

**Report To The Education And Lifelong Learning Committee:**

**The Development Of The National Planning Framework**

**And Funding System For Post-16 Education And Training (Except HE)**

**Introduction**

1. This paper reviews progress on the development of the National Planning Framework and Funding System for all post 16 learning other than higher education. The planning and funding system will be introduced in dual running mode in August 2004 and will go live in August 2005.
2. The paper is supported by a presentation to be given at the Committee meeting.

**Background**

3. The Education and Training Action Plan (ETAP) for Wales, published in March 1999 and endorsed by the then Secretary of State for Wales, was one of the precursors to the establishment of ELWa. This plan recommended that the National Assembly created a unified framework to integrate the planning, commissioning and resourcing for all publicly funded education and training programmes post-16.
4. The vision was one of a body that would provide an overarching strategic view of lifelong learning in Wales and implement a single planning and funding mechanism for all post-16 learning (except HE). In addition, it was anticipated that this body would transform the views of learners, providers and stakeholders; create a level playing field underpinned by equality of funding across the sector, parity of esteem for academic and vocational routes, and an evidence-based planning framework.
  5. These principles were endorsed following a lengthy evidence-gathering period by the Assembly's Post-16 Education Committee, chaired by Cynog Dafis AM, and were later agreed by the Assembly as a whole following a Plenary session vote on 1 February 2000.
  6. As a consequence, ELWa was formed via the Learning and Skills Act 2000 and became operational on 1 April 2001. The organisation immediately inherited the majority of the Training and Enterprise Councils' (TECs) functions and activities, as well as those of the Further Education Funding Council for Wales and Local Authorities' responsibilities for Adult and Continuing Learning and School Sixth forms (the latter in April 2002).
  7. From the outset, the development of a new National Planning and Funding System lay at the heart of the organisation's being. The Minister for Education and Lifelong Learning's 2001 Remit Letter to ELWa set out clearly her requirements:

ELWa will undertake a comprehensive review of the funding arrangements for post-16 learning

during 2001-2002. This will be one of its early priorities and will enable ELWa to make recommendations to the Assembly... on the development of a National Funding System including formula-based arrangements where appropriate, and proposals for a defined timetable and safeguards covering the transition.

8. Accordingly, ELWa commenced a review of the existing post-16 planning and funding systems in Wales. This review noted that duplication and competition existed among providers who themselves were contending with a multitude of planning and funding requirements. Planning of provision was, for the most part, based on previous year's funding levels rather than being based on the longer term needs and demands of learners.

## **The Case for Change**

9. ELWa recognises that it faces significant challenges which it must overcome if Wales is to be truly regarded as the Learning Country. As reported to the Committee on 1 October, Wales' demographic trends will place an increased demand on educational services. Over the period 2004 – 07 the number of 16 – 18 year olds in Wales will increase from 119,000 to 120,000 or by 0.84 per cent. The adult population is expanding at the faster rate of 1.2 per cent over the same period.
10. Fewer people in Wales have formal qualifications than the average for the UK as a whole. Twenty-eight per cent of Welsh adults have low literacy levels and thirty-two percent have poor numeracy skills. Research has demonstrated a correlation between participation in learning and success in work and in life generally. The policy imperative is, therefore, to increase participation rates in learning.
11. ELWa's response to the pressures of an increasing population and the need to accelerate participation rates in learning is to develop access to provision that is learner focused, flexible and responsive to the requirements of individuals, communities and businesses.
12. ELWa's programme budget for 2004-2005 has seen an increase of 5.7%. Despite this, and the considerable increases in the amount of funding allocated by ELWa to direct learning delivery, including an increase of over £27m this year, current funding arrangements cannot sustain the demographic and participation challenges outlined above.
13. There is a need to drive efficiencies in the learning network, for example by eradicating nugatory competition and duplication, in order to increase the number of learning opportunities available. The National Planning and Funding System will drive through the changes which will enable ELWa to put learners at the heart of investment decisions.

## **The Consultation Phase**

14. An External Stakeholders Reference Group has been established to provide a forum for discussion, reflection and testing ideas relating to funding the post-16 agenda. Members of the group have been drawn from providers including further education institutions, the National Training Federation, schools, local education authorities and other interested parties such as

Estyn, ACCAC and Trade Unions.

15. In July 2002, a National Planning and Funding System Progress Report was placed on the ELWa website. This report provided the background to the development of a national planning framework and funding system; information on the design principles; and sought views on the design propositions and policy and operational issues contained therein. All stakeholders were invited to respond to the report in writing. In addition, 26 members of Regional Committees and 107 representatives of CCETs attended four regional workshops. The views expressed informed the formal consultation phase.
16. On 1 September 2002, ELWa issued a consultation document (available at [www.elwa.ac.uk/national\\_funding\\_system](http://www.elwa.ac.uk/national_funding_system)) the purpose of which was to test out proposals and seek further stakeholder views to inform developments. Over 500 individuals contributed to workshops and events in the ELWa regions. In addition, more than 100 written responses were received from individuals and organisations.
17. In light of the outcomes of the consultation process, changes were made to the proposals and recommendations on a National Planning and Funding System were made to the Minister. A summary of the recommendations, including an outline of the National Funding System, the formula based pricing model and the Minister's response are attached at Annex 1.

#### Research, Testing and Informal Consultation

18. Following the Minister's response, a period of research, testing and informal consultation was instigated. The activities are set out in full in the ELWa Circular NC/C/03/08SLD Implementation of, and Timetable for, the National Funding System (attached and available at [www.elwa.ac.uk/national\\_funding\\_system](http://www.elwa.ac.uk/national_funding_system)).
19. An outline of the planning framework is attached at Annex 2. This diagram illustrates the involvement of stakeholders such as individual providers, CCETs, Sector Skills Councils and Local Authorities in the development of ELWa's plans and funding priorities.

#### Interdependent Initiatives

20. The National Planning Framework and Funding System is being developed in concert with other strategic initiatives to ensure a robust national approach. Such initiatives include: the Credit and Qualifications Framework for Wales; the LLWR and PLASC data collection systems; and the quality framework. A summary of each of these initiatives is attached at Annex 3.

#### Conclusion

21. The activities and approaches outlined in this report have contributed to the findings which will be outlined in the presentation to the ELL Committee on 10 December 2003.