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Pearson UK – Funding News

1 April 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.

Key funding news this week includes a consultation from BIS on FE maintenance loans, the publication by the SFA of funding statements for 2016/17 and the funding rules 2016/17 version 2, guidance from the EFA on the full-time enrolment of 14 to 16 year-olds in FE and sixth-form colleges 2016/17, and Hefce's latest annual review of university and college finances which shows sound overall financial health but warns of an increased variability in the performance of individual institutions. The NAO's report on LEPs is critical of the value for money LEPs may offer, and the social mobility and child poverty commission's response to apprenticeships inquiry warns that the government's drive on apprenticeships is failing to deliver for young people.

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- BIS: Consultation on FE maintenance loans

BIS Select committee

- Committee report: University teaching excellence framework

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Government departments

BIS: Briefing on the apprenticeship levy

BIS have produced this short [briefing](#) to explain to relevant employers and other stakeholders who the levy affects, how much will be paid, and what happens once the money has been paid. It includes the news from the Budget 2016 that the government will apply a 10% top-up to monthly levy funds: all funds entering a levy payer's account will be increased: every £1 will be increased to £1.10 in value.

BIS: Consultation on further education maintenance loans (technical and professional education)

BIS released their [consultation](#) on FE maintenance loans on 24 March which seeks views on proposals to introduce maintenance loans for higher-level learners in technical and professional education. BIS propose to remove the up-front cost and increase the uptake of technical and professional learning in sectors that are important to the economy and will use evidence gathered through the consultation to make decisions on: whether introducing the loans would increase take up, the scope of the loans, and eligibility to receive the loans. They are seeking views from colleges and independent providers in the FE sector, including National Colleges, higher education institutions and other interested bodies.

BIS Select committee

Committee report: University teaching excellence framework

The BIS Select Committee [report](#) warns that a poorly designed new teaching excellence framework for universities would risk damaging the UK's international reputation in HE. The Committee supports the desire to improve teaching quality, widen participation, and increase focus on graduate employability but recognises concerns about the implementation of the new framework. The inquiry also looked at the proposed link between TEF and the ability for universities to increase tuition fees. The Committee *'agrees the proposals for the first iteration of the TEF (TEF 1) are helpful to ensuring minimum standards of teaching quality before any tuition fee rises. However, the Committee recommends that the next, more sophisticated, stage of the TEF (TEF 2) ... should only be introduced once Government can demonstrate that the metrics to be used have the confidence of students and universities.'* The TEF 1 rating is due to be announced in time for 2017-18 introduction with the TEF 2 ratings due for 2018-19 introduction.

Funding agencies

SFA: Funding statements 2016/17

Last week the SFA made the 2016/17 funding statements available on [the Hub](#). The statements set out college and other training organisation's allocations for: the adult education budget (including community learning and discretionary learner support), adult apprenticeships, 16 to 18 apprenticeships and SFA funded traineeships, the loans facility, bursary, and the apprenticeship grant for employers.

SFA: Funding rules 2016/17 version 2

On the 23 March the SFA published the [funding rules 2016/17 version 2](#) which have been clarified in places following feedback from the sector. The documents set out the rules for funding, including the evidence required to support funding for 2016/17. The rules will apply from 1 August 2016.

The rules for the Apprenticeship Grant for Employers for 16 to 24 year-olds (AGE) have been published in Addendum 4 of the [funding rules 2015 to 2016 version 2](#) and these rules will apply from 1 April 2016.

SFA: Higher and degree apprenticeship funding

A quick reminder that the SFA has published [funding guidance](#) for higher and degree apprenticeship funding rules for HE institutions alongside the apprenticeship [funding guidance](#) for college and other training providers.

Colleges and other training organisations can also deliver HE qualifications within higher and degree apprenticeship frameworks and standards. This isn't spelt out in detail in the [funding guidance](#) for college and other training providers but following a pilot where the SFA funded the HE element of an apprenticeship within FE (rather than Hefce), this was extended by BIS to 'business as usual'. It means that:

- No element of higher or degree apprenticeships are now eligible for student loans; costs should be covered by employers and government.
- This is a change from the past whereby 1) students had to take out loans for the HE element, and 2) colleges and other training organisations would need an arrangement with Hefce or with an HEI to ensure HE qualifications were eligible for loans.
- Those with an existing apprenticeship budget can use this to deliver HE qualifications within higher or degree apprenticeships; those new to apprenticeships would need to speak to the SFA.
- Colleges and training organisations would still need a relationship with an HEI to deliver FDs (or have degree awarding powers). They don't need a relationship with an HEI to deliver HNs (but do need Pearson approval).
- Funding rates are set depending on whether frameworks or standards are being used.
- For more detail contact the higher apprenticeship team at the SFA – higherapprenticeships@sfa.bis.gov.uk

SFA: Advanced learner loans 2016/17, application service

The advanced learner loans 2016/17 application service will be available from 16 May. This is for learners who wish to start [eligible qualifications](#) from 1 August 2016 funded with a loan. To support this the SFA has updated the [learning and funding information letters](#) (templates and guidance for colleges and training organisations to use to provide data information to prospective learners). These must be issued to learners, including [offenders in custody](#), who are considering funding their qualification with a loan. [Guidance](#) is available on how to complete the letter.

EFA: Guidance on full-time enrolment of 14 to 16 year-olds in FE and sixth-form colleges 2016/17

On 31 March the EFA published updated [guidance](#) on the full-time enrolment of 14- to 16-year-olds in FE and sixth-form colleges for 2016/17. FE and sixth-form colleges have been able to enrol, and receive direct funding from the EFA for 14-16 year-olds since September 2013. The guide explains the funding, eligibility criteria, and requirements. It also explains how the performance of this cohort will be reported in the Key Stage 4 performance tables and signposts colleges to the [Ofsted guidance](#) about the inspection of EFA directly funded 14 to 16 provision.

EFA: Area reviews and reshaping the college sector, FE Commissioner letter



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On 21 March the FE Commissioner, Dr David Collins CBE, [wrote](#) to all chairs and principals in the FE sector about progress with the area review process. He is positive about progress whilst noting that lessons have been learned in a process which started before certain key building blocks were in place, that wave 1 has taken longer in some cases to come to a conclusion than was hoped (complicated by the devolution agenda and the fact that difficult areas were included), and that communications within colleges with staff, unions and students as to the process and the benefits for learners and employers has been variable and could be improved. He also highlights that long standing debt positions of a few colleges have created delays.

Hefce: Financial health of sector

Hefce's latest [annual review of university and college finances](#) shows the HE sector in England was in sound overall financial health in academic year 2014/15 but warns of an increased variability in the performance of individual institutions with the gap between the lowest- and highest-performing on financial measures continuing to grow. Overall the sector reported operating surpluses of £1.6 billion (5.8% of income), £608 million higher than the level reported for 2013/14 (3.9% of income). However, these surpluses were boosted by a one-off injection of 'exceptional income' without which operating surpluses would have been £1.2 billion (4.3% of total income). Surpluses were also boosted by a growth in fee income from international students (£3.6 billion and £267 million higher than that reported in 2013/14). Taking this into account the sector incurred a shortfall of £860 million over all its activities. *'In the medium to long term, institutions will need to generate larger surpluses to make progress towards covering the full economic costs of their activities and securing their long-term sustainability.'*

National audit office

Local enterprise partnerships and future value for money

In their [report](#) published on the 23 March the NAO find that whilst the role and remit of LEPs has grown significantly and rapidly since 2010, the approach taken to overseeing Growth Deals risks future value for money. Under the Local Growth Fund the amount of central government funding received by LEPs is projected to rise to £12 billion between 2015-16 and 2020-21 via locally negotiated Growth Deals. The NAO report that no quantifiable objectives have been set for these deals meaning it will be difficult to assess how they contribute to economic growth. The report also finds that LEPs themselves have serious reservations about their capacity to deliver and the increasing complexity of the local landscape: 5% of LEPs considered the resources available sufficient to meet expectations; 69% did not have sufficient staff; 28% did not think their staff sufficiently skilled. In addition, there is a risk that projects being pursued will not necessarily optimise value for money given the pressure on LEPs to spend their Local Growth Fund allocation in year.

Social mobility and child poverty commission

Response to apprenticeships inquiry

In their [response](#) to the Commons Select Committee [inquiry](#) into apprenticeships on 21 March the Social Mobility and Child Poverty Commission warns that the government's drive on apprenticeships is failing to deliver for young people. The report notes that almost all the recent increase in apprenticeship starts related to people over the age of 24, with the number of young people starting apprenticeships showing little change since 2010. It highlights that unlike academic courses, youth apprenticeships typically do not represent a step up: most A-level-age apprentices do GCSE-level apprenticeships and almost all (97%) university-age apprentices do apprenticeships at A-level equivalent or lower, and that most youth



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apprenticeships are in sectors characterized by low pay and poor progression. The Commission argues that there needs to be more focus on improving the quality of apprenticeship for young people and calls on the government to increase the number of young people doing higher apprenticeships to 30,000 by 2020, compared to the present 4,200.

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The latest on qualifications approved for 19+ funding

Qualifications approved for the 19-23 level 2 and 3 entitlement 2016/17

- Back in February the SFA published an initial list of qualifications approved for the 2016/17 funding year for the 19-23 level 2 and 3 entitlement. They then 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 February).
- **On 23 March the SFA published this [new list](#) of qualifications approved for the 2016/17 funding year for the 19-23 level 2 and 3 entitlement (third document down).**
- **We expect more qualifications to be added to this list. Many new BTEC Nationals have been submitted for 16-18 performance tables and if accepted by the DfE, these qualifications will be added to the list.**
- The following qualifications are not currently approved for 19+ legal entitlement funding in 2016/17 and we are currently in discussion with the SFA about funding for these qualifications: The Pearson QCF BTEC Level 3 Subsidiary Diploma in Music Technology, Pearson QCF BTEC Level 3 90-credit Diploma in Music Technology, Pearson BTEC Level 1/Level 2 First Extended Certificate in Sport, Pearson BTEC Level 1/Level 2 First Diploma in Sport, Pearson BTEC Level 1/Level 2 First Extended Certificate in Business, and the Pearson BTEC Level 1/Level 2 First Diploma in Business.
- As soon as we have news from the DfE we will provide detailed information of the qualifications approved for the 2016/17 funding year for the 19-23 level 2 and 3 entitlement in every sector.
- 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

- Again, back in February the SFA published an initial list of qualifications approved for the 2016/17 funding year for the 19+ English and maths entitlement.
- **On 23 March the SFA published this [new list](#) of qualifications approved for the 2016/17 funding year for the 19+ English and maths entitlement (fourth document down).**
- 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

- No new news for this funding stream, but to re-cap...
- 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 funding. 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.



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- 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.
- **Qualifications approved for the 2016/17 funding year for the 19-23 level 2 entitlement are automatically approved for local flexibility funding. In addition, many qualifications not approved under the entitlement will be approved for local flexibility funding.**
- **Eligible qualifications will be added to the [Hub](#) in April and the SFA will start a monthly eligibility process for new qualifications.**
- More on how the SFA are approving qualifications for local flexibility funding in 2016/17 can be found [here](#).

Qualifications approved for loan funding 2015/16 and 2016/17

- From the end of 2015 awarding organisations 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 entitlement 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 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.
- **Qualifications approved for the 2016/17 funding year for the 19-23 level 3 entitlement are automatically approved for loan funding. In addition, many qualifications not approved under the entitlement will be approved for advanced learner loans.**
- **On the 23 March the [advanced learner loans qualifications catalogue](#) was updated. It 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.)**
- 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](#).

We will continue to use Funding News to update you with the latest.

'Do read' document from the SFA

The document published by the SFA on the 28 January, [Adult Education Budget January 2016 Changing Context and Arrangements for 2016/17](#), 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. It includes information on the move to full devolution and the new funding streams.

Steve Besley's Policy Watch

Catch up on the latest policy news summarised for you by Steve Besley on our new look [website](#). Latest posts include: [Policy Eye – week ending March 24 2016](#), [Pocket Watch: White Paper planning - March 2016](#), and [Policy Tracker – Keeping track of what happened in the world of education in March 2016](#).

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