



Pearson UK – Funding News

2 March 2015

Funding News provides a regular round-up of 16-18, 19+ and apprenticeship funding, and related news from government departments, funding agencies and other relevant organisations.

Key funding news is last week's publication of the BIS Skills Funding Letter alongside the associated letter from the Skills Funding Agency to colleges and training providers. We also cover the latest from BIS on progress since the FELTAG report, and the recommendation by the Low Pay Commission of an increase to National Minimum Wages, including that of apprentices. News from the Skills Funding Agency includes the release of their latest 2014/15 simplified funding catalogue, the results of their review of entry and level 1 qualifications approved for public funding, and a report on how LEPs will increase their influence on skills budgets. We also link to the latest Policy Watches from Steve Besley.

Department for Business, Innovation and Skills, and Skills Funding Agency – Skills Funding Letter 2015/16, and letter to the sector

On Thursday last week BIS published the 9-page [Skills Funding Letter for 2015/16](#), and alongside it, the 3-page [letter from the Agency to colleges and providers](#). The Skills Funding Letter confirms another large cut in 2015/16 for adult further education funding, of 11%. For 2015/16, apprenticeships, traineeships, and English and maths remain the key areas of focus. Investment in apprenticeships and loans will increase, and the Traineeship budget is protected, but provision outside of these areas will see heavy cuts. In the letter to providers Peter Lauener, Chief Executive of the Agency, explains that at headline level their initial modelling suggests that the total skills budget for allocation for 2015/16 will be around 17% less than in 2014/15. The budget for apprenticeships will initially be set at £770m and the Agency will try and ensure every high quality apprenticeship opportunity can be funded. The impact will vary significantly between individual providers depending on the mix of training provision delivered and providers will receive their funding statement for the budgets they are allocated for 2015/16 in mid-March.

Department for Business, Innovation and Skills, and Skills Funding Agency – FELTAG update

On the 13 February BIS published an [update](#) on progress since the publication of the Further Education Learning Technologies Action Group (FELTAG) report. The 9-page update spells out what has happened since June and includes brief sections on colleges, providers and individuals, infrastructure, online delivery, workforce capability and capacity, Innovate UK, Ofsted, Ofqual, and how the technology agenda is being taken forward.

The update includes a reminder that the Agency has not set targets for online delivery. FELTAG recommended targets be set but Government has reviewed this in light of concerns raised about setting a target without first testing the impact. In October last year the Agency issued [advice](#) confirming it will undertake information gathering to help baseline current levels of online activity, that four pilots are being run, and that it is asking the sector to complete a 'temperature check' survey on current online delivery.

Department of Business, Innovation and Skills, and Low Pay Commission – Recommendation for increase in National Minimum Wage

The Low Pay Commission (LPC) has [recommended](#) the adult rate of the National Minimum Wage, which applies to workers aged 21 and over, should rise by 3% to £6.70 from October 2015. It has also recommended an increase of 3.3% to £5.30 in the Youth Development Rate, which applies to 18-20 year-olds, an increase of 2.2% to £3.87 in the 16-17 year-old rate, and

an increase of 2.6% to £2.80 (from £2.73) in the apprentice rate, which applies to all apprentices in year one of an apprenticeship, and 16-18 year old apprentices in any year of an apprenticeship. Proposals to shift the apprenticeship rate up onto a par with 16 and 17-year-olds have been rejected as too expensive for businesses.

Skills Funding Agency – Latest simplified funding catalogue, 2014/15

The latest [simplified funding rates catalogue](#) for 2014/15 has been published by the Agency. The catalogue lists the qualifications the Agency has approved for public funding in 2014/15 and their funding rates.

Skills Funding Agency – Review of entry and level 1 qualifications for public funding

The Agency recently undertook a [review](#) of entry and level 1 qualifications approved for public funding. The full background, findings, and outcomes can be found by following the link but in short, the outcomes are that the Agency will tighten up the rules for non-vocational qualifications to be approved for funding, only approve non-vocational qualifications below level 2, and from 2015/16 no longer require providers to offer regulated qualifications for non-vocational provision. Where a provider chooses to offer non-regulated non-vocational learning, they will need to meet the requirements set out in the Agency's funding rules. Further guidance will be produced by the Agency.

Skills Funding Agency - Local Enterprise Partnerships (LEPs): increasing their influence on skills budgets

In February the Agency released this 7-page [publication](#) which sets out details of how the Government and the Agency will ensure commitments made in the Local Growth Deals announced in July 2014 will be met through the skills funding system. It outlines the action/processes the Agency will undertake, what they/Government will do, and how LEPs can support the process. It covers, using governance to influence, opportunities to influence through the annual funding allocations process, using the Performance Review and Management process to influence the system, influencing where local provision does not meet LEP priorities, provision of skills data, and ESF. Future funding agreements will require colleges to demonstrate a relationship with their LEP (for example, board membership, case studies, letters of support, involvement in LEP groups such as Employment and Skills Boards, task groups, and skills networks) and LEPs will get a say in how additional growth funding is allocated.

Pearson – Steve Besley's Policy Watches

The latest from Steve Besley includes [Policy Tracker - Keeping track of what happened in the world of education in February 2015](#), [Policy Eye - week ending February 27 2015](#), [Policy Eye - week ending February 20 2015](#), [Pocket Watch – Helping young people into work](#), [Pocket Watch – The UK's Digital Moment?](#), [Policy Eye - week ending February 13 2015](#), [Policy Eye - week ending February 6 2015](#), [Pocket Watch – Ofsted ring the changes to inspections](#), [Policy Tracker - Keeping track of what happened in the world of education in January 2015](#), [Policy Eye - week ending January 30 2015](#), [Pocket Watch – What now for Academies?](#), [Policy Eye - week ending January 23 2015](#), [Pocket Watch – Policy Lessons from this year's BETT show](#). Find these and the archives on the [Pearson UK](#) website.

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