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Framework for Excellence: How the Framework Will Work

June 2007

Of interest to everyone in the learning and skills sector, including employers and learners

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Foreword

Everyone involved in the further education (FE) system wants the best for customers. This means providing high-quality products and services that learners and employers need and want. The Framework for Excellence will play a major role in this, having as it does the aim of raising the quality and standards of provision, and of ensuring that it is responsive to the needs of customers.

For colleges and providers, the Framework will, for the first time, provide a means by which they can benchmark themselves against standards of excellence, which will help drive improvement within their organisations. For learners and employers, it will provide clear information for them to make informed decisions, so they can choose the best learning to fulfil their potential. For the sector as a whole, it will raise standards, help to enhance its reputation, and act as one of the stepping stones towards self-regulation. For the Government, it will help carry through its reforms, provide information to measure progress and ensure a better return on investment.

In this way, the Framework will form a core part of the Government's work to raise standards, and will support key policies in relation to adult skills and to equipping young people with the skills they need for employability and personal fulfilment.

Back in March 2007, the LSC published *Framework for Excellence: Raising Standards and Informing Choice*. That document set out the broad principles of the Framework and the role of providers; this document is the next step for the Framework, supplying guidance to providers on how the Framework will work in practice.

The aim is to keep the Framework as simple as possible, with any new data requirements and assessment methods kept to a minimum. We do not want to add to the burden on colleges and providers.

The Framework is still very much in development, and its success depends upon the continued support and involvement of providers and the wider stakeholder community in the development process.

Our learners deserve well-managed, high-quality provision. I ask all those working in the FE system to join with me and help build the Framework, to ensure that all provision becomes excellent.

Bill Rammell MP

Minister of State for Lifelong Learning,
Further and Higher Education
June 2007

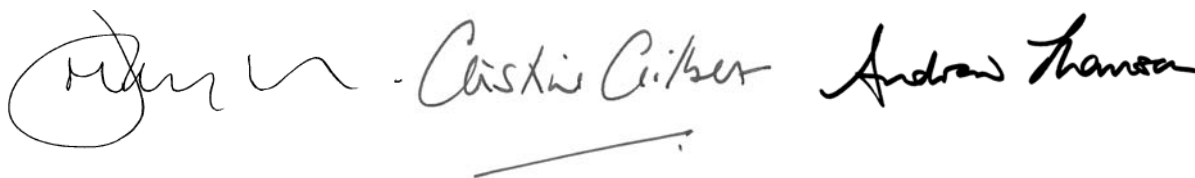
Preface

The Framework for Excellence will improve the quality of learning available in the sector and support a common culture of self-improvement among colleges.

The LSC's ambition is to deliver the learning and skills that will enable the long-term economic success of the nation. The Framework will help the LSC to judge where best to invest public funds to achieve that goal, while supporting moves towards self-regulation by enabling all stakeholders to have access to timely, relevant, robust and reliable information about the performance of each provider.

The Framework is therefore an extremely significant development for the FE system.

We are grateful for the generosity and commitment of many of our stakeholders and partner providers, since their dedication and drive underpin this key policy. We greatly appreciate the collaborative way in which the sector has united behind this vision of one coherent and integrated quality and performance framework.

The image shows three handwritten signatures in black ink. From left to right: Mark Haysom, Christine Gilbert, and Andrew Thomson. The signature for Christine Gilbert has a long horizontal line underneath it.

Mark Haysom

Christine Gilbert

Andrew Thomson

LSC Chief Executive

Chief Inspector, Ofsted

Chief Executive, QIA

Introduction

- 1 In March 2007, the document *Framework for Excellence: Raising Standards and Informing Choice* set out the way forward for the development of the Framework for Excellence, working towards the goal of developing a single, unified framework that will help increase both the quality of FE provision, and the way in which that provision meets the needs of all users.
- 2 This publication follows on from the March document, and includes details of the prototype Framework, how it will work in practice, and how performance ratings will be calculated. It also provides further details of the piloting work planned for 2007/08.
- 3 Our vision of the Framework is that it should be formed from a small, core set of robust and verifiable indicators that are the minimum necessary to give a balanced picture of the performance of all providers. These indicators should combine in a clear, transparent way to provide an overall performance rating for each provider. The Framework for Excellence will thus supply an independent, quantitative assessment of the performance of the sector, which will enable the sector to demonstrate that it is rigorous and effective in its self-regulation.
- 4 The proposals contained in this document have been developed by the four partners (the Department for Education and Skills, the LSC, Ofsted and the Quality Improvement Agency) in consultation with providers, users and other key stakeholders. The FE system was invited to comment on Framework for Excellence proposals in the consultation document, *Framework for Excellence: A Comprehensive Performance Assessment Framework for the Further Education System*, published in July 2006. In addition, intensive testing and trialling workshops were held with providers, employers and learners in early 2007 to examine Framework proposals critically. The feedback received through these and other consultation activities has been used to help formulate the proposals contained in this document on the content of the Framework and how it will work in practice.
- 5 The next step will be a formal pilot of the whole Framework process. This will involve around 100 pilot providers, and will run from September 2007 to March 2008. An evaluation of the pilot will be published, and the first version of the Framework to be used by all colleges and work-based learning providers will be published in June 2008.
- 6 In order to prepare for implementation, colleges and work-based learning providers will need to make some changes to their data collection methods in 2007/08. These changes are set out in paragraphs 39–44 below.
- 7 Detailed technical guidance for those providers participating in the pilot process will be made available shortly. This will include full details of how the pilot process will work, what will be tested in the pilot, and how non-pilot providers can feed the results of any testing work they do into the pilot evaluation. The guidance will be available to everyone on the LSC website.

Principles of the Framework for Excellence

- 8 The principles of the Framework are that:
- its fundamental purpose is to increase the quality and responsiveness of provision in the FE system for all learners and employers
 - it should help all users to access the clear information they need to help them make informed choices
 - it should offer providers a robust, benchmarked and validated assessment of their performance, in order to drive improvement from within the organisation
 - it should be formed from a small core set of robust and verifiable indicators that are the minimum necessary to give all stakeholders and users a comprehensive picture of the performance of all providers. These indicators should combine in a clear, transparent way to provide an overall performance rating for each provider
 - it needs to be kept as simple as possible, and new data and assessment demands should be kept to a minimum. As far as possible, the Framework should be based on information that a provider could reasonably be expected to use to manage its business
 - it should be constructed with the expectation that its indicators and scoring rules will remain stable over time
 - considerations of race, disability, gender equality and health and safety are fundamental to it, and will be derived in the first instance from Ofsted judgements and the Common Inspection Framework
 - it should provide an independent, quantitative assessment of the performance of the sector
 - its evidence and ratings will partly be derived from data relating to learners and employers; we, together with our contractors, undertake to maintain the confidentiality of such data, including data-protection arrangements.
- 9 The independent and quantitative nature of the Framework will enable the sector to demonstrate that it is rigorous and effective in its self-regulation. It will also enable government to demonstrate the value for money gained through spending on the FE system.

Scope

- 10 In 2008/09, following the pilot year, the Framework will apply to all colleges and work-based learning providers.
- 11 From summer 2009, the Framework will apply to all providers that receive some element of LSC funding. Adaptation of the Framework and roll-out to other parts of the system, for example adult and community learning and specialist colleges, will be explored through an additional pilot in 2008/09. A small number of these organisations are included in the 2007/08 pilot.

- 12 Our aim is to move as quickly as possible towards having the Framework for Excellence cover all providers. We want to achieve this for three main policy reasons: to promote learner and employer choice; to simplify the quality landscape and reduce bureaucracy; and to support a move towards self-regulation.
- 13 In the medium term, we aim to bring into the Framework provision funded by bodies other than the LSC. As soon as national data is available, the Framework will include 14–16 year olds in colleges.
- 14 In the short term, and for pragmatic reasons, the scope of provision covered by the Framework within each LSC-funded institution will be specific to each of the three Framework dimensions (as described in Figure 1). It is proposed that the finance dimension will apply to all provision; the effectiveness dimension will apply to all provision for which at least one learner is covered by the Individualised Learner Record (ILR); and the responsiveness dimension will apply to all provision wholly or partly funded by the LSC.
- 15 As stated in *Framework for Excellence: Raising Standards and Informing Choice* (LSC, 2007), the Framework will not apply to school sixth forms.
- 16 It is proposed that the Framework will not be applied to consortia, but only to the constituent colleges and providers. This is because the Framework affords each individual college or provider the opportunity to demonstrate its performance across its own, directly contracted provision.
- 17 At present, data-collection arrangements do not identify which colleges or providers in a consortium deliver which part of a learner's learning. The consortium lead is, therefore, credited with all learners in the consortium. During the pilot we will explore ways of addressing this.

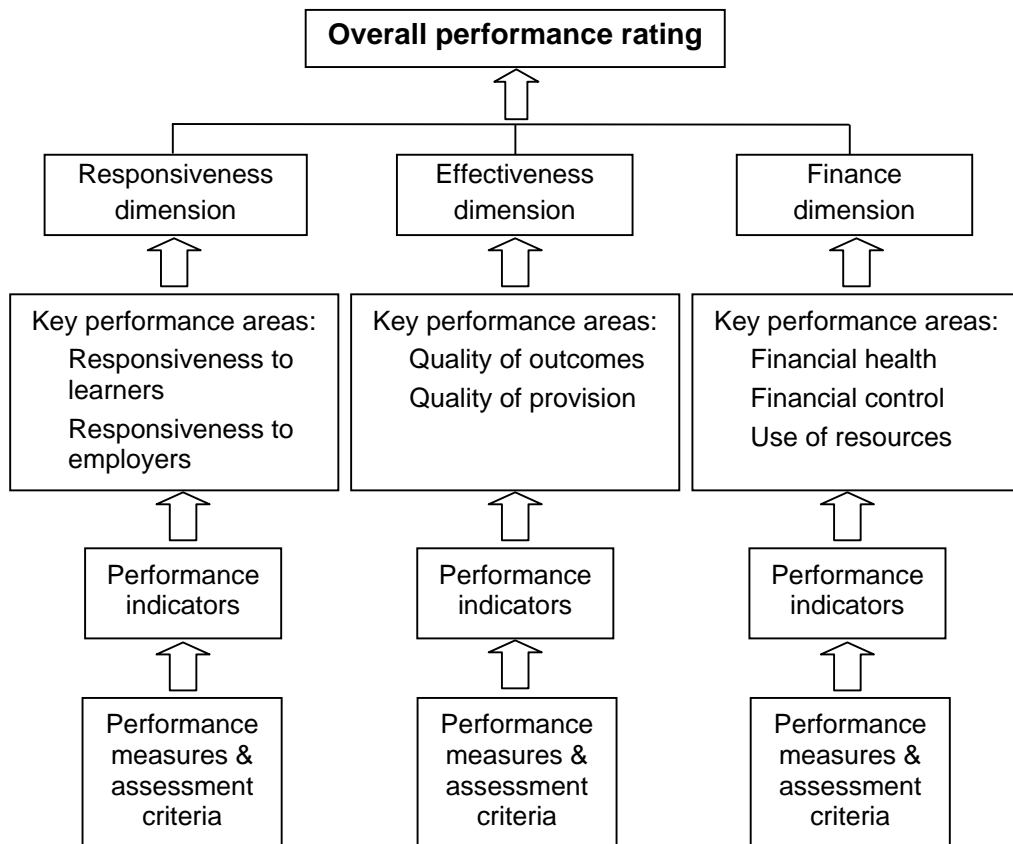
How the Framework Will Work

Structure of the Framework

- 18 There is a clear and transparent structure to the Framework for Excellence that enables an overall performance rating to be calculated for each college or provider. This structure is illustrated in Figure 1, and can be described as follows.
- i. The performance of providers in a range of areas will be assessed through a number of performance indicators, which are derived from performance measures (drawn from appropriate sources) combined with appropriate assessment criteria (which specify the standards for each indicator).¹
 - ii. The performance indicators are organised into seven key performance areas.
 - iii. Each college's or each provider's grades for the key performance areas are aggregated to produce grades for three dimensions (responsiveness, effectiveness and finance).
 - iv. The overall performance rating is then calculated from the grades for the three dimensions.
- 19 Each performance indicator will be graded on a four-point scale, according to its own assessment criteria. These grades will then be combined to produce the overall rating for the key performance area.
- 20 The outline draft specification of each performance indicator and the method to be used in deriving the score for each key performance area can be found in Annex A. Appendices 1–7 to this Annex describe each of the main Framework indicators in terms of:
- the scope and definition of the indicator
 - the source(s) of evidence for that indicator
 - the proposed method for data collection, analysis and distribution.

¹ Thus, a performance indicator is more than just a measure of performance. It includes information on the expected standard of performance. For example, the outcome for a provider might be that it has achieved a score of 83 per cent for learner views. If the assessment criteria for this performance indicator specify that a score of 80–89 per cent is “good”, then this provider will have a grade of “good” for this performance indicator.

Figure 1: Structure of the Framework for Excellence – derivation of the overall performance rating.



- 21 The specifications of the performance indicators will be developed and finalised during the pilot. Final and full specifications will be published in June 2008.
- 22 Detailed technical guidance on performance indicators, methods for calculating scores for performance indicators, key performance areas and dimensions is provided in the technical guidance document, which will be published shortly (www.lsc.gov.uk/ffe). The guidance is a live document and will be updated regularly during the pilot.
- 23 Assessment criteria will be defined at levels to ensure that Framework ratings and results are broadly consistent with inspection assessments. They will be based on absolute values, in order to give all providers the opportunity to achieve a “good” or “outstanding” rating. These will be fixed for the first four years of operation of the full Framework, covering the years 2008/12.

- 24 It is anticipated that the Framework will evolve over time to accommodate a widening variety of provision. We have no plans to change the key performance areas and the three dimensions.

Contextualisation of the key performance areas and performance indicators

- 25 Contextualisation is concerned with those factors that are not directly within the control of a college or provider, but that impact on performance and are measurable.
- 26 In the pilot Framework, many of the key performance areas include some elements of contextualisation. For example, the two key performance areas within the effectiveness dimension (**quality of outcomes** and **quality of provision**) both incorporate some context factors. The pilot will investigate further how best to take account of contextualisation and the impact of context factors.

Derivation of each institution's performance ratings

Applicability of the key performance areas and dimensions

- 27 When deriving the overall performance rating, consideration has to be given to whether each key performance area applies to a provider. Areas we are considering include the applicability of the **responsiveness to employers** key performance area to: employers that do not provide training to other employers, sixth-form colleges that do not do business with employers, and non-accredited provision. In these and similar circumstances, some colleges and providers may be granted exemption from one or more key performance areas used in the derivation of their overall performance rating. It would be wrong for a category of provider to be unable to secure a top overall rating simply because of the nature of its business. Equally, the Framework must not provide incentives that distort the pattern of provision.
- 28 As a principle, any exemption should be fair and transparent. By implication, colleges and providers should not be able to decide on subjective grounds which key performance areas apply to their provision.
- 29 We will develop rules to determine whether a college or provider is exempt from a particular key performance area. For example, a rule for exemption could be that, if fee income from employers is less than a certain proportion of total income, then **responsiveness to employers** does not apply.
- 30 For the pilot, all key performance areas will apply to all providers, except where the specific circumstances of certain types of provision or provider make this inappropriate. As part of the pilot, exemption rules will be developed to address such cases.

Deriving the overall performance rating

- 31 One of the key outputs of the Framework for Excellence will be the overall performance ratings that are calculated for each college and provider. It is proposed that these should be published by the LSC once a year, and the intention is that they will allow greater differentiation in assessment of the quality of FE provision. The overall performance ratings will be the starting point to help learners and employers exercise informed choice, and they will help the sector demonstrate improving levels of performance, in line with the commitments to eradicate inadequate provision set out in the FE White Paper.
- 32 The overall performance ratings will be expressed through the four-point scale used in the Common Inspection Framework, and will be derived from the grades for the key performance areas, aggregated up through the dimensions.

Fundamental rules for the grading of the overall performance rating

- 33 There are many ways in which an overall performance rating can be derived from the grades for the seven key performance areas. The proposal for the pilot is based on a number of sound assumptions – for example, if each of the three dimensions has the same grade, then the overall performance rating must also be of that grade. As a principle, we want to keep the derivation of overall ratings as simple as possible and are proposing to weight the three dimensions – and the seven key performance areas within the dimensions – equally.
- 34 In addition, it seems reasonable that:
- in any combination of three grades, the combined grade can be “outstanding” only if at least two of the subsidiary grades are “outstanding”, and “inadequate” only if at least two of the subsidiary grades are “inadequate”; and
 - where grades are being combined, and one of them is “inadequate”, the resulting combination can be no better than “satisfactory”.
- 35 These assumptions also ensure that a college or provider cannot benefit from accepting “inadequate” performance in aspects of its provision.

Grading the dimensions

- 36 The grade for a dimension is most easily determined from the sum of the grades of its constituent performance areas. Each possible sum can then be allocated to one of the four dimension grades, using a combination table (Tables 1 and 2). The combinations shown in these tables have been set so that it is no harder or easier to obtain a given grade in one dimension than in another, simply because of the combination rules.
- 37 If, during the pilot, data from external sources is not available to determine a key performance area – for example, for a recently merged college – that key performance area will not be included in determination of the overall performance rating. However, if a college or provider does not make agreed

data available from internal sources, it will be deemed to be “inadequate” in respect of the relevant performance area.

Table 1: Combining grades for a dimension with two key performance areas.

Standard for the dimension		Assessment criteria
Grade 1	Outstanding	Sum of grades for constituent key performance areas is 2
Grade 2	Good	Sum of grades for constituent key performance areas is 3 or 4
Grade 3	Satisfactory	Sum of grades for constituent key performance areas is 5 or 6
Grade 4	Inadequate	Sum of grades for constituent key performance areas is 7 or 8

Table 2: Combining key performance area grades for a dimension with three key performance areas or dimension grades into an overall performance rating.

Standard for the overall performance rating		Assessment criteria
Grade 1	Outstanding	Sum of grades for the dimensions is 3 or 4
Grade 2	Good	Sum of grades for the dimensions is 5, 6 or 7, with no one dimension at grade 4
Grade 3	Satisfactory	i) Sum of the grades for the dimensions is 6 or 7, with one of the dimensions at grade 4 or ii) Sum of the grades for the dimensions is 8 or 9, with no two dimensions at grade 4
Grade 4	Inadequate	i) Sum of the grades for the dimensions is 10, 11 or 12, or ii) Two of the dimensions are grade 4

38 Following responses to the July 2006 consultation, it was decided that performance against the Framework should be assessed using the Common Inspection Framework’s four-point scale. This was instead of the five-point scale proposed in the July consultation, which would have separately identified provision that was “satisfactory but improving” and “satisfactory but not improving”. These categories of performance will be assessed through the Framework, particularly through the **quality of provision** key performance area, which will take into account the results of monitoring visits made by Ofsted and the assessments of progress made as a result of these visits.

Changes that colleges and work-based learning providers will need to make to data collection in 2007/08

39 As far as has been possible, the performance indicators in the Framework have been developed to minimise the additional burden on colleges and providers. Wherever possible, additional information required by the Framework will be collected through the ILR, through colleges’ and providers’

standard financial returns, or directly from awarding bodies. The LSC will then extract the data and carry out the appropriate analysis.

- 40 The main area of additional work for colleges and work-based learning providers in 2007/08 will be the administration of 10 questions based on the core questions taken from the National Learner Satisfaction Survey. For 2007/08, we are asking providers to include in their own learner views surveys the 10 questions from the learner survey being developed for the Framework. We will then need providers to return aggregate results for these questions to the LSC. The results from this exercise will be used to feed into the calculation of provisional overall performance ratings in March 2009. These will be fed back to providers to give an early indication of their performance against the Framework, prior to running the first full version in the 2008/09 academic year.
- 41 In the 2008/09 academic year, providers will be asked to run the full version of the Framework learner survey, using a common methodology tested in the 2008 pilot. Further details of the arrangements for surveying learners in 2007/08 will be published in summer 2007. Full details of the 2008/09 learner views survey, including the detailed methodology, will be published after completion of the piloting work in 2008.
- 42 For the year 2008/09, work-based learning providers may have to make some changes to internal systems to complete the new-style financial returns (colleges will not need to make these changes, as they are already using the new system).
- 43 Providers are asked to ensure that the current telephone contact details for learners included in their 2006/07 ILR returns are as accurate as possible – this information will be used to run the destinations survey.
- 44 Finally, providers may be asked to run a survey assessing employer views in early 2008/09. This work is currently in development, and providers will be notified in summer 2007 if they will be asked to run this type of survey.
- 45 The above issues will be considered in the pilot with a view to minimising the additional burden on colleges and providers.
- 46 In 2006, the Government established the Information Authority to set and regulate consistent data standards for all FE organisations, and to act as a single gatekeeper for balancing need against burden in deciding what data to collect and report. The Information Authority Board has agreed that the pilot will be used to report back to it on the data-collection, data-processing and data-reporting burden. The Framework protocol will incorporate regular and frequent updates to the Board on these points.
- 47 The principle adopted for the Framework is to use the latest available validated data in calculating the performance indicators, rather than unvalidated current data. The implications of using data covering different time periods will be investigated during the pilot.

- 48 A summary of the requirements and availability of the data to be used in determining the overall performance ratings to be produced in 2009 is provided at Annex B.

Measuring quality of provision in the Framework for Excellence

- 49 The **quality of provision** key performance area has one performance indicator: Ofsted's current judgement on the overall effectiveness of the college or provider. This is because we consider that the Framework should be based on objective indicators and evidence.
- 50 For the pilot version of the Framework, assessment of the **quality of provision** will be based on Ofsted's most up-to-date judgement of the overall effectiveness of the college or provider, usually based on the most recent inspection or re-inspection outcome.
- 51 While Ofsted's judgement will provide evidence for individual colleges and providers, it may not reflect the current position for some colleges and providers. During the pilot, the LSC will work with Ofsted to explore options for taking account of this, including the use of information from monitoring visits and the scope for using Ofsted's consideration of a college's or provider's self-assessment.
- 52 The arrangements described above differ slightly from what we said in Annex C of the March 2007 Framework for Excellence publication. There we said that the **quality of provision** key performance area would be assessed using two performance indicators: Ofsted inspection reports and self-assessment reports that had been risk assessed by Ofsted. As it is vitally important (for example in the context of self-regulation) that the Framework should be based – and be seen to be based – on objective indicators and evidence, this assessment will, at least initially, be based on one performance indicator: Ofsted's current judgement of the overall effectiveness of a college or provider.
- 53 New colleges or providers that have not been inspected in the current or previous cycles will be exempt from the **quality of provision** key performance area, until such time as they have been inspected by Ofsted.
- 54 The Framework will also take account of the findings of monitoring visits that identify provision as "satisfactory but improving" and "satisfactory but not improving".

Using the Framework in self-assessment reports

- 55 There is no obligation on the part of any college or work-based learning provider to include Framework scores within its self-assessment reports for 2006/07 and 2007/08, which will be finalised by November 2007 and November 2008, respectively.
- 56 However, we strongly encourage **all** providers to incorporate available elements of the Framework in their self-assessment reports for the academic

year 2007/08. The LSC will provide as much information as possible to enable providers to calculate their own scores and grades for the year for the available performance indicators, and will make available to all the guidance we are issuing to pilot institutions, so that providers can pilot the Framework independently.

- 57 A new programme from the Quality Improvement Agency (QIA), Support for Excellence, will help providers adapt their self-assessment processes to meet the requirements of the Framework. The programme will also generate examples of effective practice in organisational development and review, and these will be available on the Excellence Gateway (<http://excellence.qia.org.uk/>).
- 58 Colleges and providers working within the Support for Excellence programme in 2007/08 will have the opportunity to use the emerging Framework as the basis for peer review and development activity, and to give feedback on its effectiveness as an assessment framework. Further information about the programme is available on the QIA website (www.qia.org.uk).
- 59 It will be mandatory for colleges and work-based learning providers to include the Framework in their self-assessment reports from summer 2009. This will mean two things:
 - making reference to the Framework grades for 2007/08, which will have been shared with the institution in spring 2009; and
 - calculating Framework scores and grades, and making reference to them for 2008/09, using data from this year as it becomes available.

Piloting the Framework

- 60 One hundred pilot providers have been selected to ensure a representative sample within each region of institutional types, inspection grades and success rates. The pilot will take place between September 2007 and March 2008. A list of the pilot institutions is available on the LSC website (<http://ffe.lsc.gov.uk/FfE+Pilot+Providers.htm>).
- 61 Detailed technical guidance will be produced to support the pilot. It will contain details of the roles and responsibilities of all those involved. This document will be updated regularly and is available on the LSC website (www.lsc.gov.uk/ffe).
- 62 Pilot institutions will test the validity and robustness of each of the performance indicators proposed for use in the Framework. The pilot will test the assessment criteria and the aggregation from performance indicators to key performance area, dimension and overall rating. An essential part of the evaluation will be to use available data from earlier years to examine the extent to which the grades for each provider fluctuate from year to year. The pilot will be used to explore options for removing undue volatility, including the potential use of trend data.

- 63 The pilot will also consider the needs of learners and employers, in order to ensure that the Framework achieves its objective of informing their choices. Further performance indicators may need to be developed.
- 64 Output from the pilot will include the indicative ratings for overall performance, dimensions and key performance areas. This information will be shared, in confidence, with each pilot provider as soon as practicable after the end of the pilot period. We shall seek feedback on the Framework from the governing body of the pilot institutions, learners and employers.
- 65 An appeals procedure will also be developed and tested for implementation from spring 2009.
- 66 Learners and employers will be involved in three main ways:
- by providing feedback on the prototype Framework and associated processes, such as learner and employer satisfaction surveys
 - through consultation on the design of the publication process and on arrangements for access to Framework data; and
 - through continuing engagement with organisations representing learners and employers.
- 67 The pilot will report on the validity and accuracy of the data, the distribution of scores for each component of the Framework, and their correspondence with inspection grades. The robustness of assessment criteria, issues of context and use of value-added measures will be considered and determined.
- 68 The pilot will be reported in two stages: first an informal report in November/December 2007, and then a formal report once the pilot has been completed in March 2008.
- 69 By participating in the QIA Support for Excellence programme, colleges and providers outside the Framework pilot group will have the opportunity to use the emerging performance indicators in their own organisations and in peer review and development activities. The programme will give this wider group the chance to hear from participants in the pilot about the experience, and will provide feedback on the Framework. More details of the Support for Excellence programme are available on the QIA website (www.qia.org.uk/programmesandservices/supportforexcellence.html).
- 70 More information about the Framework is available on the LSC website (www.lsc.gov.uk/ffe). The LSC has created an online forum for the exchange of information and views, to enable the widest possible involvement of all parties in future developments. The forum can be accessed on the LSC website (<https://forums.lsc.gov.uk/Internet/forums/17/ShowForum.aspx>).

Using the Framework

- 71 The next year will give us the opportunity to pilot the uses of the Framework and to develop the publication and dissemination mechanisms that will serve different users.
- 72 In the longer term, we anticipate that the Framework will be used by the public, learners, employers, providers and all the funding and regulatory bodies working with the post-16 FE system.
- 73 In the immediate future, we are planning for it to be used by learners, employers, providers, Ofsted, the Department for Education and Skills (DfES), QIA and the LSC. Where performance against the Framework shows that quality and standards are not satisfactory, this will provide a basis for action by Ofsted, QIA and the LSC. More details on the use of the Framework by the four partners is given in Annex C.
- 74 We are currently exploring how the development of the Framework will relate to Beacon status. We are committed to ensuring a consistent approach in the identification of excellent provision. In the longer term, we will explore links with other accepted quality standards, including Charter Mark, Business Excellence and the Matrix Standard for advice and guidance services.

Learners and employers

- 75 The views of learners and employers have been gathered through focus groups. They have told us that data generated from the Framework for Excellence needs to be simple to access and to understand. For it to be a useful tool to inform decision making, learners and employers want the Framework to provide more detailed information, in addition to the overall performance ratings.
- 76 Learners told us that, when making their choices, they want information to be available at course level: they want information about the courses and qualifications that are available to them, as well as about progression routes, including both employment and further learning and training.
- 77 Employers said they want information about which providers can offer high-quality programmes for staff development and business improvement in a particular industrial sector. They want to know that a provider offers programmes that are appropriate and relevant to their business. They also want to know how a provider will work with them to ensure that delivery matches the business needs, culture and ethos of the employer.
- 78 We will consider carefully learners' and employers' requirements and suggestions in relation to the Framework for Excellence, and will identify opportunities to publish Framework for Excellence performance ratings within existing information resources for employers and learners. We will also ensure that brokers and advisers engaging with employers and learners have access to and understand the Framework for Excellence grades and scores. In

addition, during the pilot, we will continue to consult with learners, employers and other stakeholders to identify what information they need from the Framework.

Providers

- 79 Providers have told us that they see huge benefits from enhanced learner and employer choice, in the form of a greater commitment to learning, better decision making, increased personal and business investment in education and training, improvements in retention, and more direct accountability to citizens, employers and taxpayers.
- 80 Providers have also asked us for more information for their own management and for quality-improvement purposes. Providers want to know how providers like them are performing, and they want to be able to learn from high-performing providers that have a similar mission and a similar context. This is already a well-developed principle in the FE system, and providers already spend considerable sums on obtaining information through subscriptions to proprietary benchmarking services.
- 81 With the Framework for Excellence, we will make such information freely available to the whole sector. This comparative information will have a further benefit, in that it will enable providers to contextualise their performance data using well-tried and objective methods.

Timetable for Framework development

Date	Activity
Summer 2007	<p>Publication of prototype Framework</p> <p>Colleges and work-based learning providers encouraged to begin preparing to use the available elements from the prototype Framework as part of 2007/08 self-assessment</p> <p>Publication of technical guidance for the pilot providers</p>
Summer 2007 – early 2008	Pilot of prototype Framework
Autumn 2007	<p>Launch of new QIA Support for Excellence programme</p> <p>Implementation of the Framework and organisational review and development</p>
Summer 2008	<p>Publication of first version of the Framework for colleges and work-based learning providers</p> <p>Publication of definitive guidance on implementation</p> <p>Publication of guidance for the Framework for Excellence pilot for specialist colleges and adult education and voluntary sector providers</p> <p>Framework operational in colleges and work-based learning providers</p>
Autumn 2008	Specialist colleges and adult education and voluntary sector providers pilot the Framework
Summer 2009	<p>Publication of second version of the Framework</p> <p>Framework operational across the whole FE system</p>

Annex A: Framework for Excellence Performance Indicator Specifications

Throughout the Framework for Excellence pilot, the performance indicators will be further developed, refined and evaluated. As they evolve, the details for each will be published in the Framework for Excellence pilot technical guidance, as described in paragraph 7 of the main report.

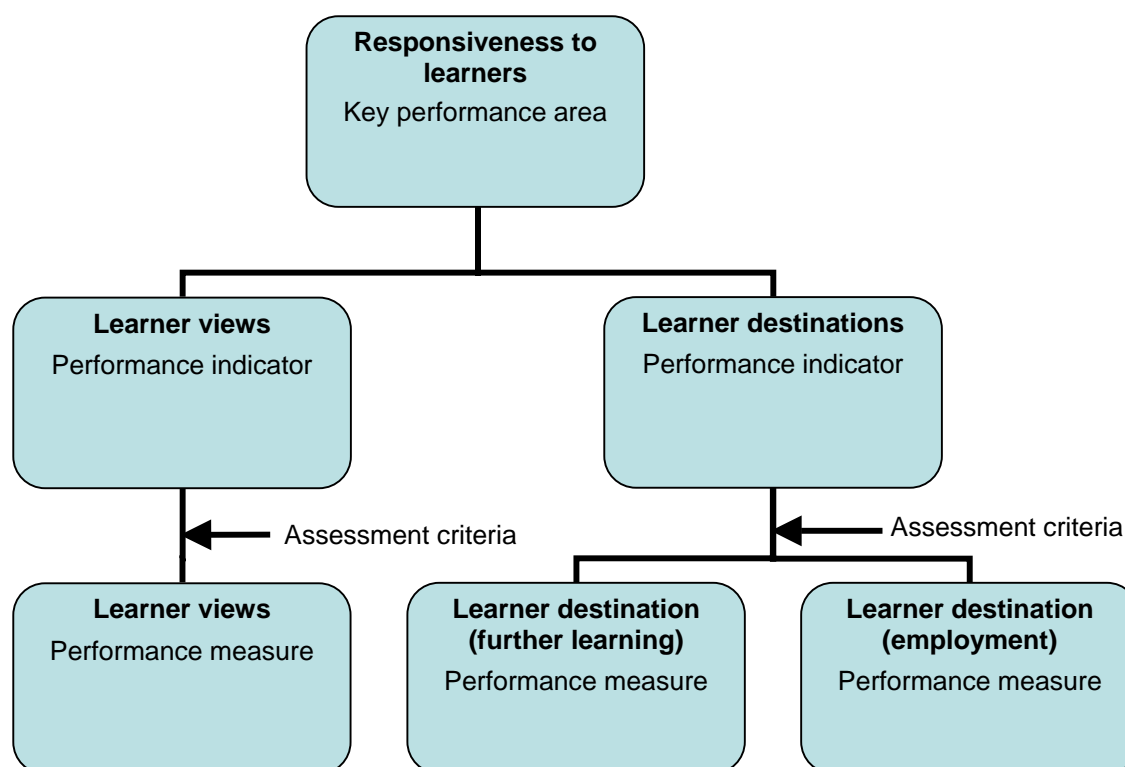
Appendix 1: Responsiveness – responsiveness to learners

Dimension:	Responsiveness
Key performance area:	Responsiveness to learners

Overview

The **responsiveness to learners** key performance area has two performance indicators:

- learner views; and
- learner destinations, which is made up of two performance measures:
 - i. further learning; and
 - ii. employment.



Deriving the key performance area grade for responsiveness to learners

Each performance indicator will be graded on a four-point scale according to its own assessment criteria. These grades will then be combined to give the grade for the key performance area. Initially, all performance indicators will be weighted equally. Differential weighting may be used if the outcome from the pilot demonstrates a need for this.

Dimension:	Responsiveness
Key performance area:	Responsiveness to learners
Performance indicator 1:	Learner views
Definition:	<p>Summary measure of learners' views on their provider's responsiveness. The indicator will be based on provider-level learner survey data, generated from 10 questions based on the core questions from the National Learner Satisfaction Survey (NLSS). The questions apply to most learners in the majority of learning contexts and, taken together, also cross-reference the whole of the learner journey. The questions will be available in September 2007, and will capture learner views about:</p> <ul style="list-style-type: none"> • information, advice and guidance • quality of teaching and training • overall satisfaction with the learning experience • satisfaction with the level of support available • whether the learning programme meets individual need • whether learners are treated fairly and with respect • opportunities to give feedback about how the provider can improve • whether the provider is responsive to learner views. <p>The assessment criteria will be applied to an overall learner response score, generated from the responses to the individual questions. Currently, no provider or national dataset exists that would allow us to predict the overall learner response scores for the assessment criteria.</p>
Data source:	New annual, provider-level survey of learners.
Proposed method for collection, analysis and distribution of additional data:	<p>In the first instance, providers are encouraged to include a set of 10 questions in the learner views surveys they have planned for 2007/08. They will then be asked to return aggregate results for these questions to the LSC in summer 2008.</p> <p>From 2008/09, providers will be required to undertake a new annual survey of their learners, using a common methodology and standard questions developed by the LSC. Although surveys will be administered locally, questionnaires will be returned to the LSC for central analysis.</p> <p>During the Framework for Excellence pilot, piloting providers will choose either a paper- or a web-based approach, and will undertake a census survey of priority learners during November–December 2007. In order to capture information from learners who leave before the end of a programme, piloting providers will be required to ask all priority learners who leave their programme prematurely during October–December 2007 to complete the survey as part of the exit procedure.</p> <p>During June–July 2007, piloting providers will be consulted to identify special requirements to ensure that the survey is accessible to all target learners.</p>

Dimension:	Responsiveness
Key performance area:	Responsiveness to learners
Performance indicator 2:	Learner destinations
Definition:	<p>The proportion of learners in a positive destination at a fixed point in time, for example nine months after the end of the reporting year.</p> <p>Learners in scope are those in priority cohorts that completed at least one aim in the reporting year and did not continue with any concurrent aims into the subsequent year.</p> <p>The overall proportion of learners will be derived from those in two types of activity: positive further learning destinations and positive employment destinations.</p> <p>Since no national dataset of this information currently exists, the LSC will work with stakeholder organisations during the pilot phase to agree what will constitute a positive destination in the context of the measure, and to set assessment criteria for different levels of performance. The specifications will be defined for two categories: young people and adults.</p>
Data source:	<p>A combination of data-matching to establish individuals moving into further learning and, for those we are unable to match, a centralised top-up learner survey to establish the employment destination.</p> <p>Learners in scope will be identified on the ILR F04/F05 for FE and the final period return for work-based learning providers, and tracked into further learning using the latest available data from the subsequent year: ILR F01 for FE colleges, monthly ILR returns for work-based learning providers, Pupil Level Annual School Census (PLASC) for school sixth forms and, subject to agreement, Universities and Colleges Admissions Service (UCAS) data for higher education.</p> <p>Any learners who cannot be tracked into further learning, or whose involvement in further learning is very limited, will be contacted direct; in a short telephone survey, they will be asked to identify their main post-learning activities, including subsequent labour market destinations. Telephone contact details will be obtained from the ILR for all learners who gave their consent to further contact. The survey will be undertaken by a single market research company (or a number of companies), which will use the same survey and survey methodology for all learners contacted.</p> <p>This approach should ensure comparability of the destinations measure across all providers – an assumption to be tested during the piloting phase.</p> <p>The only additional burden on providers will be to ensure the quality of the contact details field on the ILR. The destinations data obtained will be matched back into the ILR and returned to the provider in aggregate form for use in internal management, quality improvement and marketing.</p>
Proposed method for collection, analysis and distribution of additional data:	<p>When the Framework is used by all FE colleges and work-based learning providers in 2008/09, the study cohort will be the 2006/07 completers who completed at least one of their learning aims in 2006/07 and were not continuing any into 2007/08.</p> <p>Given the timing of the pilot, the study cohort will be the 2005/06 completers, and the indicator will be based on learners' activity at a fixed point in time.</p> <p>During summer 2007, the study cohort will be matched into the 2006/07</p>

Dimension:	Responsiveness
Key performance area:	Responsiveness to learners
Performance indicator 2:	Learner destinations
	<p>learner datasets for all publicly funded FE provision, and the possibility of matching into publicly funded HE provision will be explored.</p> <p>During autumn 2007, the LSC will conduct a telephone survey to interview learners who are untracked by the data-matching process.</p>

Appendix 2: Responsiveness – responsiveness to employers

Dimension:	Responsiveness
Key performance area:	Responsiveness to employers
<p>Overview</p> <p>The responsiveness to employers key performance area has three performance indicators:</p> <ul style="list-style-type: none"> • employer satisfaction • amount of employer training • New Standard accreditation. 	
<p>Deriving the key performance area grade for responsiveness to employers</p> <p>Each performance indicator, except for the New Standard, will be graded on a four-point scale, according to its own assessment criteria. This may be reviewed as a result of the outcomes from the pilot.</p>	

Dimension:	Responsiveness
Key performance area:	Responsiveness to employers
Performance indicator 1:	Employer satisfaction
General:	<p>It is proposed that employers' views on provider responsiveness will be gathered through a new employer survey. The core of this survey will be questions based on the outcome-focused assessment criteria from the New Standard for employer responsiveness. During the period of the pilot, Train to Gain data will be used to inform us as to the existing levels of employer satisfaction and assist in the development of the survey questionnaire.</p> <p>The questionnaire for this survey will be developed during summer 2007, and the full survey will be piloted as part of the full Framework for Excellence pilot. Two different methodologies will be tested in the pilot – a centrally-run survey and a provider-run survey – and we will work with providers to identify which one best meets their needs in terms of improving work with employers while not overburdening providers. The initial work on the survey has started, and a wide variety of employers are participating in the survey process. Once development work has been completed, the survey will be rolled out across all providers early in the academic year 2008/09. Information on employer satisfaction will be included in the March 2009 overall performance rating calculations – we are investigating using early results from this survey and/or results from the existing Train to Gain survey in this way.</p> <p>Through this measure, we are looking to assist providers in ensuring that employers' needs are identified and addressed.</p>
Definition:	<p>Summary measure of employers' views on providers' responsiveness, covering all providers directly contracting with employers.</p> <p>Ratings will be based on employers' views on key areas of delivery. These key areas will correspond to the core elements of the New Standard for employer responsiveness – in particular the “respond”, “deliver”, “relate” and “perform” elements. See www.newstandard.co.uk for more information.</p> <p>The questions for the summary measure and assessment criteria will be explored in the pilot.</p> <p>The approach developed will show a high level of consistency with judgements within the New Standard. It is envisaged that providers will need to score highly in the responsiveness to employers key performance area to apply for the New Standard, and that providers who achieve the new standard will be graded “outstanding” in responsiveness to employers.</p>
Data source:	A new survey of employers directly contracting with providers.
Proposed method for collection, analysis and distribution of additional data:	<p>The survey will consist of standard questions (based on New Standard assessment criteria), supplied by the LSC.</p> <p>A decision has yet to be made as to which survey methodology will be the most appropriate – centrally administered (by LSC) or provider run.</p> <p>The survey will be developed in two phases: the first will develop the questionnaire and will run in summer 2007; the second will pilot the full survey as part of the Framework pilot.</p>

Dimension:	Responsiveness
Key performance area:	Responsiveness to employers
Performance indicator 2:	Amount of employer training
Definition:	<p>i) Measure based on income from employers.</p> <p>ii) Measure based on the volume of learning directly contracted with employers.</p> <p>There are a number of options for defining the employer fees and volumes measure, but there are difficulties in the interpretation of these, given variations in the location and mission of providers.</p> <p>Further work will be carried out during the Framework pilot to identify workable indicators.</p>
Data source:	<p>i) Financial returns data.</p> <p>ii) Train to Gain data.</p> <p>iii) Options being considered include using information obtainable from the ILR.</p>
Proposed method for collection, analysis and distribution of additional data:	<p>i) Every provider in receipt of public funding is to make annual returns.</p> <p>ii) This will depend on the final definition of the employer volume measure. However, for a number of options being considered, the LSC already collects and holds the data.</p>

Dimension:	Responsiveness
Key performance area:	Responsiveness to employers
Performance indicator 3:	Achievement of the New Standard for employer responsiveness
Definition:	<p>The New Standard for employer responsiveness will be a comprehensive badge for providers across the entire training market. Assessment is voluntary and will be verified in consultation with employers. The New Standard will be rolled out in summer 2007, and will be applicable across both publicly and privately funded provision. Accreditation to the New Standard will be based on assessment against a number of criteria, which look at the processes providers have in place to meet employer needs, and the outcomes achieved by providers.</p> <p>Achievement of the New Standard will be reflected in the Framework through the use of this indicator. The proposal is that providers who have achieved the New Standard will not have to submit information on employer satisfaction for the Framework until they are due to apply for New Standard re-accreditation. Data on fee incomes and volumes would still be submitted annually.</p> <p>It is further proposed that providers who have achieved the New Standard will automatically score “outstanding” on the responsiveness to employers key performance area within the Framework. This will be tested further in the pilot.</p> <p>Providers should note that it will still be possible to achieve “outstanding” against the responsiveness to employers key performance area without obtaining the New Standard. Achieving the New Standard is not mandatory.</p>
Data source:	Register of providers who have achieved the New Standard.
Proposed method for collection, analysis and distribution of additional data:	No additional data collection required.

Appendix 3: Effectiveness – quality of outcomes

Dimension:	Effectiveness
Key performance area:	Quality of outcomes
<p>Overview</p> <pre> graph TD QO[Quality of outcomes Key performance area] --> SR[Success rate Performance indicator] SR --> SWASR[Starts-weighted average success rates score Performance measure] AC[Assessment criteria relating average score to grade] --> SWASR SWASR --> FE_LC[FE long course score (excl A-levels) Performance measure] SWASR --> FE_SC[FE short course score Performance measure] SWASR --> AL[A-level score Performance measure] SWASR --> AA[App'ship and advanced app'ship score Performance measure] FE_LC --> FE_LR[FE long course success rates (excl A-levels) Performance measure] FE_SC --> FE_SR[FE short course success rates Performance measure] AL --> AL_SR[A-level success rates Performance measure] AL --> LAT[LAT A-level value-added Performance measure] AA --> AA_SR[App'ship and advanced app'ship success rates Performance measure] </pre>	
<p>Deriving the key performance area grade for quality of outcomes</p> <p>The grade for the quality of outcomes key performance area will be the same as that for the success rate performance indicator.</p>	

Dimension:	Effectiveness
Key performance area:	Quality of outcomes
Performance indicator 1:	Success rate
Definition:	<p>The performance indicator is derived from four qualification success rates (QSRs):</p> <ul style="list-style-type: none"> • FE long courses, excluding A-levels • FE short courses • A-levels; and • apprenticeships and advanced apprenticeships (combined). <p>The success rates for the four groups will be calculated using the QSR measures used in the annual FE learner outcomes statistical first release for FE colleges and work-based learning, respectively.</p> <p>In addition, the A-level QSR will be supplemented by the A-level value-added outcome from the LSC's Learner Achievement Tracker (LAT). The method for supplementing the A-level QSR using the value-added score will be developed during the pilot.</p> <p>The QSR for each of the four constituent groups will be converted into a score of between 1 and 100 using a prescribed scoring system. The converted scores will take account of differences in success rates across the four groups. The scoring system will be agreed during the pilot.</p> <p>A weighted average of the scores for the four constituent groups will be calculated and compared with the assessment criteria, to give a grade of between 1 and 4.</p> <p>It will be explored during the pilot whether it is best to weight by starts, standard learner numbers or guided learning hours.</p>
Data source:	ILR and provider gateway.
Proposed method for collection, analysis and distribution of additional data:	Not applicable – all data currently exists.

Appendix 4: Effectiveness – quality of provision

Dimension:	Effectiveness
Key performance area:	Quality of provision
<p>Overview</p> <p>The quality of provision key performance area has one performance indicator: Ofsted’s current judgement on the overall effectiveness of the college or provider. This is because we consider that the Framework should be based on objective indicators and evidence.</p> <p>For the pilot version of the Framework, assessment of the quality of provision will be based on Ofsted’s most up-to-date judgement of the overall effectiveness of the college or provider, usually based on the most recent inspection or re-inspection outcome.</p> <p>While Ofsted’s judgement will provide evidence for some colleges and providers, it may not reflect the current position of others. During the pilot, the LSC will work with Ofsted to explore options for taking account of this, including the use of information from monitoring visits and the scope for using Ofsted’s consideration of a college’s or provider’s self-assessment.</p> <p>New colleges or providers that have not been inspected in the current or previous cycles will be exempt from the quality of provision key performance area, until such time as they have been inspected by Ofsted.</p> <p>The quality of provision key performance area will also take account of the findings of monitoring visits that identify provision as “satisfactory but improving” and “satisfactory but not improving”.</p> <div style="text-align: center;"> <pre> graph TD A[Quality of provision Key performance area] --- B[Overall effectiveness Performance indicator] B --- C[Ofsted latest opinion on overall effectiveness Performance indicator] D[Assessment criteria] --> B </pre> </div>	
<p>Deriving the key performance area grade for quality of provision</p> <p>The grade for quality of provision will be that for the overall effectiveness performance indicator.</p>	

Dimension:	Effectiveness
Key performance area:	Quality of provision
Performance indicator 1:	Overall effectiveness
Definition:	Ofsted's latest opinion on the overall effectiveness of the college or provider against the Common Inspection Framework.
Data source:	Ofsted.
Proposed method for collection, analysis and distribution of additional data:	Ofsted inspections, re-inspections and monitoring visits. Desk-top reviews by Ofsted of college/provider performance reports, Framework for Excellence outcomes and other evidence may be taken into account.

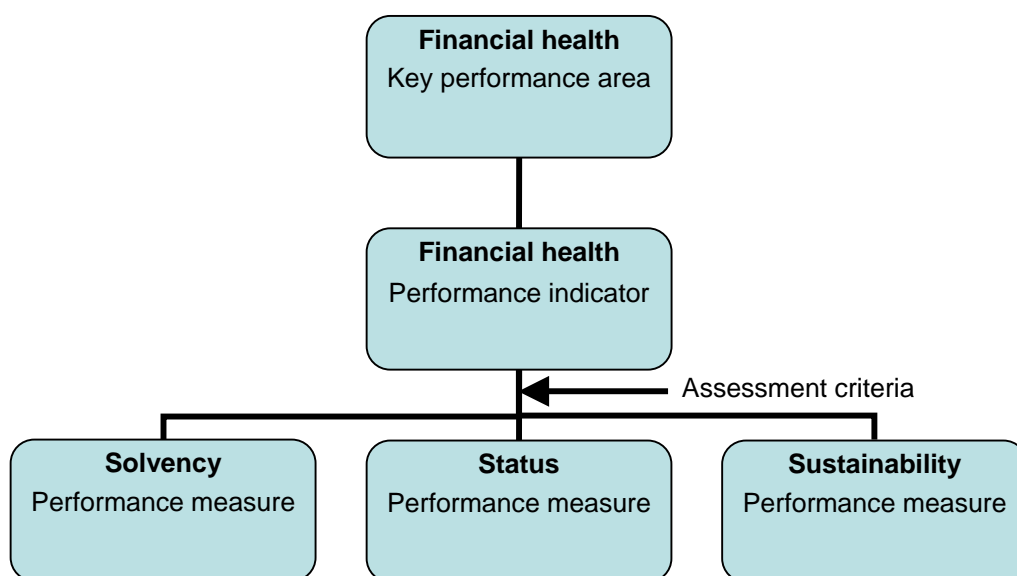
Appendix 5: Finance – financial health

Dimension:	Finance
Key performance area:	Financial health

Overview

The LSC monitors the financial health of providers, and has well established and accepted procedures for fulfilling this need. Where a provider's financial health is identified as being weak, the LSC typically requires the provider to develop robust plans to improve its financial health, drawing on a range of intervention measures as appropriate.

Under the Framework for Excellence, the LSC will continue to monitor providers' financial health as a key performance area (but based on three performance measures, rather than on the existing six ratios), with the expectation that providers perform well in all areas.



Deriving the key performance area grade for financial health

The final key performance area grade for **financial health** will be the sum of the scores for the three measures, plus any additional score for good performance. This final score, up to a maximum of 400, will be converted into a four-point score from a look-up table.

The final four-point score for the **financial health** key performance area will be combined with the scores for the **financial control** and **use of resources** key performance areas to produce an overall score for the finance dimension of "outstanding", "good", "satisfactory" or "inadequate".

Dimension:	Finance
Key performance area:	Financial health
Performance indicator 1:	Financial health
Definition:	<p>The financial health performance indicator looks at the overall picture of a provider's financial position, with the expectation that the provider performs well in all areas.</p> <p>This performance indicator comprises three financial health measures – relating to the solvency, sustainability and status of a provider. The proposed definitions of the three measures differ slightly between FE colleges and other providers, but they serve the same purpose: to assess the overall robustness of a provider's finances. The measures are the following ratios:</p> <p>i) Solvency (current ratio)</p> <p>For colleges: Adjusted current ratio, defined as: $\text{Current assets}^* / \text{Current liabilities}^*$</p> <p>For all other providers: Current ratio, defined as: $\text{Current assets}^* / \text{Current liabilities}^*$</p> <p>ii) Sustainability (operating surplus or deficit as a percentage of total income)</p> <p>For colleges: $\text{Operating surplus or deficit before tax}^* / \text{Total income} \times 100$</p> <p>For all other providers: $\text{Net profit after tax} / \text{Turnover} \times 100$</p> <p>iii) Status (borrowing as a percentage of certain reserves and debt)</p> <p>For colleges: Total borrowing as a percentage of reserves and debt*</p> <p>For all other providers: Total debt as a percentage of reserves and debt*</p> <p><small>*Detailed definitions will be included in the pilot material</small></p> <p>Each of the three measures will receive a score ranging from 0 to 100, where 0 represents a low value and 100 represents a high value. The scales on which the scores are based may vary by provider type. The overall score for a provider will be obtained by totalling the scores for the individual measures and adding a further score to recognise consistent good performance across the three ratios.</p> <p>The total score, including a score for consistent good performance, will be converted into an overall grade for the financial health key performance area of “outstanding”, “good”, “satisfactory” or “inadequate”.</p> <p>It is proposed to extend the current approach used for the FE college sector to test its operation in relation to other providers during the pilot period. FE colleges formally consider whether their automatically calculated financial health grade appropriately reflects their position. The LSC carries out the final professional validation of all the automatically generated financial</p>

Dimension:	Finance
Key performance area:	Financial health
Performance indicator 1:	Financial health
Definition (continued):	health grades. Under the Framework for Excellence, this validation could be reflected either in the scoring, or by reference to transparent criteria.
Data source:	<p>For colleges: finance record and financial plan.</p> <p>For other providers: financial statements.</p> <p>Where a non-college provider does not file full audited financial statements with either Companies House or the Charities Commission, this data will need to be collected direct from the provider.</p>
Proposed method for collection, analysis and distribution of additional data:	<p>Colleges:</p> <p>The required data for the financial health ratios is received routinely twice a year from colleges, as part of the finance record and financial plan electronic returns submitted at the end of December and in July.</p> <p>Currently, six ratios are calculated using an auto-score, which is used as the basis for assessment. Under the Framework, the new auto-score will be based on the three proposed ratios and will be built into colleges' electronic returns. LSC validation processes will be confirmed during the pilot.</p> <p>Other providers:</p> <p>For non-college providers, there is no standard means of submission or collection of this data. Much of the data is readily available, for example from Companies House. Where additional information is required, this is likely to be readily available from providers' existing records. Options for data collection to support data already collected may include the use of an electronic submission using the existing provider gateway, or the collection of financial accounts within the LSC's contracting processes.</p>

Appendix 6: Finance – financial control

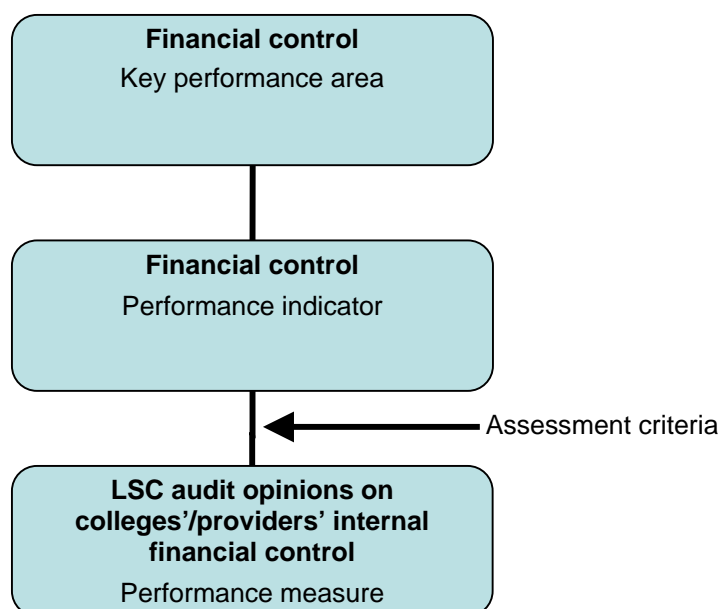
Dimension:	Finance
Key performance area:	Financial control

Overview

Financial control has a single performance indicator based on audit opinions. The LSC generates periodic opinions on the financial controls of colleges and other providers, either through the work of its own assurance teams or through assurance work that has been contracted out. The opinion can cover the soundness and effectiveness of a college's or a provider's financial management and governance, as well as its control over LSC funds and the application of the funds as intended. In generating its opinions, the LSC takes account of the work of other auditors of colleges and providers.

It is proposed that the assessment of colleges and other providers will be based on existing audit assurance activities.

It is proposed that each college's audit committee should be required to consider the college's financial control in its annual report.



Deriving the key performance area grade for financial control

The final grade for the **financial control** key performance area will be on a four-point scale; it will then be combined with the scores for the **financial health** and **use of resources** key performance areas to produce an overall score for the finance dimension of "outstanding", "good", "satisfactory" or "inadequate".

Dimension:	Finance
Key performance area:	Financial control
Performance indicator 1:	LSC-generated audit opinion
Definition:	<p>LSC auditors will assess a provider’s financial controls and determine a grade of “outstanding”, “good”, “satisfactory” or “inadequate” for the purpose of this performance indicator, based on a consistent approach to their reviews of:</p> <ul style="list-style-type: none"> • the provider’s financial management and governance; and • the provider’s use and application of LSC funding streams. <p>In generating its opinions, the LSC takes account of the work of other auditors of providers.</p>
Data source:	<p>For colleges:</p> <p>LSC Financial Management & Governance Review (FM&G), including the Self-Assessment Report Questionnaire (SARQ) – this review is carried out in line with the inspection cycle.</p> <p>For other providers:</p> <p>Provider audit assessment tools, including:</p> <ul style="list-style-type: none"> • Provider Control Risk Assessment (PCRA); and • Business Environment Questionnaire (BEQ).
Proposed method for collection, analysis and distribution of additional data:	<p>For colleges:</p> <p>When undertaking FM&G Reviews, LSC “provider financial assurance teams” will convert the current FM&G Review five-point rating into a four-point rating (the current ratings of 4 and 5 will become a grade 4).</p> <p>For other providers:</p> <p>During the pilot, the PCRA and BEQ will be condensed into one audit assessment document, with the objective of reducing the burden on providers. Alongside other audit techniques, such as substantive testing and controls reviews, the LSC auditors will then use this new audit assessment tool to arrive at a four-point grade.</p>

Appendix 7: Finance – use of resources

Dimension:	Finance
Key performance area:	Use of resources

Overview

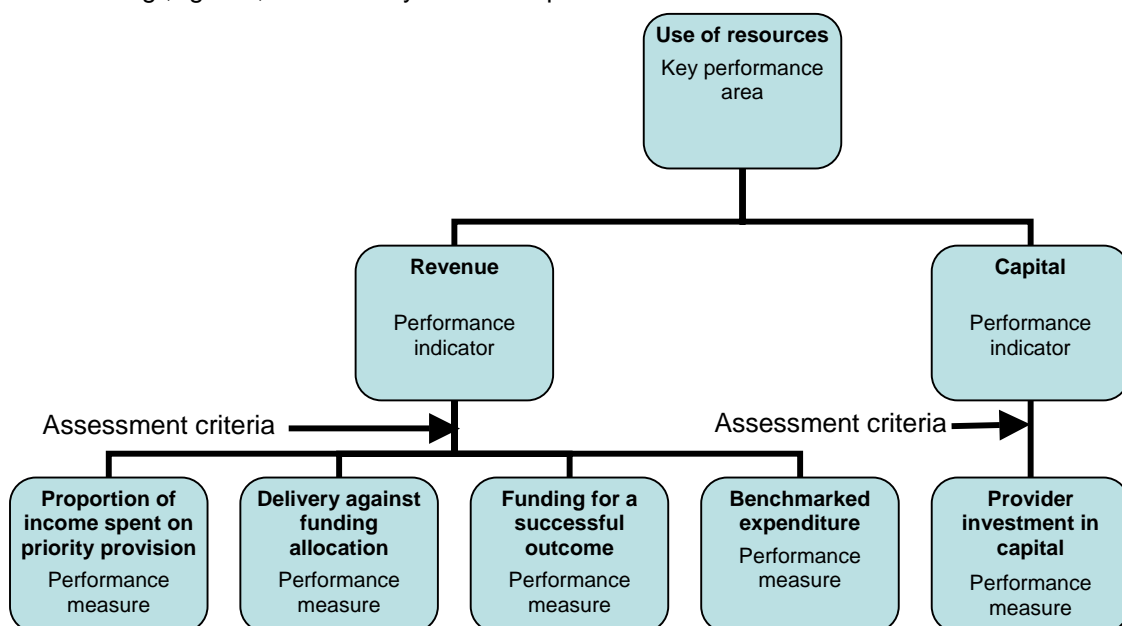
The **use of resources** key performance area will assess how effectively a provider manages its financial and other resources to provide best value from public funds. It will encompass two performance indicators during the pilot stage:

- a revenue performance indicator, comprising four measures relating to funding and expenditure; and
- a capital performance indicator.

The pilot will explore whether all four of the proposed measures for revenue should be included in the overall revenue performance indicator, and how this should be combined with the capital performance indicator.

The combined score for the revenue and capital performance indicators will result in an overall grade for **use of resources**.

This final grade for **use of resources** will then be combined with the key performance area grades for **financial health** and **financial control** to produce an overall grade for the finance dimension of “outstanding”, “good”, “satisfactory” or “inadequate”.



Deriving the key performance area grade for use of resources

The derivation of the **use of resources** key performance area from the two performance indicators for revenue and capital will be developed during the pilot. It is possible that performance indicators may carry a differential weighting. For the capital performance indicator, it is likely that a zero weighting will apply to all providers, except FE colleges and sixth-form colleges.

Dimension:	Finance
Key performance area:	Use of resources
Performance indicator 1:	Revenue
Definition:	<p>The use of resources key performance area looks at how effectively a provider manages its financial and other resources to provide best value for taxpayers and customers.</p> <p>The revenue performance indicator covers four areas:</p> <p>Funding</p> <ul style="list-style-type: none"> • proportion of LSC funds devoted to LSC priorities • delivery against funding allocation • funding for a successful outcome • benchmarked expenditure. <p>The pilot will explore whether all four areas for revenue should be taken forward within the finance dimension of the Framework.</p> <p>The four revenue areas are defined as follows:</p> <p>1. Proportion of income spent on priority provision</p> <p>This is the proportion by value of LSC funds received by providers that is applied to achieve a contribution to either national or regional LSC priorities. Train to Gain provision will be excluded.</p> <p>2. Delivery against funding allocation</p> <p>The monetary value of the services actually delivered by the provider as a proportion of the LSC funds allocated and paid to it.</p> <p>3. Funding for a successful outcome</p> <p>Unit funding is the relative cost to the LSC of a successful outcome in a programme area.</p> <p>4. Benchmark expenditure</p>
Data source:	<p>For colleges:</p> <ul style="list-style-type: none"> • Individualised Learner Record (ILR) • finance record • Learner Information Suite (LIS). <p>For other providers:</p> <ul style="list-style-type: none"> • financial accounts. <p>Much of the data required for the revenue performance indicator is currently available for colleges; however, some new data may be required from college finance records, to support additional analysis. It is envisaged that, wherever possible, additional data requirements will replace, rather than add to, current data requirements. It is also envisaged that colleges will already hold most of the additional data that may be requested.</p> <p>Additional data may be required from other providers to support abbreviated accounts – for example, analysis of their income and expenditure related to LSC funding against a standard template. Providers will already hold much of this information.</p> <p>The additional burden on colleges to supply data will be minimal; for other providers, this is unknown at present, but is not expected to be significant.</p>
Proposed method for collection, analysis and	All data for the four revenue areas will be collected through existing returns/channels (for example, financial returns and learner data returns)

Dimension:	Finance
Key performance area:	Use of resources
Performance indicator 1:	Revenue
distribution of additional data:	and analysed within the LSC.

Dimension:	Finance
Key performance area:	Use of resources
Performance indicator 2:	Capital
Definition:	<p>The capital performance indicator will recognise the extent to which a provider has addressed its capital and learning infrastructure needs and, in particular, whether colleges have responded to the LSC's capital agenda. The scope of this performance indicator will initially be restricted to colleges, and the possibility of covering other providers will be explored during the pilot.</p> <p>The performance indicator aims to reflect the quality of colleges' learning environments and, to the extent to which they do not meet high standards, the steps that colleges are taking to improve them.</p> <p>The pilot will look at where colleges stand in terms of the condition of their buildings, and a scoring matrix will be developed to take account of where they are now, where they need to be, and what they are doing to achieve this.</p>
Data source:	<p>eMandate returns (estates data) for colleges.</p> <p>Not applicable for other providers.</p>
Proposed method for collection, analysis and distribution of additional data:	<p>Data for the capital performance indicator for colleges will be collected from the eMandate return and analysed by the LSC Property Team.</p> <p>No capital data is currently collected from other providers, and the capital performance indicator is unlikely to be applicable to other providers for the foreseeable future.</p>

Annex B: Summary of the Requirements and Availability of Data to be Used in Determining the Overall Performance Ratings to be Produced in March 2009

Key performance area and performance indicators within each	Data type and source	Academic year in which Framework assessment made	Academic year to which data applies	What colleges and providers need to do	Date by which data available for use in the Framework
RESPONSIVENESS TO LEARNERS					
Learner views	Provider-level learner survey	2008/09	2007/08	Colleges and providers are strongly encouraged to incorporate learner survey core questions into their own spring-term learner surveys, analyse their results and return outcomes to LSC	September 2008
Learner destinations	Data-matching of ILR with other national databases, plus telephone survey of unmatched learners	2008/09	2007/08 destinations of the 2006/07 cohort	Strongly encouraged to check that leaving contact details are completed on the 2006/07 ILR	September 2008
RESPONSIVENESS TO EMPLOYERS					
Employer views	Provider-level employer survey	2008/09	2008/09	To be determined as part of pilot	TBC
Amount of employer training	Fee income from employers obtained from college and provider financial returns Volume of training from employers obtained from ILRs	2008/09	2007/08	Complete revised financial returns (for colleges) Start to make financial returns (for non-publicly funded providers) Ensure that employer details are recorded on ILR for appropriate learners	Colleges: 2008 Other: TBC
New	Voluntary accreditation to New Standard	Not	Not relevant	Obtain accreditation to New Standard, if	18 June

Key performance area and performance indicators within each	Data type and source	Academic year in which Framework assessment made	Academic year to which data applies	What colleges and providers need to do	Date by which data available for use in the Framework
Standard accreditation		relevant		desired	2007 onwards
QUALITY OF OUTCOMES					
Success rates	Learner-weighted qualification success rates for: FE long courses (excluding A-levels); A-levels; FE short courses; work-based learning apprenticeships and advanced apprenticeships Learner Achievement Tracker A-level value-added score	2008/09	2007/08	Complete ILRs	March 2009
QUALITY OF PROVISION					
Overall effectiveness	Ofsted's opinion on the overall effectiveness	2008/09	2004/05 to 2008/09, depending on when college or provider was last inspected	Nothing	March 2009
FINANCIAL HEALTH					
Financial health	Current ratio, operating surplus or deficit and borrowing as a percentage of certain reserves and debt from annual financial returns to the LSC	2008/09	Financial year 2007-08	Complete revised annual financial returns	March 2009

Key performance area and performance indicators within each	Data type and source	Academic year in which Framework assessment made	Academic year to which data applies	What colleges and providers need to do	Date by which data available for use in the Framework
FINANCIAL CONTROL					
Financial control	<p>LSC-generated audit opinion</p> <p>For colleges: LSC Financial Management & Governance Review (FM&G) including the Self-Assessment Report Questionnaire (SARQ) – this review is carried out in line with the inspection cycle</p> <p>For other providers: Provider audit assessment tools, including:</p> <ul style="list-style-type: none"> • Provider Control Risk Assessment (PCRA); and • Business Environment Questionnaire (BEQ) 	2008/09	Financial year 2007–08	Complete revised annual financial returns	March 2009

Key performance area and performance indicators within each	Data type and source	Academic year in which Framework assessment made	Academic year to which data applies	What colleges and providers need to do	Date by which data available for use in the Framework
USE OF RESOURCES					
Revenue	i) Proportion of income spent on priority provision as a proportion of total income ii) Delivery against funding allocation iii) Funding for a successful outcome iv) Benchmarked expenditure Sources of data for colleges: <ul style="list-style-type: none"> • Individualised Learner Record (ILR) • finance record • Learner Information Suite (LIS) Source of data for other providers: <ul style="list-style-type: none"> • financial accounts Much of the data required for the revenue performance indicator is currently available for colleges; however, some new data may be required from college finance records, to support additional analysis. It is envisaged that, wherever possible, additional data requirements will replace, rather than add to, current data requirements. It is also envisaged that colleges will already hold most of the additional data that may be requested Additional data may be required from	2008/09	Financial year 2007–08	Complete revised annual financial returns	March 2009

Key performance area and performance indicators within each	Data type and source	Academic year in which Framework assessment made	Academic year to which data applies	What colleges and providers need to do	Date by which data available for use in the Framework
	<p>other providers to support abbreviated accounts – for example analysis of their income and expenditure related to LSC funding against a standard template. Providers will already hold much of this information</p>				
Capital	<p>Data for the capital performance indicator for colleges will be collected from the eMandate return and analysed by the LSC Property Team</p> <p>No capital data is currently collected from other providers, and the capital performance indicator is unlikely to be applicable to other providers for the foreseeable future</p>	2008/09	Financial year 2007–08	<p>Colleges should complete the eMandate return</p> <p>Other providers do nothing</p>	March 2009

Annex C: How the Framework Will be Used by the Four Partners

DfES

- 1 The Department for Education and Skills (DfES) will use the Framework to help support and deliver the policies detailed in the Government's White Paper: *Raising Skills, Improving Life Chances*. The Framework will also be used to support the Government's policies relating to the 14–19 age group and adult skills – and, in time, moves towards a self-regulating FE system.
- 2 Evidence provided by the Framework will help DfES assess the effectiveness of its strategies to raise standards in FE; the quality of the FE system as a whole, its standing and reputation; and current value for money. It will also help to inform future government spending decisions.

Ofsted

- 3 Ofsted will use the Framework to support inspection judgements. Clearly, there is already integration of the effectiveness dimension, through the use of success rates to inform inspection judgements about achievements and standards. The **quality of provision** indicator will be represented by the overall effectiveness grade from inspection.
- 4 Measures of **responsiveness to learners and employers** will inform inspection judgements about “how well programmes meet the needs and interests of learners” in the Common Inspection Framework. Finance indicators are already used to inform judgements about leadership and management; the **use of resources** measure will provide additional evidence to support the analysis of how effectively and efficiently resources are deployed to achieve value for money.
- 5 Ofsted will use Framework indicators in the planning of inspections – to inform the pre-inspection commentary and help set the agenda for the inspection itself. Learners' views about the quality of their learning will be given a higher priority in inspection reports. Indicators of providers' responsiveness to learners will be particularly important in informing judgements about teaching and learning, the range of qualification aims and the quality of guidance and support. Similarly, the Common Inspection Framework also considers “the extent to which employers' needs are met”. Indicators of **responsiveness to employers** will inform judgements about the extent to which learning programmes are “demand led”.
- 6 From September 2007, all colleges will be subject to annual desk-monitoring of their performance; those colleges deemed “satisfactory” or “inadequate” will also receive a visit. The risk assessments resulting from these activities will take account of a broad range of factors, of which overall institutional performance will form an important part. During the Framework for Excellence pilot, the LSC will work with Ofsted to explore options for taking

account of the current position for certain colleges and providers, including the use of information from monitoring visits and the scope for using Ofsted's consideration of a college's or provider's self-assessment. The evaluation of the overall performance of the college will influence the timing of the next inspection.

- 7 Ofsted envisages that a similar process will be applied to work-based learning providers from September 2008, following more detailed consultation about a more proportionate approach to the inspection of this type of provision.

QIA

- 8 QIA will use the Framework scores and ratings in two main ways. Firstly, QIA will be able to target tailored assistance to those providers whose overall ratings are below "good" and offer more specific improvement support for those with weaknesses in particular key performance areas. Secondly, when overall ratings are available as robust, sector-wide performance assessments, they will be used to help evaluate the progress of Pursuing Excellence, the national improvement strategy, which QIA co-ordinates and monitors.

LSC

- 9 The LSC will explore how the Framework for Excellence will be incorporated within LSC internal business processes governing commissioning, procurement and challenging performance, at every level of the delivery and supply chain.
- 10 The LSC already uses many of the elements of the Framework in procurement processes. The Framework will give us an opportunity to streamline further the criteria for existing providers tendering to win more business. It will also set out clearly for any new providers the standards they will need to meet if they are successful in winning business from the LSC.
- 11 Dialogue with colleges and providers as part of the annual cycle forms part of the new relationship with providers. It will be based upon robust and differentiated performance information that will inform commissioning and performance discussions. The Framework will form part of a new, integrated performance framework, providing a consistent and transparent standard of performance for both the sector and our strategic partners, in particular Ofsted.
- 12 The Framework will potentially shape the work of Regional Quality Improvement Partners in prioritising support for colleges and providers, and will inform the LSC's dialogue with Ofsted around the review and inspection process.
- 13 Regional commissioning plans will identify the volume of provision that is inadequate or not of a sufficient standard to meet regional needs, and which

will therefore be subject to tender. Framework results will also inform assessments of the adequacy of provision for areas and communities.

- 14 Local and regional reporting will be reviewed in terms of meeting world-class provision by 2010, based on the standards established within the Framework. The LSC will review the local and regional strategic reporting platforms to reflect progress towards excellence within the FE system.
- 15 Subject to the passage of the FE and Training Bill, the LSC will develop an intervention policy. This will set out the LSC's powers to intervene and the circumstances that could trigger such intervention. The content of this policy will be subject to consultation. This will go still further towards eliminating failure and underpinning the integrity and reputation of the FE system.
- 16 Current processes around the issuing of Notices to Improve, triggered by inspection and minimum levels of performance, are likely to remain in place until the Framework performance ratings are available.
- 17 The new learner and employer surveys for Framework for Excellence will be administered by providers, and will produce very comprehensive, detailed and robust feedback on provision in the FE system. With partners, the LSC will review the content of the National Learner Satisfaction Survey to ensure that it remains fit for purpose. There will continue to be areas of the learner experience that we will research, in order to increase understanding and contribute to policy implementation.
- 18 The Framework will also enable us to close the employer feedback system developed for the *Employers' Guide to Training Providers* and look at where we can rationalise questions about employer satisfaction within other surveys.

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