

i For information



Discretionary Learner Support Fund Guidance 2007/08

1. Introduction

1.1 The purpose of this guidance is to provide information to all providers and Local Authorities receiving allocations of the discretionary Learner Support Fund from the Learning and Skills Council (LSC). This document sets out the requirements and the actions that will need to be taken into account for the application of this fund. The guidance sets out the eligibility criteria and the priorities for disbursing the funding, explains the process for allocations and describes how the LSC will collect monitoring information.

1.2 This guidance has been written by the LSC for:

- LSC;
- local authorities (LAs);
- further education institutions (FEIs);
- schools with sixth forms;
- higher education institutions (HEIs) offering FE provision.

2. Background

2.1 The purpose of discretionary Learner Support Fund (dLSF) is to provide exceptional support to students aged 16 and above, who are experiencing financial difficulty with meeting costs associated with learning.

2.2 Allocations will be made through the LSC Area Partnership Teams. The total available for 16-18 and 19+ Hardship and Residential Bursaries and 20+ Childcare, is £112 million in 07/08. Funds to support transport partnerships and the FE Residential Support Scheme will be managed nationally.

2.3 In addition to the 'core' LSF of £112 million the LSC is making an additional £4.6 million available to support ESOL provision as outlined by Bill Rammell, Minister for Lifelong Learning, Higher and Further Education, on 16 March 2007. The information pertaining to this resource and its use can be found from paragraph 3.3.

2.4 DLSF is available to support learners studying LSC funded Further Education (FE) in Colleges, External Institutions (EIs), Higher Education Institutions (HEIs), School Sixth Forms and Sixth Form Colleges. DLSF cannot be used to support learners funded from adult and community learning (ACL), Ufi or work-based learning (WBL).

HE providers with FE learners should receive a dLSF allocation from the LSC. HE providers will be required to sign a contract schedule for the funds. This will be provided by the local LSC. Local LSC staff will also work closely with HE providers to ensure that there is a full understanding of the LSC's dLSF processes.

- 2.5 DLSF comprises two main elements - Hardship and Childcare. The funds are allocated directly to providers to manage at their own discretion, but in line with LSC guidance. Additionally we allocate Residential Bursary Funds to 51 designated providers of specialist provision.
- 2.6 When making decisions about awarding hardship and childcare funds, colleges/LAs should consider the availability of other strands of financial support for learners (including support funding through DWP and Jobcentre Plus) ahead of consideration for dLSF. Sources of further information on the other forms of financial support made available by the LSC are provided at Annex B.
- 2.7 Students should exercise their entitlement to other forms of financial support before eligibility for dLSF is considered. In summary they comprise:
- Education Maintenance Allowance;
 - Adult Learning Grant;
 - Care to Learn;
 - Residential Support Scheme.

Receipt of other forms of learner support is neither a pre-condition, nor an exclusion factor, for the receipt of dLSF.

- 2.8 A timetable of key dates for LSF is attached at Annex A.

3. Priorities

- 3.1 The primary priority for dLSF are learners who are economically or socially disadvantaged, who need support with transport, childcare or associated learning costs **and are facing financial difficulty**. Within the general context of widening participation, Ministers and the LSC also wish to see allocations used to support groups identified by the Social Exclusion Unit as potentially excluded from further education. The LSC would also expect to see the use of this funding to support individuals who need to increase their skills to meet the Leitch challenges.
- 3.2 Once the primary priority (3.1) has been established it is expected the provider will further prioritise LSF to focus on groups currently under-represented in FE, securing participation and attainment in priority learning for the following:
- those in care or on probation;
 - young parents and those who are considered to be at risk;
 - those eligible for fee remission because they are themselves, or they are the dependant of someone else who is, receiving a means-tested state benefit or Tax credit;
 - adults undertaking a full first level 2;

- learners aged 19-25 undertaking a full first level 3 qualification;
 - learners taking a skills for life programme of study;
 - learners with learning difficulties and/or disabilities;
 - medically ill.
- 3.3 In addition £4.6 million has been added to dLSF to be directed towards those learners who would be unintentionally disadvantaged as a result of the changes to ESOL funding policy, as set out in the LSC's *Annual Statement of Priorities 2007/08*, published in October 2006. This additional funding will be distributed to LSC regions on the basis of ESOL enrolments from the 2005/06 ILR data. This alternative method of funding allocation is in recognition of the regional variance in ESOL provision.
- 3.4 Allocations will be made through local partnership teams as with the 'core' dLSF. They will be made to individual institutions in order that they can support learners identified through the Race Equality Impact Assessment who would be unintentionally disadvantaged as a result of the changes to ESOL funding policy as set out in the LSC's *Annual Statement of Priorities 2007/08*.
- 3.5 The additional dLSF that is available to support ESOL learners should be prioritised towards the two identified groups in the Race Equality Impact Assessment. These are 1) spouses, particularly in the settled communities, that are unable to evidence their entitlement to full fee remission, or are unable to make a financial contribution to their fee costs. And 2) low paid workers who are unable to demonstrate receipt of an income based benefit.
- 3.6 The additional £4.6 million funding can only be used to support course fees, they are not to be used for the wider support available through 'core' dLSF.
- 3.7 All providers receiving allocations of dLSF must have a set of written criteria describing how they will prioritise and disburse the funding for which they are given responsibility to learners, or on behalf of learners. The criteria should cover the way in which learners are assessed, using the principles set out in this guidance. There is no requirement to income assess but this will help determine hardship and therefore colleges may make income assessments if they choose.
- 3.8 DLSF is provided to support learners with a specific financial need that may prevent them participating in FE. Therefore, when making an award, the specific need should be identified - it is **not** appropriate to use dLSF to pay weekly attendance allowances, achievement or attendance bonuses or to make awards solely based on income without identifying whether there is any specific financial need.

4. **Learner Eligibility**

- 4.1 The residency eligibility criteria for dLSF are aligned to the residency criteria addressed in the Funding Guidance for Further Education 07/8. This document can be downloaded from the LSC website at: [http://readingroom.lsc.gov.uk/lsc/National/LSC learner Eligibility Guidance 2007-08-Final.pdf](http://readingroom.lsc.gov.uk/lsc/National/LSC_learner_Eligibility_Guidance_2007-08-Final.pdf)
- 4.2 With the exception of asylum seekers aged 19 and over, where a learner has been accepted onto, and studying, a programme of learning funded by the LSC, they will be eligible to apply for dLSF. Reciprocal arrangements exist between Wales and England, however, no such reciprocal arrangement exists with Scotland.
- 4.3 As the majority of learning provision on Train to Gain is likely to happen in the workplace, there will be very few, if any, additional costs of learning for individual participants to bear. With this in mind, we consider it extremely unlikely that learners participating in Train to Gain will need to apply for dLSF. However, any individual's eligibility for learner support, within Train to Gain, should be determined by the context in which their learning is taking place.
- 4.4 When making decisions about the allocation of dLSF, Student Support Managers should consider the availability of other sources of funding to which the learner might be entitled, eg the New Deal for Lone Parents. Participants in the New Deal for Lone Parents scheme may not benefit from full payment of childcare support costs from this scheme. They are eligible to apply for dLSF but providers should take into account the level of individual New Deal benefits in assessing the level of need for dLSF. Participants in all other New Deal options are not eligible for dLSF, as their funding needs are met under the New Deal.
- 4.5 Prisoners on day release are ineligible to receive dLSF. The prison service provides funding for travel, living costs, accreditation and other material costs associated with the learning not delivered by the Offenders Learning and Skills Service (OLASS) provider. Therefore, a prisoner should not have any additional costs that need to be met from dLSF.
- 4.6 A learner must be aged 16 and above, with the exception of the additional £4.6 million for ESOL learners which can only be used to support learners aged 19 and above.
- 4.7 Learners on prescribed HE, Foundation and Advanced Modern Apprenticeships or provision with learning aims that are identified as wholly funded from other sources are not eligible for dLSF.
- 4.8 DLSF is not to be directed as a means of support when the learner is eligible to receive support through Additional Learning Support (ALS). The guidance for ALS is available through the following link: <http://readingroom.lsc.gov.uk/lsc/National/FEFundingGuidance0708.pdf>.

- 4.9 Exceptionally, local authorities may offer LSF to eligible learners in independent (private) schools, city technology colleges, city academies, non-maintained special schools, pupil referral units and other local-authority maintained institutions. The learner must be resident in the local authority area and demonstrate the special circumstances that give rise to their particular need for support.
- 4.10 Learners participating in HE access courses or courses of HE falling within paragraph 1(g) or 1(h) of schedule 6 to the Education Reform Act 1998 will be eligible to apply for dLSF, providing the courses are funded by the LSC.

5. Specific Information Relating to dLSF Hardship

- 5.1 DLSF hardship funds cover general needs and are sometimes referred to as Access funds. Providers have discretion to provide bursaries from their hardship funds but, should they choose to do so, they should report the purpose of the expenditure alongside other monitoring and management information. Providers who do provide bursaries should take note of the guidance in paragraph 10 about clearly evidenced need.
- 5.2 A total of 36 percent of the overall hardship allocation is intended for learners in the 16-18 age group (including those who reach 19 years of age during the year). The remaining 64 per cent is intended to benefit learners in the adult (that is, over 19) group. With the full roll-out of EMA and the significant impact this has had, providers should use this percentage split only as a guide and can vire funds between the age groups in line with local priorities. The LSC may seek further information about such variances if it considers that this is adversely affecting either the young people group or providers' ability to meet Skills Strategy objectives for people aged over 19. This does not apply to the additional funds to support ESOL learners as all ESOL provision for 16–18 year olds is fully funded, including the fee element. Therefore the additional ESOL funding must **only** be used to support learners aged 19 and over.
- 5.3 We do not ordinarily expect hardship funding to be used to support course fees. We understand circumstances are diverse and the remittance of tuition fees through dLSF is currently being reviewed by National LSC. For 07/08 providers should discuss with their Local LSC those groups of learners or provision which they have identified as appropriate for fee remission through dLSF. The exception to this is the additional £4.6 million designated to support course fees only, for ESOL learners as set out in paragraph 3.5.

6. Specific Information Relating to dLSF 20+ Childcare

Providers may vire funding into, and out of, dLSF 20+ Childcare into dLSF Hardship. However, we would not expect to see significant variations in the pattern of disbursement, without discussion with the Local LSC.

- 6.1 In general, childcare funds may only be used to fund childcare that is approved or registered with Ofsted in accordance with the requirements of the Children Act 1989 (the Act). The Act states that it is unlawful for a person or organisation to look after a child, for reward, for more than two hours a day without being approved or registered. In very exceptional circumstances, the fund may be used for childcare of up to two hours a day that is charged but not registered, where local registered provision is not available. Informal childcare, such as that provided by a relative, cannot be funded. When making awards of childcare support, attention should be given to the prevailing rate of C2L, and childcare awards should not normally exceed the C2L maximum. Providers should not use dLSF to support the childcare costs of parent learners who are eligible for, but not claiming C2L.
- 6.2 Childcare allocations cannot be used to finance the setting up of childcare places, and nor should they be used to make a financial contribution to the costs of a crèche. They should only be paid to, or on behalf of, individual learners aged 20 and above, who should be free to use the resource to support the childcare provision of their choice - subject to appropriate Ofsted registration.
- 6.3 Childcare cannot be supported through the additional £4.6 million designated to support course fees only, for ESOL learners.

7. Support with the costs of Transport

- 7.1 Local Authorities' (LAs) responsibilities for home/college transport were set out in section 509 of the Education Act 1996. The original section 509 has been amended in subsequent legislation including the Education Act (2002), the Learning and Skills Act (2000), the School Standards and Framework Act (1998) and the Education and Inspections Act 2006.
- 7.2 The LA has a duty to make arrangements in respect of travelling expenses, it considers necessary to facilitate attendance at schools and institutions of further education of students who are over compulsory school age but under 19 and students who are over 19 but who began their course before they reached 19 (those of sixth form age). LAs also have a responsibility to arrange provision as necessary for those not of sixth form age (section 509).
- 7.3 Support for transport should only be granted when a proven case of hardship has been identified **and** with regards to the following:

- providers should not use dLSF to make a block contribution to Post-16 Transport Partnerships; or
 - subsidise the local authorities responsibility for home/provider transport as set out in section 509 of the Education Act 1996; or
 - to fund transport costs for learners who have chosen not to attend an institution closer to their home address offering the same provision.
- 7.4 Further information on transport policies - including guidance on the use of a £12m fund that the LSC makes available to support Local Authority led Transport Partnerships can be found by accessing the DfES website at www.dfes.gov.uk/financialhelp, the LAs own website or on www.directgov.uk.
- 7.5 The cost of transport cannot be supported through the additional £4.6 million designated to support course fees only, for ESOL learners.

8. Residential Bursary Fund

- 8.1 A number (51) of designated providers will receive allocations of residential bursary funding to support learners attending specialist provision at land based colleges and colleges of Art and Design, or on a course that attracts a number of learners from beyond daily travelling distance.
- 8.2 RBF can be used to help learners reside in private accommodation as well as in accommodation owned or managed by the designated providers. Learners remain eligible for RBF when they are receiving EMA or ALG.
- 8.3 It is for the 51 designated providers to decide the criteria and procedures for considering applications for support from RBF. They are also responsible for making payments to eligible learners. However, priority must be given to learners who are unable to access relevant training within daily travel from their home or where the costs of this are prohibitive. RBF have an advised maximum payment of £3,983 within London and £3,377 outside London on a pro-rata basis.
- 8.4 Learners who are not on a programme of learning at one of the 51 designated providers in the bursary scheme are eligible to apply for support from the FE Residential Support Scheme described at Annex B.
- 8.5 The 51 designated providers are allowed to use no more than the greater of 15% of their 2007/08 allocation or £25,000, whichever is the greater, to support learners who are able to travel daily, where the payment of fare costs cannot be met from the provider's hardship fund. Daily travel using RBF must only be considered as a last resort.

8.6 General hardship needs cannot be funded through RBF and providers must record daily travel payments separately for audit purposes.

9. Administering dLSF and the Residential Bursaries

9.1 LSC Area Partnership Teams can vire funds between providers and local authorities in their area, with their agreement.

9.2 Providers must have written policies for how they distribute dLSF, including arrangements for assessing learners' income - where relevant - and a procedure for learners to appeal if they are refused funding. These policies must be made widely available and must apply principles of equality and diversity.

9.3.1 Providers will want to consider the impact of other initiatives when applying any income assessment, such as whether learners are also in receipt of EMA or ALG and the level at which those grants might be being paid. Providers can take ALG and EMA income into account when considering income levels for awards of dLSF. In making allocation decisions, providers should also consider the extent to which learners aged 19 and over are financially independent and they may want to review whether Tax Credits are payable to the learner.

9.3.2 The Social Security Amendment (Students and Income-related Benefits) Regulations 2000 establish how dLSF should be treated for benefits purposes. If a regular payment is made for other than living costs then it will be disregarded and will therefore not affect the level of benefit which the learner may be entitled to. However, it is very important that providers and local authorities make clear at the time they are making the payment to the learner, for what purpose the payment is given and whether it is one of a series, or a lump sum payment.

9.4 Where a learner has been income-assessed for other financial support providers should avoid a second income assessment and look particularly carefully at the learner's financial situation and circumstances to ensure that dLSF is being targeted appropriately.

9.5 The LSC's legal advisers have advised that Disability Living Allowance should be ignored when assessing disabled learners' income in relation to dLSF, to avoid the risk of discrimination under the Disability Discrimination Act 1995.

9.6 If hardship funds are used to buy equipment for individuals in need of financial support, the equipment should remain the property of the provider and, if returned to the provider for its own use, the hardship fund should be reimbursed with an amount representing the depreciated value. Where items of equipment, tools or protective clothing may be reusable at a later date by new learners, providers should have criteria in place for enabling the return and re-use of such

items. In drawing up a list of items, practical consideration should be given to factors such as hygiene, health and safety, and wear and tear. Equipment cannot be purchased through the additional £4.6 million designated to support course fees only, for ESOL learners.

- 9.7 Any loans made to learners should be repaid before the end of the academic year in which they are made, and providers are encouraged to make every effort to ensure that this is done. However, if loans are repaid after the end of the year, they should be treated as additional funds in the year in which they are repaid. Loans cannot be supported through the additional £4.6 million designated to support course fees only, for ESOL learners.
- 9.8 Providers may use up to 5% of their dLSF allocation towards administrative costs. Where it has been agreed that a large provider will administer dLSF for other providers, the former will also be able to use up to 5% of the latter's funds for administration. Bank charges may not be deducted from dLSF allocations. This equally applies to the additional £4.6 million designated to support course fees only, for ESOL learners.

10. Financial and Data Monitoring

- 10.1 Providers must have administrative procedures that:
- record the details of learner applications for financial assistance through dLSF. (For ESOL funds the details must include financial value of applications as well as awards.);
 - account for the dLSF distributed;
 - identify unspent funds at the end of the academic year.
- 10.2 Providers must also submit information detailing how dLSF is used. This will be done in two ways:
- completion of field L34 of the Individualised Learner Record (ILR) or the Pupil Level Annual School Census (PLASC);
 - financial reconciliation, completion of a monitoring form, which will be distributed separately.
- 10.3 Where a provider has not completed the required data monitoring and financial reconciliation forms by the due dates, the LSC will deem the allocation of funding to be unspent and reserves the right to recover such funding in the next payment run or may affect future allocation of dLSF. Where data is incomplete, providers will be asked to revise and resend the required return.
- 10.4 In order to fulfil its duty to protect public funds, the LSC may use the information it holds to prevent and detect fraud. The LSC may also share such information, for the same purpose, with other organisations that handle public funds.

10.5 When completing the monitoring form and management information return, however, providers need to be aware that the definition of a young person, for this purpose, is a learner aged 16, 17 or 18 on 31 August in the year in which they receive funding.

11. Unspent dLSF

11.1 If during the course of the academic year a provider considers that it will be unable to spend any part of its dLSF allocation, it should **immediately** contact the local LSC and arrange to repay the unspent amount.

11.2 The LSC will aim to distribute any returned funds to other providers that can make use of further dLSF, and the LSC will recover funds identified by providers as undistributed at the end of the academic year.

11.3 Upon completion of the work identified in the paragraphs above at local level, local LSCs will advise LSC national office of any remaining over- or under-expenditure. LSC National Office may redistribute any unspent funds where possible. The LSC cannot guarantee to reimburse overspends. **Institutions are therefore advised not to overspend in the expectation that there will be a reallocation of funds later in the year, as this may not be the case.**

11.4 The recovery of any dLSF under-expenditure is expected to take place in October 2008 onwards.

The role of local LSC

Local LSC will:

- work with local authorities and providers locally to agree allocations and LSF agreement schedules;
- work with LSC national office to ensure up-to-date information is held;
- ensure that accurate payments are made to providers and local authorities at the appropriate times;
- liaise with local authorities and providers to ensure expenditure and management information will be available by the required deadline;
- reconcile funds, recovering and redistributing unspent funds as appropriate;
- ensure provider management information is processed accurately and is available to LSC national office;
- answer queries from providers on learner support.

Annex A Key Dates for dLSF

Key date	Action required	By whom
Apr and May 2007	Issue of final allocations via budgeting process to local LSCs	LSC regional directors
Jun 2007	Issue of draft discretionary Learner Support Fund agreement schedule, with proposed 2007/08 allocations to institutions	Local LSCs
31 Jul 2007	dLSF agreement schedule agreed	Principals or heads of providers and local LSCs
Aug 2007	First payment of funds (50 per cent)	Local LSC
Dec 2007	Second payment of funds (25 per cent)	Local LSC
Mar 2007	Third payment of funds (25 per cent)	Local LSC
12 Sep 2008	Financial monitoring returns to local LSCs	Institutions and local education authorities
17 Oct 2008	Monitoring returns collated, analysed and sent to LSC national office	Local/ Regional LSCs
Nov 2008	Reconciliation of funds	LSC national office
Oct and Nov 2008	Recovery of under-expenditure from providers and local education authorities	Local/Regional LSC
Dec 2008 onwards	Redistribution of unspent dLSF (if any)	Local/Regional LSC

Annex B Other forms of Financial Support

Education Maintenance Allowance (EMA)

Education Maintenance Allowance (EMA) is an income-assessed weekly payment of up to £30, paid directly to young people who stay on in learning after they reach the statutory leaving age (that is, after the end of their compulsory schooling). Bonuses are also available to those who progress well on their course or learning programme. EMA is available to young people on full time further education courses at a college or school, LSC-funded Entry to Employment (E2E) and courses leading to an Apprenticeship (that is, Programme-led Pathways). More detail about the EMA scheme is available to providers and learners from the EMA website: www.direct.gov.uk/ema.

Care to Learn

Care to Learn (C2L) supports young parents aged up to (and including) 19 when learning starts by funding the cost of their (Ofsted-registered) childcare and associated transport costs.

Further information for learners interested in applying for C2L can be found by telephoning the helpline on 0161 234 7269 or by accessing the following website: www.dfes.gov.uk/financialhelp.

20+ Childcare in Sixth Form Colleges and School Sixth Forms Fund

Adults attending a school sixth form or sixth form college - who are aged 20 or over when their learning starts - may be eligible for payments made from a nationally administered childcare support fund, providing they have a dependent child aged under 15 (16 for children with disabilities) and for whom they provide care.

Application packs can be obtained by calling 0161 234 7026.

Residential Support Scheme

The Residential Support Scheme helps students' access education that is not available within reasonable travelling distance of their home. Further details on the Scheme can be obtained by visiting the following website: www.dfes.gov.uk/financialhelp/residential.

Career Development Loans

A Career Development Loan (CDL) is a commercial bank loan which can help learners gain the experience, training and qualifications needed to improve job skills to launch a new career. CDLs can be used to fund a variety of courses with a wide range of organisations, so learners are able to choose the course that best suits their needs.

A CDL can be obtained through three participating high street banks, Barclay's, The Co-operative Bank and the Royal Bank of Scotland. The LSC pays the interest on the loan whilst the learner is in learning and for up to one month afterwards. The learner then repays the loan to the bank over an agreed period of fixed rate interest.

Further information about Career Development Loans can be obtained from Learn Direct by calling the CDL information line on 0800 585 505 or visiting the following website: www.direct.gov.uk/cdl.

Dance and Drama Awards

The Dance and Drama Awards (DaDAs) are scholarships funded by the LSC, and are for talented performers and stage managers who want to work in the performing arts.

DaDAs offer greatly reduced tuition fees and income-assessed help with living and learning costs at some of England's leading private dance and drama training providers.

To apply for an award students must contact directly the participating dance and drama schools to arrange for an audition. DaDAs are given to the students who demonstrate the most potential to succeed in the profession at audition. Further information on the DaDA scheme can be found by logging on to the website (www.direct.gov.uk/danceanddrama).