



The information authority

Paper 4a: Overview of LLDD funding reforms

Author: *Jacqui Longley*

Date: *11 September 2008*

1. What are we asking the board to do?

FOR INFORMATION - The paper is designed to provide the board with an overview of the funding reforms for learners with learning difficulties and/or disabilities (LLDD) and their relationship to the Individualised Learner Record (ILR). This supports the request to include new learners in Independent Specialist Providers in the ILR from 2009/10. (See ILR specification paper).

2. Introduction

There are five key reasons for the reforms:

- Bureaucracy minimisation for providers
- Accurate, consistent and comparable data collection across all provision and providers for LLDD
- Equality of access, opportunity and provision for the learner
- Budgetary control
- Joining up with existing LSC practices and business cycles

2.1 BUREAUCRACY MINIMISATION & ACCURATE DATA COLLECTION

There are currently multiple budgets, funding and reporting systems for the providers of education and training for LLDD, for example:

- Independent Specialist providers (ISPs) have their own funding guidance (Funding Guidance: Placement for Learners with Learning Difficulties and/or Disabilities at Specialist Providers 2008/09, May 2008).
- Independent Specialist providers (ISPs) record all of their learners and funding in a stand alone database that has no correlation across the ILR and LLDD within FE, making comparison and consistency difficult.
- FE providers seeking funding for learners requiring over £5,500 of additional support are currently required to complete forms to access Additional Learning Support (ALS) over £5,500 and up to £19,000. Anything over that amount requires additional form filling and the funds then come out of the LLDD budget and are not marked on the ILR, or on the LLDD database (ad hoc regional spreadsheets are used for any FE amount over £19,000)
- Funding for LLDD is split across two key budgets - ALS and LLDD budgets but the distinction is not clear. For example FE providers who complete the ILR will access the ALS and LLDD budgets and vice versa. In essence this means that providers can access both budgets but it is not always clear which budgets they should access. Such 'confusion' makes it critical to have one consistent recording and reporting system.

Such systems also make it impossible to gather consistent comparable data to report to government on the spend and the quality of support, thereby impacting upon the ability to control budgets.

The encompassing of ISPs into the ILR will enable the LSC and its successors to have consistent data capture methods that ensure quality and help to restore control of the budget, whilst responding directly to Governmental policy drivers (Appendix 2).

2.2 EQUALITY FOR THE LEARNER

Such current systems, as described above, means that providers are faced with substantial levels of bureaucracy and confusion as they access the different pots of funding. This results in learners experiencing differing levels of provision, support or service depending on where they live, their status and their type of providers.

2.3 BUDGETARY CONTROL & BRINGING IN LINE WITH LSC SYSTEMS

Year on year the budget has been over spent by approximately 5%. Such increases do not correlate to the numbers of learners funded and as such reforms need to take place to create a transparent funding system that brings funding in line with current demand-led reforms and restores control of the budget. Without such controls the budget may be overspent by as much as £25m by 2008/09 (Appendix 1).

3. Reforms

3.1 REFORMS – OVERALL ACTIVITY TO DATE

During 2006/07 the LSC commissioned research to review the funding for LLDD and/or Special Educational Needs (SEN) in line with the LSC demand-led funding approaches¹. Following on from the policy direction and research, the LSC established an external Project Advisory Group, chaired by Peter Little OBE, to advise on the reforms and process.

In February 2008 the LSC held a conference to launch the reforms for planning and funding processes for LLDD. The feedback from this conference informed the development of a formal consultation document to be circulated for a three month consultation period. However, in light of *Raising Expectations: enabling the system to deliver*², the DCSF formally asked the LSC not to issue a consultation, in order to avoid confusion with the main machinery of government (MoG) consultation but to continue with key elements of the reforms. These key elements of the reforms can be summarised as follows:

- Combining the high cost (over £5,500) ALS and the LLDD budgets
- Developing an allocations process in line with Demand Led Funding reforms
- The introduction of a Learning for Living and Work framework to draw together existing learner assessments, such as section 140s and School Action Plus, in a consistent manner across the country to allow for comparability, transparency and equality for the learner within/across the assessment system
- Developing a Resource allocation system to identify the support costs required by a learner to access and participate in education and training

During July and August 2008 events were held across the regions to present and discuss the way forward to partners, practitioners and providers. The events also provided an opportunity for health, social and educational practitioners and providers to share experience, best practice and develop partnerships and networks for the ultimate benefits of the learner. Over the same period, more detailed independent research was commissioned to establish national funding rates for high cost learners and the alignments

¹ Funding for learners with learning difficulties and/or disabilities in school and post school provision: an integrated approach, LSN, 2007

² Raising Expectations: enabling the system to deliver, DIUS, DCSF, March 2008

of support and training for LLDD to Progression Pathways and the FLT. The findings of the research will inform national funding rates, allocations and the Resource Allocation System (RAS)

Further practitioner training events were planned for delivery in September and October 2008 for the use and roll out of the Learning for Living and Work Framework and the Resource Allocation System. However, on Friday 5th September 2008 the planned training events were postponed by the LSC as a result of ongoing discussions between DCSF and DIUS and to give time to consult with Ministers about the arrangements from September 2010 onwards for the funding and associated processes in relation to learners with learning difficulties and/or disabilities.

3.2 REFORMS – NEXT STEPS

Whilst the Learning for Living and Work Framework is with Ministers for discussion and further discussions are underway between the DCSF and DIUS about arrangements post 2010, the LSC is continuing to gather baseline data on high cost learner numbers and cost throughout FE and ISPs.

The reforms cover all learner responsive provision for LLDD learners from the age of 16-25 (Apprenticeships are not included as these are covered by the Employer responsive model and School Sixth forms are not included because of the reliance on school census data provided by DCSF) and the activities can be summarised as follows:

- Combining the ALS over £5,500 spend and the LLDD budgets to create an Individual Learning Support Fund
- Analysis of the ILR (2004/05 – 2007/08) of high cost ALS (over £5,500) and associated learner numbers by provider to calculate an average cost per high cost learner per provider
- Analysis of regional spreadsheets for learners in FE receiving over £19,000 of ALS (2004/05 – 2007/08)
- Analysis of the LLDD database of learner numbers and costs (day and residential) by provider to calculate an average cost per learner per provider (2004/05 – 2007/08)

The data will enable the LSC to gain an understanding of the picture of support and spend for LLDD across the entire funding system and develop an average cost for learner within each provider to create an indicative allocation for providers. This will be the start of the move towards existing LSC demand-led funding systems and provider allocations, rather than individual allocations on a learner by learner basis, through the creation of an allocations framework for use by LSC regions when in dialogue with providers.

- The average cost per learner will act as transitional protection for the provider as the existing amount of funding per learn is guaranteed, thus protecting the provider as they progress towards the new system.
- Submitting a business case to *the information authority* to facilitate the introduction of Independent Specialist Providers (ISPs) to the Individual Learner Record (ILR), in order to create a common and transparent funding and monitoring system across all providers of training and support to LLDD
- Liaison with the Foundation Learning Tier team (FLT) to accredit the Entry Level and Level 1 training provision via Progression Pathways (promoting progression as well as helping learners to achieve formal qualifications). The development of accredited qualifications will enable plan-led allocations to be developed for all providers of

education training and support to LLDD, delivering equitable funding for equitable provision across the providers

- Establishment of an allocations subgroup in the LSC, comprised of representatives from funding Policy, Financial Planning and Forecasting, MI, Data, RPPG, and LLDD Managers

For full details of the scope and timescales of the allocations process please refer to appendix 3

4. FE Sector Implications

The funding reforms have involved extensive consultation via an event in February 2008, regional events in July and August, the project advisory group, management group and via providers of training and support to those with LLDD. There is whole hearted support for the combining of budgets and consistent data capture, allocation and recording as a mechanism to providing transparency, but it has been recognised that support will need to be provided to the sector to facilitate the reforms. As a result the implications to the sector (administrative burden, consultation and feedback) can be summarised as follows:

- Combining of ALS over £5,500 and the LLDD budgets – this will not create any burden on providers, in fact it will reduce burden for providers as the funds will come from one budget and one system rather than 2 budgets and multiple application routes. To assist this reduction in administration and bureaucracy the ISP funding guidance will be joined to the standard FE funding guidance to create one guidance document relevant to all providers of training and support to LLDD. The joining of budgets and systems will yield benefits to the learners through a simplified more transparent system.
- Data analysis of learner numbers and costs from the LLDD database and pre-existing ILR data – this will not incur a burden on providers as all data will be collated and assessed at LSC national level.
- When Independent Specialist Providers commence utilising the ILR there may be resource implications in relation to system adaptations to facilitate this change. To resource the changes £100,000 from the LLDD budget has been allocated which can be used flexibly to purchase systems or provide training. Extensive communication has already been held with ISPs and identified that a large proportion already use Data Bridge, some of which have offered to be the gateway for smaller providers in order to reduce the administrative burden. A consultation day is being held with ISPs on Friday 19 September 2008 to discuss the introduction and implementation of data collection systems across the entire ISP sector (56 providers).
- Meetings have been held with *the information authority* to discuss the proposed addition of ISPs to the ILR and implications in relation to additional codes or fields. (See ILR specification for further details).
- There will be no additional administrative burden in terms of reporting learner details for FE providers, as they will continue to use the ILR to report learners and spend
- The administrative burden will be reduced for FE as they will no longer be required to complete forms for over £5,500 and over £19,000, as mentioned at the start of this report.

To summarise the overall benefits of the reforms are as follows:

- A transparent system for the learner based on equality and creating a level playing field of support for high cost (over £5,500) learners, no matter which type of provider
- A reduction in bureaucracy for the learner and provider
- Relative year on year stability, which aids planning,
- Value for money facilitated through national bench-marking of like-for-like provision,
- Only one allocation for all learners and an allocation based upon predicted local need
- The opportunity to negotiate changes in allocation year on year.
- The development and promotion of local provision to meet local needs
- Better quality local planning and increasing capabilities thus creating economies of scale
- Budgetary control
- Better liaison between key agencies

Next Steps

The paper has been submitted to the board for information and to support the inclusion of ISPs within the ILR. Our expectations of the next steps are as follows:

- *The information authority* understanding of the reforms – their political and financial drivers and the route adopted to delivering a consistent recording and reporting system to delivery equity for the learners and to bring budgets under control. Without such reforms the funding and policy for LLDD can not legally be handed over to the control of Local Authorities in 2010.
- Implementing the allocations work to bring activity in line with the LSC Business cycle (for further details please refer to Appendix 3)
- Continued consultation with the Independent Specialist providers in relation to data collection and management systems, this will include investment in training
- Continued dialogue with *the information authority* to agree any changes or additions to the ILR
- All ISPs using the ILR from September 2009. Wherever possible the LSC wish for all learners to be added to the ILR from September 2009, but to take account of any administrative burden the minimum criteria could be all NEW learners from September 2009. (See ILR specification paper for further detail).

5. Contact Details

- a. Author: Jacqui Longley/Julie Harrison
- b. Job Title: Senior Funding Policy Development Manager/Policy Manager LLDD
- c. Department/Organisation: National LSC
- d. E-mail address: Jacqui.longley@lsc.gov.uk Julie.harrison@lsc.gov.uk
- e. Phone Number: 02476823595 02476823362
- f. Date Paper Created: 16 September 2008

Appendix 1

1. LLDD budget Forecasts

Budgetary Spend

The Special Educational Needs budget has increased by 17% from 2004/05 to 2007/08 reaching £185m; the Additional Learning Support budget has increased by 9% from 2004/05 to 2006/07 reaching £360m; and the LLDD budget has increased by 77% from 2004/05 to 2007/08 reaching £210m.

Forecasts

	2008-09 £000's	*2009-10 £000's	*2010-11 £000's
Total budget	204.3	236.3	275.6
Scenario One			
Spend (Assumes 13% increase per year - the same increase as between 2007-08 and 2008-09),	229.4	259.2	292.9
Resultant Over Spend	25.1	22.9	17.3
Scenario Two			
Representing the impact of the measures taken by the LSC; freezing rates (potentially on-going), centrally reviewing all high cost cases and continuing development spending, has the effect of limiting cost increases to 10%, 6% and 4% in each of the three years.	223.0	236.3	245.7
Resultant Over Spend	18.7	0	(29.9) Underspend

Appendix 2

1. Policy Drivers

1. In November 2005, the LSC published '*Through Inclusion to Excellence*' (TITE), the findings and recommendations of the strategic review of the LSCs planning and funding of provision for learners with learning difficulties and/or disabilities across the post-16 learning system. Within this publication the LSC made a public commitment to delivering the report's recommendations and principles. In *Learning for Living and Work*³, the LSC set out its aim of developing a fit-for-purpose funding system that is learner-focused, equitable across all areas of the FE system and provides appropriate levels of support for learning. This funding system was first outlined in the LSC consultation document '*Delivering World-class Skills in a Demand-led System*'⁴
2. The Further Education (FE) White Paper 'Further Education: Raising Skills, Improving Life Chances'⁵ published in 2006 reinforces the principles for funding post 16 education and training particularly that there should be a transparent national formula that delivers comparable funding for comparable provision
3. In '*Progression through Partnership*', the cross government strategy published in June 2007, ministers agreed a closer relationship between DCSF, the Department of Health (DH) and the Department for Work and Pensions (DWP) was necessary to ensure that learners receive a fully integrated support package to meet their educational, training, care and health needs to enable progression to appropriate employment options or independent living. Consequently this means local agencies need to liaise around the development of integrated funding, to enable young people to attend appropriate learning provision

³ Learning for Living and Work, LSC, October 2006

⁴ Delivering World Class Skills in a Demand-led System, LSC, January 2007

⁵ Further Education Raising Skills, Improving Life Chances, DfES, March 2006

Appendix 3

1. Allocation timetable

Step 1 (Complete by 19 September 2008)

- Establish an allocations group consisting of national and regional staff to develop the allocations process
- The first indication of average costs per learner across all FE providers based upon learner numbers and costs for F05 data in 2004/05, 2005/06, 2006/07 and F04 data for 2007/08.
- The first indication of average costs per learner across all ISPs based upon learner numbers and costs from 2004/05 to 2007/08
- The first indication of the financial impact of a combined LLDD and high cost ALS budget, in order to inform funding availability per region and provide an initial indication as to whether any funding caps will need to be provided.
- Initial discussions around the use of AMPS as part of the allocations and payments process
- Initial discussions around the use of Summary Statement of Activity (SSoA), and PAMS
- Initial discussions with OLDC (on line data collections) and the Funding Calcs Project to ensure consistency of approach
- Meetings with ISPs in relation to integration onto the ILR

Step 2 (Complete by 12 October 2008)

The LSC will calculate for all providers a data set consisting of the following, which is for internal use only. This will enable modelling and preparatory work (guidance documents for regional and local offices will be provided):

- A ratio of the changes in the number of learners and recruitment trends between 2004/05 and 2007/08
- A ratio of the changes in the average cost per learner from 2004/05 and 2007/08
- Clarification of the national average cost per high cost learner across differing types of providers in order to assess costs and inform financial planning dialogue with providers
- Entry in the statement of priorities

Step 3 (Complete by 31st October 2008)

Following the publication of the November 2008 Statement of Priorities which will outline decisions on funding rates, and transitional protection, the LSC will calculate for each provider their individual transitional rate per learner. Each institution will therefore have a funding rate based on historical spend. The LSC will also prepare and test the spreadsheets which calculate allocations ready to receive updated data as it is made available. During this period a draft funding guidance document will also be produced for providers.

Step 4 (Complete by 5th December 2008)

Regional and Local LSC offices to begin dialogue with providers in relation to anticipated future learner numbers and to use the data to complete the allocation spreadsheet. This will then inform regional moderation and individual provider negotiations to create indicative allocations.

Also in this period the provisional Minimum Levels of Performance (MLP) reports will be available and these will inform the ongoing discussions with colleges and providers.

PLEASE NOTE - currently MLPs are not used within the ISP sector but they are under review for a possible expansion into ISPs

Also in this period training will be provided to incorporate the ISPs on the ILR

Step 5 (Complete by 19th December 2008)

Calculate and distribute a consolidated baseline allocation for 2009/10 by consolidating learner numbers to establish an estimate of the learners to be funded in 2009/10.

Step 6 (Complete by xxx January 2009)

Aggregate consolidated baselines and estimates of growth due to the development of/investment in the development of local provision and other major projects to compare with funding and learner numbers planned in SoP. This identifies growth numbers/ funding available to be discussed at Management Group and with DCSF/DIUS.

Step 7 (Complete by xxxx February 2009)

Dialogue with providers focussing on:

- potential decreases in allocations based on the evidence of three year recruitment trends and local demographics and circumstances including if the 08/09 numbers will continue to be delivered in 09/10
- allocation of funding to reflect any agreed priority growth and other major projects (development of local provision).
- implications of minimum levels of performance or notices to improve as appropriate
- potential changes to the learner ratios such as day provision, full time, part time - is the institution making changes to its provision that increases/decreases the size of learners' programmes and is this in line with local need. Increases will only be agreed for specific purposes.

Concurrently the final full year data for 2007/08 (FO5) will be received on 6th February 2009 this will be processed and available by 13th February 2009. Final MLP reports are published.

Step 8 (Complete by xxx February 2009)

Calculate final allocations based on final 2007/08 FO5 Data

Step 9 (Complete by xx March 2009)

Clear all outstanding queries. Final decisions are made on the implications of MLPs and NTIs. Proposed learner numbers and allocations are moderated at Regional and National level and discussed with LSC/DCSF/DIUS

Step 9 (Complete by 13th March 2009)

All providers notified of negotiated allocations and implications of MLPs/NTIs.