

**Date** 14 January 2011  
**Subject** YPLA and Skills Funding Agency Advisory Forum  
**Location** Cheylesmore House, Coventry  
**Time** 11:00-14:00

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**Attendees:**

Sue Samson	Young People's Learning Agency (Co-Chair)
Jane Cowell	Young People's Learning Agency
David Hughes	Skills Funding Agency (Co-Chair)
Julie Nugent	Skills Funding Agency
Miranda Floy	Skills Funding Agency (Minutes)
Jo Thomas	Department for Education (Item 3 onwards)
Ruth Curry	Department of Business, Innovation and Skills
Julian Gravatt	Association of Colleges (Item 3 onwards)
Marion Plant	Association of Colleges
Sue Rimmer	Association of Colleges
Stewart Segal	Association of Learning Providers (Item 5 onwards)
Rob Boucherat	Association of Learning Providers
Jonathan Godfrey	Sixth Form Colleges Forum
Andrew Jones	Sixth Form Colleges Forum
Tim Ward	Third Sector National Learning Alliance
David Kendall	NatSpec
Malcolm Trobe	Association of School and College Leaders
Bob Powell	HOLEX
Alan Tuckett	NIACE
David Lawrence	Landex
David Howells	157 Group
Nigel Robins	Tertiary Colleges Forum
Alastair Moon	Independent Academies Association
Juliette Sargeant	Universities UK

**Apologies:**

David Way	National Apprenticeship Service
Sue Baldwin	Department for Education
Susan Pember	Department of Business, Innovation and Skills
Graham Hoyle	Association of Learning Providers
Jim Chambers	Association of Learning Providers
David Igoe	Sixth Form Colleges Forum
David Grigg	Association of School and College Leaders
Jonathan Fawcett	Association of School and College Leaders
Donald Rae	Local Government Association

Philip Mind                      Local Government Association  
Ian Keating                      Local Government Association  
Angela O'Donohue              157 Group

## **Item 1. Welcome and introductions**

David welcomed the group and members introduced themselves.

## **Item 2. Minutes of the previous meeting**

The minutes of the last group were agreed.

David Lawrence raised the point that the multiplier affect (p3 of the previous minutes) is about 16-18 provision as well.  
Due to issues of timing around Christmas and Rob Wye's departure, the action point on transport issues will be carried over:

**Action: Donald Rae/Sue Samson/David Lawrence to discuss the potential impact of funding cuts on transport for 16-19 year olds**

## **Item 3. Statutory Guidance – 16-19 funding arrangements**

Sue Samson introduced herself in her acting role in the YPLA and tabled a letter to the sector from the DfE Secretary of State to the YPLA which is a useful frame of reference and is also available on the Agency's website.

She went through the slides which are being used at provider briefings and stressed that they are being adapted as they go along to reflect the feedback received from the sector.

Sue highlighted the following points:

- There is a Q&A being developed and being continually updated which will be on the YPLA website early next week which attempts to address the issues being raised by providers
- Student numbers will continue to drive funding
- The focus is very much about trusting professionals to 'do the right thing' for learners
- Roles and responsibilities of the LAs – ie: their statutory responsibilities – have not changed a great deal, the only difference is that the queries about allocations and the issuing of payments has come back to the YPLA
- Providers are responsible for their own performance

- Trusting organisations to cooperate with each other – responsibilities to work together
- The main initial change to the YPLA role was that they contracted with providers rather than through LAs for colleges, IPPs and Academies.
- In April 2012 the YPLA will evolve into the Education Funding Agency and plans are being drawn up with the department. Peter Lauener and Les Walton have been asked to lead the transition for the YPLA into the EFA.
- YPLA will continue to work with providers on technical support relating to the allocations process. This includes providing briefings, indicative allocations and final allocations once the allocations are finalised they will be distributed in different ways, with the Skills Funding Agency distributing YPLA funds to general FE colleges and the YPLA distributing funds to Sixth Form Colleges and Academies. Funding for maintained schools will go via local authorities.
- The YPLA is also growing its Academies function
- The basis upon which funds are allocated will be lagged learner numbers. There will be few exceptions to the lagged learner number process (ie: new providers, or redistribution where there is failure or a Notice to Improve) but these will be exceptional.

#### **Item 4. 16-18 funding statement**

Jane Cowell tabled a summary document containing two summary charts highlighting the cost pressures in the system which needed to be funded and how these pressures were being addressed. She highlighted that the SLN ratio has been a major issue in the sector in recent years and that the YPLA are rebasing at the 09/10 SLN ratio. She also stresses re-investment into the sector that was going back in to meet the cost pressures. Providers were currently modelling on the basis of the negative changes to their institution and had not yet factored in the positive impact of the re-investment for improved success rates, increased Foundation learning, 09/10 SLN ratio. Jane commented that she felt the budget was good in the current fiscal climate and acknowledged that it would be challenging for some institutions.

The discussion was opened up to the floor for comment and discussion. There were many points made and questions raised, including:

- Concern was expressed over the impact on participation and achievement. In particular that the pressure of inclusive participation and withdrawal of EMAs plus the reduction in entitlement funding would have a negative impact on the participation of disadvantaged young people.
- Concern was not just over the cuts in entitlement funding; there is still a lack of clarity about the overall funding position and the fear that by reducing the overall rate, it makes it more difficult to meet the greater needs of young people as you get closer to 100% provision
- The cumulative affect of the cuts – transport support, BECTA, Aim Higher – is bearing down heavily on providers, hitting Tertiary Colleges and Sixth Forms particularly hard. Coupled with the negative effects of dealing with

two different departments and the concern is that there is no one centrally looking at the over all impact of it all at provider and at learner levels

- The general effect is that there will be less contact time between staff and learners
- The sad fact is that the success of FE has exacerbated the problem because high quality teaching and learning has increased participation and success rates, leading to greater cost pressures. But a huge part of this success has relied on the entitlement funding and there was concern about the impact of this cut.
- Concern was expressed over impact on young adults with learning difficulties. How much more evidence is needed that this group will lose out? How is the entitlement to learning to be achieved if responsibility doesn't sit with colleges but with local government?
- The lagged learner numbers approach is simple but rigid
- There is a need to see the SLN ratio and the impact on financial stability. Is this going to be totally unsustainable for some? Who will be hit disproportionately? Can you still produce provision that is sustainable and works? We need to see this.
- It would be helpful if DfE set out the scale of the cost pressures and the assumptions and modelling behind the figures
- What does the reduction in FE Entitlement mean in cash terms?
- What is the Impact on actual SLN cap?
- Why was the decision taken to move from 114hours for the entitlement to 30 hours?
- Whether there is any likelihood of a change to the EMA position
- What the agencies are doing together to assess and respond to the impact on providers

Jane stressed that no one would suggest or argue that the situation was not going to be challenging

- She highlighted the fact that there was re-investment for disadvantaged learners as part of the settlement but that inevitably means that money will be re-directed from areas of relatively low disadvantage to those with most disadvantage
- Some providers will see an increase
- She confirmed that Learner Support and Learning Support are two different pots and that providers were free to use ALS money however they choose to support learning
- Allocations for ALS will continue to be based upon the same rules
- Jane stressed that there is an attempt to recognise the fact that new learners bring additional costs
- She acknowledged that the cost pressures were significant and said the YPLA were seeking to give as much information as they could about it
- She stated that the transitional protection is per learner

Further points were raised from the floor:

- The point was made that this is a hard message to swallow, you take money away and redistribute it and only when that exercise is complete are we able to understand the effects
- Rebasing is backwards so cost can't be made up for another two years
- A variety of people at various institutions are unable to balance LLDD and ESOL – the legal entitlement sits with the government not institutions, so how do you secure peoples' rights?
- Both agencies want to see more responsibility at LA level for LLDD – and the driver for this might be the cost pressures; good working practice should be highlighted and held up as an example

**Decision: The group agreed to bring the issue of learners with learning difficulties to the next meeting – or to hold for future discussion, depending upon the publication of the green paper**

- There is a need to see more hard figures. Assumptions are being made about rates but we need to see allocations as early as possible to be able to meet the challenges

Jo Thomas from the Department for Education was brought in at this point.

- Jo said that the Department absolutely recognise the challenging times ahead and the views and difficulties expressed.
  - She stressed that the changes are about protecting core learning.
  - She said that they have looked at the evidence around entitlement but that the picture was sketchy over how it was used. She stressed that the re-investment would be twin-tracked with the pupil premium
  - Ministers decided to publish only one year so cannot give figures for subsequent years.
  - The DLSF consultation is happening today, so we will await the outcome of that. Jo asked for anyone who felt they were not represented on that group to come forward.
  - Allocations for the re-investment and for the new fund will come out by the end of March
  - Simon Hughes has been asked to look at the issue of Access to FE and Jo reassured the group that they would be involved in that dialogue
  - The department are aware of the concern across the sector and are receiving correspondence, but it is hard to judge – until the allocations are out – what the full impact will be at an individual, institutional level
- The group expressed the view that the suggestion the picture on the use and impact of entitlement funding was sketchy was unsubstantiated. What about Ofsted reports?

## **Item 5. Skills Strategy & SIS – emerging issues**

David Hughes gave some feedback on key issues and presented the papers 'ACTOR Evaluation' and 'Changes to Entitlements,' the summary table 'Changes to Funding Entitlements' and the presentation 'Outcome Incentive Payments.'

### **ACTOR**

- David outlined the issues that had arisen around ACTOR and explained that the Skills Funding Agency wants to review and evaluate the process

**Action: Miranda to correct the typos on the ACTOR paper and members to consider putting themselves or colleagues forward to be involved in the review**

### **Fee remission/eligibility changes**

- David acknowledged that the changes have caused all sorts of concerns for providers, but said he did not feel this was a policy position that was likely to change; this goes along with the Coalition's view of fairness, where money is being deliberately targeted on those on active benefits in order to support real need
- The Skills Funding Agency is discussing whether more can be done to support automatic fee remission for Level 1 learning where there is a L2 entitlement
- The Skills Funding Agency are aware there are big concerns over the impact of the fee remission changes on LLDD, lone parents and other groups
- The changes will cause big challenges for some organisations which deliver large levels of ESoL and have large numbers of people in receipt of fee remission for income related reasons
- The Skills Funding Agency acknowledges these changes may need to take place over a period of time – say two years – and they may be able to be flexible on this

Action: Skills Funding Agency agreed to share the analysis they have done of the learners / institutions likely to be most affected by these changes, including potential impact on LLDD

### **Impact on financial viability**

- David said that the Agency and YPLA are working together to look at the impact on colleges of the allocations for 11/12
- David said that the Skills Funding Agency would be sending a letter out within the next two weeks asking for colleges to provide some information about their assessments of the impact and this meant that by late February/early March we should have the overall picture to feed up to Ministers ready to publish.

David opened the discussion up to the floor and it was suggested that HEIs and Local Authorities should be included in this discussion. David agreed and said he was happy to attend a meeting with Local Authority representatives.

**Action: Miranda to liaise with Alan Tuckett to get David invited to the relevant group**

**Fee Income**

David spoke about Fee Income and made the following points:

- It is a big job that we need to do together to bring fee income in to counter some of the cuts
- Colleges are worried about the impact on students on benefits
- There is no lever to punish or reward where colleges/providers don't or do bring in the assumed fees

Ruth Curry spoke and made the following points:

- The department is very alive to the potential conflict, but ministers are very interested in this area, so it won't go away
- Freedoms and flexibilities mean colleges and providers will need to look at what is right for them in their area
- The department are aware of the timing of this issue and that it needs to lead into the loan regime

The discussion was opened up to the floor and the following points were raised:

- There is a need to publicise this shift in ways of support; of signalling that the fee increase will only strengthen the sector's relationship with people able to pay
- Fee loans for access courses will mean the death of 'second chance FE'
- There is a need for clear data and analysis to be able to understand the whole picture of who is currently in learning and what the impacts might be.
- David said that there was a need for some sort of regime/benchmarks on fees to be published and that the sector needed to work together on it. He said that these issues needed to be brought back to the group.

**Action: Miranda to include Loans and Fees on the next agenda**

David confirmed that, on the Minimum Contract Level, the Skills Funding Agency is still pushing ahead with the policy and is in discussions with DfE about whether this would apply for 16-18 apprenticeship contracting.

The discussion was opened out to the floor and the following questions and issues were raised:

- There seem to be more requirements for data from the state rather than less – yet the government proclaims greater freedom. Julie N said that there was only a tweak to the existing requirements and that the challenge for the Agency was to reduce and rationalise the data gathering requirements going forward
- It is critical that the overall and cumulative effect of policy changes is understood

- There is confusion over who needs to be on ACTOR and Julie confirmed that Sixth Form colleges who want to access SFA funding for adult delivery will need to be registered on ACTOR

**Action: David asked the group to send further comments and suggestions on ACTOR to him, JN or MF**

### **Job outcome payments**

David tabled the presentation on Outcome Incentive Payments. He said that the Agency is keen to work with the sector to develop a way of trialling this in 11/12 which incentivises colleges and providers to meet the needs of unemployed people without introducing a new burden of bureaucracy. He explained that the new freedoms and flexibilities are designed to work with more accountability of colleges and providers to their communities and stakeholders. A crucial priority is to provide skills development to unemployed people to help them get into work and currently the funding system does not reward job outcomes. The proposal is that this is changed, with 11/12 as a trialling year.

Julie Nugent outlined the four options set out in the presentation.

She said that:

- The front end of this would be the hardest bit
- It would be possible to pilot all of these options
- The aim is to build on best practice from the experience of PfU, so that payment is triggered by the ILR

The following points were raised:

- The cost to providers appears to be onerous; this would carve out a tiny bit of your budget and in order to get it you'd be asked to jump through hoops
- Who do you negotiate with? It seems like a big piece of work, why are we complicating it?
- There should be some weighting for some groups where it more challenging to achieve job outcomes – especially LLDD
- There is a huge danger that if you remove one set of bureaucracy then put it all back at the other end it feels like over-regulation. The one place it could help is with delivery of units where the job is the aim, not a qualification.
- The danger would be 200 providers call their local Job Centre and they cannot cope

It was agreed that there was more work to do on this and that it would come back to the March meeting for further discussion.

**Action: MF to include Job Outcome Payments on next agenda**

## **Item 6. Progress towards single point of contact**

David and Sue updated the group on progress, highlighting the following points:

- Funding for 19+ in SFCs will go through the YPLA and 16-18 funding for general FE colleges will go through the Skills Funding Agency. For independent providers in receipt of funds from both Agencies, more work is being done to propose which takes the lead, mainly based on which Agency is the majority-funder
- The purpose is to provide simplicity for the provider and if it isn't simpler then providers need to make this clear to the agencies
- A communication is planned for all providers to explain what these changes mean

## **Item 7. QCF Implementation Issues Group**

Bob briefly laid out the issue for the group.

- The QCF Implementation Issues Group has proved useful in bringing together national agencies (SFA, YPLA, NAS, LSIS), the Learning Records Service, the Federation of Awarding Bodies, the Alliance of Sector Skills Councils and provider representative organisations to focus on issues relating to the implementation of the QCF.
- With some 93% of the QCF complete by the end of December, with 50%+ of QCF now confirmed for SFA funding, and with systems now well established to complete the shift to QCF, it is probably timely to wind up that Group.
- Members however all recognise the value of there having been a single forum at which curriculum and accreditation implementation issues can be discussed.
- He suggested a further one-off meeting of interested parties should be convened in late March/early April, in the wake of the Wolf Review and following planned reform of overarching UK-wide Vocational Qualification groupings to consider terms of reference, membership, servicing, frequency of meetings etc of any future "FE sector curriculum forum"
- The meeting should be convened to consider the ongoing need for regular FE sector discussion on curriculum/accreditation and funding, covering both 14-19 and 19+, and providing an opportunity for participation by all key players, in the model of the Advisory Forum

The following points were made:

- Such a group should have a relationship with the Advisory Forum
- In light of WOLF would such a group be needed?

It was agreed to discuss the Wolf report at a future meeting and in light of that to decide on whether a group is needed and what its terms of reference might be.

**Action: MF to include Data, LLDD & WOLF on next agenda**

## **Item 8. Any Other Business**

A paper on Efficiency Indicators to be circulated to the members for their consideration in the next few days.

**Action: MF to circulate to the group**

**DATE OF NEXT MEETING: 9 March 11:00-14:30, Conference Centre, London**