

# Education and Lifelong Learning Committee

## ELWa'S Recommendation

Following an extensive consultation process in 2002, recommendations on the development of a National Planning and Funding System(NPFS) were made to the Minister for Education and Lifelong Learning.

The recommendations formed the underlying principles of the NPFS and are summarised below:

- i. a single, coherent approach to the planning and funding of all post-16 learning provision;
- ii. a three-year planning and funding cycle;
- iii. a unified, demand-led planning approach;
- iv. a common funding year - August to July;
- v. a common credit-related approach to pricing. This will account for the majority of ELWa's purchasing of learning provision;
- vi. learner-commissioned purchasing designed to give learners (individuals, businesses, communities) purchasing power over learning provision and learning providers, thereby increasing their influence over the learning that is being delivered. Independent advice and strategic marketing are vital to help create informed consumers of learning;
- vii. an integrated approach to provide financial support to learners in need (where their needs are not met fully by the Assembly Learning Grant);
- viii. an investment programme for infrastructure and capacity building; and
- ix. funding linked to the Credit and Qualifications Framework for Wales to ensure maximum flexibility in learning opportunities.

## The Planning Framework

'Planning' is one of ELWa's key drivers for effecting change. The adoption of a single national planning system for post-16 learning (excluding HE) is a major innovation.

Annex 2 depicts key elements in the proposed new Planning Framework, designed to enable ELWa to meet identified needs and priorities for learning in an efficient manner through long-term strategic planning which provides a rational basis for resource allocation, and promotes joined-up policy with key partners and stakeholders.

Perhaps the most significant change envisaged is a rolling 3-year planning cycle across all types of publicly funded post-16 learning provision. ELWa has proposed that providers receive 'firm' financial allocations in year 1 of the cycle, and indicative budgets for years 2 and 3 (subject to performance against certain criteria, for example learner attainment and provision quality indicators).

## **The Four Streams of the National Funding Council**

The National Funding System (NFS) has been designed to encapsulate the various strands of learning provision and developments which will assist with ELWa's aims to fund strategically planned learning opportunities supported by provider capacity and infrastructure development. The NFS is composed of four streams of funding which are represented diagrammatically below:

### **The Pricing Model**

The Learning Provision stream of funding is that stream which will fund provision primarily in Further Education Institutions, School Sixth Forms, Work Based Learning and Community Learning venues. This element of the funding will be distributed on an open and transparent formulaic basis. The formula is set out diagrammatically below:



## **Cost Weighting definitions:**

### **Learning and Related Activities**

The unit of currency in the pricing model is a credit equivalence unit (CEU). A credit is the outcome achieved in terms of skills or competence in a 10 hour period. Each qualification will be allocated a number of credits as part of the Credit and Qualifications Framework for Wales (CQFW). Prior to the full introduction of the CQFW, and in order to recognise non-accredited learning, CEUs will be used in the pricing model.

The pricing model includes a weighting which recognises that there are costs associated with assessment and Achievement. In the first instance this weighting can be applied when full qualifications are attained. Consideration is being given to the application of this weighting to the partial attainment of qualifications and non-accredited learning.

Learning Activity Area Weights are used in the pricing model to reflect relative average cost differentials relating to the delivery of different subject areas. Included in the LAAW are costs borne by the provider, where they can be directly related and/or reasonably apportioned to learning activities, such as premises maintenance costs, materials, equipment, trainer's/Assessor's travel costs in workplace learning, group size restrictions due to health and safety requirements or support needs such as for learners with learning difficulties and/or disabilities and basic skills provision.

The Bilingual/Welsh Medium Weighting is intended to reflect additional relative costs of teaching and learning solely through the medium of Welsh, or bilingually. ELWa has commissioned research into this field, including the costs of such provision in sixth forms, further education institutions and in work based learning, relative to teaching through the medium of English.

The Additional Learning Support Needs weighting is intended to recognise the additional support a provider must make in order to render mainstream provision accessible to learners with learning difficulties and/or disabilities. Both ELWa and the National Assembly are planning research over the coming year into current post-16 provision for learners with learning difficulties and/or disabilities.

The Measure of Disadvantage of particular interest to ELWa is educational deprivation. This can be defined as the lack of support, resources or opportunities for individuals to engage in learning and/or to achieve learning outcomes. The pricing model will apply a deprivation weighting to each learner from an electoral ward with a level of educational deprivation above a specific threshold, as defined in the Welsh Index of Multiple Deprivation 2000.

Sparsity is defined as low population density and lack of access to services in an area which reduces the opportunity for economies of scale. The pricing model will apply a sparsity weighting to each learner

from an electoral ward with a population density below a specific threshold and where people (particularly those on low incomes) are disadvantaged through lack of access to services, as defined in the Welsh Index of Multiple Deprivation 2000.

A weighting to recognise enrichment activities undertaken by learners as part of their programmes of learning has been included. The learner development factor in the pricing model is currently applied to 16-18 yr olds in full-time learning. In this way, activities such as religious instruction, sports, music, drama, community involvement and other recognisable learning experiences are funded. A standard allocation applied to this cohort of learners will facilitate transparency, allow providers to be flexible with regard to the opportunities offered to learners and keep bureaucracy to a minimum.

These weightings:

- recognise that there are additional costs related to the location and quantity of the provider's target learners;
- give weightings to learners from sparsely populated and educationally deprived areas as a proxy for the additional relative costs of delivering in these areas;
- reflect the diseconomies of scale when operating within sparsely populated or educationally deprived regions;
- support providers engaging in collaborative activity (as the weighting will not change if the location of provision changes);
- support outreach and multi-location activity;
- are sophisticated in recognising differences at a sub-Unitary Authority level through the use of small geographical units;
- avoid information collection exercises that may stigmatise or discourage potential learners;
- keep bureaucracy to a minimum as post-code data is collected via the LLWR (Lifelong Learning Wales Record) and PLASC (Pupil-level Annual Schools Census); and
- can be applied consistently across all providers.

## **The Minister's Response**

The Minister for Education and Lifelong Learning considered the recommendations made by ELWa on the development of the National Planning and Funding System and:

confirmed

- that the new funding system will be introduced simultaneously for all providers from 1 August 2004, (subsequently amended to a dual running year to allow for the development of transitional arrangements and test for the required extent of cushioning and damping), and
- that the principles underpinning ELWa's proposed approach are acceptable;

noted

- the complexity in the application of the principles;
- the extent of the work on exemplification which remains;

welcomed

- the ELWa's awareness of the need for effective transitional cushioning and damping mechanisms;

required

- the exemplification process to demonstrate the resource allocation impact on providers and the outcomes over the period of ELWa's Corporate Plan; and

looked for

- complementarity between the emerging 14-19 curriculum proposals and ELWa's planning and funding system.