

Qualifications and Credit Framework

Funding fact sheet

Issue 1: 11/09/09

Background

This document has been produced by the Learning and Skills Council (LSC) and identifies the key facts in the alignment of public funding in England with the Qualifications and Credit Framework (QCF). This is one of a series of fact sheets we are producing focusing on the LSC's work, and that of its successor organisation, the Skills Funding Agency (SFA), in implementing the QCF. We intend to update this fact sheet at the start of December 2009.

The most important message is that there will be changes to what the LSC funds, but not how it funds. This means we will be taking different decisions about what provision attracts public funding whilst not changing our funding methodology.

A robust funding methodology is critical to provider stability and we will not rush into making changes until the QCF is completely populated and operational. Only then do we feel we will be in a position to introduce a credit-based funding methodology; this will probably be in 2012/13. Between now and 2013 we can test approaches to make sure the changes will work for every part of skills delivery. We want to fully understand the consequences of introducing an output measure such as credit into our funding approach, which has always been based on input (guided learning hours/activity).

What is funded?

The LSC and its successor organisation the Skills Funding Agency (SFA), when it comes into being in April 2010, is progressively focusing funding on QCF provision post -19. Providers have already started delivering QCF provision where appropriate and available from August 2009. Furthermore, we are now beginning to actively prioritise the QCF as the provision of choice in Train to Gain, Pre-Employment Training, Offender Learning and Skills and Adult Responsive model.

From 1 August 2010 the SFA does not intend to continue funding National Qualification Framework (NQF) provision for new learners. The Leitch Implementation Plan (2007) directs the LSC currently to fund only those vocational qualifications which Sector Skills Councils (SSCs) and Sector Skills Bodies (SSBs) advise us are key. The LSC / SFA will be advised by SSC/Bs, via action plans, regarding employers' priorities for public funding and will ensure that provision can meet government targets and priorities. For other categories of provision the LSC /SFA will take advice from other strategic partners.

The LSC /SFA will focus funding on provision that supports employment and employability. In the pre-employment programmes the list of units and qualifications are those capable of best supporting individuals towards sustainable employment. Each of the delivery gateways / programmes that the LSC delivers (Adult Responsiveness (AR), Train to Gain (TtG), Pre-Employment Training (PET), Offender Learning and Skills (OLASS) and Apprenticeships) will have a list of QCF provision, prioritised for funding within that gateway, which is aligned to the aims of the programme. Each delivery gateway / programme sets out its offer to learners and employers, what will be funded, how this will be paid and the volumes the provider is contracted to deliver. In the future, the LSC/SFA will publish a list of what it will fund, identifying what is appropriate in each delivery gateway. This list will be published quarterly.

In summary, public funding will be focused on QCF provision across all delivery, changing **what** we fund.

Methodology

For 2009/10 the LSC will not change the funding methodology as a result of the QCF. The current methodology is capable of funding both units and qualifications. In this period the LSC will test its approaches through the unit funding trials in Adult Responsive model and the SME flexibilities in Train to Gain. The LSC/SFA also intend to expand QCF unit funding trials into OLASS during this delivery year.

For 2010/11 and 2011/12 there will be further testing of approaches to the funding methodology to make the funding of units and qualifications better aligned to the QCF. From 2012/13 there will be more significant changes and the SFA will look at the possibility of having a credit-based funding methodology - e.g. using credit as a metric to calculate the Standard Learner Number (SLN).

Funding of qualifications and units

Both QCF units and qualifications will be funded by the LSC/SFA. Where funding is aligned to qualifications the rate paid aims broadly to reflect the cost of delivery. It should not cost any more to deliver a qualification using a unit-based curriculum and approach than a whole qualification approach.

The SFA will prioritise funding of QCF qualifications and units from August 2010. The SFA intends to publish a quarterly list of those QCF qualifications prioritised for funding across each delivery gateway. This will replace the current Section 97 process and also be part of the LSC/SFA's remit to deliver the Adult Entitlement. Furthermore, the LSC Grant letter sets expectations about how many full qualifications the LSC/SFA will deliver in relation to its budget. This delivery responsibility is passed to providers alongside funding. While the LSC/SFA is directed to secure a certain number of full qualification achievements, it will continue to focus provider activity to reflect this. However, in some delivery gateways the balance may change and each delivery gateway/programme will set out the priorities for funding within its offer. For example, in OLASS, units and the ability to undertake smaller episodes of learning are critical given the circumstances of the learner; this is the same in Pre-Employment training.

Funding of restricted/shared units

Shared units are available to all awarding organisations to award credit and, therefore, provide the sort of flexibility necessary to realise the benefits of credit accumulation and transfer under the QCF. Restricted units are only available to be awarded by specified awarding organisations. Currently there are approximately 9,000 units on the QCF, approximately 6,000 of which are shared (July 2009). At the moment the LSC will fund both types of unit in order to support the initial growth of the QCF. However, it is important to note that the qualifications regulators, Ofqual, generally expect units within the QCF to be shared unless compelling reasons are put forward by awarding organisations. As part of the shadow business cycle for 2010/11, the LSC/SFA will consider prioritising the funding of shared units over restricted units, as a means of maximising the benefits of credit accumulation/transfer for all learners.

Notifications and information on funding

Providers will be notified of what will be funded through the appropriate programme funding guidance and documentation, plus the Learning Aims database (LAD). Following the repealing of Section 97, the LSC/SFA intends to publish a list which sets out those qualifications that have been prioritised for public funding and through which delivery gateway (programme) they can be accessed. This will be alongside and as part of the Adult Entitlement.

A list of qualifications prioritised for funding is currently on the LSC's Learning Aims database (LAD): <http://providers.lsc.gov.uk/LAD/>

A copy of the final list of ineligible qualifications for 2009/10 can be found at: <http://qfr.lsc.gov.uk/ukvqrp/support/>

Qualifications that have been recently accredited into the QCF can be found on the QCDA National Database of Accredited Qualifications (<http://www.accreditedqualifications.org.uk/index.aspx>) by searching in the Qualification Type box by 'QCF'.

Further information on the QCF is available in the LSC's quarterly QCF Policy Update. The latest issue is available at: http://readingroom.lsc.gov.uk/lsc/national/nat-lsc_qcf_policy3-jul09.pdf