

i For information

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Leading learning and skills

Unified Post-16 Performance Assessment: Framework for Excellence Provider Guide 2009/10

September 2009

Of interest to everyone in the learning and skills
sector

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Introduction

1 The Framework for Excellence (the Framework) is the Government's performance-assessment Framework for further education colleges and other post-16 education and training providers (providers) funded by the Learning and Skills Council (LSC). The Framework was first announced in the 2006 Further Education White Paper *Raising Skills, Improving Life Chances* (Department for Education and Skills, 2006) and is a central feature of the performance-management arrangements proposed in the recent consultation document *Raising Expectations: Enabling the system to deliver* (Department for Children, Schools and Families, March 2008). It is intended to support its overall themes, including economic mission, employability, and learner and employer choice and is a key element of the 2008-2011 Public Service Agreement 2: *Improve the skills of the population, on the way to ensuring a world-class skills base by 2020*.

2 The consultation in 2008 on the Machinery of Government changes proposed that the Framework should be developed to underpin a single, unified, post-16 provider performance-assessment framework to include sixth-forms in schools from 2010. The policy underpinning the Framework is summarised in [Framework for Excellence: Unified Post-16 Performance Assessment \(LSC, July 2009\)](#).

3 For 2009/10, the Framework does not include school sixth-forms. The introduction of the Framework into school sixth-forms is being piloted during 2009/10 with the intention of bringing school sixth-forms into scope for the Framework from 2010/11. Details of the 2009/10 pilot can be found in [Unified Post-16 Performance Assessment: School Sixth-form and Local Authority Pilot Guide \(LSC, July 2009\)](#). The Framework does not apply to universities or higher education provision in colleges funded by the Higher Education Funding Council for England (HEFCE). The Framework also does not apply to those aged 14-16 that are learning in colleges.

4 The Framework is formed from a small set of verifiable performance indicators that give an overall picture of performance for all providers. In this way, the Framework gives an independent, quantitative assessment of the performance of individual providers and of the whole sector against a set of national standards, which will allow a transparent comparison between all providers.

5 The significant changes in the environment in which the Framework operates together with the changes in the funding regime, particularly the introduction of demand led-funding, led to a review of the value to learners, employers and other stakeholders of the content of the Framework as originally published^{1,2}.

¹ *Framework for Excellence: Putting the Framework into Practice* (LSC, June 2008)

² *Framework for Excellence: Provider Guide 2008/09* (LSC September 2008)

6 For 2009/10, the Framework is much simpler and more sensitive to the diverse nature of the further education sector. It has a small number of core performance indicators that will apply to all types of provider. The core indicators are supplemented by specific indicators that are relevant to particular types of provider and provision. For example, the employer views performance indicator applies only to those providers delivering employer responsive learning. Also those providers that are certificated to the Training Quality Standard on or before 23 March 2010 will be taken to be 'Outstanding' for this performance indicator. **Table 1** lists the performance indicators that will be applied in 2009/10.

Table 1: Framework for Excellence performance indicators for 2009/10.

Category	Indicator	Core or specific	Published or unpublished
Learner and qualification success	Success rates	Core	Published
Learner Views	Learner Views	Core	Published
Learner destinations	Learner destinations (including a statement of volume of employment outcomes)	Core	Published
Responsiveness to employers	Employer views	Specific	Published
	Amount of training (statement of volume for information; not graded)	Specific	Published
	Training Quality Standard	Specific	Published
Financial health and management	Financial health	Specific	Unpublished
	Financial management and control evaluation	Specific	Unpublished
Resource efficiency	Funding per successful outcome	Core	Unpublished

7 The Framework arrangements for 2009/10 take account of the first full implementation of the Framework during 2008/09 together with the second phase of piloting of the Framework during that year. The Framework for 2009/10 is very similar to the version that was implemented in 2008/09³.

³ *Framework for Excellence: Outputs Guide 2008/09* (LSC, May 2009)

The main changes for 2009/10 are that:

- there is no longer a minimum amount of LSC funding for providers to be in scope for the Framework. Instead, each performance indicator has its own criteria for applicability. For example, the employer views indicator only applies to providers with contracts for employer responsive funding above £30,000;
- two performance indicators have been removed from the Framework as implemented;
 - delivery as a percentage of funding allocation or contract value;
 - provider level unit cost.
- supplementary information will be published alongside the Learner Destinations performance indicator, including;
 - the proportion of learners completing an LSC-funded programme that have progressed into or within employment;
 - the proportion of learners completing an LSC-funded programme that have progressed to further learning at the same or higher level;
- A statement of the volume of employer responsive training will be published alongside the Employer Views performance indicator.

Impact of the Machinery of Government changes

8 The majority of the implementation of the Framework in 2009/10 will take place under the auspices of the LSC. From 1 April 2010, the operation of the Framework will transfer to the Skills Funding Agency. The references in this guide to the LSC's business processes (for example, those relating to the financial health and financial management and control performance indicators) will apply up to 31 March 2010. From 1 April 2010, these business processes will be taken over by the Skills Funding Agency and/or the Young People's Learning Agency and/or Local Authorities. The details of this transition are not yet available but it will be carried out in such a way as to ensure the continuity of the Framework for Excellence.

Implementation of the Framework in 2009/10

Does the Framework apply to my organisation?

9 The Framework is being rolled out to the further education (FE) system over three years. This Provider Guide relates to the academic year 2009/10, which is the second of the three years. During 2009/10, the Framework will apply to the majority of provider types receiving LSC funding. In 2008/09, the Framework's first year of full implementation, the Framework applied to:

- general FE and tertiary colleges;
- sixth-form colleges;
- specialist colleges of agriculture and horticulture;
- specialist colleges of art and design;
- private training providers (including employers training their own staff) that delivered employer responsive provision.

10 In 2009/10, these providers are joined by all other LSC-funded providers with the exception of:

- schools;
- higher education institutions delivering further education provision;
- the University for Industry (Ufi) and providers funded solely by it;
- central government departments and/or organisations reporting directly to them;
- non-departmental public bodies;
- organisations co-funded by the LSC to deliver European Social Fund (ESF) programmes only;
- organisations funded to deliver Informal Adult Learning (IAL) provision only.

11 In 2008/09 we specified a minimum amount of funding that a provider needed to receive before it came within the scope of the Framework. We have removed this in order to make the Framework as inclusive as possible.

12 For those providers that are not in scope for the Framework, the LSC will continue to use other indicators as a measure of the quality of their provision, such as inspection grades, self-assessment and other robust evidence of past performance.

Which performance indicators apply to my organisation?

13 For 2009/10 there are seven performance indicators in the Framework, these are:

- learner views;
- learner destinations;
- employer views;
- success rates;
- financial health;
- financial management and control;
- funding per successful outcome.

14 The volume of employer responsive training undertaken by each provider receiving employer responsive funding will be calculated and displayed alongside each provider's employer views grade as a supplementary measure known as 'Amount of Training'.

15 Not all of these performance indicators apply to all types of provider. **Table 2** shows which of these indicators apply to the various provider types in scope for the Framework.

16 Even though an indicator may apply to a particular type of provider, in principle, it is possible that due to an individual provider's specific circumstances (for example, it only receives a small amount of employer responsive funding) it is exempt from a particular indicator. Exemptions for each of the indicators are given in the detailed descriptions of each performance indicator, which appear in **Annex A**.

17 Whenever a provider contracts with the LSC for the first time, it is required to fulfil the data-collection requirements of the Framework from the start of the contract. Providers contracting with the LSC for the first time in 2009/10 come into scope for the Framework in 2009/10 if they meet the requirements for inclusion described above. Performance indicators that require historical data from academic years preceding 2009/10 are not applicable to these providers.

Are all learners and funding streams included in the calculation of performance indicators?

18 The Framework applies to almost all LSC-funded provision but with some exceptions. All directly contracted LSC-funded provision is included for the purpose of calculating financial health and financial management and control. Not all provision is included in the calculation of the other performance indicators.

19 The recent white paper, *Learning Revolution* (DIUS, March 2009), sets out a new vision for Informal Adult Learning (IAL) that includes a much wider definition, exceeding that which is covered by the state. As such, whilst we still fully expect to see a continued focus on ensuring the quality of this provision, we are reviewing the appropriateness of the Framework for assessing this. For this reason, IAL provision is not in scope for inclusion in the Framework.

20 IAL includes provision funded through Adult Safeguarded Learning (ASL):

- Personal and Community Development Learning;
- Family Literacy, Language and Numeracy;
- Wider Family Learning;
- Neighbourhood Learning in Deprived Communities; and

other learning funded through direct grants including:

- Family Learning Impact Funding;
- FE Direct Grant;
- First Steps.

21 Learners funded through the Offender Learning and Skills Service (OLASS) are not in scope for inclusion in the Framework performance indicators.

22 Provision funded through LSC/ESF co-financing is excluded from the Framework in 2009/10.

23 Further exclusions of learners and/or LSC-funded provision from individual performance indicators are given in the description of each individual performance indicator in **Annex A**.

24 The Framework applies to LSC-funded learning. If a provider delivers training funded by other government departments or agencies, for example the Department for Work and Pensions (DWP), or for private organisations, learners funded through these other sources are not included in the Framework performance indicators except that all income received by a provider, whatever its source, is included in the assessment of financial health.

Treatment of providers with multiple UPINs

25 Some providers still have more than one unique provider identification number (UPIN) assigned to them. The data for these providers will be aggregated into a single score for each indicator under the UK Provider Registration Number (UKPRN) for that provider because providers with multiple UPINs only have one UKPRN. This single score for each performance indicator will be used within the Framework.

Treatment of mergers and acquisitions

26 In the case of institutional mergers and acquisitions, a pragmatic approach will be adopted that will (following consultation with the organisations concerned) combine the data from the former organisations to generate Framework scores wherever this is appropriate. For example, if an organisation merged with, or was subsumed by, another organisation before 31 March 2009, then it is the new organisation that is in scope for the Framework. The Framework policy for calculating scores for the new organisation will follow LSC policy. When the LSC collects a single data set for the merged organisation under a single unique provider identification number (UPIN), the Framework will produce a single set of performance indicators for the combined organisation.

27 It is recognised that, despite taking this approach, there may be gaps in the data that prevent all performance indicators having scores and/or grades assigned to them. The LSC will derive scores and/or grades for as many performance indicators as possible.

Table 2: Performance indicators applying to different provider types in 2009/10⁴

Provider type	Learner views	Learner destinations	Employer views ⁵	Success rates	Financial health	Financial management and control	Funding per successful outcome
Colleges ⁶	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Employers only training their own employees	Yes	No	No	Yes	Yes	Yes	Yes
Employers training employees of other organisations	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other providers of Learner and Employer Responsive provision	Yes	Yes	Yes	Yes	Yes	Yes	Yes

⁴ Some indicators have additional exemption criteria for individual providers. These are given in the technical description of each indicator, which can be found in **Annex A**.

⁵ This performance indicator only applies to providers with Employer Responsive funding contracts for £30,000 or more. Providers certificated to the Training Quality Standard (TQS) on or before **23 March 2010** are not required to complete the employer views survey. If a provider gains certification to the TQS before 23 March 2010 whilst their Employer Views survey is in progress, the survey will be stopped.

⁶ General FE, tertiary, sixth-form, agriculture & horticulture and art & design colleges.

Provider type	Learner views	Learner destinations	Employer views ⁵	Success rates	Financial health	Financial management and control	Funding per successful outcome
Local authorities only training their own employees	Yes	No	No	Yes	No	Yes	Yes
Local authorities training employees of other organisations	Yes	Yes	Yes	Yes	No	Yes	Yes
Other independent organisations ⁷	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Independent specialist providers for learners with learning difficulties and/or disabilities	Yes	No	No	Yes	Yes	Yes	Yes

⁷ Specialist Designated Institutions, Dance and Drama Academies and other providers of adult learner responsive provision that are not local authorities.

Application of the Framework to consortia

28 All the provision delivered by a consortium is treated as belonging to the organisation that holds the LSC contract for the consortium (the lead provider). Lead providers must ensure that they have sufficient confidence in the providers to which they subcontract provision and with whom they work in partnership.

How is the impact of external factors taken into account in the performance indicators?

29 Several performance indicators incorporate elements of contextualisation. The Success Rates performance indicator, for example, takes account of the very different success rates on short courses, apprenticeships, A-levels and other long courses while the Learner Views performance indicator corrects for the effects of learners' gender, age and highest level of study.

30 Our analytical work so far suggests that we have taken sufficient account of the influence of external factors within the definitions of the individual performance indicators. The full report of the research undertaken on the Framework outcomes for 2008/09 will be published on the Framework for Excellence [website](#) in the autumn of 2009.

31 Further work will be undertaken to test the influence of external factors on the outcomes of the Framework whenever any new measures are introduced into the Framework in future years.

Assessment criteria

32 We want the Framework to operate with certainty and stability, and have set assessment criteria that reflect the progress the sector has made and which also set standards we expect to maintain for three further years. It will be necessary to keep these standards, and hence the assessment criteria, under review to ensure that the criteria remain valid as the Framework is extended to include new types of provider and to monitor and to respond, if necessary, to the impact of the present economic situation.

Data collection

33 High-quality Framework information will be of benefit to providers themselves, their learners and other users. Providers are responsible for ensuring that the data used for the Framework are complete, accurate, and available by the required date (including the individualised learner record (ILR) and financial returns).

34 We are actively promoting awareness of the Framework and the benefits it can bring to learners, employers and providers. We wish to build on the good practice in data collection that was developed during 2008/09 and to continue working with providers to maximise the quality of data returns. We hope that this will help ensure that the data gathered gives a fair and representative view of their individual performance.

35 Existing data collections that underpin the Framework form part of the funding agreement or contract with providers. The funding agreement or contract makes clear what action will be taken if problems are encountered with the supply of non-survey data. In the event that data returns for the learner- and employer-views surveys and learner destinations are insufficient to calculate scores and grades, we will include a statement to that effect when the Framework outcomes are published.

36 National data collection, analysis and reporting operations are performed by the Data Service <http://www.thedataservice.org.uk/>. The Data Service will check the data and raise any issues with providers, after which the usual procedures for data validation and moderation will apply. The validated set of data will then form the basis for all subsequent analyses, including the calculation of Framework for Excellence scores.

37 National data-collection processes and data content are subject to approval by *the information authority*. The Framework has been considered by *the information authority* and the Bureaucracy Reduction Group on several occasions over the past two years. The arrangements for 2009/10 take account of their views and suggestions.

Surveys

38 Feedback from providers on the Framework surveys carried out in 2008/09 has identified a number of areas that would help improve their effectiveness. We will build on this feedback and work with providers and other stakeholders over the next 18 months to:

- integrate the Framework surveys as far as possible with colleges' and providers' own processes;
- make the window for collection of survey responses as flexible and as wide as possible, whilst ensuring robust and comparable data are collected;
- provide access for providers to underlying response data, at as detailed a level as possible, whilst ensuring the confidentiality of responses is maintained;
- develop protocols that embody good practice.

Sample sizes

39 Three of the performance indicators in the Framework use outcomes from surveys as the basis for their measures. There are approximately one million learners and a quarter of a million employers that are eligible for inclusion in the surveys. It is extremely unlikely that we will receive responses from them all, so the survey outcomes must be based on a valid sample of each of these groups. For a given provider, a valid outcome from a sample of learners and employers is that which is sufficiently close to the outcomes that would be achieved if all learners and employers were surveyed. The aim is to achieve a sufficient sample so that the survey outputs are accurate and can be used to support meaningful comparisons between all types and sizes of provider that are useful to learners, employers and commissioners.

40 For a given sample in any provider, it is possible to estimate the difference between the outcome obtained from the sample and the true outcome that would be obtained if all learners or employers in that provider had been surveyed. This difference is called the 'confidence interval'. For example for the Employer Views survey it is usually described as "there is a 95% confidence that the true outcome lies between 95% and 105% (+/- 5%) of the estimated outcome from the whole population".

41 The size of the confidence interval for a provider's survey outcome is directly related to the proportion of all learners or employers in that provider that are included in the sample. The smaller the number of learners or employers within a provider, the greater is the necessary sample (as a proportion of the total number) to give the same confidence interval of +/- 5% for the outcome. This is illustrated in **Table 3**. Please note that in 2009/10 we will not require any provider to sample more than 70% of their learners or employers.

Table 3: Illustration of the required survey response rate to give a 95% chance of the estimated score from the employer survey being between +/- 5% of the actual score for the provider.

Number of employers working with the provider	10,000	5,000	1,000	500	100	50	10
Minimum number of responses required	203 (2%)	199 (4%)	172 (17%)	147 (29%)	68 (68%)	35 (70%)	7 (70%)

42 A software tool will be available on the Framework website by late September that will enable providers to calculate the minimum number of required responses to the learner views and employer views surveys by inputting the their own numbers of in scope learners and employers respectively.

Calculation and analysis of results

43 To enable providers to understand how their grades were derived, the dissemination of the grades through the Provider Gateway will be supported by access to as much as possible of the data that have been used to derive the Framework scores. The degree of access to the data used to derive each performance measure, and therefore the level of detail of data, will differ for each performance indicator. The intention is to provide information that will be sufficient to explain each performance indicator grade. We are exploring the potential for refining this facility to allow learners and employers to access the data that have been used to derive the Framework measures, where appropriate.

44 The calculation of the scores for the indicators uses numbers that have not been rounded. Rounding is used only for display purposes. This means that the scores for some of the indicators displayed in the published reports may differ from those that would be obtained if the rounded, displayed data, were used to calculate the score.

Confidentiality and data protection

45 We will ensure that any and all personal data are collected and held in accordance with the requirements of the Data Protection Act and LSC data-security protocols and systems.

Queries and complaints

46 Until 31 March 2010, providers who have any queries about the Framework should contact their local LSC partnership team/account manager, in the first instance.

47 From 1 April 2010, the Framework becomes the responsibility of the Skills Funding Agency. Arrangements for querying 2010 Framework outputs and underlying data will be published on the Framework website early in 2010.

48 Details of the LSC's complaints procedure are set out at www.lsc.gov.uk/ComplaintsProcedure.htm .

Timetable of activities

Category	Performance indicator	Data source(s)	Data collection	Data for 2009/10 Framework outcome relates to year	Deadline for data submission or collection	Action required by providers
Learner views	Learner views	Questionnaire	Provider-administered web-based survey ⁸ between 1 October 2009 - 12 February 2010	2009/10	12 February 2010 ⁹	Administer the learner views survey. Full details of the requirements are available on the Learner Views pages of the Framework for Excellence website .
Learner destinations	Learner destinations	ILR data HEFCE data Questionnaire	ILR data for 2007/08 and 2008/09 HEFCE data for 2008/09 Telephone survey August - December 2009	The destination in 2008/09 of learners completing an LSC programme in 2007/08	December 2009	For future years, ensure learner contact details on ILRs are complete and accurate. Allow learners to make informed decisions about whether they are willing for the LSC to contact them through appropriate use of the L27 field in the ILR.

⁸ A paper-based survey is available for those learners for whom it would be impossible for them to complete a web-based survey. This option is only available with the prior agreement of the LSC Framework team. Application forms for paper-based surveys are available from the Learner Views pages of the Framework web site at <http://ffe.lsc.gov.uk/learnerviews> . Completed applications should be received by the LSC by **30 September 2009**.

⁹ Analysis of the outcomes from the 2008/09 survey has demonstrated that no provider type is disadvantaged with respect to other provider types by the survey closing date.

Category	Performance indicator	Data source(s)	Data collection	Data for 2009/10 Framework outcome relates to year	Deadline for data submission or collection	Action required by providers
Responsiveness to employers	Employer views	Questionnaire	Provider-supported web-, paper-based or automated telephone response survey from 1 October to 31 December 2009	2008/09	Updated employer list by 30 September 2009.	Check and update the list of employers taken from 2008/09 Employer Responsive ILRs that is available via the Framework survey website . Encourage employers to complete and return the questionnaire.
	Training Quality Standard (TQS)	List of TQS certificated providers	Existing LSC data	Up to 23 March 2010	23 March 2010	None
	Amount of training (statement of volume for information; not graded)	LSC funding data and ILR data	Existing LSC funding and ILR data	2008/09	ILR submission deadlines	None
Learner and qualification success	Success rates	Qualification success rates	Existing LSC ILR data via the Data Service.	2008/09	LR: 15 January 2010 ER: Period 15 (31 October 2010)	Ensure ILRs are accurate, complete and uploaded by the due date
		LSC LAT value-added reports	Existing LSC value-added data	2008/09	Uses awarding body data received up to December 2009	Ensure awarding body certification of qualifications by the deadline.

Category	Performance indicator	Data source(s)	Data collection	Data for 2009/10 Framework outcome relates to year	Deadline for data submission or collection	Action required by providers
Financial health and management	Financial health	Colleges: Finance return Others: Statutory accounts	From providers' mandatory returns to the LSC No additional data collection requirements.	Colleges: 2008/09 Others: Financial year covered by latest statutory accounts	Colleges: 31 December 2009 Others: as required by company law.	Colleges: ensure financial return reaches the LSC by the due date.
	Financial management and control	Completed financial management and control evaluation (FMCE)	Providers' self-assessment against the FMCE template	2008/09	Long version; 30 November 2009 Short version: 31 December 2009	Ensure completed FMCE reaches the LSC by the due date
Resource efficiency	Funding per successful outcome	LSC funding records and QSR data	Existing college finance returns, providers' statutory accounts and QSR data.	2008/09	As for funding claims and ILR returns	Ensure funding claims and ILR returns are received by the LSC by the respective deadlines.

Publication and reporting

49 We will make all the relevant scores and grades for each performance indicator available to individual providers on the Provider Gateway as soon as possible in the spring of 2010. This is to allow the maximum amount of time for data checking and verification prior to publication.

50 The Framework for Excellence application on the Provider Gateway will be developed to offer providers extended access to the underlying data, including the survey data, in order to minimise the need for additional reports.

51 The Framework for Excellence public reporting website will be subject to ongoing development as we improve the presentation of information based on what we know to be of importance to users. As data-collection methodologies develop, we will provide access to supporting information (below the level of score and grade) to support learner and employer choice. In 2010, as a starting point, we will aim to include: learner destinations into further learning and into employment, and by age; learner views by age and by question; qualification success rates by broad course type, by sector subject area and by age group.

52 The latest Ofsted inspection grades, together with the inspection date, will also be published alongside the Framework outcomes. Discussions are taking place with Ofsted to agree those grades that will appear.

53 The detail of the outputs and dissemination processes will be subject to further consultation with national stakeholders and provider representative bodies.

Review and evaluation

54 The Framework is being reviewed and evaluated regularly (for example, see [Independent Review of the Framework for Excellence: \(GHK Consulting Limited, November 2008\)](#)). The 2009/10 arrangements take account of the findings from implementation in 2008/09 and the second phase pilot.

55 The LSC has also commissioned a longer-term evaluation of the Framework. The first stage of this evaluation, [Framework for Excellence: Evaluation of Benefits Realisation – Baseline Report \(York Consulting Limited, October 2008\)](#) is available for download from the Framework for Excellence website

Information and support

56 The Framework for Excellence [website](#) is regularly updated and provides a detailed source of information and guidance.

57 The LSC issues a regular Framework for Excellence electronic bulletin to provide operational guidance and updates on the Framework. This bulletin is circulated to subscribers by email and is published on the website. To subscribe to the Bulletin please email frameworkforexcellence@lsc.gov.uk and insert the word 'Bulletin' in the subject header.

58 Colleges and providers should continue to contact their local LSC teams for information and support in the first instance. The ongoing implementation of the Machinery of Government changes is likely to affect the nature of the local support available. We will monitor the situation closely and announce alternative arrangements for accessing support and guidance after 1 April 2010 if necessary.

ANNEX A: Performance indicators for 2009/10

Performance indicator 1: Learner views

59 The Learner Views survey is delivered online through the internet. The LSC will provide a link for colleges and providers to share with their learners. Only in a small number of exceptional cases will non-web alternatives be permitted. The survey goes live on 1 October 2009 and runs until midnight on 12 February 2010. It is a short survey, with nine main questions and will take most learners less than five minutes to complete. The survey is suitable for learners, with a reading level of Entry 3 and above, to undertake unsupported. Learners with a reading skill below Entry 3 can undertake a supported response. Guidance on supported responses can be found on the [Learner Views pages of the Framework website](#).

Applicability

60 The survey will apply to the following learners within in scope providers and provision:

- all learners aged 16-18 taking at least one LSC-funded learning aim;
- all adult learners (aged 19 and over):
 - with at least one learning aim funded through the Adult Learner Responsive funding stream (excluding programmes not subject to formula funding); or
 - with at least one learning aim funded through the Employer Responsive funding stream.

Exemptions

61 Providers with fewer than 10 learners are exempt from this performance indicator for reasons of statistical reliability.

62. We encourage participation by all applicable learners, including those with learning difficulties and disabilities. However, we recognise that participation would be inappropriate for some learners and/or may cause distress. We have identified those types of learners that colleges and providers may exclude at their discretion.

Guidance on how to apply this discretion is available on the Learner Views pages of the Framework [website](#). We would expect that this discretion would be based on case-by-case judgements rather than block exclusions.

Definition

63 The performance measure is a score derived from learners' responses to the survey questions, which capture learners' perceptions about their course, learning programme or training programme. The survey asks about:

- i** The information given at the start of the learning programme.
- ii** The help staff gave in the first few weeks.
- iii** How good the teaching was.
- iv** The respect staff show to the learner.
- v** The advice learners have been given about what they can do after they have finished their learning programme.
- vi** The support they received whilst learning.
- vii** Their view of how good the organisation is at listening to the views of learners and then acting on those views.
- viii** How good their organisation is overall.

64 The questions for the Learner Views survey are available to view on the [Learner Views pages of the Framework for Excellence website](#).

Data source

65 The data are obtained from the survey of learners' views which will take place from 1 October 2009 to 12 February 2010. This is a significant extension to last year's survey period. An analysis undertaken as part of a wider study on the impact of the external factors on the outcomes from the learner views survey has shown that no provider type is disadvantaged with respect to other provider types. This contextualisation analysis will be published on the Framework [website](#) in autumn 2009

66 Only those responses that can be matched to an ILR are used to calculate the score. This matching process also identifies duplicate responses from the same

learner (only the first response received is included). Responses that are from learners who are not in scope for the survey will be filtered out (for example, learners who are not funded by the LSC, learners on OLASS programmes or learners on Adult Safeguarded Learning programmes).

Data-submission requirements

67 Conducting the survey is a requirement for all providers in scope for the Framework in 2009/10. Providers must ensure that the views of a sufficient number of learners to give a robust and reliable score are submitted to the LSC by the closing date of the survey (12 February 2010). Arrangements for 2009/10 include a 'loose-linking' capability to enable providers that undertake their own online surveys to administer the Framework survey at the same time. More information about loose-linking will be available from the Learners Views pages of the Framework website, by the end of September.

68 A software tool will be available by the end of September on the [Learner Views section of the Framework website](#) that will allow providers to calculate the number of responses that they will need to ensure that their survey generates a robust and reliable performance measure. Providers are reminded to review the earlier section on **Surveys** (see paragraph 38) which discusses sample sizes in further detail.

69 Learner's responses are submitted through an online survey, which learners should complete themselves at an internet-enabled computer or using an internet-enabled hand-held device. The learner should complete their response unaided, unless they are a learner with learning difficulties and/or disabilities, in which case a supported response is appropriate. Providers will be able to monitor their response rates, on a daily basis, via the Surveys website.

70 Under no circumstances should paper copies of the survey be completed and the results input into the online survey by an administrator. Such measures will be considered a breach of the data submission requirements and the data for that college or provider will be declared invalid.

71 Colleges and providers are asked to encourage learners to complete the survey and remind them that this is an opportunity to feedback their own perceptions of their experience. During 2008/09, the LSC received a number of written complaints from learners stating that their responses had been monitored by a member of staff from their college or provider, whilst they were completing the survey. The National

Union of Students (NUS) is working with the LSC to encourage learners who feel that they have been unfairly monitored or coerced during their completion of the survey to make this known to the LSC. Any allegations of inappropriate attempts to influence the outcomes of the learner views survey are taken seriously by the LSC and will be thoroughly investigated. This is to ensure that the integrity of the Framework for Excellence is maintained.

Preparation for the Survey

72 Detailed guidance on preparing for the Learner Views survey, including the guidance on supported responses, can be found on the [Learner Views pages of the Framework website](#). Providers should check this website regularly for updates. To help providers know when new information has been posted on the site, a web alert facility has been introduced. Providers can elect to be notified by email whenever information is posted on the website by registering their email address for the web alert facility on the Learner Views page of the Framework for Excellence [website](#).

Accessibility issues

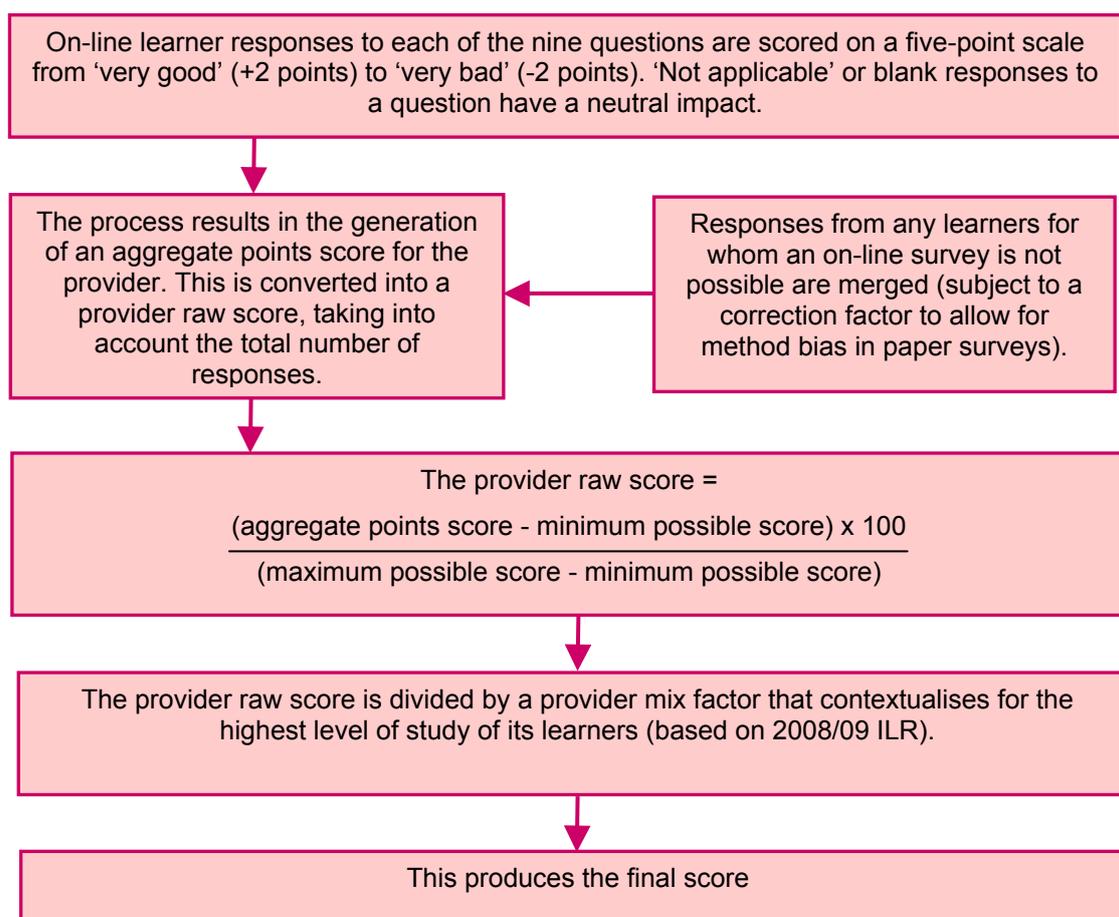
73 If there are any specific issues for your learners that make a web-based survey impossible for them to complete, organisations are asked to inform the LSC in advance by completing a web-based request form for a paper-based survey from the [Learner Views section of the Framework website](#) by 30 September 2009. **There will be no exceptions to this deadline.** For those learners for whom the LSC accepts that an online survey would be inappropriate, alternative methods will be made available for use at the same time as the online survey.

Calculating the score

74 The method for calculating the score will be the same as for 2008/09. The method is shown in **Figure A1**. A score will be calculated for every provider with 10 or more returns. Providers returning fewer than 10 responses will have this fact published instead of a score.

75 Analysis of the responses from both the Framework pilot learner views survey and the 2008/09 survey confirms the strong evidence already available from the National Learner Satisfaction Survey that a learner's highest level of study has a sufficiently significant impact on a learner's response. Calculations therefore contain a correction for this factor which is applied to the base aggregate score for each provider to ensure comparability.

Figure A1: Method for calculating the learner views score



NOTE: Maximum possible score is the score if every response was 'very good'
 Minimum possible score is the score if every response was 'very bad'

76 The sample of learners responding to the survey should be as near as possible to a representation of the proportions of age, gender and highest level of study in the provider as a whole. The difference between the proportions of these factors in the sample, and those across all the provider's learners, is called the sample skew and it is necessary to apply a correction for this, so that the sample reflects the views of all learners. If the skew is too large, it is not possible to apply a reliable correction. Therefore, a large skew in the sample could mean that it is not possible to award a grade to a provider even though the total number of responses received may have been sufficient. Providers are asked to take steps to ensure that the proportions of men/women, 16-18 year olds and highest level of study among those who respond to the questionnaire reflect as closely as possible the proportions in their organisation as a whole.

Assessment criteria

77 The proposed learner views assessment criteria for 2009/10 are given in **Table A1**. These are the same as those for 2008/09.

Table A1: Learner views assessment criteria for 2009/10

Grade	Score
Outstanding	90.00% or greater
Good	80.00% to less than 90.00%
Satisfactory	70.00% to less than 80.00%
Inadequate	Less than 70.00%

Dissemination of outcomes

78 Providers will be given as much breakdown as possible on learners' responses, including aggregate information on learners' responses to each question and the pattern of responses by broad learner groups.

Performance indicator 2: Learner destinations

79 A learner's progression, following a learning programme, is a measure of the value of the programme to both learners and stakeholders. For 2009/10, additional data are being collected on the progression into employment of those learners who are also tracked into further learning. This additional information is not included in the learner destinations measure, which remains the same as in 2008/09, but it is intended to publish this information alongside the learner destinations score.

Applicability

80 Learners in scope for the indicator are:

- All learners aged 16-18
- All adult learners:
 - on target-bearing, Skills for Life programmes;

- on full level-2 and full level-3 programmes, and qualifications contributing to these as flagged on the Learning Aims Database (LAD).

Exemptions

81 Providers with fewer than 30 learners in scope for this performance indicator are exempt for reasons of statistical reliability.

82 This performance indicator does not apply to employers who deliver training solely to their own employees including employees of wholly owned subsidiaries, their parent company and other companies wholly owned by the same parent.

83 If an employer also delivers training to individuals other than its own employees, for example those employees of its sub-contractors or franchise holders, it is in scope for the learner destinations performance indicator, which will be calculated for those other employers' learners only.

84 Learners who completed the first year of a two-year programme in 2007/08 are not included in the measure. This includes learners who completed an AS programme in 2007/08 and who progressed to an A2 programme in 2008/09.

Definition

85 For 2009/10, the performance measure for the learner destinations indicator is the proportion of in scope learners completing an LSC-funded programme in 2007/08 that progressed to one or more of the following destinations in 2008/09:

- enrolled in learning with the same level of highest learning aim;
- progressed to learning with a higher level of highest learning aim;
- remained in employment or self-employment, with improved job security or enhanced career prospects;
- entered employment or self-employment, having been in learning prior to the destination year where the completion year's learning had an impact;
- entered employment, self-employment or training, having previously been outside the labour market.

86 The employment rate published alongside the main learner destination grade is the proportion of in scope learners completing an LSC-funded programme in 2007/08 that progressed to one of the following destinations in 2008/09:

- remained in employment or self-employment, with improved job security or enhanced career prospects;
- entered employment or self-employment, having been in learning prior to the destination year where the completion year's learning had an impact;
- entered employment or self-employment, having previously been outside the labour market;

87 The progression in learning rate published alongside the main learner destination grade is the proportion of in scope learners completing an LSC-funded programme in 2007/08 that progressed to one of the following destinations in 2008/09:

- enrolled in learning with the same level of highest learning aim;
- progressed to learning with a higher level of highest learning aim.

88 These rates may sum to more than 100% because some learners will have progressed in learning and employment

89 For the purpose of these definitions, completing an LSC-funded programme means a learner achieving at least one learning aim on their ILR or remaining in learning up to, at least, the learner's planned end date as it appears on their ILR.

Data source

90 Wherever possible, ILR and HEFCE data will be used to match learners from one year to the next to determine their learning progression. An attempt will be made to telephone all leavers eligible for inclusion in this performance indicator to determine their employment progression.

Data-submission requirements

91 The LSC already has the ILR records for the two years in question (2007/08 and 2008/09). The necessary HEFCE data will be made available to the LSC in January 2010.

92 In the 2008/09 survey, there were a significant number of learners who could not be contacted for the telephone survey. The reasons for this included:

- the ILR L27 (Restricted Use Indicator) field prevented the LSC from contacting the learner;
- a missing, incorrect or incomplete contact telephone number.

93 The necessary ILR data for the 2009/10 Learner Destinations survey has already been collected. However providers' can help in increasing the number of learners we can include in this measure in the future. To achieve this, please ensure that:

- learner contact details are updated regularly while they are in learning and are as accurate, and complete, as possible at the time they leave learning;
- learners are allowed to make informed decisions about whether they are willing for the LSC to contact them through appropriate use of the L27 field in the ILR.

Calculating the score

94 The total number of qualifying learners is identified by the LSC from ILR records. These learners are then classified into one of the codes in **Table A2** either through data matching or on the basis of their response in the telephone survey. For the purpose of this survey only one destination is counted. After classification, a calculation is made to determine the overall Learner Destinations score.

95 Although a score is calculated for each provider, quality threshold checks are then made to check whether this score is robust enough to be graded. In 2008/09 the three quality criteria for a grade to be awarded were that:

- at least 30 learner destinations are established;
- at least 15 per cent of the final unmatched learners are interviewed;
- at least 20 per cent of the total cohort destinations are established.

96 These criteria are being reviewed for 2009/10. The outcome of the review will be published on the Framework website and in the Framework for Excellence Outputs Guide 2009/10.

Table A2: Categories of destinations used in the Learner Destinations performance indicator

Code ¹⁰		Destination outcome
1	1m	In learning with the same level of highest learning aim from previous year established from ILR matching
	1i	In learning with the same level of highest learning aim established from learner interview
2	2m	In learning with a higher level of highest learning aim from previous year established from matching
	2i	In learning with a higher level of highest learning aim from previous year established from learner interview
	2h	In learning with a higher level of highest learning aim from previous year established from HEFCE matching
3		Remained in employment or self-employment with improved job security or enhanced career prospects
4		Entered employment or self-employment having been in employment prior to the destination year where the completion year's learning had an impact
5		Entered employment or self-employment or training having previously been outside the employment market
6		Not in employment, education or training, but activity category neutral for the purposes of the measure
8		Learner not tracked into further learning and ILR L27 field prevented further contact
9		No contact made with learner
10		Current activity does not meet any of the criteria for a positive outcome.

Note: Code 7 is for administrative purposes only.

Assessment criteria

97 The proposed assessment criteria for Learner Destinations in 2009/10 are given in **Table A3**. These are the same as 2008/09.

¹⁰ These codes appear on the Learner Destinations distribution to providers.

Table A3: Learner destinations assessment criteria

Grade	Score
Outstanding	85.00% or greater
Good	72.50% to less than 85.00%
Satisfactory	60.00% to less than 72.50%
Inadequate	Less than 60.00%

The assessment criteria in **Table A3** are not applicable to the employment rate or the progression in learning rate to be published alongside the Learner Destinations scores.

Performance indicator 3: Employer views

Applicability

98 The Employer Views performance indicator only applies to providers contracted to deliver employer responsive provision.

Exemptions

- 99** The following providers are exempt from the Employer Views survey:
- providers whose 2009/10 allocation for employer responsive funding is less than £30,000;
 - employers who are training only their own employees, including employees of wholly owned subsidiaries, their parent companies and other companies wholly owned by the same parent;
 - providers certificated to Part A of the Training Quality Standard as of 23 March 2010.

Definition

100 The performance measure is a score derived from a survey of employers' views that captures employers' perceptions on the quality of the learning provided and the responsiveness of the provider to the employers' needs.

Data source

101 Employers that are in scope for the survey are those whose employees have been enrolled on employer responsive programmes with a provider or those who have provided work placements to learners enrolled on employer responsive programmes with the provider during the 2008/09 academic year. These employers will be identified by the LSC from employer responsive ILR records. The views of these employers will be gathered through a short questionnaire. The survey questions are available to view on the [Employer Responsive section of Framework's website](#). Employers will have a choice of returning an online or email- or paper-based questionnaire or completing an automated telephone response survey between 1 October and 31 December 2009.

102 As at 31 December 2009, if a provider has a marginal shortfall in the number of returned surveys, their remaining employers may be contacted with a view to completing a telephone survey. This will be managed centrally by the LSC and its contractors. Telephone surveys with all employers will not be routinely undertaken.

Data-submission requirements

103 The LSC will gather data from ILR records on those employers in scope for the survey. Each provider will be able to access, check and update the list of their employers generated from ILR data through a secure, password-protected portal, which can be accessed through the [Employer Views pages of the Framework's website](#). Providers will be sent their login details and passwords for this portal in September 2009. The deadline for the LSC to receive updated lists is 6 October 2009. After this date, if no updates have been received, the LSC will use the data from the ILR records in its possession.

104 The employers on each providers list will be contacted directly by the LSC's contractors to invite them to complete the survey. Further follow-up contact with those employers that haven't responded to the survey will take place by late November 2009. In addition, providers will be able to download a survey pack from the website, which will give them the opportunity, during visits or other communications with their employers, to encourage their employers to respond to the survey.

105 Providers will be able to access regularly updated information on the names of employers that have responded to the survey through the secure, password-protected, surveys website. A link to the secure site is available at

<http://ffe.gov.uk/Surveys>. This will allow providers to target their own efforts on those employers who have not responded.

106 Employers' completed questionnaires will be sent directly to the LSC's contractors by the employers for analysis. Only one response can be accepted from each employer. In the event that multiple responses are received from the same employer, the first response received will be the one used in the calculation of the Employer Views score.

107 Further guidance for providers is available on the Employer Views pages of the Framework's [website](#) from September 2009 which will be updated regularly during the year. To ensure providers are aware of new information being put onto the website, a web alert facility has been introduced. Providers can elect to be notified by email whenever information is posted on the website by registering their email address for the web alert facility on the [Employer Views](#) page of the Framework for Excellence website.

Accessibility issues

108 If any employers have difficulty in completing the survey for whatever reason, providers should notify their local LSC as soon as possible so that alternative arrangements can be made for a supported completion.

Calculating the score

109 For each employer, the response to each question is given a score. For each provider, the scores from all the answered questions covering all employers surveyed are aggregated and averaged to give the overall score for the provider. Each question is given an equal weighting with all other questions and each employer carries an equal weighting with all other employers.

Assessment criteria

110 The proposed assessment criteria for employer views in 2009/10 are given in **Table A4**. These are the same as for 2008/09.

Table A4: Employer views assessment criteria

Grade	Score
Outstanding	9.00 or greater
Good	8.00 to less than 9.00
Satisfactory	6.00 to less than 8.00
Inadequate	Less than 6.00

Training Quality Standard

111 The Training Quality Standard (TQS) is an independently assessed standard for employer responsiveness that was launched in May 2008. It is available to all learning providers, whether or not they are publicly funded.

112 Assessment against the standard is voluntary and is verified by an independent organisation in consultation with employers. Certification to the TQS is based on assessment against criteria that look at the ways in which providers meet employers' needs, and the outcomes achieved by providers.

113 Providers that are certificated to Part A of the TQS for their whole organisation on or before 23 March 2010 will automatically be given an 'outstanding' grade for employer views. This will apply whilst the provider remains certificated to the standard. Providers that are not yet certificated to the Training Quality Standard but who are currently, or intend to be, working towards it with a view to achieving the Standard by 23 March 2010, are in scope for the Employer Views survey. If any provider achieves the Standard during the survey period all survey activity will cease.

114 From summer 2010 any provider that is in scope for the employer views performance indicator will need to achieve a rating of 'good' or 'outstanding' against the employer views performance indicator before it can apply for the TQS.

115 Framework for Excellence evidence will be highly relevant to support an application for the TQS, not least because the Framework's Employer views survey is based on elements of the TQS.

116 For detailed information about the TQS, please see www.trainingqualitystandard.co.uk .

Amount of training

117 In order that those interested in the employer responsive outcomes from the Framework can understand the scale of a provider's employer-responsive provision, the amount of employer-responsive training that a provider carries out will be published alongside the employer-responsive performance indicators. This information will reflect the volume of employer responsive training in terms of some or all of: value; standard learner numbers; and learner numbers. It will be derived by the LSC from ILR records. A grade will not be derived for this information.

Performance indicator 4: Success rates

Applicability

118 The success rates indicator is applicable to all provider types for which qualification success rates (QSRs) are calculated.

Exemptions

119 Providers with fewer than 10 learning aims that contribute to QSR will be exempt from this performance indicator for reasons of statistical reliability.

Definition

120 The success rate measure is a score obtained by combining QSRs for seven qualification types, together with supplementary information from the LSC's Learner Achievement Tracker (LAT). The seven qualification types are:

- FE long qualifications, excluding A' level, AS and A2 courses;
- FE very short qualifications (<5 wks);
- FE short qualifications (5-24 wks);
- A-levels, including AS and A2;
- Apprenticeships (overall success rate for full framework completions);
- Advanced Apprenticeships (overall success rate for full framework completions);
- Train to Gain full level 2 and full level 3 qualifications.

Data source

121 The data sources for this performance indicator are LSC qualification success rates (provided by the Data Service) derived from 2008/09 ILR data and 2008/09 Learner Achievement Tracker (LAT) A-level value-added, based on the final 2008/09 data release. The success rate and value-added results are available through the LSC's Provider Gateway.

Data-submission requirements

122 There are no new data submission requirements. Data for QSRs are collected through the ILR. Value-added data are collected from English Awarding Body data, which are processed through the LSC's Learner Achievement Tracker (LAT).

Calculating the score

123 For each provider, the QSR for each qualification type and the A' level value-added outcome (for those providers delivering A' levels) are converted to a points score using a scoring grid. Please note that the definitions for some QSRs are being changed for 2008/09. Details of the changes can be found on the Harmonising Success Rates pages of *the information authority* website (www.theia.org.uk). The 2009/10 scoring grid for Success Rates will be revised to incorporate these changes in QSR definitions. Hence, the details of the scoring grid cannot be confirmed until the 2008/09 QSR data are available¹¹. Once the QSRs are available, a scoring grid can be derived. This grid will be agreed by the Framework Sponsor Board, which from September 2009 includes sector representatives, before it can be used in the Framework.

124 FE long, short and very short courses, Apprenticeships, Advanced Apprenticeships and Train to Gain programmes are scored against a 130-point scale. A' level and AS QSRs are scored against a 100 point scale. This is because the points for A' level and AS QSRs are supplemented by points for the value-added in A' level qualifications that is obtained from the LSC's LAT tool. The supplementary points for value-added are shown in **Table A5**.

¹¹ The scoring grid for 2007/08 QSR data can be found in *Framework for Excellence: Outputs Guide 2008/09* (LSC, May 2009) which can be downloaded from the Framework web site at <http://ffe.lsc.gov.uk>.

Table A5: A-level value-added scoring grid

Value-added outcome from LAT	Significantly Negative	Non-significant	Significantly Positive
A' level value-added points	0 points	15 points	30 points

125 A value-added score is not statistically significant if the provider has a value-added score lying between the upper and lower confidence intervals of the national line (that is, the provider's value-added performance is not statistically different from the national average). A value-added score below the lower confidence interval of the national line indicates a value-added performance significantly below the national average. A score above the upper confidence interval of the national line indicates a value-added performance significantly above the national average.

126 Value-added information for A-level provision is available from the LAT for most providers that have such provision. Where this value-added information is unavailable, the calculation process will assume that the provider's value-added performance is not statistically significant from the national average. This assumption is supported by available evidence and analysis.

127 The overall score for success rates is obtained by multiplying the score for each qualification type by the proportion of learners in the provider enrolled on that qualifications and then summing the results across all qualification types. This produces an aggregate point score, which is the performance measure. This method is the same as that used by the LSC in aggregating QSRs.

128 There is no change in the process for deriving the Success Rates performance indicator from that used in 2008/09.

Assessment criteria

129 The assessment criteria for the Success Rates performance indicator cannot be identified until the 2008/09 QSRs are available. The proposals for the revised assessment criteria will be agreed by the Framework Sponsor Board (which from September 2009, includes sector representation) before Success Rate grades are disseminated to providers.

Performance indicator 5: Financial health

Applicability

130 Financial health is an LSC measure that is included in the LSC's funding agreements and contracts and is used in the LSC's financial intervention strategy as well as by the Framework. It is applicable to all colleges and most other LSC-funded providers.

Exemptions

131 All providers in scope for the Framework in 2009/10 are in scope for the Financial health indicator except:

- non-departmental public bodies;
- other public bodies and agencies;
- NHS Trusts, primary care trusts and strategic health authorities;
- police and fire authorities;
- major national charities and voluntary organisations whose main source of funding is not the LSC (for example, Red Cross);
- established public listed companies and other registered companies for which total LSC contract values are no more than 5 per cent of annual turnover as determined by the appropriate regional LSC when examining financial statements;
- Providers who receive LSC funding of less than £50,000 per year¹².

¹² This exemption aligns with the Financial Health Assessment of non-college Providers.

Definition

132 Financial health is a measure of a provider's financial status in terms of current financial performance and ability to meet ongoing financial commitments.

Financial health will be graded, based on the following three elements:

- current ratio (solvency);
- operating surplus or deficit as a percentage of turnover/income (sustainability);
- borrowing as a percentage of certain reserves and debt (status).

Definitions of these elements are contained in the [LSC's Financial Planning Handbook 2009 to 2012 \(May 2009\)](#)

Data source

133 For 2009/10, the data required to calculate the three elements will be sourced as follows:

- *for colleges*: from the Finance Record for the year ending 31 July 2009.
- *for other providers in scope*: from the latest available statutory financial statements (full accounts or equivalent).

Data submission requirements

134 Colleges are required to submit their Finance Record returns to the LSC in accordance with the published timetable. Other providers will continue to be required to make their financial statements available to the LSC on request.

Calculating the score

135 Each element will receive a score, up to a maximum of 100 points. Scores for the three elements will be aggregated, and a factor (maximum of 100) for consistent performance will be applied to arrive at a total maximum achievable score of 400 points.

Step 1 – Initial scoring

136 For each of the elements a score of 0 to 100 points will be awarded, based on performance as shown in **Table A6**.

Table A6: Scoring for financial health ratios

Points Score	Adjusted current ratio	Operating surplus as a percentage of income	Borrowing as a percentage of reserves and debts
0	< 0.2	< - 4	≥ 95 or negative
10	≥ 0.2	≥ - 4	< 95
20	≥ 0.4	≥ - 3	< 90
30	≥ 0.6	≥ - 2	< 85
40	≥ 0.8	≥ - 1	< 80
50	≥ 1.0	≥ 0	< 75
60	≥ 1.2	≥ 1	< 60
70	≥ 1.4	≥ 2	< 45
80	≥ 1.6	≥ 3	< 30
90	≥ 1.8	≥ 4	< 15
100	≥ 2.0	≥ 5	= 0

Step 2 – Recognition of Consistency

137 The scores for the three elements above will be aggregated, and a bonus for consistent performance will be added to the subtotal, as shown in **Table A7**.

Table A7: Consistency points

Two elements scoring at least 60 points	Add 50 points
Three elements scoring at least 60 points	Add 100 points

Assessment criteria

138 An initial grade assessment will be made by comparing the aggregated points score with the proposed assessment criteria, as shown in **Table A8**. These are the same assessment criteria as for 2008/09.

Table A8: Assessment criteria for financial health performance indicator

Grade	Scores
Outstanding	310–400 points
Good	220–300 points
Satisfactory	120–210 points
Inadequate	<=110 points

Moderation criteria

139 Colleges will continue to carry out a self-assessment of their financial health in accordance with the annual guidance published in relation to their financial returns. Non-college providers may also carry out a self-assessment if they wish, but this is not a requirement. The score based on the data in **Table A6** and the self-assessment will then be subject to possible moderation on a consistent basis, to take account of the approved policy items set out in the LSC’s published guidance.

140 For colleges, this guidance is in the Financial Planning Handbook and the Accounts Direction Handbook, which can be found on the [Finance pages of the LSC’s website](#).

141 For non-college providers a score or grade may be moderated with reference to group/parent company financial health and any parent company guarantees. This is applicable mainly to private sector providers, and may result in a grade being moderated or may support an increase or decrease in the level of contracted activity. Further guidance on [moderation for non-college providers is published on the LSC website](#).

The expectation is that moderation will be required only in a small proportion of cases.

Performance indicator 6: Financial management and control

Applicability

142 Unless a provider is exempt, completion of a Financial Management and Control Evaluation (FMCE) return is applicable for all LSC-funded providers that fall within the scope of the Framework.

Exemptions

143 Non-college providers that receive less than £50,000 annually of LSC funding are exempt and do not have to complete an FMCE.

Definition

144 The FMCE return requires all in scope providers to self-assess, evaluate and grade their financial management and control arrangements on an annual basis. Providers are encouraged to use their FMCE to support and inform their wider annual self-assessment process. Full details of the FMCE and the requirements for its return, including worked examples, can be found on the [finance pages of the LSC website](#).

Data source

145 There are two versions of the FMCE return:

- Form A should be completed by further education colleges and specialist designated institutions.
- Form B should be completed by all non-college providers that receive more than £50,000 annually from the LSC.

146 FMCE templates are available from the finance pages of the LSC [finance website](#). Please contact your LSC Regional Audit Manager¹³ or your local LSC partnership team should you need more information regarding the FMCE.

¹³ A list of the LSC's Regional Audit Managers and their contact details is given in Guidance on the self-assessment of a provider's financial management and control arrangements using the Financial Management and Control Evaluation (FMCE) annual return (LSC, July 2009).

Data submission requirements

147 Providers will be required to complete the FMCE, which includes areas relating to:

- accountability;
- financial planning;
- internal control; and
- financial monitoring.

148 The basis period for the completion of the 2009/10 FMCE will be the period from 1 August 2008 to 31 July 2009.

149 Providers are required to respond to a series of questions within each area. Each area will require a self-assessed grade, which forms part of the overall self-assessment grade for financial management. All colleges and providers in scope for the indicator should complete the FMCE annually as an integral part of their own self-assessment reporting process and return the evaluation as directed to the LSC.

150 Those colleges and providers who completed the full FMCE in 2008/09 may submit a short FMCE return in 2009/10 provided that they do not wish to change their overall self-assessed grade for 2008/09 and where no significant changes have occurred since last year. A full return is mandatory for all other providers to which the indicator applies. Further information and guidance is available from [FMCE pages of the LSC website](#).

151 The LSC's audit teams will continue to review and validate FMCE documents as part of routine audit procedures and will use the results as part of their risk assessment of providers to inform audit planning including the frequency and timing of audit.

Assessment criteria

152 LSC regional audit teams will initially complete a desk-based review of the FMCE and self-assessment grade. This review will be limited to considering whether the details within the FMCE are consistent with the self-assessed grade. Normally, full validation of FMCEs will be included as part of planned audit visits.

Performance indicator 7: Funding per successful outcome

Applicability

153 This performance indicator is applicable to all LSC-funded providers delivering qualification-based learning aims that contribute to QSRs.

Exemptions

154 Independent Specialist Colleges and providers that do not deliver 10 or more learning aims that contribute to QSRs are exempt from this measure.

Definition

155 This measure is funding per successful outcome (previously known as Use of Resources 3). This measure is based on demand-led funding principles and uses a provider's average national funding rate, adjusted by:

- a) providers' QSRs to represent outcome performance;
- b) a programme weighting and disadvantage factor to represent the additional resources that a provider uses;
- c) an age factor to represent the different funding regimes for those aged over 19.

Data source

156 This measure uses ILR and LSC funding data only.

Data submission requirements

157 There are no new requirements. The data will be collected through existing LSC systems.

Calculating the score

158 The method for calculating the score for this indicator is the same as for 2008/09 and is illustrated at **Table A9**.

TABLE A9: Example calculation of funding per successful outcome

Funding per Successful Outcome	16 - 18	Adult LR fully funded	Adult LR co-funded	Adult ER fully funded	Adult ER co-funded	Total
Notional National Funding Rate averaged for stream	£2,801.25	£2,734.00	£2,734.00	£2,734.00	£2,734.00	
Co-funded factor per stream	1.00	1.00	0.62	1.00	0.62	
Standard Learner Numbers (SLN) averaged for stream	6,541.75	1,589.32	1,416.17	356.61	80.03	9,983.88
Qualification Success Rate averaged for stream	0.7214	0.7557	0.7557	0.6184	0.6824	
Programme weighting factor per stream	1.1554	1.2304	1.2304	1.2617	1.2934	
Disadvantage factor per stream	1.0969	1.1083	1.1083	1.0036	1.0337	
Weighting factor per stream*	0.9142	1.0305	1.0305	0.7831	0.9124	
Adjusted nominal funding rate averaged for stream	£3,064.03	£2,653.09	£1,658.18	£3,491.41	£1,854.89	
Adjusted nominal funding rate weighted by SLN proportion per stream	£2,007.65	£422.34	£235.21	£124.71	£14.87	£2,804.77
Total Points						70

*NOTE: The weighting factor per stream = qualification success rate for the stream x programme weighting factor per stream x disadvantage factor per stream

The scoring grid for this performance indicator is shown in **Table A10**.

Table A10: The scoring grid for LSC funding per successful outcome

Points	Overall funding per successful outcome
100	£2,282
95	£2,386
90	£2,542
85	£2,646
80	£2,760
75	£2,801
70	£2,848
65	£2,895
60	£2,941
55	£2,988
50	£3,035
45	£3,081
40	£3,164
35	£3,242
30	£3,320
25	£3,398
20	£3,476
15	£3,579
10	£3,683
5	£5,187
0	£15,562

Notes: These criteria are based on 2007/08 funding rates – the criteria will need to be recalibrated each year. The same scoring system applies to all providers.

159 For this performance indicator, lower overall funding per successful outcome is taken to indicate better performance (more efficient use of resources). While provision specific criteria were considered, the more robust assessment came from using a provider's overall performance, taken across all provision types.

Assessment criteria

160 Thresholds for lower levels of performance are, therefore, set in comparison with the national funding rate. Providers consuming, on average, funding that is more than 10 per cent above the national rate for each successful outcome they deliver are considered to be only 'satisfactory' on this measure, given that the measure recognises the additional resources required due to programme type and learner characteristics.

161 The assessment criteria are given in **Table A11**.

Table A10: Assessment criteria for LSC funding per successful outcome

Grade	Score
Outstanding	Greater than or equal to 80
Good	Greater than or equal to 50 and less than 80
Satisfactory	Greater than or equal to 15 and less than 50
Inadequate	Less than 15

NOTES

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