



# National Funding Changes

**WYCA position and next steps**

**September 2023**

# Context

## West Yorkshire's AEB

The Government have introduced changes to funding rates in 2024/25 which are part of the further education (FE) funding and accountability reforms set out by the Skills for Jobs white paper.

The aim is to boost funding in areas of greatest skills need and/or with higher cost of delivery while looking to support learners into jobs which support better economic growth.

New rates apply to ESFA provision in non-devolved areas and MCAs are responsible and have flexibilities for our own rates, it would be logistically and systematically challenging for us to not use the new ESFA rates due to our reliance on the Individual Learner Record (ILR) database.

Courses under the new skills fund will be organised along five new hourly bands that range from £6 to £12 by their sector subject area.

<b>New skills funding band</b>	<b>Base</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>	<b>Specialist</b>
New hourly skills funding rate	£6.00	£7.20	£8.40	£9.60	£12.00

This replaces the current “single activity matrix” which organises funding along fifteen possible funding bands.

Under the new system from 2024/25, courses in travel and tourism will attract the lowest base rate of £6 per hour and engineering the high rate of £9.60 per hour.

There is a higher “specialist” band of £12 per hour for certain land-based courses, however officials are still reviewing which subjects receive the “specialist” band and which receive the “high” funding band.

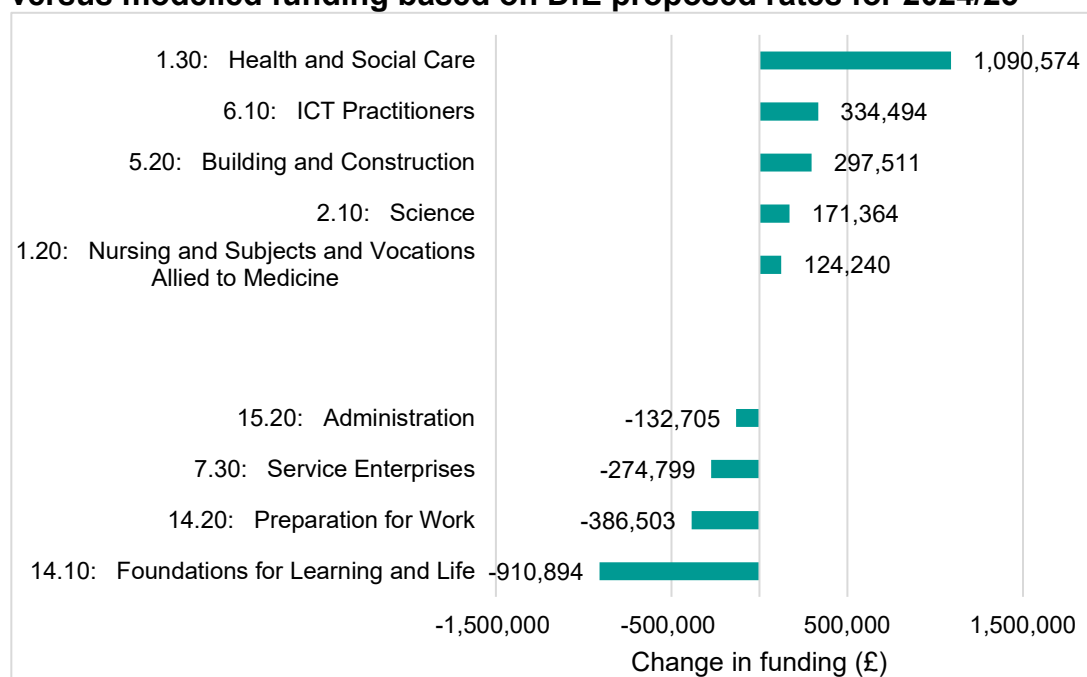
The hourly band is then multiplied by a qualification’s guided learning hours to give a funding rate. Adjustments for disadvantage and area costs will apply as they do now.

## Impact of the new funding changes

In academic year 2022/2023 the Combined Authority approved a 10% uplift to learning aims to reflect the rising delivery costs and the static rate for 10 years. This was to be further reviewed alongside any national rate changes.

In order to understand the implications of the rate changes the Combined Authority has undertaken modelling which compares the actual funding profile for 2022/23 (including the current 10% uplift on all qualifications at level 2 and below) with a modelled picture which applies the 2024/25 funding rates to the pattern of provision for 2022/23.

**Figure: Analysis of estimated changes in funding values by selected subject areas based on 2022/23 delivery: actual funding including existing 10% uplift versus modelled funding based on DfE proposed rates for 2024/25**



Note: figures exclude learning support funding

This shows that some sector subject areas are clear winners under the new rates whilst others are clear losers. Sectors which will receive an increase in funding per qualification include Health and Social Care, ICT and Construction. Meanwhile, the modelling suggests that Foundations for Learning and Life would be the biggest loser, with a net reduction of over £900,000 in funding under the new rates for the same provision, which represents a 9% decline on current funding for this subject.

Although there are exceptions due to learning aim's assigned guided learning hours, on average those that will see a decrease include Functional Skills Maths and English, ESOL and employability, all of which fall within the Foundations for Learning and Life subject area. The table below show examples of how the new rate compares with the current rate for qualifications with substantial take-up in West Yorkshire. It is important to recognise even within the same subjects there are winners and losers.

### Examples

Qualification	GLH	Current rate inc. 10%	24/25 Rate	Difference from current to 24/25	24/25 rate with 10% uplift
<b>Functional Skills Qualification in English Entry level 3 (City &amp; Guilds)</b>	55	£796	£724	-£72	£796
<b>Award in ESOL Skills for Life – Reading (Gateway Qualifications)</b>	60	£330	£360	+£30	£396
<b>Functional Skills Qualification in Mathematics at Entry Level 3 (City &amp; Guilds)</b>	55	£1,035	£941	-£94	£1,035

<b>Certificate of Introduction to Construction</b>	145	£1,035	£1,392	+£357	£1,531
<b>Entry Level Award in ESOL Skills for Life (Speaking and Listening) Entry 3 (City &amp; Guilds)</b>	73	£660	£436	£480	-£224

### Equality and Diversity Implications

As noted above, the national funding rate changes for 2024/25 are expected to have the biggest negative impact on the level of funding attracted by the Foundation for Learning and Life subject area. ESOL courses make up a key element of this subject area, with the vast majority of learners studying these courses being drawn from an ethnic minority group. This means that the funding rate changes would lead to a disproportionate negative impact on people from ethnic minority groups in the context of this subject area. This reduction is expected to be offset by the increased funding that people from ethnic minority groups would attract when studying qualifications in subject areas that will gain from the rate changes.

### Options for discussion

#### Option 1

Adopt new national rates with no additional uplift

- English, maths and ESOL provision would see a loss in funding reducing the viability of delivery.
- It may encourage providers to focus on higher value aims leading to providers choosing to deliver for example, health and social care instead of maths/English

#### Option 2

Adopt new national rates and maintain the 10% uplift across all aims.

- Some sectors have had significant uplift already applied through the new funding rates. An additional 10% uplift would result in further significant increase in certain sectors
- This could result in fewer learners engaged as there would be an increased usage of allocation against specific sectors e.g., Health and Social Care and construction

#### Option 3

Adopt new rates with 10% uplift on Sector Subject Area 14.1 (Foundations for Learning and Life) which includes Functional Skills English, maths and ESOL. Qualifications with a general focus on personal development and preparation for employment also account for a small proportion of enrolments in this subject area.

- This is AEB strategy priority provision that would otherwise see a reduction.
- These are skills that support individuals to progress, leading to an increase of the number of individuals who have a maths and/or English qualification and the language skills to improve their opportunities.
- The uplift increases viability of delivery and may encourage providers to deliver increased numbers of these aims.

### Recommended Approach

The recommendation is to implement **Option 3** to ensure and maintain adequate funding for priority provision such as maths, English and ESOL.

### Next steps

- Employment and Skills Committee to discuss options and recommend.
- Decision to Combined Authority
- Provider webinar to communicate changes.