

FUNDING WATCH

2008/10

11 November 2008

Funding VQ Reform An update from the LSC

This Funding Watch summarises a recent useful update on funding vocational qualification reform, organised by FAB and JCQ, with presentations by the team from the LSC National Office.

The presentations covered three areas:

- An update on the Machinery of Government
- VQ Reform/OCF Implementation
- Funding the QCF - aligning funding to SSC nominated qualifications, unit-based funding, aligning funding with the QCF.

An update on the Machinery of Government

The aim of the **Skills Funding Agency (SFA)** (the proposed new streamlined agency, designed to oversee the development of the FE sector and to route public funding effectively to where it is most needed) will be to bring together employment and skills in a much more integrated way. It will be responsible for all post-19 funding (excluding HE), increasingly relying on SSC choice of relevant post-19 qualifications, mediated by Government targets. It will work through four client gateways, Train to Gain, Apprenticeships, the Adult Advancement & Careers Service, and the direct learner-responsive service. It will increasingly work with other services, such as the DWP, and link up with other arrangements in place, such as the Local Area Agreements (LAAs) and the Multi Area Agreements (MAAs). The type of regional presence the SFA will have is still being worked on.

The **Young People's Learning Agency (YPLA)** will support and enable Local Authorities (LAs) plan, commission and fund a coherent offer to all young people whilst providing budgetary control. It will not be responsible for deciding which qualifications are fundable - the Joint Advisory Committee for Qualification Approval (JACQA), with QCA (soon to be QCDA) will decide which qualifications will be fundable for this age group. The YPLA will be responsible for the provision of nationally consistent funding and commissioning frameworks. There isn't as yet any clarity regarding the ins and out of the commissioning process, but this is being worked on. The YPLA will moderate and agree sub-regional and regional plans, and will work as a safety net as 14-19 funding moves over to the LAs.

VQ Reform/OCF Implementation

The final business case for the **Qualifications and Curriculum Framework (QCF)** was submitted in September 2008, and the ministerial announcement is expected imminently. The key delivery areas of the VQ reform/QCF implementation are the employer-responsive service & Train to Gain, Skills accounts, Apprenticeships (including programme-led Apprenticeships), the Adult Advancement & Careers Service, the IES (Integrated Employment and Skills Service), Framework for Excellence, the Offenders' Learning and Skills Service (OLASS), and the Foundation Learning Tier (FLT) & Progression Pathways. The key areas to get right in this respect are funding, planning and commissioning, and performance.

It is hoped that by 2010 the QCF will be widely populated and that the majority of funding will be switched from NQF qualifications to QCF qualifications. The LSC want a unit funding approach agreed, and a process fully developed which can drive forward this unit funding approach. They want to have agreed the Credit Success Rate measure. Lastly, they envisage PSA targets articulated in QCF terms, and a new relationship with awarding bodies.

Funding the QCF

Aligning funding to SSC nominated qualifications, unit-based funding, aligning funding with the QCF

Eventually, funding for post-19 qualifications will be prioritised for **SSC nominated qualifications**. 2009/10 will be the first year of aligning funding to qualifications nominated by SSCs. 25 SSCs and 2 SSBs submitted completed action plans in July 2008, these SQS Action Plans will be used as critical documents to inform the learning and skills sector about the changing qualifications landscape. The LSC will manage the transition carefully, working to understand the risks both nationally and regionally; for providers and learners. This work is still on-going. Funding will be withdrawn for the following qualifications as part of this process: qualifications for which there will be a replacement qualification in place for 2009/10, qualifications which have been customised to meet the specific needs of a customer, and aren't nationally available, and qualifications which are not going to be replaced because they are not fit for purpose, or a sectoral need is not identified. Any decisions to withdraw funding can be appealed against.

The implications for this are that whilst funding for learners who started their programmes before 1 August 2009 will continue to be funded, funding will not be available for new starts on any withdrawn qualifications. There will be a period of consultation until March 2009, and a final revised list of withdrawn qualifications will be published in June 2009. The LSC will be very careful to manage this process in order not to withdraw funding from valuable qualifications.

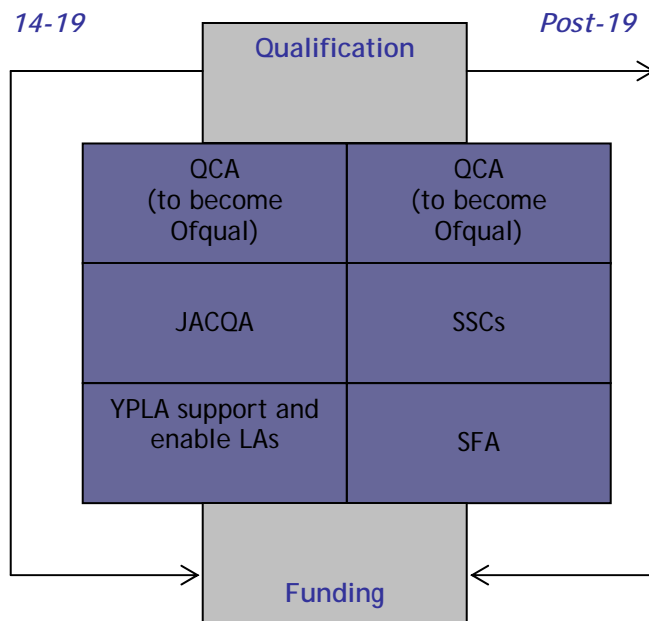
The LSC are currently undertaking a small-scale project which trials **unit-based funding**, which starts in January 2009. The trials are limited to QCF units only, encompass only Entry and Level 1 units from Progression Pathways, and Level 2 and 3 units from 'full qualifications', runs in only a limited number of sectors identified by SSCs and awarding bodies, and covers all regions but only selected providers. It incorporates the employer-responsive, and the adult-responsive funding models, and uses money already in the budget. The primary purpose of the trials is very clear; it is to test whether unit funding can incentivise the completion of full qualifications.

Unit-based funding is also being looked at in another area: Train to Gain. John Denham's announcement of additional flexibilities within Train to Gain included the availability of funding for units within qualifications. The flexibilities are limited to critical subject and sector areas however. Again, the focus will be on units from qualifications within the QCF, and will

follow the same rules as for full qualifications, i.e. full funding at level 2; full funding for level 3 for 19-25 year olds; part-funding for level 3 for the over 25s.

Work is also ongoing to align demand-led funding to the QCF and includes assessment of the unit trials, a review of the approach to assign rates in the QCF, including assessing the relationship between credit value and the Standard Learner Number (SLN), modelling the affordability of the QCF and its impact on allocations, and reviewing the approach to support the Recognition of Prior Learning in the QCF (RPL).

A simple diagram of the organisations and involved in the new funding process



Edexcel Funding Policy 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. The last word on funding lies with the LSC. Centres should be in contact with their LSC in relation to the planning and funding of their provision.