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# Post-16 Planning and Funding Review

Interim Report  
February 2013



## Post-16 Planning and Funding Review: Interim Report

**Audience** Maintained Secondary Schools, Further Education Institutions, Local Authorities, Colegau Cymru, Estyn, Higher Education Institutions, Higher Education Funding Council for Wales, Trade Unions, Professional Associations, Welsh Local Government Association, Association of Directors of Education in Wales, Quality Assurance Agency, Equality and Human Rights Commission, Welsh for Adults Centres, Welsh Commissioner, Faith Communities Fora, Adult Community Learning Providers, National Institute of Adult Continuing Education, National Training Federation for Wales, Work Based Learning Providers, Sector Skills Councils, 14-19 Networks, Regional Consortia and other interested parties.

**Overview** This Interim Report outlines the findings of the first phase of the post-16 planning and funding review.

**Action** The audience and anyone with an interest in this review are asked to note the findings of the interim report.

**Further information** Further information about this consultation can be obtained from:

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**Additional copies** Additional copies can be accessed from:  
<http://wales.gov.uk/topics/educationandskills/learningproviders/p16planningandfunding/planningandfundingreview/?lang=en>

**Related documents** Review of Qualifications for 14-19 year olds in Wales which can be found following this link:  
<http://wales.gov.uk/topics/educationandskills/qualificationsinwales/revofqualen/?lang=en>

### Summary Statement

This interim report closes Phase One of the Planning and Funding Review which has been primarily focussed on designing a new post-16 planning and funding system to be used by local authorities for its school sixth forms and community education provision; further education institutions (including higher education in further education); and Welsh for Adults (WfA) Centres<sup>1</sup>.

The report also provides a chance to reflect on the direction of travel and how the thinking fits with other key reports such as the Review of Qualifications<sup>2</sup>.

The aim is to have a new planning and funding system in place for the 2014/15 academic year.

The objectives of the review are to:

- Improve the efficiency, effectiveness and transparency of the post-16 planning and funding system to focus on better outcomes and progression for learners;
- Standardise the planning of provision across the school and colleges sectors to improve information to make better informed decisions; and
- Encourage an appropriate balance between public and private sector funding of post-19 provision.

Building on the lessons learned from developing and implementing the National Planning and Funding System (NPFS,) what we seek from a revised system is to develop a model that is not dependent on particular structures or policies, but a system that can work with several different models and policies.

As a competitive funding system the NPFS was designed to place emphasis on the volume of learning being delivered. It cannot align with emerging policy initiatives around collaboration and partnerships. Challenging budget settlements also made it difficult to operate the NPFS system. As a demand led model it also promoted large, year on year, fluctuations in funding, which were difficult to manage.

The intention is for the new system to relax the direct link between funding and activity and place the emphasis on the purpose and quality of the offer; and the outcome of that offer for individual learners. After all, the purpose of our post-16 education system is to ensure that all young people are given the best opportunities to progress onto Higher Education, employment or further learning, ideally at higher levels. We, therefore, need to develop a system that supports this ambition and provides the tools and information, for providers, to make this happen.

The purpose of this interim report is to share an outline of our proposed new planning and funding system and its current state of development. It also provides an opportunity to test the practicalities of moving to this model for all stakeholders. The findings during the testing phase will then be fed into the design of the final model. The Final Report is scheduled for presentation in the late spring of 2013, to inform the 2014/15 allocations processes; which will commence in autumn 2013.

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<sup>1</sup> The Welsh for Adult Centres are currently being externally reviewed. That review will receive the findings of this review and decide whether the new model could be applied to the WfA centres.

<sup>2</sup> Review of Qualifications for 14-19 year olds in Wales. Final Report and Recommendations. November 2012

## Table of Contents

The Proposal – Overview Executive Summary	Page 4
Introduction	Page 7
The Wider Policy Context	Page 10
Programmes at the Heart of the New Funding System	Page 12
Funding	Page 15
An Outcomes Based System	Page 18
Making Better Use of Information	Page 19
Evidence Based Planning	Page 21
Getting the Balance Right Between Public and Private Sector Funding for Post-19 Learners	Page 23
Guidance Document	Page 25
Evolving the New Planning and Funding System	Page 26

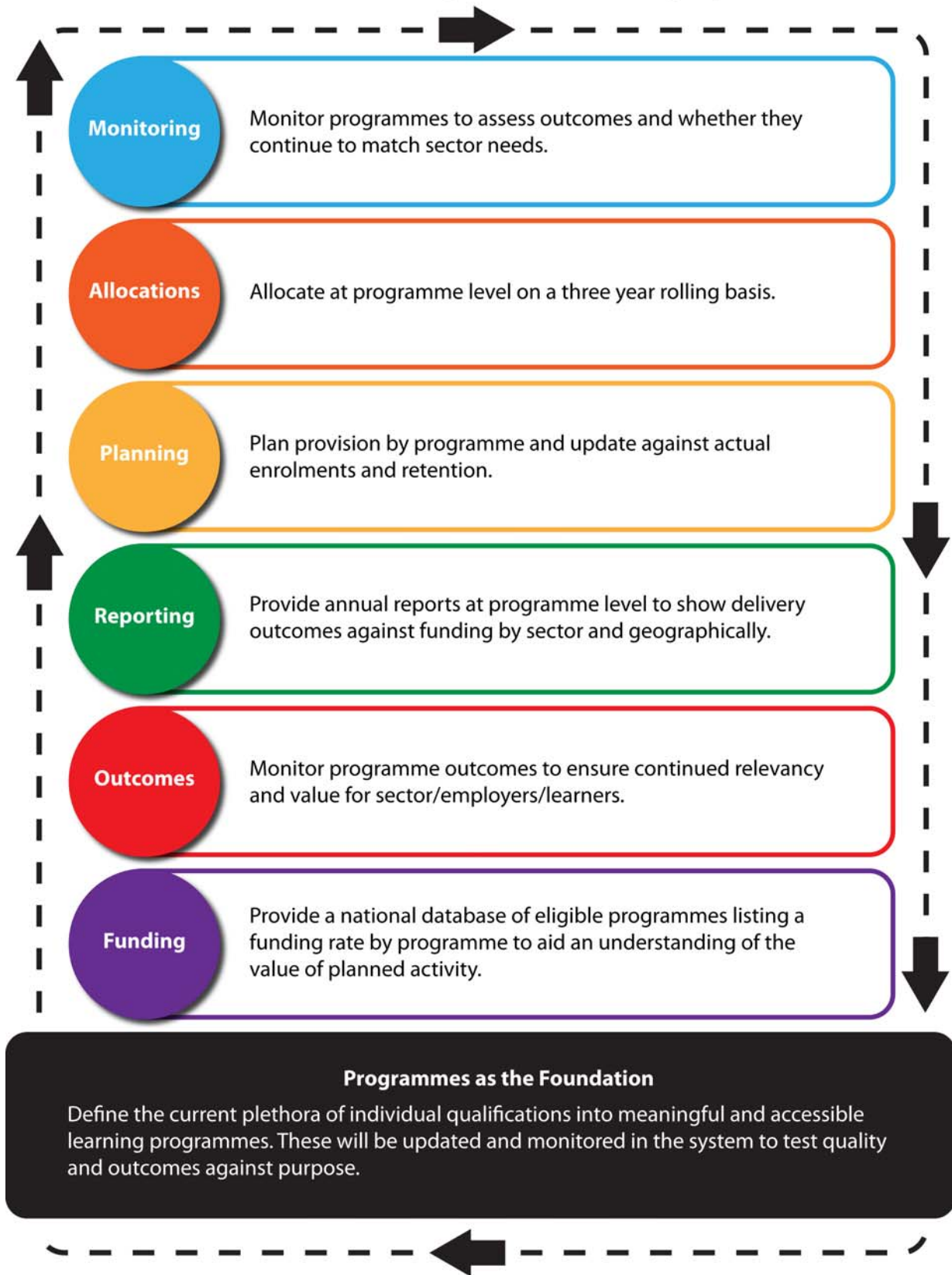
## The Proposal – Overview Executive Summary

1. The aim is to move from an output driven system to an outcomes driven system. Government need to understand what it gets in return for investment; providers need to be accountable for what is offered; and the learner needs to better understand where that learning has the capacity to take them.
2. The new system will not be about micro managing provision but about empowering, enabling and entrusting providers to get on with providing the type of education that will equip learners for sustained employment.
3. At the heart of the proposed new system is a change in culture and mindsets. It will promote a greater emphasis on the learner and the purpose and quality of the offer.

### What will the new system look like?

4. The new planning and funding system will:
  - plan and fund at a programme level;
  - relax the direct link between activity and funding;
  - maintain stability through grant funding, with this being reviewed on a rolling three year basis;
  - monitor delivery more closely to test efficiency against funding as well as look at the outcomes of learning delivered in terms of progression to a job, apprenticeship, further or higher learning;
  - use real time information to inform planning and monitoring;
  - collect and present information in an understandable way so that providers of education, learners and policy makers can make informed decisions; and
  - reduce the requirements of the providers to record superfluous data.

## The New Planning and Funding System



### Benefits

5. We believe the new system will:

- cut down on bureaucracy;
- allow providers to focus on the learning and use the information through monitoring to influence the curriculum offered;
- provide clear information to learners so that they better understand where that learning could take them;
- use the information through monitoring to amend and improve the programmes offered;
- provide a central information platform to inform other post-16 policies;
- provide funding stability and, therefore, allow more time to focus on learners; and
- provide education and skills that is progressive and better equips learners for the world of work.

## Introduction

### Background

#### High Level Options

6. In November 2011, the Minister for Education and Skills and the Deputy Minister for Skills approved the structure and remit of the Post-16 Planning and Funding Review, including the exploration of the high level options including the following:
  - Plan and fund on an institutional basis<sup>3</sup>;
  - Fix what doesn't work under the current NPFS model with more emphasis on the planning and a simplified funding system;
  - A hybrid system where 70-80 percent of planning and funding is done on an institutional basis to cover core learning with incentives/criteria to secure a relevant high quality learning experience with the other 20/30 percent focused on identified demand; or
  - Plan and fund on a regional/sub regional basis through improving current systems and processes.
7. The purpose of this report is to outline thinking to date and provide an opportunity to test and challenge the emerging themes and future direction.
8. We will ensure that this review delivers a planning and funding model that can work flexibly to deliver this Government's vision for post-16 learning.

#### Purpose/Mission Statement

9. The post-16 planning and funding system is about investing in learner journeys that improve those learners' life chances as they prepare for employment or further learning. Our mission is to support learning journeys that:
  - are simpler to understand in terms of outcomes and content;
  - provide up to date information and presents cohesive picture locally and regionally;
  - provide an excellent return on the investments made by all of the stakeholders; and
  - are continuously reviewed to raise quality and effectiveness

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<sup>3</sup>On an institutional basis would mean a grant-type arrangement based on agreed outcomes to an institution or organization. For example, grant funding directly to a Further Education Institution (FEI) or a Local Authority.



10. We are seeking to design a new planning and funding system to:
- Improve the efficiency, effectiveness & transparency of the post-16 planning and funding system to focus on better outcomes and progression for learners;
  - To standardise the planning of provision across the school and college sectors to improve information to make better informed decisions; and
  - Encourage an appropriate balance between public and private sector funding of post-19 provision.

### **Critical Path**

11. The aim is to have a new planning and funding system in place for 2014/15.
12. In order to achieve this target date we need to ensure that:
- The new system will be agreed and operational from autumn 2013, with first allocations being published January 2014;
  - Information/training sessions are held in June/July 2013;
  - The final report is published in May 2013; and
  - Testing and piloting is completed by April 2013.

### **Methodology**

13. The review has been conducted in accordance with recognised programme and project management techniques. For example, a Project Board takes responsibility for the strategic direction and management of the project, and a Stakeholder Forum has been established to provide advice and guidance to the Review.

### **Stakeholder Forum**

14. As advised in the progress report, we have established a Stakeholder Forum<sup>4</sup> which is acting as a sounding board, providing advice and guidance to the review and ensuring that any new model will drive behaviours that contribute to the future economic growth of Wales. The members challenge and test the reasonableness and achievability of proposals, making suggestions for improvements where appropriate. The Stakeholder Forum continues to meet bi-monthly and is made up of nominated internal colleagues who represent the key policy areas that need to align to this project, and external representatives who represent the post-16 education sector in Wales. Notes of the meetings are published on the Welsh Government website and copies can be made available upon request. Stakeholders are encouraged to disseminate information regarding the Review via their own networks by

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<sup>4</sup> The Stakeholder Forum is made up of Welsh Government members who represent the key policy areas that need to align to this project. The external members are from Association of Directors of Education in Wales; Colegau Cymru; Welsh Local Government Association; National Training Federation for Wales; Sector Skills Council; National Institute of Adult Continuing Education; and an Employer Representative.

signposting them to the dedicated Review pages that have been set up on the Welsh Government website.

15. The Review has been split into four main work strands:
  - **Funding Model, Rates and Allocations** - This strand is about the ‘**how**’ the new simpler and outcome focussed funding system will work.
  - **Funding Principles and Eligibility** - This strand is about the ‘**who**’ and ‘**what**’ will be funded and is closely aligned to the Qualifications Review.
  - **Planning and Monitoring** - This work strand is about ‘**why**’ we fund.
  - **Programmes** - This strand of work brings together all the various areas of work on programmes being undertaken within the three strands above, and complements the work of the Review of Qualifications.

### **Wider Engagement**

16. We continue to engage with the post-16 education sector in Wales, and will do so throughout the life of the Review.
17. We respond to all requests for information and engagement in the review from interested stakeholders and agree the most appropriate communication method whether it be attendance at meeting, conference, workshop or working group. We are engaging with Stakeholders representative of the Post-16 Sector in Wales via working groups and the like. Stakeholders interested in becoming involved in the Review have been invited to take part in working groups.
18. For example, we have recently undertaken four regional events throughout Wales to provide stakeholders with an opportunity to understand and engage with development of a new planning and funding system for Wales. The aim of the events was for head teachers of secondary schools with sixth forms, and representatives from the local authorities and Further Education Institutions (FEIs) to have an opportunity to inform Welsh Government thinking on post-16 planning and funding. To this end, one event was held in each of the 14-19 / school consortia regions:
  - South Central
  - South East Wales
  - North Wales
  - South West and Mid Wales

## The Wider Policy Context

19. One of the key challenges for the planning and funding review is developing a new system alongside a number of other reviews.
20. As already stated, one of the key tenets of this review has to be a planning and funding system which is not built to suit a particular structure or policy, but one that can support policy improvement and changes. We would prefer not to be conducting another review in 3-5 years time.
21. The Review of Qualifications Review 14-19 which reported recently, supports the strategic direction of travel of the post-16 planning and funding review, supporting the notion that we must improve the evidence base in relation to qualifications, with more emphasis on outcomes, such as progression to further learning or to employment.
22. The Review of Qualifications recommends that the Welsh Government should encourage the universal adoption of the Welsh Baccalaureate as the basis for programmes of learning, by schools at 14 to 16 and by schools and colleges at 16 to 19 (and work-based learning settings if appropriate).
23. This, should the recommendations be accepted by Ministers, is aligned to the thinking on planning and funding; with programmes at the heart of how we intend to plan and fund full time provision in future.
24. One of the other objectives of the planning and funding review was to standardise the approach between schools and colleges. To this end, the Qualifications Review recommends that Estyn should separately report on outcomes in sixth forms and tertiary provision in Further Education (FE) colleges, enabling comparisons to be made between the school and FE sectors.
25. Using the Welsh Baccalaureate as the basis of the emerging programme approach, will mean that funding and planning will need to influence and drive change at a local, regional and national level based on information on the completion, attainment and outcome of that delivery.
26. Alignment with other policy areas are also important to ensure the success of this review. These include:
  - The 14-19 review;
  - The review of careers services;
  - Looking at ways to provide a better match with Labour Market Intelligence (LMI); and
  - Support for Local Authority regional consortia.
27. The 14-19 curriculum will be based around the notion of programmes (as will the information gathered by Careers Wales) to better inform the choices made by young people.

28. The local curriculum offer should reflect the drive to offer programmes and be considered in the wider context of transformation and 14-19 partnerships, driven by securing excellent outcomes to young people at 18/19 so that they can progress to the next level.
29. The new planning and funding system should support this by providing adequate funding for programme delivery and evidenced based information to influence planning decisions around the curriculum offer.

## Programmes at the Heart of the New Funding System

### Why plan and fund at programme level?

30. The Wolf Report<sup>5</sup>, though English-centric, challenged the notion of qualifications for qualifications' sake and introduced the idea that "*institutions should be expected to offer coherent programmes of study*". This led us to look at what a typical learner in Wales was being offered. Analysis confirmed that a typical learner is following a number of qualifications that together establish a programme of learning. Currently, this programme varies between institutions, and is sometimes an amalgam of qualifications for the learners rather than a cohesive programme designed with an end in mind. A programme of learning should equip learners with the necessary skills and learning required for employment or progression into further or higher learning. The key is skills that are valued by employers and the Welsh economy.
31. Programme based learning is not a new concept. Apprenticeship learning has for years successfully delivered well designed, developed and approved programmes of learning. Funding programmes rather than qualifications could influence the offer and choices made by individuals and make links between funding, outcomes and destinations easier to determine.
32. The notion of planning and funding at a programme level is consistent with the recommendations of the recently published Qualifications Review to ensure that funding and performance measurement (both in terms of outputs and outcomes) act as drivers for change.

### Benefits

33. Planning and funding at a programme level for full-time learners would:
  - Encourage a change in focus by providers from qualifications to programme design centred around learner and employer needs;
  - Encourage a sharper focus on outcomes and progression;
  - Provide a more complete picture of the contribution education and training makes to the progress of students;
  - Simplify data requirements and data management;
  - Standardise provision planning across a range of providers;
  - Collect and present information in an understandable way so that providers of education and learners can make informed decisions;
  - Make it easier to understand how funding is derived and deployed; and
  - Make it easier to understand collected information through monitoring, to influence what is happening on the ground at a national, regional; sub-regional and local level to ensure best fit with Government steers.

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<sup>5</sup> Review of Vocational Education – The Wolf Report: Alison Wolf March 2011

### Identifying programmes

34. Programme design to date has provided Welsh Government with a number of high level programme specifications.
35. In order to progress with modelling, the funding strand of the project requires more detailed specification of programmes which identifies the qualification choice available within each programme.
36. The work of analysing the programme specifications and qualification choice will allow the funding strand to derive initial programme rates and hence allow for provider modelling.
37. A two pronged approach has been taken by separating General Education programmes and vocational programmes.

### General Education Programmes

38. For General Education programmes, historical Pupil Level Annual School Census (PLASC) and Lifelong Learning Wales Record (LLWR) data has been analysed to identify a number of common programme types. This analysis has been shared with a sub group of three Local Authorities/schools who have been asked to provide additional information about the content of these programme types and the intended outcomes of each.
39. Once this sub group has reported back and any obvious anomalies or trends have been identified, it is intended to offer all Local Authorities the opportunity to feedback on the programme types and typical content. It is also intended to run a similar analysis across FE provision of General Education programmes to identify any similarities or differences.

### Vocational Programmes

40. Analysis of historical LLWR data has been used to identify key full time qualifications. A group of FEI representatives at the Stakeholder Forum are mapping this to a series of programmes. These programmes will be allocated unique programme codes. It is anticipated that this will lead to between 100 and 150 full time programmes. This will significantly curtail the volume of vocational qualifications supported by Welsh Government funding.
41. Both of these sub groups are expected to have reported their findings by early January 2013.

## **Programmes as the foundation of the new system**

42. Programme based delivery is the cornerstone of the proposed new system leading to:
- Simplification of the funding;
  - Development of outcomes assessment and reporting at programme level;
  - Potential to develop meaningful reporting at programme level;
  - A planning system based at programme level;
  - Allocations based on planned programme delivery; and
  - Clearer focus on cost/benefit of programmes leading to greater potential for co-investment opportunities.

## **Part-time activity**

43. Work on a review of part-time activity is underway starting with a detailed analysis of current patterns of provision and models of delivery.
44. A sub group has been established to look at part time provision in more detail.

## Funding

45. Full-time learners are currently funded based on the number of Credit Equivalence Units (CEUs) that their combination of qualifications and activity generates. This can lead to varying levels of funding for differing combinations of qualifications that are in the same programme area.
46. It also makes it difficult for providers and the funding body to be clear about the level of funding that will be attracted by a planned curriculum offer.
47. The aim of the new system is to simplify funding by attaching a single funding value to a programme and embedding into that factors for retention and achievement, based on historical patterns.
48. A single funding rate for a programme (remembering that they will all be full time) will enable a provider to be clear about the level of funding that a cohort of learning would attract and (aggregated up) the level of funding that a planned curriculum offer would generate.

### Setting Programme rates and codes

49. Once detailed programme specifications have been agreed, each programme will be assigned a programme code and a programme rate. The approach to setting the programme rate will be consistent with the approach at the Stakeholder Forum meeting in July 2012.
50. It is anticipated that the first programme rates will be available to share at the Stakeholder Forum meeting in January 2013.

### Provider based modelling

51. The next step of the process will be to model the impact of programme delivery and rates on each provider. This work will then be used to refine programme rates further and allow for evidence based scenario testing of the planning and funding cycle, along with discussion about the requirement of any baseline resetting or transitional arrangements. It is anticipated that we will then be in a position to discuss and scenario test allocations and transitional arrangements.

### Delivery Plans

52. Programme funding allocation values will be derived from the programme definitions (which can be seen as required specifications). Values will be modelled using proposed programme models and analysis of current data on patterns of activity, delivery, retention and achievement.
53. The introduction of programme based funding values will remove the NPFS requirement to monitor and moderate funding based on details of guided contact hours at individual qualification level.



54. The proposal is to monitor at programme delivery planning level by collecting and collating the key dimensions of the delivery model for each programme that is offered by a provider.
55. This approach will lead to the improvement to monitor patterns of delivery including variations and overall patterns of change.
56. This information will be collected electronically and collated for monitoring:
  - Probity: Establish assurance that programmes are being delivered within reasonable parameters of the activity model used to derive a funding value for the programme;
  - Efficiency: Exceptions will be monitored and reviewed to explore the potential for more efficient models of delivery at programme level;
  - Consistency: Significant variations are reviewed to check understanding around programme delivery requirements; and
  - Effectiveness: The institutional and comparative achievements and progression from the programmes.
57. The Department of Education and Skills (DfES) plans to develop a model for collecting this information that is embedded into the naturally occurring processes that providers follow in setting up timetables and work plans for each academic year.

### **Uplifts <sup>6</sup>**

58. The uplifts applied to activities under the current system accounts for approximately 20% of the current allocation to providers.
59. This 20% is made up of funding that recognises Educational Deprivation, Sparsity, Welsh Medium delivery and learner development. The funding allocated by uplifts does have a significant impact on certain providers. Therefore, in keeping with the review's objectives to introduce a simpler system, we must ensure that the need for additional support in certain areas is not lost.
60. Whilst assessing the strengths and weaknesses of the NPFS it became apparent from stakeholder feedback that whilst there was support for the identified uplifts within the model, there were questions raised as to how well they actually reflected the additional costs of delivery<sup>7</sup>. It was also commented that the use of uplifts within the model made it difficult for providers to forward plan.

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<sup>6</sup> An uplift is additional funding in lieu of additional costs

<sup>7</sup> Overall, uplifts, excluding Subject Area Weights (SAWs) make up for around 15-20 per cent of funding in the FE and School Sixth Form sectors.

61. From a Welsh Government perspective there was no system to monitor how well additional funding created through these uplifts met its policy goals. For example the deprivation uplift could/should have been used to fund additional support but there is no evidence to confirm that these additional costs had been incurred by providers.
62. Officials are consulting with relevant stakeholders on current uplifts within the NPFS, their purpose, use and level. We are reviewing each of the uplifts with relevant subgroups of representatives from each of the post-16 sectors. These subgroups will look at the original purpose of the uplifts and try to identify costs that relate to the uplift.
63. The groups will be asked to confirm the relevancy and levels of the uplifts and they will look at proposals such as whether the uplifts could be absorbed into a programme rate of learning; or included as a provider factor; or perhaps a blend of both.
64. Most of the work to date has been focussed around the deprivation uplift. Providers have, in the main, been supportive of moving the uplift into a block grant as income drawn down from the uplifts is fairly consistent. The additional money drawn down by the deprivation uplift is a crucial factor for certain individuals. The current system does not show how this additional money is spent to benefit these learners. During the second phase of the review we will be undertaking work to monitor and gather information on how the deprivation uplift is used. Also, we will be looking at the current use of education provision as a key to getting out of poverty.

## An Outcomes Based System

65. Part of the rationale for the development of the programmes approach is to define a purpose and projected outcome for each programme. This goes beyond qualification achievement to the immediate benefits of that achievement and of programme engagement.
66. In consultation, stakeholders have stressed the importance of clearly articulating what we mean by outcomes. As an outcome driven model we are no longer satisfied with knowing about qualification attainment alone. We want to better understand the value of that attainment by evaluating the result of this achievement (i.e. where the learners have progressed to) and compare this recorded outcome with the original intention of the programme/qualification undertaken. Outputs (i.e. qualification attainment) will still be monitored but the new system will seek to measure outcomes and use this qualitative information to influence curriculum decisions as well as programme design.
67. The proposal is to develop a terminology, to describe and assess the learner outcomes at the completion of their programme, that is clearly understood by users of the new system. Over time this information could:
  - Inform local programme development and delivery to align this with intended purposes;
  - Contribute to the review and development of programmes at a national level and be used to inform programme content and design in partnership with the skills sectors and providers;
  - Report on the outcomes of programmes as part of the evidence around the costs/benefits of delivery and use of funds; and
  - Be used to inform or influence allocations of scarce resources.
68. We intend to embed end of course/programme review as good practice in provider delivery. The proposal is to include, in that end of course/programme review, an assessment of outcomes. If programme outcomes are poor they would become ineligible for funding or be amended to better meet sector/learner needs.

## Making Better Use of Information

69. One of the key shifts in thinking under the proposed new planning and funding system is to try and understand what we get in return for our investment in post-16 funding. As an output driven model the old system did not answer the question “why” we invest in learning and what we get in return for that investment.
70. Most large organisations with significant budgets or income levels produce annual reports. What we seek under the new system is the collation of such a report presenting information which is understandable to all stakeholders, and presented in such a way that it can be used to influence decisions at several levels.
71. Whilst we are currently data rich, we are information poor, as the vast volumes of data do not provide us with a clear picture of what is delivered post-16 in Wales.
72. The aim is to be able to provide a succinct report at programme level noting number of learners, achievement and outcomes. The information would highlight programmes which are underperforming, and potentially highlight areas where there is labour market shortage/demand. This information could:
  - Be used with the sector skills councils to test why there was low take up in certain sectors;
  - Decide whether programme content meets sector requirements;
  - Provide Welsh Government with the confidence that public funds are invested wisely; and
  - Produce the right outcomes for Wales, or test delivery meets identified labour market needs.

## The Planning Toolkit

73. The development of a programmes based approach presents an opportunity to present the work of the post 16 sector in an easy to access summarised format.
74. The planning toolkit that has been shared in consultation shows information at a macro level for all post-16 providers in Wales, by provider, Local Authority, regionally and nationally. The toolkit is an example of the benefits of a programme based approach in terms of being able to show the delivery patterns of both the School and FEI sectors in terms of full-time learners in an understandable way. The toolkit also provides an information platform that could be used to improve transparency and encourage best practice. It would be difficult to hide behind the factual information presented through the toolkit. The toolkit, for example, could be used at a strategic level to influence transformational/structural decisions.

## **The benefits of information based reports**

75. Reports will set out the strategic direction of local authorities and FEIs based on information and data gathered for each sector.
76. The annual report would not only account for the use of funds but it would also engage with stakeholders to inform the sector planning process. It would also inform the Government's strategic agenda and provide a rationale and basis for the direction of travel
77. The specific aims of the report could be to:
  - Account for and justify the use of funds and achievements against targets (for example the delivery of more level 3);
  - Present an honest and accessible statement on how effective the post 16 sector has been in terms of delivering outcomes for learners;
  - Outline the next steps and actions and the case for continued funding; and
  - Set a strategic agenda for the sector to inform the local planning approach.

## Evidenced-Based Planning

### The Vision

78. The proposed planning system presents an opportunity for DfES to work alongside institutions in the planning of provision; to influence what is being delivered based on information on programme delivery and resulting outcomes. This is not a system where DfES would be micro-managing provision; neither is it a system where DfES would be taking a passive role. Strengthening the interface between schools, local authorities, FEIs and DfES has the potential to drive improvements not only in resource allocation, but the purpose and quality of learners' experience.

### Existing Arrangements

79. Under existing arrangements, the planning and monitoring interface between local authorities and FEIs with DfES is weak. Whilst DfES has annually set out priorities for the further education sector, this has not been supported by detailed skills sector performance and outcomes. For local authorities planning does not feature under the current model. Consequently, despite the significant funding provided to local authorities and FEIs, accountability for delivery is marginal.
80. What has come through very clearly through consultation is that individual schools/local authorities and further education colleges already plan, deliver and review their education provision on a regular basis.

### The Future Role of DfES in the Planning Process

81. The review of post 16 funding has recognised that the NPFS was too focussed on funding with very little emphasis or activity on planning.
82. The proposed new planning system would mean that:
- DfES will collate available information on delivery patterns and augment this with access to external information and advice through specialist agencies and contacts;
  - Providers will continue to plan to meet local needs using the DfES collated information to position their planning within a national context; and
  - Planning will become closer to 'real time' in terms of sharing information and developing a more responsive sector.

## Information Driven, focused on the delivery of outcomes

83. People make decisions based on information. If DfES improves the information (the guidance) available to colleges, schools, local authorities, then they are better placed to offer programmes that provide students and parents with the outcomes they desire, be it employment in a certain sector, or progression to higher education.
84. The proposed planning model attempts to create a framework that will shape the way schools, local authorities and FEIs develop and deliver learning. For example, an FEI would be able to assess the success of its engineering provision against other FEIs. It will give institutions powerful information to change patterns of provision. Also, institutions would be able to better understand what is being delivered: not just in terms of qualification achievement, but also outcomes and student destinations, i.e. the actual value of those qualifications.
85. The provision of comparable outcome information would empower institutions; supporting them in developing provision plans that better meets the needs of learners and skills sectors. Additionally, accountability to students, parents and DfES would be enhanced. This would be backed-up by information collated and shared at a national level by DfES on learner aspirations, expectations, experiences and outcomes.

## Annual Planning Reports

86. Under the new system local authorities and FEIs would submit annual plans to DfES setting out how they are developing provision (by programme) delivery in the context of the information provided. DfES would provide local authorities and FEIs with annual planning guidance, which would consist of:
  - Asking school sixth forms/Local Authorities and FEIs how the planned curriculum is responding to education priorities (determined by the programmes offered) – real time information;
  - Providing information on historic programme delivery, covering national, regional and local delivery along with outcomes. This report would highlight those programme areas not performing; providing a basis for dialogue as to whether they should continue to be part of the programme offer;
  - Providing information on the planned curriculum and how this at a macro level responded to labour market intelligence and encourage providers to test offer again labour market requirements; and
  - Providing performance information on course attainment and outcomes. This information could be used to influence choices made by learners.

## Getting the Balance Right Between Public and Private Sector Funding for Post-19 Learners

87. This review will consider whether there is an appropriate balance between public and private sector funding of post-19 provision. We are, therefore, identifying options for a co-investment policy and how the Welsh Government investment in adult skills can best act as a lever to private investment.
88. At provider level, learners are concerned around the 'fee' they will need to pay.
89. At a policy level the concept of 'co-Investment' appears to capture the core of this approach around shared costs and benefits.
90. To date the review has considered:
- Whether DfES should implement a co-investment policy;
  - If a co-investment policy is implemented, how should DfES develop the policy?
91. An overview of co-investment policies in other nations has informed discussions and highlights some of the complexities surrounding co-investment.
92. The Global Report on Adult Learning and Education<sup>8</sup> states that *economic principles suggest that who pays depends on whether the value to be gained is personal, social or economic and who stands to benefit from this added value*. For example in work-related training programmes, if employees benefit in the form of higher wages, then employees should pay. If employers gain in the form of higher productivity and profits, then employers should contribute as well. If society stands to benefit, then there should be a public contribution.
93. Indeed, employers are seen as major investors in adult education in many countries. In the industrialised countries, on average, it is reported that, about two out of every three persons who undertake any adult education activity do so with at least some employer support, implying that employers are the most common funding source for adult education.
94. The Nordic countries are regarded as leaders in giving adult education a high priority for state action. Elsewhere, public policy is perceived as having little to do with adult education, the main responsibility falling to employers and individuals (for example in the Czech Republic, Kyrgyzstan and Poland); and in Japan and the USA upgrading the skills of the labour force is considered the responsibility of employers and employee organisations.

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<sup>8</sup> UNESCO: Global Report on Adult Learning and Education 2010



95. This review has also undertaken an assessment of FEI fee policies, to complete an initial collation and analysis of existing practice and application, to inform the development of a co-financing policy. The key questions emerging from this analysis for consideration are:
- Should the Review include a formal statement on a co-investment policy?
  - What should be the scope of such a policy?
  - How should the level of investment be set?
  - How should this work be taken forward?
96. The next step is for a small task group to consider these questions in more detail and recommend to the Review the most appropriate way forward.

## Guidance Document

97. Alongside the new planning and funding system we will need to issue new guidance. Although the guidance for the NPFS was legally sound, the WG received a number of queries which indicated some sections of the document could have been clearer.
98. Therefore, as part of the Review we will need to consider what improvements should be made to the format of the guidance document to improve the clarity and presentation of it.
99. DfES have discussed this with stakeholders and it appears that an online interactive guidance document would be the most appropriate. A small task group is to be established to consider this in more detail.

## **Evolving the New Planning and Funding System**

100. The proposed approach, scheduled to be implemented in 2014/15, will represent a quantum change to a simplified programme based funding system that will be developed over its lifetime to generate significant benefits.

101. Key development areas will be:

### **Programmes**

102. The initial work on programmes is based on the current patterns of provision in the post 16 sector funded through the current NPFS model.

103. As programme based delivery is embedded in the sector, annual review of national delivery of programmes will be used to refine their content and improve the models of delivery. This will lead to greater focus on the purpose and quality and achievement of planned outcomes in line with the recommendations of the Qualifications Review.

104. New programmes will be developed to meet emerging needs and included in the list of eligible programmes for delivery.

105. In addition, there is a significant piece of work to be done on harmonising the range of programmes available (including Traineeships, vocational and general education programmes) to present pathways that represent a logical and integrated approach to learner development and progression.

### **Outcomes**

106. It will take time to develop a language on outcomes and to embed assessment of outcomes into the annual cycle of delivery.

107. In time it should be possible to develop sector and programme based benchmarks to be used to inform programme development and to assess and investigate significant variations in achievement of outcomes at programme level.

108. In addition, the sharing of reliable information on programme outcomes will be used to inform learners and stakeholders of the reasonable and realistic expectations they should have through programme engagement.

109. Published information on outcomes will also be used to report on and celebrate the success of the sector over and above individual success stories or case studies.

### **Funding**

- 110. The initial funding values for programmes will be based on current funding levels to ensure maximum stability during the transition from CEU and qualification based funding to programme based funding.
- 111. The collation and analysis of provider delivery plans will be used to inform funding value reviews to maximise the allocation and use of scarce resources.
- 112. Review of the current uplift factors in areas such as deprivation and sparsity will be informed by provider reports on the use of funds to ensure that uplift funding has a clear and documented purpose and the anticipated impact on recruitment, retention and achievement.

### **Annual reporting**

- 113. The first report will be as simple and direct as possible to avoid the risk of including too much information of limited value.
- 114. The format and content of the annual report will be refined through feedback from stakeholders and its use to inform planning.
- 115. The success of the annual report will be judged by the extent to which it leads to greater stakeholder engagement and is developed to reflect the articulated stakeholder needs.
- 116. The success will also be measured by the extent to which an annual report is used as a key part of the planning dialogue between DfES and providers.

### **Planning**

- 117. The DfES team will need to develop an approach to planning that clearly informs and influences the direction and development of the sector.
- 118. In time the use of outcomes information may inform allocation of scarce resources.

### **Funding guidance and advice**

- 119. An on-line guidance will be updated regularly to reflect significant changes in statutory or policy requirements that providers will need to meet.