

FUNDING WATCH

2009/1

5 February 2009

A catch up on some recent developments

If you've started the year a little less than clear about some of the recent developments in the world of funding, then this Funding Watch should help. It's a summary reminder of some of the additions and changes announced over the last few months. It covers the following:

Employer-responsive funding

- Train to Gain flexibilities - new rates and eligible qualifications
- Train to Gain flexibilities - sector compacts and public sector compacts
- Train to Gain SME flexibilities - repeat qualifications, and unit/thin qualification funding

Adult-learner-responsive funding

- Unit funding trials

UK Vocational Qualifications Reform Programme

- The new definition of full level 2 and level 3 within the QCF
- Aligning public funding to key qualifications identified by SSC/SSBs.

Employer-responsive funding

Train to Gain flexibilities - new rates and eligible qualifications

Full guidance can be found [here](#).

Train to Gain (T2G) is the national skills service that supports employers of all sizes and in all sectors to improve the skills of employees. Amongst other services, T2G offers employees access to fully or co-funded qualifications. Until recently the following could be fully-funded under T2G:

- **First, full, level 2 qualifications**
- **First full level 3 jumpers:** those eligible for a first full level 2, but who wish to jump to a full level 3 instead
- **Skills for Life qualifications:** at levels 1 and 2 (only available for employees with no level 2 qualifications).

New flexibilities within T2G have been agreed so the service can be more responsive to employer and employee needs. These flexibilities have meant that in 2008 the following can all now be fully or co-funded, under T2G.

Qualification	Rules	Funding
All	Funding rates increased by an additional 3 % in each of the next 3 years, over and above the previously planned 1.5% per annum increase in rates.	-
Full literacy and numeracy qualification(s) at Entry, level 1 or level 2	Irrespective of prior qualifications.	Fully funded
Skills for Life ESOL at Entry level, level 1 or level 2 and ESOL for Work at entry level 3 and level 1	Irrespective of prior qualifications.	Co-funded
Level 1 NVQs	Irrespective of prior qualifications where it supports progression onto a higher level qualification. (Only fundable through FE colleges with provision which forms part of the FE NVQ in the workplace transitional arrangements. Actual levels will be agreed with each college.)	Fully funded
Full level 2 repeats (Full level 2 qualifications taken where learner already holds a full level 2 qualification)	Qualifications must be full, and must be identified by SSCs and sector bodies through their SQSs and/or the emerging sector compacts. Up to 30% of level 2 qualifications delivered through T2G in each region can be additional level 2 qualifications. For SMEs there are no limits on the volumes of repeat qualifications. The current list of eligible qualifications can be found here . It is the responsibility of the SSCs and sector bodies to inform the LSC of any changes to the list.	Fully funded

First full level 3 for 19-25 year olds	First, full, level 3 qualifications for learners aged 19-25, possessing a first level 2 qualification, from 1st August 2008.	Fully funded
First full level 3 for 25+ year olds	First full level 3 qualifications for learners over 25 possessing a first level 2 qualification.	Co-funded
Full level 3 repeats (Full level 3 qualifications taken where learner already holds a full level 3 qualification)	To be funded qualifications must be full, and must be identified by SSCs and sector bodies through their SQSS and/or the emerging sector compacts. A maximum of 20% repeat level 3 qualifications have been allowed for at regional level. In 08\09 only, FE colleges will be able to deliver a range of eligible repeat qualifications at levels 3 based upon their historic patterns of delivery. The current list of eligible qualifications can be found here . It is the responsibility of the SSCs and sector bodies to inform the LSC of any changes.	Co-funded
First full level 4 jumpers for 19-25 year olds	Level 4 'jumpers' (those learners not possessing a first level 3 qualification or above, but going straight to level 4) aged 19-25 will be fully funded.	Fully funded
First full level 4 jumpers for 25+ year olds	Where learner is aged 25+ they will be co-funded at the level 3 rate.	Co-funded
Level 4/5 Qualifications for any other type of learner	Will be funded if it forms part of the NVQ in the workplace transitional arrangements (based on historical patterns of provision in that institution) and is on the agreed list of eligible qualifications negotiated between the FE college and training provider and the LSC.	Co-funded

Train to Gain flexibilities - sector compacts and public sector compacts

Sector compacts are non-contractual agreements between DIUS, the LSC and an SSC (or sector body) to work collaboratively to drive up demand for skills across England through T2G. The sector compact sets out the specific offer to employers in the sector within T2G; the detail of the agreement, including the volumes of increased demand, the specific flexibilities needed to deliver this demand and the phasing of the delivery. Each sector compact covers a period of up to three years.

Sector compacts are part of the T2G offer; they aren't a separate programme. The skills and qualifications set out in sector compacts will be funded through the existing allocation of volumes agreed with colleges and training providers holding a T2G contract.

The first six sector compacts have now been agreed with the following: Assetskills, Cogent, ConstructionSkills, People1st, ProSkills, and SEMTA.

LSC and DIUS are working with other SSCs/SSBs to develop further compacts proposals.

Government Departments and their agencies are currently not eligible to access public funding through T2G. Other public sector organisations such as schools and NHS trusts delivering front line services are eligible. Public Service skills compacts will seek to increase the public sector services take up of T2G.

Train to Gain SME flexibilities - repeat qualifications, and unit/thin qualification funding

Full guidance can be found [here](#).

Eligible providers

The SME offer will be managed within existing provider contracts or via Regional Response funding. If the LSC identifies gaps in the market in response to employer demand they may procure provision to satisfy this. An SME is defined as an enterprise with less than 250 Full Time Equivalent employees (FTEs).

Eligible learners

Employees can access units and thin qualifications even if they hold a level 2 qualification or above. Learners can take eligible units/thin qualifications alongside a level 2, level 3 or Skills for Life qualification from T2G.

Eligible qualifications or units/thin qualifications

The SME offer relates to three specific types of qualification: **repeat full level 2s** (restricted to the list agreed with SSCs through SQSs and/or Sector Compacts, see [here](#).), **repeat full level 3s** (restricted to the list agreed with SSCs through SQSs and/or Sector Compacts - see [here](#)), and **units/thin qualifications** (the list of eligible units and thin qualifications was decided upon following LSC discussions with SSCs and SSBs, and the LSC is currently in discussion with DIUS as to whether the list of eligible units might be extended). The list of the eligible units and thin qualifications can be found [here](#).

For eligible SMEs there is no constraint in terms of the volumes of eligible additional level 2 and 3 qualifications that can be delivered.

Units and thin qualifications in the following ten highlighted business critical areas were in scope for T2G funding for eligible SMEs: **Business improvement** including business systems and processes, **customer service** including communications, **new product design**, **IT pro specialist** function where IT is at the heart of the business & IT User generic use across all businesses, **management** including risk management, team working, communication, **marketing and sales**, **risk management**, **SME finance** including risk management, finance and credit, cashflow, profit management.

Funding

Each of the units/thin qualifications are allocated a Funding Band. A mix of eligible units/thin qualifications up to a maximum total value of 15 Funding Bands can be undertaken by an individual in a 12 month period. There are no rules of combination specific to the units on offer. Progression on to full level 2 and 3 qualifications is encouraged and will be monitored. Learner can take units alongside other T2G qualifications. Funding for level 3 and level 4 units and thin qualifications is set on the basis that it will be co-funded (with the exception of level 3 jumpers and 19-24 year olds who do not currently have a Level 3 qualification - this provision will be fully funded).

Adult-learner-responsive funding

Unit funding trials

Full guidance can be found [here](#). The list of the 434 eligible units can be found [here](#).

The rationale

The unit trials through the adult-responsive funding model are designed to test whether unit funding can incentivise the completion of full qualifications. The trials are **limited to QCF provision only** and will also support the testing of a Credit Success Rate (CSR) measure to track learner progression to full qualifications. The QCF unit funding trials began in January 2009.

The unit trials are initially restricted to specific sectors and units, pending the outcomes of first stage evaluation. The following sectors and Awarding Organisations are included in the unit funding trials: Lantra, Skills Active, Cogent, People 1st, E-Skills UK, Skillsmart Retail, Edexcel, City and Guilds, NOCN.

Eligible learners

For levels 2 and 3 the trial will target learner cohorts of 19 and over, who would not otherwise enrol on a full qualification in the first instance. For Entry and level 1 the trials may include learners aged 16 plus, through to adults.

Eligible units

Eligibility is limited to those units agreed by LSC National Office in discussion with the sectors and Awarding Organisations involved, and will include units only from within the Rule of Combination (RoC) of an accredited QCF qualification. There are 434 eligible units available.

Eligible providers

Regions are not required to select providers to participate in the trials as any provider who has planned delivery for units from within the adult learner responsive model can use that planned funding to deliver eligible units.

Funding

Eligible units must be delivered from within the existing agreed funding for adult learners within the adult learner responsive model. There is no new funding available in addition to the agreed provider allocation for 2008/09 or 2009/10. Eligible units will be assigned individual SLN values. Where possible recommended guided learning hours (glh) for units will be used to set this.

UK Vocational Qualifications Reform Programme

The new definition of full level 2 and level 3 within the QCF

'Full' level 2 provision in the QCF is defined as 13 credits, for an interim period of 2 years. SSCs will determine the size and content of a full level 2 for their sector and for specific occupations. Therefore, not all qualifications designed to this size will automatically be eligible for full level 2 funding. The SSCs will now also have to approve each qualification as full. SSCs can agree a value higher or lower than 13 credits. For further information on this definition click [here](#).

The LSC are also carrying out a consultation on full level 3 provision in the QCF and propose that it is defined as 25 credits. Again, SSCs will determine the size and content of a full level 3 for their sector and for specific occupations, and SSCs will be able to agree a value higher or lower than 25 credits. Again, not all qualifications designed to this size will automatically be eligible for full level 3; the SSCs will have to approve each qualification as full.

Aligning public funding to key qualifications identified by SSC/SSBs

From 1 August 2009, the LSC will start to 'turn-off' funding for predecessor NQF qualifications and lower priority qualifications. Learners on existing programmes registered before this date will continue to be funded to complete their programmes. The LSC have released a document outlining the first phase of the work, to develop processes to align public funding with vocational qualifications approved by SSCs/SSBs and identified by SSCs/SSBs as priorities for public funding. The document includes a list of qualifications that will be switched off for the purposes of post-19 funding for 2009/10. The Policy Team at Edexcel are gathering information on the Edexcel qualifications affected in order to take forward any appeals. The full document can be found [here](#).

Edexcel Funding Watches are intended to help colleagues keep up to date with national developments. Information is correct at the time of writing and is offered in good faith. No liability is accepted for decisions made on the basis of information given.

Centres can access the LSC's Learning Aims Database which allows them to search for aims and view aim details at: <http://providers.lsc.gov.uk/LAD/>. The last word on funding lies with the LSC. Centres will be in contact with their LSC in relation to the planning and funding of their provision.