



AoC 16-18 LSC Funding Survey Report

April 2009

Introduction:

At the end of March 2009, the LSC issued letters notifying schools, colleges and other providers of their 16-18 learner allocations for the 2009/10 academic year, so that they could plan their 2009/10 budgets. The LSC issued provisional figures to Colleges in January and to schools in February with a statement that the numbers could go up or down. The final allocations fall far short of expectations and are inadequate for the tasks given to schools and colleges.

On 1 April 2009, AoC circulated a short survey to Colleges to collect some data on their 16-18 LSC funding allocations for 2009/10 as well as feedback on the issues with and impact of these allocations. 78 Colleges responded to the survey; this represents 22% of the total.

AoC requested some additional data from these colleges on 20 April. 48 of the 78 colleges that responded to the original survey gave further information

This report:

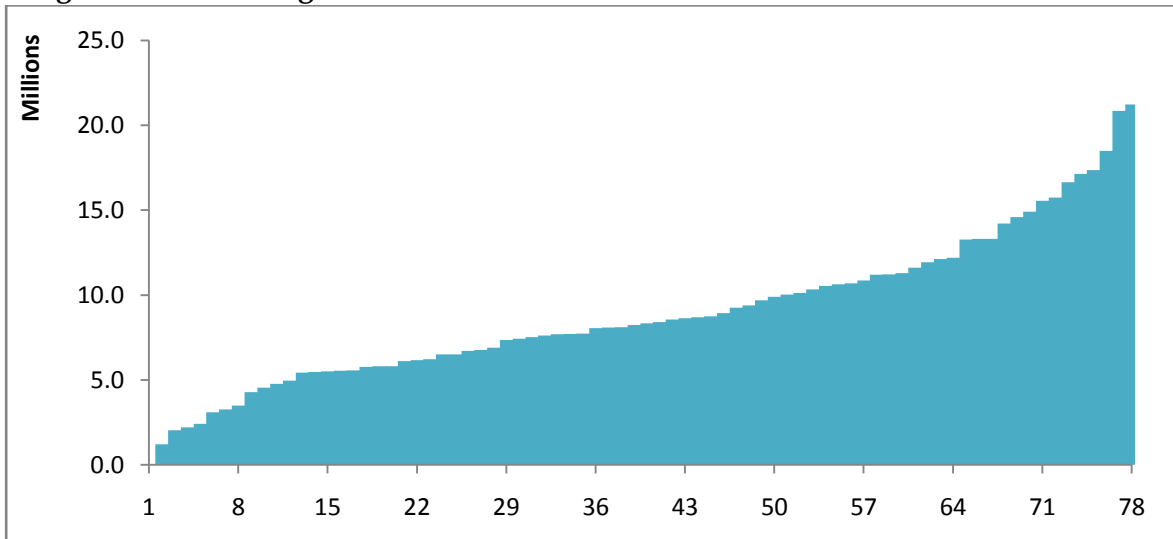
- Summarises the main survey findings - 16-18 allocations for 2009/10, the changes compared with 2008/09 and 2009/10 SLN to learner ratios
- Gives details on the significant issues for Colleges with regards to this allocation
- Looks at the potential impact of the 2009/10 16-18 funding allocation for Colleges
- Summarises other issues and comments from Colleges relating to LSC funding

Survey responses

78 Colleges responded to the survey (48 GFECs, 23 SFCs, 7 Specialist Colleges (Land-based, Art and Design and Special Designated)), this represents 22% of all Further Education Colleges in England.

The chart below shows the range (from £0.4 million to £21.2 million) in the 2009/10 16-18 funding allocation to the 78 colleges that responded to the survey.

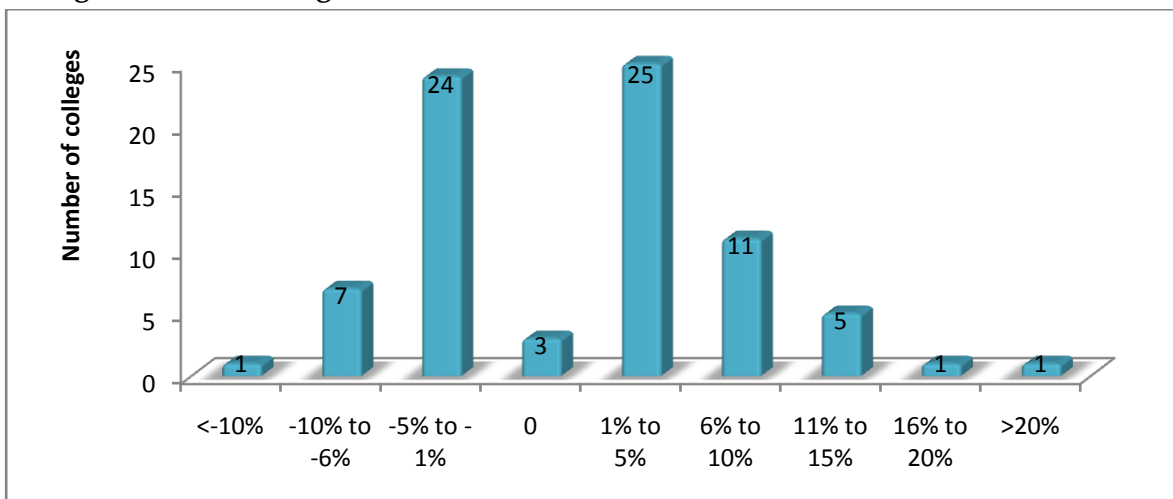
Range in 16-18 funding allocation 2009/10 (£):



Base: 78 colleges

32 of the colleges (41%) that responded to the survey had a reduction in their 16-18 funding allocation compared with 2008/09, 43 (55%) had an increase and in 3 colleges (4%) there was no change. On average (for these 78 colleges) there was a 1.4% increase in the 16-18 allocation from 2008/09. This compares with an average increase of 6.6% to all colleges in England between 2007/08 and 2008/09.

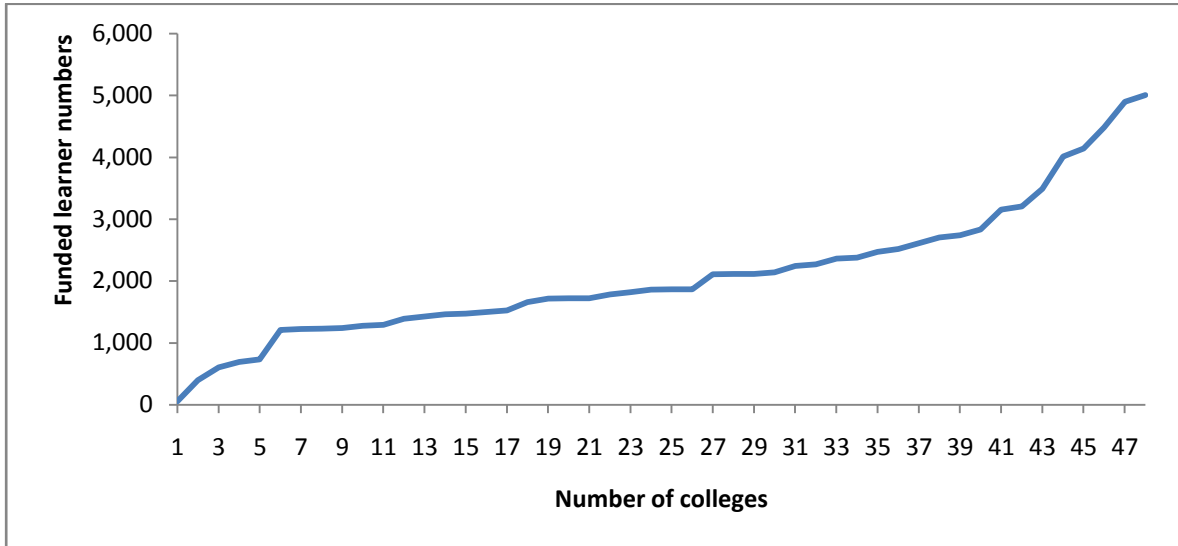
Change in 16-18 funding allocation from 2008/09:



Base: 78 colleges

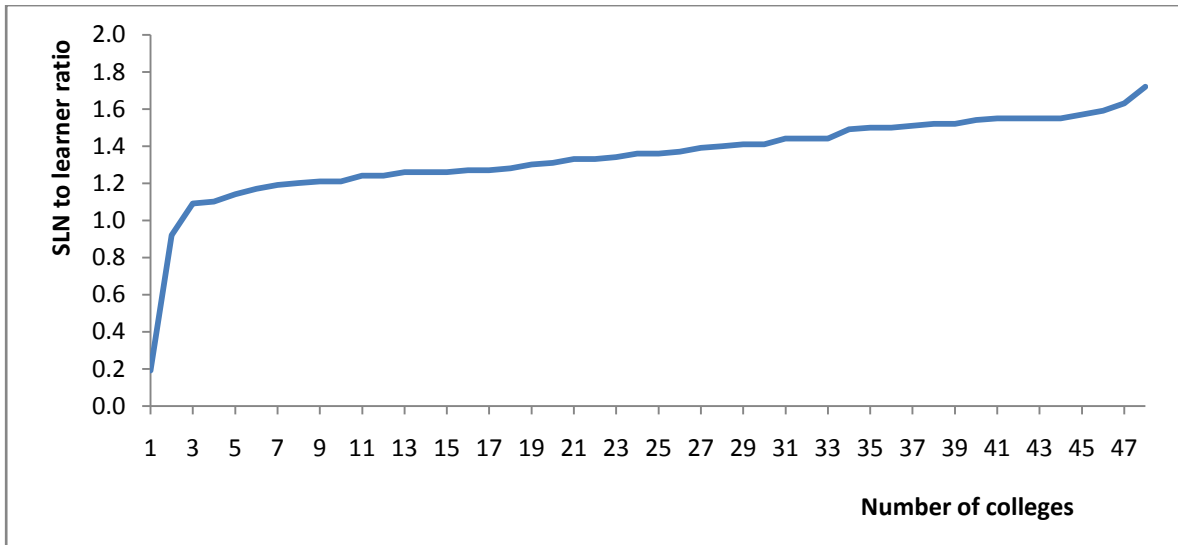
48 colleges responded to the additional data request and gave details of their 16-18 funded learner numbers and their SLN to learner ratio in 2009/10. The range in funded learner numbers and SLN to learner ratio is shown in the charts below; the average SLN to learner ratio in these colleges was 1.36.

16-18 funded learner numbers, 2009/10:



Base: 48 colleges

16-18 SLN to learner ratio, 2009/10:



Base: 48 colleges

Significant issues for Colleges with the 16-18 funding allocation for 2009/10

- Reduction in SLN/learner ratio.
- Rounding of SLN ratio to 2 decimal places has a negative effect on funding allocations.
- Reduction in learner numbers being funded when targets have been met and exceeded.
- Reduction in funded learners will mean either having to restrict access to courses or having unfunded learners.
- Allocation for 2009/10 takes no account of unfunded growth in 2008/09.
- Where funding has increased to consolidate unfunded growth in 2008/09 it does not cover addition learners expected in 2009/10.
- Expect there to be unfunded 16-18 year olds in 2009/10.
- Reduction in the provider factor due to lower programme weightings and fall in success factors.

Impact of the 2009/10 16-18 funding allocation on Colleges

- It severely limits potential for growth in an area of the country where there is high need & demand for places.
- We will have to reduce courses and therefore staff numbers, i.e. possible redundancies.
- We will have to decide whether to take on unfunded students onto the courses which remain or allocate places.
- It will make the financial position for 2009/10 even more challenging.
- Will need to consider reducing learner numbers in line with funding restrictions.
- We will have to reduce costs; we do not want to turn students away.
- Catastrophic if it is confirmed. We would have to turn away learners and close down some provision.
- We will struggle to keep ageing accommodation in anything better than poor condition, upgrade teaching & learning equipment, fund adequate recreation space for our students and avoid an operating deficit.
- The additional cost of delivering beyond funded allocation is putting a strain on resources.
- We are likely to close some small courses and reduce the amount of the subsidy that we pay for student transport.
- We will have to narrow our offer of curriculum as we will not be able to support the full offer. Classes/subject areas with low numbers of applications will have to be withdrawn.
- There will be very little scope for the College to be able to make a pay award for 2009/10 once the costs of the full year 2008/09 award and increments are taken into account.
- Teaching staff numbers will not be increased as much as planned leading to larger class sizes.
- Not engaging with NEET learners mid way in the year; no incentive or funding.
- Needing to rely on an increasingly hard to meet and declining Adult allocation.
- The increase in students is planned growth to reach our learner targets for our new build, but of course this is now on hold.
- We will think twice about taking numbers above our allocation now that the "guarantee" of consolidation has been broken.

Other issues and comments from Colleges relating to LSC funding

- Insufficient 16-18 ALS allocation.
- Reduction in 16-18 apprenticeship funding.
- The sheer complexity of adult funding is becoming overwhelming and we will be employing more MIS staff to be able to cope with this.
- The maximum contract value placed on train to gain funding severely limits the College's ability to meet the demand from employers.
- We are concerned about maintaining the trust and credibility in our relationship with the LSC. The shortfall in 16-18 funding comes on the back of the capital funding and Train to Gain problems. This may well affect our developing relationship with Local Authorities.
- Unequal treatment of success rates between schools and colleges by the LSC, which inflates sixth form numbers and inflates their provider factor unfairly.
- The LSC (and their successors and the Government) need to realise that funding allocations must be communicated earlier so that colleges can take staffing decisions with the certainty of knowing their funding allocations. The policy of funding growth in the succeeding year is not sustainable for colleges experiencing a significant growth in student numbers given the cost of appointing staff, exam fees, resources, and other costs associated with delivering the curriculum.
- The provisional allocations are unhelpful if they are going to be significantly different from the final allocation.
- Capital funding - compensation for colleges who have incurred costs up front and/or have loan commitments to be met on only part completion of property strategy.
- Resolution of capital bids.
- Timing and transparency of 19+ allocations.
- Continued absurdity of funding formulae.
- More communication needed from the LSC.
- Running through the problems of the Capital Programme, Train to Gain and 16-18 funding allocations is a common theme: LSC's failure to plan and capture accurately the scale of present and future demand and to manage their financial consequences. What confidence do we have that the new machinery of government proposals will handle this issue more equitably and capably?
- What point is there to a transparent funding formula that can be adjusted in this way? It was meant to be demand led and it appears that colleges are not even being funded for what is currently being delivered.
- In-year capping of employer responsive which was advised as an uncapped pot for this year - this is now a serious issue as work with employers will be lost in year and so will reputation of FE as a deliverer.
- Reduction in E2E funding.