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Pearson UK – Funding News

11 March 2016

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. Internal and external colleagues can sign up to receive Funding News directly to their inbox by subscribing [here](#). Funding News can also be found on the [Pearson UK](#) website along with Funding Focus documents which provide quick summaries of recent funding developments, or particular aspects of the funding system.

Funding News this week includes an allusion by the Sajid Javid MP to the skills strategy, the publication of the Hefce grant letter, two schools consultations from the DfE, and final allocations from the EFA and guidance for those who have students are meeting the condition of funding but where this isn't clear from the data. HESA has produced a report on the latest income and expenditure figures in HE, and the TES reports on the FE sector debt. With apologies to those who have already seen it, there's a reminder about the latest on how the SFA are approving qualifications for funding in 2016/17.

Government departments

- BIS: Rt Hon Sajid Javid MP speech, A new approach to trade and industry
- BIS: Grant letter to Hefce, funding for higher education in England for 2016-17
- DfE: National funding formula and high needs funding consultations

Funding agencies

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Government departments

BIS: Rt Hon Sajid Javid MP speech, A new approach to trade and industry

In a [speech](#) at the beginning of the month at the Lord Mayor's Dinner Sajid Javid MP outlined his 'new approach to trade and industry' and included a new focus on adult learning, part-time study and workplace training as one of his six priorities for business. He highlighted that the global marketplace is changing, that the challenges we face today are very different to those that we faced just a generation ago as are the skills required to compete, and that we should not attempt to compete with low-skill, low-wage emerging economies. BIS is working on this with colleagues across government and more information is promised in the 'weeks and months' ahead.

BIS: Grant letter to Hefce, funding for higher education in England for 2016-17

The long awaited [BIS grant letter to Hefce](#) was published on the 4 March. The headline numbers confirm the decline in funding over the last few years which has been offset by the increase in tuition fees. The key numbers are: £3.712 billion total Hefce funding in 2016-17, projected to fall to £3.476 billion in 2017-18, and £1.539 billion teaching grant in 2016-17 (down from £1.671 in 2015-16). The outcomes for institutions are due to be published next month.

DfE: National funding formula and high needs funding consultations

On Monday 7 March 2016, Department for Education (DfE) launched the first stage of its consultations on national funding formulae for schools and high needs funding. The consultations can be found [here](#) and the deadline for responses Sunday 17 April.

Funding agencies

EFA: Post-16 final allocation statements 2016/17

As reported last week the EFA has already issued more than 99% of final allocation statements to school, academy and further education institutions. These were uploaded to EFA Information Exchange in February. They are continuing to upload the small number of remaining statements for these types of institutions onto EFA Information Exchange. By mid-March summary statements for local authorities (not including student support funding), and statements for special post-16 institutions (SPIs) and non-maintained special schools (NMSS) (not including student support funding), will also be uploaded to EFA Information Exchange:

All statements that have been issued so far exclude allocations of student support funding. The EFA expect revised statements for the majority of institutions will be issued by the end of March, including student support funding.

EFA: Post-16 allocations 2016/17 and the English and maths condition of funding

Any mitigated reductions due to be made for non-compliance of the [English and maths condition of funding](#) have been notified in post-16 allocations statements. The EFA are aware that there may be circumstances where students are meeting the condition of funding through collaboration with another institution which are not clearly evidenced by the data submitted. If this is the case, and the institution can provide evidence that the condition of funding is met, then the home institution may submit a business case in line with the [guidance](#) issued with the allocation statement. The deadline for submitting cases is 8 April 2016.



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Education committee

Financial management at the DfE

The Committee held a [one-off evidence session](#) on Wednesday 9 March 2016 which sought to hold the DfE to account in respect of the late publication of its annual report and accounts for 2014-15, to question the DfE on the separation of its accounts and the accounts of academies, and to explore the relationship between financial management, strategy and policy. DfE permanent secretary Chris Wormald apologised to MPs, after the publication of his department's yearly accounts had to be delayed because of the 'sheer scale' of the changes required by the academies programme. The department has agreed to publish its latest accounts by the end of April.

CBI

Business priorities for the budget, skills

Back in February the CBI made a [submission](#) for the 2016 Budget submission which urged the Chancellor not to increase the 'cumulative burden' on business further, and called for a series of targeted steps to back UK-based businesses and support their growth ambitions. One of the five recommendations is around access to the skills, talent and capabilities needed for growth, and the CBI argues that the Budget is an opportunity to create a stable, business-led skills system that helps companies flourish, as well as the careers of apprentices. The CBI wants the Government to work with business to give the apprenticeship levy system the best chance of long-term success by ensuring that revenue from the levy solely funds apprenticeships, giving the new Institute for Apprenticeships credibility and longevity, and allowing the system to flex for business needs by sector and commitment to training.

HESA

Income and expenditure of higher education providers in 2014/15

HESA published this [HE Finance Plus 2014/15](#) last week on the income and expenditure of higher education providers in 2014/15. Figures show that the total income of higher education providers in 2014/15 was £33.2 billion. Tuition fees and education contracts contributed £15.6 billion or 47% of this total. The total expenditure of UK HEPs was £31.2 billion, of which £17.1 billion (55%) was spent on staff costs. The increase in income means universities saw record operating surpluses. The increase however is has not been uniform across the sector.

TES

Colleges request bailout as sector debt reaches £1.6 billion

The TES [reports](#) that colleges owe £1.6 billion in long-term loans – and that experts have warned mounting financial pressures, combined with the structural overhaul of the sector, could lead to debts continuing to surge. Around 12 colleges have been forced to turn to SFA for financial assistance in recent weeks after failing to comply with the terms of their bank loans. Many more have been forced to accept higher interest rates or borrow additional money from other banks or local authorities to manage their debts. Colleges reported an overall operating deficit of about £60 million in 2014-15, about 1 per cent of their total income, according to AoC and this was the second consecutive year in which the sector as a whole was in deficit.



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Funding focus: Learner and qualification eligibility for 19+ funding 2016 17

Funding Focus provides quick summaries of recent funding developments, or particular aspects of the funding system. The latest summarises who and what will be eligible for funding, and how qualifications will be made eligible for funding, in three tables. It will shortly be available on the [Pearson UK](#) website.

Reminder: an update on the latest on qualifications approved for 19+ funding

With apologies to those who have already seen this.

Qualifications approved for the 19-23 level 2 and 3 entitlement 2016/17: The SFA has published an [initial list](#) of qualifications approved for the 2016/17 funding year as part of the 19-23 level 2 and 3 entitlement. They undertook a consultation about other qualifications that should be added to this list (which Pearson responded to with help from colleges and providers and which ended on the 29 March). The SFA will publish a final list of qualifications at the end of March. Many new BTEC Nationals have been submitted for 16-18 performance tables, and if they are accepted by the DfE these qualifications will be automatically approved for entitlement funding by the SFA. We don't yet know if the QCF Nationals in the same subject areas will continue to be approved for entitlement funding. As soon as we know more we will update you. More on how the SFA are approving qualifications for the 19-23 level 2 and 3 entitlement in 2016/17 can be found [here](#).

Qualifications approved for the 19+ English and maths entitlement 2016/17: The SFA has published an [initial list](#) of qualifications approved for the 2016/17 funding year as part of the 19+ English and maths entitlement. The SFA are working with DfE to move towards a single list of stepping stone qualifications from Entry to Level 1. The Hub contains details of the DfE approved stepping stone qualifications but the SFA know there are some 'stepping stone' qualifications, which serve the needs of particular groups of learners, approved for funding that are not on the DfE list and will add these to the final qualifications list for 19+ learners aged 19 when they publish the final list in March. They will also continue to make units of stepping stone qualifications available to eligible learners. Again, as soon as we know more we will update you. More on how the SFA are approving qualifications for the 19+ English and maths entitlement in 2016/17 can be found [here](#).

Qualifications approved for local flexibility funding 2016/17: The government is moving towards full devolution of the Adult Education Budget (AEB) and as part of this transition the SFA have introduced local flexibility. This recognises that localities, colleges and other training organisations are best placed to decide on the most appropriate type of provision to respond to local needs. To support local area needs and deliver agreed local outcomes, colleges and other training organisations will decide on the most appropriate form of training provision. This may or may not include qualifications and the SFA has therefore removed the requirement for all the activity they fund to be in the form of a qualification. (Delivery of a qualification is only required where a learner exercises their legal entitlement to a first full level 2 or 3 qualification and/or English and maths.) Where qualifications are delivered, these will not now have to go through a formal approvals process but the SFA will apply principles to identify which qualifications are eligible. Eligible qualifications will be added to the [Hub](#) in April and the SFA will start a monthly eligibility process for new qualifications. Again, as soon as we know more we will update you. More on how the SFA are approving qualifications for local flexibility funding in 2016/17 can be found [here](#).

Qualifications approved for 24+ loan funding for levels 3 and 4 in 2015/16, and 19+ loan funding for levels 3-6 in 2016/17: From the end of 2015 awarding organizations could make submissions for qualifications to be eligible for loan funding as a separate process to making submissions for qualifications to be made eligible for loan funding. Previously, submissions for loan funding had been caught up in the funding moratorium so no new submissions could be made. In addition to this, whilst for 2015/16 loans



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are available those aged 24+ for qualifications at levels 3 and 4, from 2016/17 loans will be available for individuals aged 19 or above for qualifications at Levels 3 to 6. The [advanced learner loans qualifications catalogue](#) lists the qualifications available for an advanced learner loan up to 31 July 2017, and the date the qualification is available to start (i.e. level 5 and 6 qualifications aren't available to start until the 2016/17 funding year. Learners will be able to make applications for a loan for 2016/17 from May 2016; colleges and other training organisations that do not have advanced learner loans facility can apply [here](#) (by Monday 14 March); and the SFA announced on 22 February that they will [remove advanced learner loans subcontracting](#) from the start of the 2017 to 2018 funding year. More on how the SFA are approving qualifications for 24+ loan funding for levels 3 and 4 in 2015/16, and 19+ loan funding for levels 3-6 in 2016/17 can be found [here](#).

The document published by the SFA on the 28 January, [Adult Education Budget January 2016 Changing Context and Arrangements for 2016 to 2017](#), provides a crucial outline of the changes the SFA plans to make to the adult skills system with the creation of the education budget following the publication of the Skills Funding Letter including the move to devolution and the funding streams listed above that the SFA will identify qualifications for.

Steve Besley's Policy Watch

The latest from Steve Besley includes [Policy Eye – week ending March 11 2016](#), and [Policy Eye – week ending March 4 2016](#). Find these and more on the [Pearson UK website](#) or [sign up](#) to receive updates.

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