compulsory for costs over £5,500)" completed and sent to the Account Manager. An individual's learning support needs may change during the programme and, if a review of that person's needs leads to a significant change in the provision being offered to them, the form must be revised.
147. The submission of the *ALS Costs Form* with estimated exceptional ALS costs will act as a formal request for approval from the Account Manager.
148. Following approval the Account Manager will send a letter to the provider confirming approval of the planned eALS expenditure (amounts over £19,000).

## Section 8 Distributed and Electronic Learning

149. Use of workbooks, e-learning and distance learning in the Adult Learner Responsive model needs to exhibit value for money in usage of public funds be utilised in a manner that best supports a learner in both achieving the qualification and gaining useful skills in a vocational context.
150. The Skills Funding Agency would expect that:
- the distance learning or workbook would contain elements of underpinning knowledge and understanding
  - the distance learning or workbook would show signs that it has been assessed and reviewed by a suitably competent and qualified assessor or tutor – not just completed by the learner in their own time with no outcome or testing that the knowledge gained has been put to use, assessed or checked
  - the provider is able to demonstrate that the approach has been dependant on the context of the qualification, as learning just from a book without demonstrating competence would not be considered structured learning
  - the distance learning or workbook would involve exercises and contact with others to demonstrate research, analysis or application of knowledge
  - a record is made of the decision to use such material or provision on the individual learning plan
  - the learner is clear why this method is being used by the provider to deliver the learning outcome,
  - any material used is adapted to individual learners' needs based on the initial assessment.
151. The use of distance learning and workbooks does not remove the need for providers to identify where Recognition of Prior Learning (RPL) applies, and therefore where an adjustment to the rate of funding by using ILR field A51a must be made.
152. The Skills Funding Agency recognises that through innovation and using new technology that delivery methods in vocational learning will change and adapt to employers' and learners' needs. However, these developments must not be detrimental to the quality of provision and learner experience. It is providers' responsibility to ensure that any materials used have been agreed with the appropriate awarding body for use in collecting evidence of competency, knowledge or skill.

## Section 9 Sub-contracting requirements

153. Before an organisation can receive funding from the Chief Executive of Skills Funding there must be a funding agreement in place. This agreement sets out the terms and conditions on which the Chief Executive of Skills Funding is providing funding to that organisation. The most common arrangement is for the Chief Executive of Skills Funding to have this agreement in place with a single legal entity (be that a college, a private or public organisation or sole trader). Alternatively the Chief Executive of Skills Funding can have an agreement with individual legal entities that are part of a consortium on a joint and several basis. Under these circumstances all members of the consortium are responsible for any breaches to the terms and conditions of the funding agreement. In either of these circumstances it is possible for some of the delivery to be sub-contracted to a third party, which itself must be a legal entity.
154. Past experience indicates that sub-contracting significant levels of provision is associated with higher levels of risk. This is the case irrespective of whether the sub-contractor is one of the Lead Provider's own subsidiary companies, a joint venture company or an organisation that is independent of the Lead Provider. Higher levels of risk are also associated with significant levels of provision being delivered away from the Lead Provider's main site(s) or outside the normal recruitment area of the provider.

### 9.0.1 Responsibility and limits of sub-contracted provision

155. The Lead Provider retains ultimate responsibility for all aspects of the provision that it is contracted to deliver, including any elements that it chooses to sub-contract. The Lead Provider must have a legally binding agreement with each and all of its sub-contractors.
156. The Lead Provider is required to provide the Skills Funding Agency with information about any provision that it wishes to sub-contract prior to entering into delivery arrangements. This information includes extending existing sub-contracting arrangements or entering new sub-contracting arrangements (including during the year). The Chief Executive of Skills Funding reserves the right to refuse funding for any sub-contracting arrangements based on his professional judgement of the risk posed.
157. Sub-contractors may not further sub-contract provision to other colleges or training organisations without the written approval of the Chief Executive of Skills Funding.
158. Franchised provision is not permitted.

### 9.0.2 Provision of Information on sub-contractors

159. Lead Providers are required to submit details of their sub-contracting arrangements for each proposed sub-contractor to the Skills Funding Agency. A spreadsheet is available on the [Skills Funding Agency Website](#), to capture the information required. It covers the following:
- the full name, UKPRN and postcode of the legal entity which the Lead Provider proposes to use as a sub-contractor;
  - the value and length of the contract with the sub-contractor together with anticipated learner numbers;
  - the delivery location postcode(s) of sub-contracted provision. If learning delivery will take place on a learner's employer's premises, the post-code of the delivery organisation will suffice;
  - the proportion of the payments from the Skills Funding Agency to be passed to the sub-contractor by the Lead Provider for the provision;
160. This spreadsheet will replace the form at Annex I: ILR Partner-provider Details from LSC Funding Guidance 2008/09: ILR Funding Claims and Audit Returns (LSC, September 2008). This is the form that is currently used to inform the Skills Funding Agency of the individual subcontractors to be used. Should a college or training provider have already submitted details of their proposed subcontractors for 2010/11 to the Skills Funding Agency using the form at Annex I then there is no need to complete the new spreadsheet for the coming year.
161. In addition to this information on individual sub-contractors, the Lead Provider will be required to provide the Skills Funding Agency with a single declaration signed by the Chief Executive of the Lead Provider, that the necessary due diligence has been carried out across all proposed subcontractors which can be found on the [Skills Funding Agency website](#). Providers are asked to send the completed spreadsheet to their Account Manager with a copy to a Procurement Team at [procurementteam@skillsfundingagency.bis.gov.uk](mailto:procurementteam@skillsfundingagency.bis.gov.uk). It is for the Lead Provider to determine the necessary and sufficient due diligence required for each proposed subcontractor. This guidance sets out some of the areas that Lead Providers may want to consider when carrying out due diligence, particularly for those subcontractors that represent a higher level of risk based on, but not restricted to, the value and nature of the subcontracted programmes and/or provision
162. Colleges and providers are expected to notify the Chief Executive if there is a significant change to the amount and/or nature of any subcontracted provision from that already notified to the Chief Executive. This is particularly important where the sub-contractor has:
- become insolvent or been placed in administration;
  - been graded Inadequate by Ofsted in any category relating to the organisation as a whole or received an inadequate grade in any sector-subject area(s) containing sub-contracted provision.

163. Under these circumstances the Lead Provider must inform the Chief Executive of Skills Funding within one week of the initial notification detailing the action it is taking to protect the learners accessing programmes and/or provision through the sub-contractor.
164. Lead Providers are also reminded of the need to complete the section on Subcontracting in their annual self-declaration on the Skills Funding Agency's Financial Management and Control Evaluation.

### 9.0.3 Sub-contract Agreements

165. It is a requirement that all Lead Providers have a legally binding agreement in place with each of its sub-contractors. It is a requirement that the sub-contract agreement must allow for access on demand to sub-contractors' premises and to all documents relating to learners funded by the Skills Funding Agency, in whatever media or format, by internal and external auditors or other persons nominated by the Chief Executive of Skills Funding. It is also a requirement that Lead Providers include a contract condition within all new sub-contract agreements from 25 March 2010 to pay the valid invoices of their subcontractors within 30 days of the invoice date<sup>1</sup>.
166. Lead Providers must ensure that the subcontract agreement is clear on the actions that would be taken in the event of the termination of the sub-contract agreement to ensure that such a termination has negligible impact on learners' programmes and/or provision, particularly where the subcontractor enters liquidation or is taken into administration.
167. The Skills Funding Agency does not require a standard form for that agreement. This is to allow for the necessary flexibilities in these agreements to best meet the needs of learners. The Office of Government Commerce provides model terms and conditions of contract for services on its [website](#). Guidance and best practice examples on subcontract agreements and subcontracting can be found on the Learning and Skills Improvement Service's [Excellence Gateway](#). The [Association of Colleges](#) doesn't provide a model contract for subcontracting on its website but does negotiate some contracts on behalf of its members and will provide advice to members on request. The [Association of Learning Providers](#) and the [Third Sector National Learning Alliance](#) also provide advice and guidance on subcontracting for their members. Each Lead Provider is advised to take legal advice before entering into a subcontract with third-parties.
168. Lead Providers must ensure that they meet the terms and conditions of their funding agreement with the Chief Executive for all provision regardless of whether it is sub-contracted. Regardless of the form of the sub-contract agreement, the Lead Provider will need to be satisfied that it satisfies a control test, the key elements of which are that:

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<sup>1</sup> This is to ensure compliance with the mandatory requirements set out in Procurement Policy Note - Requirement to include 30-day payment clause in new contracts. Action Note 07/10 25 March 2010 (Office of Government Commerce)

- i. a Lead Provider is able ensure that learners are enrolled on appropriate programmes;
  - ii. there is a written learning agreement, entered into at the time of enrolment, is prepared and agreed with each learner that reflects the outcome of the learner's initial guidance and assessment;
  - iii. a learning programme and its means of delivery have been clearly specified by the Lead Provider;
  - iv. the Lead Provider is in control of the delivery of the education and/or training;
  - v. there are arrangements for assessing the progress of individual learners;
  - vi. procedures exist for Lead Providers to regularly monitor the delivery of programmes provided in their name.
169. Notwithstanding the requirements placed on Lead Providers with respect to their sub-contracted provision, the Skills Funding Agency accepts no financial or other liability in respect of sub-contracted provision, which is the sole responsibility of the Lead Provider.

#### **9.0.4 Distribution of income between Lead Providers and sub-contractors**

170. The Skills Funding Agency requires that a large majority of its funding is used for the benefit of the learner on their learning programme or provision. The Skills Funding Agency expects that the amount of funding retained by Lead Providers for programmes and provision delivered in whole or in part by a sub-contractor takes account of, and be proportionate to, the actual costs incurred by each party in the delivery of the provision. It is unlikely that, for most programmes and types of provision, direct delivery costs would be less than 85% of the income received from the Skills Funding Agency.
171. The Skills Funding Agency will monitor the payments to sub-contractors to ensure that sub-contracting represents good value for money and that there is sufficient funding being allocated for the delivery of high quality education and training.

#### **9.0.5 Monitoring sub-contracted delivery**

172. The overall monitoring and control of sub-contracted delivery is the responsibility of the Lead Provider. However, it is still the case that sub-contracted provision represents an increased risk and recently, some providers have experienced difficulties in submitting evidence to support their monitoring and control of sub-contracted provision. The Skills Funding Agency sees the individual deliverer (ILR field A22) and the delivery location postcode (ILR field A23) as key fields on the ILR that will identify to the Chief Executive of Skills Funding the higher-risk elements of a provider's provision.
173. Lead Providers are expected to: monitor the qualification success rates and other performance measures for each sub-contractor; report these in their self-assessment reports; and take appropriate action, through their quality

improvement plans, or in-year improvements as necessary, to improve qualification success rates and other performance measures in-line with the Lead Providers own targets.

174. Lead Providers are expected to ensure that their sub-contractors submit the data required by the Skills Funding Agency on a timely basis including, but not restricted to, that required by the Framework for Excellence. Lead Providers are also expected to ensure that their sub-contractors supply them with sufficient evidence to allow the Lead Provider to adequately assess the performance of their sub-contractors against the Common Inspection Framework. It is expected that this evidence is included in the Lead Provider's self-assessment report and contributes to the judgements and grades therein.
175. Provision sub-contracted by a Lead Provider must be delivered by the sub-contractor's directly employed staff or by freelance, self-employed trainers and/or assessors. In the case of volunteers, the control must be "as if they were employed". The agreement must require that sub-contractors that use volunteers or freelance, self-employed individuals for teaching, training or assessment duties must have a written agreement with those volunteers and/or self-employed teachers, trainers and assessors that covers the requirements placed on them and their agreement to meet those requirements. Lead providers and sub-contractors are advised to take into account the requirements of minimum wage legislation when using volunteer staff.
176. The Lead Provider must be able to demonstrate that it is monitoring the activities of the sub-contractor and that it is exercising control over, and making appropriate arrangements for, the quality assurance of all provision. Where the sub-contractor is also the approved assessment centre for the qualifications it delivers, the Skills funding Agency expects that the sub-contract agreement entitles the Lead Provider to receive copies of all reports by the centre's Awarding Body or Bodies, including, but not restricted to, External Verifier reports relating to subcontracted learners and/or the programmes and provision on which they are registered with the Awarding Body or Bodies.
177. The Skills Funding Agency reserves the right to reclaim funding if Lead Providers cannot provide, on request, evidence of good controls and regularity in their sub-contracted provision.

#### **9.0.6 Due diligence process for proposed sub-contractors**

178. It is the responsibility of the Lead Provider to satisfy itself that the sub-contractor has been selected fairly and has the sufficient capacity, capability, quality and business standing to deliver the provision that it being sub-contracted. In order to satisfy itself of this the Lead Provider must take account a number of factors, which include whether the sub-contractor:
  - has been selected through a fair, open and transparent process;
  - has satisfactory financial health;

- has no unsatisfied county court judgements against it;
  - has disclosed all contracts it holds and has held with the Skills Funding Agency and the Learning and Skills Council and, in the case of terminated agreements, the reasons for the termination of the agreements;
  - has disclosed the names of its directors and senior managers together with details of their previous appointments, particularly with organisations who hold or have held funding agreements with the Skills Funding Agency or the Learning and Skills Council;
  - has sufficient capacity to deliver its commitments under the sub-contract agreement without adversely affecting its ability to meet its other commitments;
  - complies with health and safety legislation and has carried out health and safety risk assessments covering the proposed sub-contracted learners;
  - has declared to the Lead Provider all reportable injuries, diseases and dangerous occurrences covered by the RIDOR regulations over the last three years together with the actions they have implemented to prevent reoccurrences;
  - complies with legislation on employment (including the use of volunteers);
  - complies with legislation on immigration, safeguarding and equality & diversity;
  - complies with data protection legislation (including the notification of the Information Commissioner's Office that they process personal information) and has appropriate data protection and security systems in place for the exchange of personal data with the Lead Provider;
  - has systems to ensure compliance with the Skills Funding Agency's requirements for data collection and the keeping of records;
  - has appropriately qualified and trained staff and other resources to deliver the sub-contracted provision effectively from the start of the contract;
  - has a policy on sustainability;
  - has appropriate learner support arrangements in place;
  - has appropriate information, advice and guidance arrangements in place for learners;
  - has appropriate quality assurance arrangements in place
  - does not have an inadequate Ofsted inspection outcome relating to any aspect of its overall performance or to the sector-subject area(s) of the proposed sub-contracted provision;
  - has provided references that support the claims made in its tender.
179. Colleges and publicly-funded bodies must follow EU procurement rules to procure the services of a sub-contractor. These organisations are advised to

consult the [Office of Government Commerce website](#) and in particular the section of its policy and standards framework on supplier selection and pre-qualification. The regulations governing private providers are less prescriptive but the Skills Funding Agency would expect the selection of sub-contractors to be as equally fair, open and transparent as for colleges and other publicly-funded bodies.

180. The Chief Executive of Skills Funding reserves the right to ask Lead Providers for additional evidence in support of the due diligence process. The Chief Executive of Skills funding will base any requests for further evidence on an assessment of risk represented by the proposed sub-contracted arrangements. It will be for Lead Providers to determine the form of this evidence but it could include the following:

- a copy of the sub-contract agreement
- the sub-contractor's procedures on a range of aspects covered in the declaration to the Skills Funding Agency including safeguarding, health and safety and equality & diversity
- the data sharing protocol(s) in place between the Lead Provider and sub-contractor
- the sub-contractor's arrangements for monitoring learners' progress
- copies of the sub-contractors policies on quality assurance, health and safety, equality and diversity and sustainability
- a copy of the standard operational manuals to be used by the sub-contractor, particularly for the collection of data and the keeping of records
- details of the provision, the value and the number of learners that the sub-contractor will be delivering
- details of the learner support arrangements that are the responsibility of the sub-contractor under the proposed agreement
- details of the quality assurance arrangements that are in place at the sub-contractor
- a business case for using the sub-contractor.

## Section 10 Funding Compliance Advice

### 10.0.1 Evidence of Learner Existence and Eligibility

181. The primary rule in compliance is that there must be sufficient evidence in order to establish that a learner exists and is eligible where funding is claimed.

### 10.0.2 Records of Learner Existence and Eligibility

182. The Skills Funding Agency recognises that different procedures and different emphases will be appropriate to different types of learner, but evidence will be required of the process used for the enrolment and record of teaching and learning activity for each learner. It is for each provider to decide what procedures to carry out, but any provider that chooses not to carry out any procedures at all will put their programme funding at risk. It is recognised that the majority of the evidence produced will be naturally occurring during the learning process and will be directly linked to the management of the provider and their use of resources.

### 10.0.3 Learning agreement

183. The Skills Funding Agency considers it essential that learners have access to clear and full information on the costs of their programme before enrolment and that they are provided with pre-entry advice and guidance.

184. The successful outcome of pre-entry advice and guidance is a learning agreement signed by the learner and the provider.

185. While recognising that different types of learner may require different approaches to advice and guidance, the learning agreement must provide confirmation that the following broad areas have been covered:

- the choice of learning programme
- entry requirements for each learning aim within the learning programme
- an assessment of the suitability of the learning programme
- support for the learner
- the nature of the procedures involved in the process of advice and guidance.

186. A provider must retain a learning agreement signed on behalf of the provider and by the learner as compliance evidence to support its funding claim. While all learners funded by the Skills Funding Agency must have a learning agreement, the detail must be proportionate to the length of the learning programme.

187. Learning agreements can also be combined with enrolment forms as complementary documents to prevent any unnecessary bureaucracy.

188. Providers will be able to evidence that they are delivering good-quality information, advice and guidance (IAG) to their learners through good retention and achievement levels.

#### **10.0.4 Learner attendance**

189. There must be evidence that individual learners were undertaking the specified learning programme during the learning period for which funding is being claimed. This would be by the use of registers or attendance records. Where technology is used to record this evidence then the provider must have a robust system that is linked to attendance in classrooms and workshops and not to the overall premises of the provider.
190. It is very important that all Skills Funding Agency providers ensure that any sub-contractors operate in a similar manner and can evidence claimed learner contact time with tutors to avoid any eligibility issues over their sub-contracting provision.

#### **10.0.5 Achievement**

191. Achievement must be accurately recorded and substantiated by appropriate compliance evidence.
192. The Skills Funding Agency requires evidence that supports records or claims for achievement of non-accredited learning aims to be as robust as that for nationally recognised confirmed qualifications.
193. Where achievement is to be recorded or claimed, providers must retain learning outcomes records with the associated initial assessment records or learning agreements, showing that the learner has met the agreed learning aims and achieved the appropriate objective.
194. Achievements may not be recorded or claimed where the learner is merely seeking an improved grade and the provider has previously claimed achievement(s) for the learner.

#### **10.0.6 Fee Remission**

195. It is the responsibility of the provider to establish eligibility for tuition fee remission at the start of each funding year both for learners who are starting and those who are continuing their programmes. A robust system must be in place to check that learners are correctly charged fees.
196. The provider must record how a decision has been made and what has been seen in order to justify it.
197. Details of fee remission can be found in the [2010/11 Learner Eligibility Guidance](#).

#### **10.0.7 Retention of Documentation**

198. Documents are to be retained for inspection as specified in the provider's contract or funding agreement.

199. The provider must ensure that documents used and created by a sub-contractor are also available as defined above.

#### **10.0.8 Funding Implications: All Providers**

200. Where data or evidence is identified as being incorrectly recorded in the ILR return, the provider is expected to revise their ILR return and funding returns or claims accordingly
201. For providers where funding auditors find inadequate or insufficient compliance evidence, this is likely to be raised as a management letter point. For any material errors, providers and funding auditors are normally expected to identify the amount and type of funding and remove it from the funding returns or claims. For serious or systematic errors, the funding auditor will usually qualify the ILR audit report. For example, if attendance registers were missing, incomplete or incorrect, funding auditors would usually qualify their audit report and undertake any necessary further sampling to validate that part of the provider's funding return or claim affected by the inadequacy. Where insufficient or no compliance evidence is available, and assuming the inadequacy is material to the overall funding return or claim, the affected funding is likely to be reduced or disallowed from final funding returns or claims by the Skills Funding Agency.

#### **10.0.9 Additional Learning Support**

202. Providers must consider how the various documents and auditable evidence required are co-ordinated, and the system for calculating additional support costs, and ascribing these costs, must be reviewed for compliance with current guidance.
203. The process of initial assessment for additional learning support must be integrated into the other processes carried out during the entry phase of the learning programme, and evidence must be available of the assessments that were carried out.
204. An integral part of the establishment of the learning support plan is the scheduling of regular reviews. These reviews may result in a reassessment of the support programme. This may lead to changes in the cost. Providers must ensure that this is systematically recorded.
205. For the final funding claim, the form must be completed to show actual additional expenditure incurred by the provider. Providers must consider the most effective and efficient way that this information is collected for learners whose costs are below the £5,500 threshold. This may involve using group or global costs data collection methods, in line with simplification and reduction of bureaucracy measures. The Skills Funding Agency will not require providers to make individual evidence available for records up to £5,500, but would expect providers to maintain records of learner assessment, individual learning and support plans, and monitoring, review and outcome records for learners who are allocated funding under ALS expenditure. These records should be in place as part of normal educational

practice and should not therefore represent any increase in bureaucracy. Providers will not face any funding reconciliation adjustment for ALS costs.

206. Providers must record actual expenditure for all learners where individual costs above £5,500 are being claimed and they must advise any of their Sub-contractors to apply this practice to any ALS being claimed through them.
207. Where the provider wishes to claim high level ALS (amounts above £5,500), the learner's learning agreement must give a summary of the additional support to be provided to the learner.
208. The "[ALS Costs Form 2010/11 \(compulsory for costs over £5,500\)](#)" provides information on the costs of providing ALS. It will form part of the compliance evidence to be retained by the provider in support of its claim for ALS funds. Care must be taken to ensure that planned expenditure makes appropriate use of public funds. The claim made must reflect the actual costs incurred and providers must retain evidence of the costs incurred for audit purposes.
209. Once the learners are engaged on their learning programmes, the provider must also be able to make available to its funding auditors sufficient evidence to show that the additional support or any extra funds allocated by the Skills Funding Agency for which additional learning support funding is being claimed has been made available to the learner.

#### **10.0.10 Standard Class Size for Small Class Additional Learning Support**

210. Where learners receiving ALS are taught in small groups, the provider must ensure that the proportion of costs met from the mainstream funding methodology has been removed before costs are charged to additional support.

#### **10.0.11 Withdrawals**

211. A learner must be considered to have withdrawn from a programme of study where they are known to have made a decision to withdraw, or to transfer from a full-time to a part-time or from a part-time to a full-time. Either the learner or the learner's tutor must have confirmed this in writing.
212. In addition, for full-time programmes and part-time programmes of more than 24 weeks in duration, which are not distance-learning programmes, a learner must be considered to have withdrawn where they have not attended classes for at least four continuous weeks, excluding holidays. This is unless there is auditable evidence of an intention to return.
213. For distance learning provision, a withdrawn learner would be one failing to meet the guidance on participation:
214. attendance at a centre or log-on to learning materials
215. receipt of work or projects by the tutor (electronic or hard copy)

216. any communication with the tutor that indicated that the learner was still active on their learning aim, including any planned contacts.
217. Learner withdrawal dates must be promptly and accurately recorded in order to reflect the last date of actual recorded attendance. All learner withdrawals must be recorded in the ILR.
218. Withdrawn learners must not be recorded as having completed their course. Learners must also be correctly recorded as having transferred to another qualification, or withdrawn without transferring.
219. The date of a learner's withdrawal must be recorded in all circumstances as the last date of their actual attendance, not the date on which the learner's record was flagged as withdrawn.

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## Section 11 Specific Guidance on Individual Qualifications and Delivery Methods

### 11.0.1 Distance learning

220. Any listed provision delivered as distance learning in 2010/11 must be recorded and audited as listed provision. This approach must also be applied where the recommended or average glh for qualifications have been chosen as the basis of any unlisted record or claim.
221. Providers will still need to show evidence that their learners have received guided learning support, but no longer need to provide detailed time records of individual support.

### 11.0.2 Open learning

222. Providers must be realistic concerning the length of time assigned to a particular learning aim delivered by open learning. For example, for a learning aim that is normally delivered in 120 glh in a traditional setting, the provider must not seek to require learners to adopt an unreasonable attendance pattern that they are unlikely to achieve, and which does not necessarily meet their individual needs. It would be inappropriate for the provider to assign a notional study pattern of, say, 6 hours a week for 20 weeks and then to claim 120 glh regardless of the learner's actual attendance.
223. Providers must give particular attention to retention and achievement of this type of provision.

### 11.0.3 Funding implications

224. Providers are reminded of the need to comply with the spirit and intention, as well as the letter, of funding guidance. Where fees are charged that approach 100 per cent of the funding available, the provision needs to be reviewed to assess the actual contribution of Skills Funding Agency funding to the overall cost of the programme. In particular, where the fee falls very close to the upper threshold, providers will expect to have written consent by the Skills Funding Agency team to fund the programme.

### 11.0.4 Unlisted Provision

225. Providers must ensure that the glh for unlisted provision are accurately assessed in order to correctly claim the correct funding. All unlisted provision must be reviewed to ensure that the planned glh agree with those actually delivered. Where they differ significantly, an in-year adjustment must be made to ILR data.
226. Where glh have been incorrectly calculated, the provider would be expected to revise their ILR return to show the correct glh value where the variance in glh between actual and planned is more than 20 per cent.

## Section 12 Funding Rates

### 12.0.1 The Formula

227. The Skills Funding Agency funding formula is:

$$\text{Funding} = (\text{SLN} \times \text{National Rate} \times \text{Provider Factor}) + \text{ALS}$$

### 12.0.2 SLN Values

228. Each learning aim has an SLN value reflecting the size of the learning aim irrespective of its duration. Learning aims are either funded at a listed SLN value, or are unlisted.
229. In Adult Learner Responsive listed SLN values are used where there is a high degree of consistency amongst colleges and providers in the number of guided learning hours (glh) used to deliver the learning aim.
230. The national rate applied to the SLN includes a contribution to the overheads of the provider. The provider needs to prioritise how this will be allocated to competing demands within the organisation.

### 12.0.3 Listed SLN Values

231. The SLN values for all listed learning aims may be found in the Learning Aim Database (LAD).

### 12.0.4 Unlisted Learning Aims

232. Under the Adult Learner Responsive, where the number of glh that colleges and providers use to deliver a learning aim varies significantly, the appropriate SLN value is determined from the planned glh recorded in the ILR.
233. It is Skills Funding Agency policy for some types of learning aim (such as basic skills) to be unlisted.
234. To determine the SLN value for a particular learning aim that is not individually listed, the provider must determine the total planned glh for the learning aim – this is the number of hours initially planned to deliver the learning aim, and this will be recorded in the learning agreement.

### 12.0.5 National Funding Rates

235. The National Rate for 2010/11 for Adult Learner Responsive provision is £2,732 per SLN.

### 12.0.6 Area costs Uplift

236. Previous research showed that there is a clearly marked difference in relative costs between London and the South East, and the rest of England.

237. There is no change to area costs in 2010/11. Section 13 shows the area-costs uplift for 2010/11.

#### **12.0.7 Disadvantage Uplift**

238. Disadvantage uplift is based on the Index of Multiple Deprivation (IMD) 2004.

#### **12.0.8 Index of Multiple Deprivation 2004**

239. The IMD 2004 gives a value of relative deprivation for every lower layer super-output area (SOA) in the country, and is widely used in Government. It is based on income deprivation (22.5 per cent), employment deprivation (22.5 per cent), health deprivation and disability (13.5 per cent), education, skills and training deprivation (13.5 per cent), barriers to housing and services (9.3 per cent), crime (9.3 per cent) and living environment deprivation (9.3 per cent).

240. The IMD 2004-based disadvantage uplift will mean the following.

- 1) Funding for learners living in the 27 per cent most deprived super-output areas of the country will be increased for disadvantage
- 2) The funding uplift for these learners ranges from 8 to 32 per cent, depending on the level of deprivation recorded in IMD 2004.

#### **12.0.9 Programme Weightings**

241. Programme weightings are listed in the LAD for each qualification. The table below shows the values associated with each band.

<b>PWF</b>	<b>PROGRAMME WEIGHTING</b>
A	1.00
B	1.12
C	1.3
D	1.6
E	1.72
F	1.4
H	1.2
J	1.25
K	1.5
L	1.15

#### **12.0.10 Specialist Resources Programme Weightings**

242. A specialist resources programme weighting will apply to certain qualifications in the agriculture and horticulture sector, for a certain group of providers who demonstrate to have the necessary resources to deliver the qualifications in a specialised way.

## 12.1 Funding Formula

### 12.1.1 Funding Formula Principles

243. The standard learner number (SLN), is a measure of the volume of activity associated with a qualification, learning aim, learner, contract or allocation.
244. While the SLN gives a robust measure of volume of learning, the relative cost of that learning must also be taken into account by the funding formula. The provider factor (and component provider factor weightings, as described below) is the measure that reflects the relative cost of provision. It includes the following drivers of relative cost:
- success
  - area costs
  - programme weighting
  - disadvantage
  - short-programme modifier
  - long-term residential colleges.

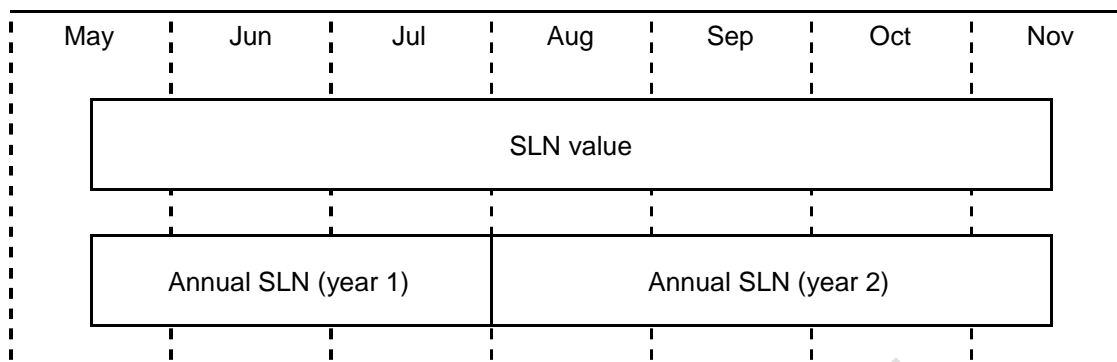
### 12.1.2 SLN value

245. It is SLN values that will be listed on the Learning Aim Database (LAD) and used as a basis for the funding calculations in all demand-led funding models.
246. In classroom and other group-based environments, SLN values are directly related to guided learning hours (glh).
247. For unlisted learning aims, that is, learning aims which do not have an SLN value stated on the LAD, the SLN value is derived from the data in the ILR (specifically A32 guided learning hours for Adult Learner Responsive).

### 12.1.3 Annual SLN

248. Annual SLN is the measure used directly in the funding calculations for the purposes of calculating actuals at learning aim level for the Adult Learner Responsive model.
249. Annual SLN is derived from the SLN value by application of the SLN section of the funding calculations.
250. This process distributes the SLN value across funding years in order to derive annual SLN, and distinguishes the annual SLN from other measures.

## SLN values and annual SLNs



### 12.1.4 Provider factor weightings

251. Provider factor weightings are the elements of the provider factor applied at individual learning aim level. For example, the programme weighting factor associated with a particular learning aim or the area costs factor associated with a particular postcode.

252. Provider factor weightings are used in calculating provider factors in the Adult Learner Responsive model.

### 12.1.5 Provider factor

253. The provider factor is the provider-level aggregation of the provider factor weightings within each funding model. It is a single figure that can be expressed as composite parts.

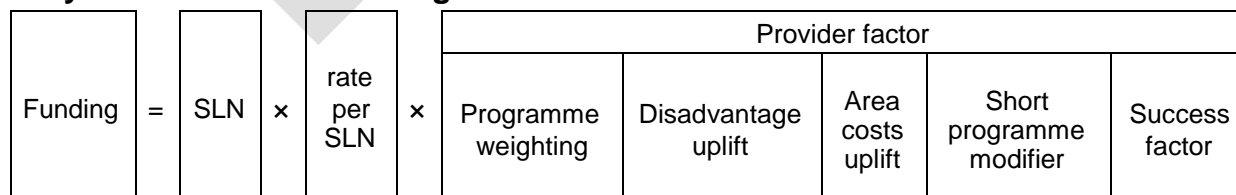
254. The provider factor is used in determining the actuals for the Adult Learner Responsive provision.

### 12.1.6 The Formula

Funding = (SLN × Rate per SLN × Provider factor) + (Additional learning support)

255. The figure below illustrates how the key elements of the formula combine to produce the rate paid.

#### Key elements of the funding formula



256. SLN is divided into fully-funded SLN and co-funded SLN and the rate applied is either the fully-funded rate per SLN or the co-funded rate per SLN respectively.

### 12.1.7 Definition of a start

257. Annual SLNs will be counted when a learner is deemed to have started.

258. A learner is deemed to have started a learning aim once they have remained on that learning aim within the current funding year for the period of time defined below.

#### Criteria for learner-responsive SLN start purposes

Learning aim length in- year	Start period
> 24 weeks	6 weeks (42 days)
2 to 24 weeks	2 weeks (14 days)
2 weeks	1 learning engagement

259. For learning aims that span more than one funding year, starts are determined separately for each year, in line with the approach of calculating an annual SLN separately for each year.

### 12.1.8 Guided learning hours

260. The glh for a learning aim is set using the following logic:

- If a learning aim has a listed SLN glh value in the Learning Aim Database (LAD), this listed SLN glh value is used
- If there is no listed SLN glh value, but the ILR has a value in the distance learning funding field, then the rate is based on the agreed value in this field
- If there is no listed SLN glh value and a distance learning value has not been agreed, then the learning aim is 'unlisted', and the SLN glh value is set to the value in the planned glh field.

261. There are some exceptions to this method.

- Access to HE, as identified by the LAD, is assigned the listed SLN glh value from the LAD if the planned glh in the relevant funding year is at least 450. If the planned glh is less than 450, then the aim is treated as unlisted
- If an occupational qualification does not have a valid code in the main delivery method field, the learning aim is treated as unlisted
- If a learning aim is coded as a re-take, the learning aim is treated as unlisted. Re-sits of assessments that do not involve any guided learning are not eligible for Skills Funding Agency funding.

### 12.1.9 Conversion from glh to SLN

262. The SLN value for each learning aim is the SLN glh value divided by 450.

### 12.1.10 Annualisation

263. The proportion of the learning aim delivered in the current funding year is calculated based on the number of days in the current funding year. For learning aims completed before the planned end date, the number of days after the current funding year are added to the number of days within the current funding year, thus producing a 'balancing payment'.
264. Annual SLN is calculated by multiplying the previously determined SLN value for each learning aim by the proportion of the learning aim that occurs in the current funding year.

### 12.1.11 The funding cap

265. The annual SLN is capped by aggregating the values for the individual learning aims to learner level and capping at a maximum of 1.75 annual SLN per learner.
266. The capping factor is then the capped annual SLN divided by the uncapped annual SLN at learner level.
267. The learning aim level annual SLN is scaled by the capping factor.

### 12.1.12 Fully-funded/co-funded

268. Adult Learner Responsive provision would normally attract a tuition fee and hence would be co-funded. However, certain categories of adult learner and/or learning aim are entitled to fee remission under the Skills Funding Agency's fee remission policy and would therefore be fully funded. Further information can be found in the [2010/11 Learner Eligibility Guidance](#).
269. The co-funded rate for the Adult Learner Responsive model will vary in line with the provider factor, as the Skills Funding Agency's policy is to have the same fee element irrespective of other factors, such as area costs or programme weighting. It is calculated using the following method:

$$\text{Fee Element} = \text{Fully - funded rate per SLN} \times \text{Fee proportion}$$

$$\text{Co - funded Rate per SLN} = \text{Fully - funded Rate per SLN} - \frac{\text{Fee Element}}{\text{Provider factor}}$$

270. Dividing the fee element by the provider factor in this way ensures that the assumed fee remains unweighted by disadvantage, area costs or programme weighting.

### 12.1.13 Provider Factor

271. The provider factor includes the following elements, which are multiplied together to give the overall factor:
- success
  - area costs

- programme weighting
- disadvantage
- short-programme modifier
- long-term residential colleges.

#### **12.1.14 Success factor**

272. A single aggregated success rate is calculated by averaging published success rates for long, short and very short courses, weighted by the provider's annual SLN for learning aims in each of these three categories.

273. The success factor is then the mid-point between the success rate and 100 per cent. This is found from the formula:

$$\text{Success factor} = 50\% + \frac{\text{success rate}}{2}$$

#### **12.1.15 Area costs**

274. For the Adult Learner Responsive model the provider-level area cost uplift is determined by the geographical location of the provider's location.

#### **12.1.16 Programme weighting, disadvantage and short-programme modifier**

275. In order to ensure that the provider factor has exactly the same effect on a provider's funding as applying the various weightings at learning aim level, the calculation of some provider factor elements must be carried out at learning aim level and then aggregated up, before being disaggregated into its component parts.

276. The elements of the provider factor that must be calculated in this way are those elements that operate at learner or learning aim level. That is, the programme weighting, disadvantage and short-programme modifier.

277. For the Adult Learner Responsive model the values for individual learning aims are weighted by the annual SLN of those learning aims when aggregating them to provider level.

278. Programme weightings for all learning aims are taken from the LAD.

279. Learning aims with a programme weighting factor of G delivered by providers who have demonstrated the use of specialist facilities to the Skills Funding Agency attract a 1.92 programme weighting. Learning aims with a programme weighting factor of G delivered by providers who have not demonstrated the use of specialist facilities to the Skills Funding Agency attract a 1.72 programme weighting.

280. The disadvantage uplift is based on the Index of Multiple Deprivation (IMD) 2004.

281. The disadvantage uplift will mean the following.

- Funding for learners living in the 27 per cent most deprived lower-layer super output areas (SOAs) of the country will be increased for disadvantage.
  - The funding uplift for these learners ranges from 8 to 32 per cent, depending on the level of deprivation recorded in IMD 2004.
282. Learners in the Adult Learner Responsive model who fall into one of the categories are eligible for either 12 or 14 per cent disadvantage uplift. Learners in these categories are eligible for the greater of the SOA-based and the category-based disadvantage uplift, not the sum thereof.
283. The short-programme modifier is calculated from the learner level annual SLN. It only applies to learners with both a total planned glh of less than 225 and an annual SLN of less than 0.5. The formula is as follows:

$$\text{Short - programme modifier} = 1 + \left( 0.3 \times \left( 1 - \frac{\text{Annual SLN}}{0.5} \right) \right)$$

#### 12.1.17 Calculation of Funding

284. Funding for Adult Learner Responsive is simply a case of applying the main funding formula at provider level:

$$\text{Funding} = (\text{annual SLN} \times \text{rate per SLN} \times \text{provider factor}) + (\text{additional learning support})$$

285. However, using the same method at learning aim level would mean that the provider-level averages for weightings are used, not the weightings associated with the individual learning aim.
286. Providers must be aware of this, and may wish to calculate funding at learning aim level for their own internal purposes using other means.
287. Whatever approaches a provider chooses to use to model funding at learning aim level, the provider will be funded on the basis of annual SLN and provider factors as described above.

## Section 13 Area-costs Uplift by Region

<b>London A 1.20</b>	<b>London B 1.12</b>
Camden	Barking and Dagenham
Greenwich	Bexley
Islington	Havering
Kensington and Chelsea	Redbridge
Lambeth	Barnet
Southwark	Enfield
Westminster	Waltham Forest
Wandsworth	Bromley
Hackney	Croydon
Tower Hamlets	Kingston upon Thames
Lewisham	Merton
Newham	Richmond upon Thames
Haringey	Sutton
Hammersmith	Brent
Fulham	Ealing
Hillingdon	Harrow
	Hounslow

<b>Bedfordshire and Hertfordshire Non-fringe 1.03</b>		
Bedfordshire County Council	North Hertfordshire	Stevenage
Bedford	South Bedfordshire	Luton
Mid-Bedfordshire		

<b>Berkshire, Surrey and West Sussex Fringe 1.12</b>		
Surrey County Council	Runnymede	Reigate and Banstead
Bracknell Forest	Slough	Tandridge
Crawley	Spelthorne	Waverley
Elmbridge	Surrey Heath	Windsor and Maidenhead
Epsom and Ewell	Woking	Mole Valley
Guildford		
<b>Berkshire Non-fringe 1.12</b>		
Reading	Wokingham	West Berkshire
<b>Buckinghamshire Non-fringe 1.07</b>		
Aylesbury Vale	Milton Keynes	Wycombe
<b>Hampshire and Isle of Wight 1.02</b>		
Basingstoke and Deane	Isle of Wight	Portsmouth
East Hampshire	New Forest	Rushmoor
Eastleigh	Fareham	Winchester
Gosport	Southampton	Hart
Hampshire County Council	Test Valley	Havant
<b>Cambridgeshire – 1.02</b>		
Cambridge	Huntingdonshire	South Cambridgeshire
East Cambridgeshire	Peterborough	Fenland

<b>Hertfordshire and Buckinghamshire Fringe 1.10</b>		
Broxbourne	South Buckinghamshire	Watford
Chiltern	St Albans	Welwyn Hatfield
Dacorum	Three Rivers	East Hertfordshire
Hertsmere		
<b>Kent and Essex Fringe 1.06</b>		
Basildon	Harlow	Thurrock
Brentwood	Sevenoaks	Dartford
Epping Forest		
<b>Oxfordshire 1.07</b>		
Oxfordshire County Council	West Oxfordshire	Vale of White Horse
Cherwell	Oxford	South Oxfordshire
<b>West Sussex Non-fringe 1.01</b>		
Adur	Arun	Worthing
Chichester	Horsham	Mid-Sussex