

COLLEGE COLLABORATION FUND – DESIGNING SECTOR LEADING REPORTS FUNDING OPTIMISATION

Definition

Optimisation is not the same as maximisation of funding, and implies a balancing of the pros and cons, across all measures. For example, a strategy of maximising the funding will not be optimal if it negatively impacts on achievement. The factors at play here could typically be decisions about delivery hours or class size.

16-19 provision

Delivery hours

Funding for 16-19s is banded by delivery hours. In deciding whether to aim at the lower threshold of each funding band, a provider should consider the risks. The closer programmes are planned to the lower threshold, the easier it is for students to drop to a lower band. The full-time band for 16 and 17-year-olds has been raised to 580 from 22/23. Depending on their level of confidence in their own controls, providers may choose to plan programmes of 616 planned hours rather than 580, as this would allow for students to “lose” up to an hour per week in a 36-week teaching year, without dropping out of the top band. The highest funding band for 18 and 19-year-olds starts at 485 hours however and if scale allows, providers may wish to split cohorts by age and deliver fewer hours to the older students, to minimise unfunded activity. This funding discrepancy assumes that the older students have already achieved their English and maths at GCSE grade 4 or above. Where this is generally the case, there is no issue, and funding is optimised by ensuring that English and maths groups draw students from across the provision and healthy class sizes are always maintained.

Condition of Funding

16-19 funded students must study English and maths until they have achieved at least a grade 4 at GCSE. There are invariably some students for whom these are not delivered without good reason, and so long as this contingent doesn't exceed a 5 per cent threshold, the full funding allocation is assured.

Over-delivery

Providers intending to increase their allocation in future years can do so by exceeding their allocation. This implies a certain volume of unfunded activity in one year in the hope of recouping it over the next two years. This carries risk as the funding methodology is complex and depends on more factors than simply the lagged number. Any over-delivery should be planned carefully so as not to financially disadvantage the provider in the current year, or in the future if the growth fails to materialise.

Claiming all that is available

Providers should ensure they claim all the funding available to them, where appropriate and viable. This includes accurate collection of post codes (for disadvantage uplifts), Additional Learning Support, and Learner Support. Although the latter two may make a negligible contribution to the bottom line, they should also improve outcomes for learners and thereby increase the retention factor and recruitment.

Other funding elements

Providers may wish to improve their funding factors in future years by investing in qualifications that increase their mean programme cost weighting or attract the High Value Courses Premium. Further uplifts currently available include the Advanced Maths Premium, which can support learners at Level 3. The funding methodology is subject to annual changes though, and funding managers should monitor changes and proceed with caution when developing mid to long -term strategies for funding growth.

Apprenticeships

In-Filling

Classroom delivery apprentices should be in-filled with mainstream provision wherever practical. The cost of delivery can be effectively zero if apprentices are occupying seats that would otherwise be empty.

Timely Completion

Timely completion is essential in the optimisation of apprenticeship funding. Since 20 per cent of the funding available is reserved for completion, apprentices continuing beyond their planned end dates are incurring cost whilst not generating income, and delayed completion becomes even more significant when it extends into the next financial year.

Adult Education Budget

Managing the portfolio of adult funding

The adult funding system can be complex and from a range of sources. Within the Adult Education Budget (AEB) allocation, there could be income lines for Adult Skills, Community Learning, 19 to 24 traineeships and the National Skills Fund. In addition, providers working in or near to areas with devolved adult funding arrangements may have allocations from both the ESFA for national funding and the devolved organisation. Providers may have secured project funding through ESF funding or through local initiatives. All funding lines will need to have a clear, costed curriculum delivery plan in place and effective in-year reporting so any under-delivery can be rectified through additional in-year delivery, or potentially movement of activity between funding lines.

Contract tolerance

For the main AEB contract, the tolerance is ordinarily set at 97 per cent with delivery below this level leading to clawback of funds following the end of the funding year. Conversely, over-delivery is currently paid up to 3 per cent over the contract value. However, these arrangements can be changed each year, and indeed in some situations changed in-year or the full details only confirmed after the funding year has been completed. It is important to understand what counts towards the tolerance and what is ring-fenced e.g. National Skills Fund. Funding can be optimised by ensuring plans are in place to meet the tolerance and any in-year variation is addressed.

Delivery hours

As with 16-19 funding, colleges can optimise funding through efficient planned delivery hours in comparison with the recommended hours from Ofqual and the Single Activity Matrix (SAM). This must be balanced with the needs of the learners and the potential impact on achievement rates if delivery hours are not sufficient. When delivering unaccredited learning through the formula-funded AEB model, delivery hours could be planned towards the lower end of the funding bands of the SAM, but as with 16-19 funding, care needs to be taken that delivered hours do not fall to a lower band.

Claiming all that is available

This is as for 16-19 funding, but in addition providers will want to ensure they are making full use of the Earnings Adjustment Statement (EAS) process. They could also consider claiming for additional ESOL where such delivery is required.

Fee Income

The assessment of learners at enrolment is essential to ensure the correct level of funding is claimed. Firstly, to ensure the funding claimed is from the right funding allocation e.g. national ESFA or devolved organisation, depending on learner postcode, AEB or National Skills Fund, depending on the learning aim and learner history. Secondly, to establish if the learner will be fully funded or co-funded by the funding agency. If the latter, providers will want to ensure they have a robust fees policy in place and that fees are collected from the learner to replace the funding not provided.

Job Outcome Payments

Job outcome payments can contribute to the maximisation of funding but pursuing them may not represent optimal performance, because they are relatively small, and providers have been known to forego them due to the administrative cost.