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Leading learning and skills

Framework for Excellence: Provider Guide 2008/09

June 2008

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

Further information
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Introduction

1 The Framework for Excellence (the Framework) is the Government's new performance assessment framework for colleges and providers. It is formed from a small, core set of verifiable indicators that give an overall picture of performance for all providers. These indicators are combined in a clear, transparent way to provide an overall performance rating for each provider. The Framework will therefore provide an independent, quantitative assessment of the performance of individual providers and of the whole sector, which will enable it to demonstrate that it is rigorously and effectively self-regulating.

2 The consultation on the Machinery of Government changes (see paragraph 6) proposed that the Framework be developed to underpin a single, unified provider performance assessment framework post-16, to include sixth forms in secondary schools from 2010.

3 The purpose of this document is to provide a detailed description of the Framework as it will be implemented in the academic year 2008/09.

4 The document contains details of the scope of the Framework during this period, including guidance on which organisations are covered in 2008/09. It also outlines the actions to be taken by individual providers covered by the Framework in 2008/09 and provides specifications of each performance indicator including:

- scope and definition of the indicator
- source(s) of evidence for that indicator
- method for data collection, analysis and distribution
- descriptions of the calculations to be used for deriving the score for each key performance area, including any weightings
- details of any exemptions from performance indicators and key performance areas
- the description of the method for calculating each provider's overall performance rating.

5 This guide will be updated occasionally over the next 12 months to take account of certain developments. At present, we plan to produce updated editions in September 2008 and spring 2009 to include details on scoring systems and assessment criteria as indicated within this document. Updated editions will be announced on the Framework for Excellence website.

6 The Framework for Excellence is a central feature of the new performance management arrangements proposed in the recent consultation document *Raising Expectations: Enabling the system to deliver*. The Framework was first announced in the 2006 Further Education White Paper *Raising Skills, Improving Life Chances* supporting its overall themes, including economic mission, employability, and learner and employer choice. It is a key element of the 2008–11 Public Service Agreement 2: *Improve the skills of the population, on the way to ensuring a world-class skills base by 2020*.

7 The policy for the Framework is summarised in a document which is being published at the same time as this guide: *The Framework for Excellence: Putting the Framework into Practice*.

8 The Framework arrangements for 2008/09 take account of the first phase of piloting of the Framework during 2007/08.

9 If any colleges or providers have queries on the Framework, they should contact their Learning and Skills Council (LSC) local partnership team in the first instance.

10 New guidance on self-assessment which refers to the use of the Framework in self-assessment processes will be published in summer 2008.

Scope

11 The Framework is being rolled out to the further education (FE) sector over three years. This detailed description of the Framework relates to the academic year 2008/09, during which it applies to all general FE, tertiary, sixth-form, agriculture and horticulture and art and design colleges and to most private training providers (including employers who train only their own staff) which deliver Apprenticeships, Train to Gain and other employer responsive funded provision, subject to some eligibility criteria. It should be noted that the Framework does not apply to a college's higher education (HE) provision, which is funded by the Higher Education Funding Council of England (HEFCE).

12 The list of organisations and providers definitely not in scope for the Framework in 2008/09 is set out in Table 1.

Table 1: Provider types not in scope for the Framework in 2008/09

(To be used in conjunction with Figure 1)

- Independent specialist colleges
- Specialist designated institutions
- Local authorities
- Schools
- Former external institutions
- ESF-only funded providers
- Ufi-only funded providers
- Higher education institutions (including those in receipt of LSC funding)
- Independent colleges
- Dance and drama academies
- Offender Learning and Skills-only providers
- Organisations reporting directly to another central government department (e.g. Ministry of Defence) and training only staff of that department.

13 There are additional rules which govern inclusion in the Framework concerning mergers and minimum volumes of activity. For example, a minimum value of £30,000 relevant funding as at 31 July 2008 will be applied to determine whether a provider is included in the Framework in 2008/09.

14 The flowchart in Figure 1 illustrates the application of the scoping rules for 2008/09.

15 Given the diversity of provider types and missions across the FE system, a set of rules has been developed to determine which indicators should apply to which type of provider. These are outlined in Table 2.

16 The LSC, in consultation with providers and other stakeholders, has developed a number of exemptions to enable the components of the Framework to be applied appropriately to all provider types. These are described later in this document in the relevant sections on each performance indicator.

17 Subject to these exemption rules, and in line with the overall approach of the Framework, the indicators will apply to all provision made by a provider which is in scope for the Framework. In the first year of implementation, there are some common-sense restrictions in the scope of performance indicators. Non-accredited learning, for example, is by definition outside the scope of Qualification Success Rates.

18 For those not in scope for the Framework, the LSC will continue to use other indicators, such as inspection grades, robust evidence of past performance and self-assessment reports, as a measure of the quality of provision. We will, however, ask providers to include in their self-assessment reports details of how they will incorporate the Framework and other quality assurance mechanisms into their systems and processes.

19 Where a provider is contracting with the LSC for the first time, it will be required to fulfil the data collection requirements of the Framework from the start of its contract. The data available from the first year will be used, where possible, to calculate whatever scores are possible for 2008/09.

Figure 1: Flowchart for eligibility for Framework for Excellence in 2008/09

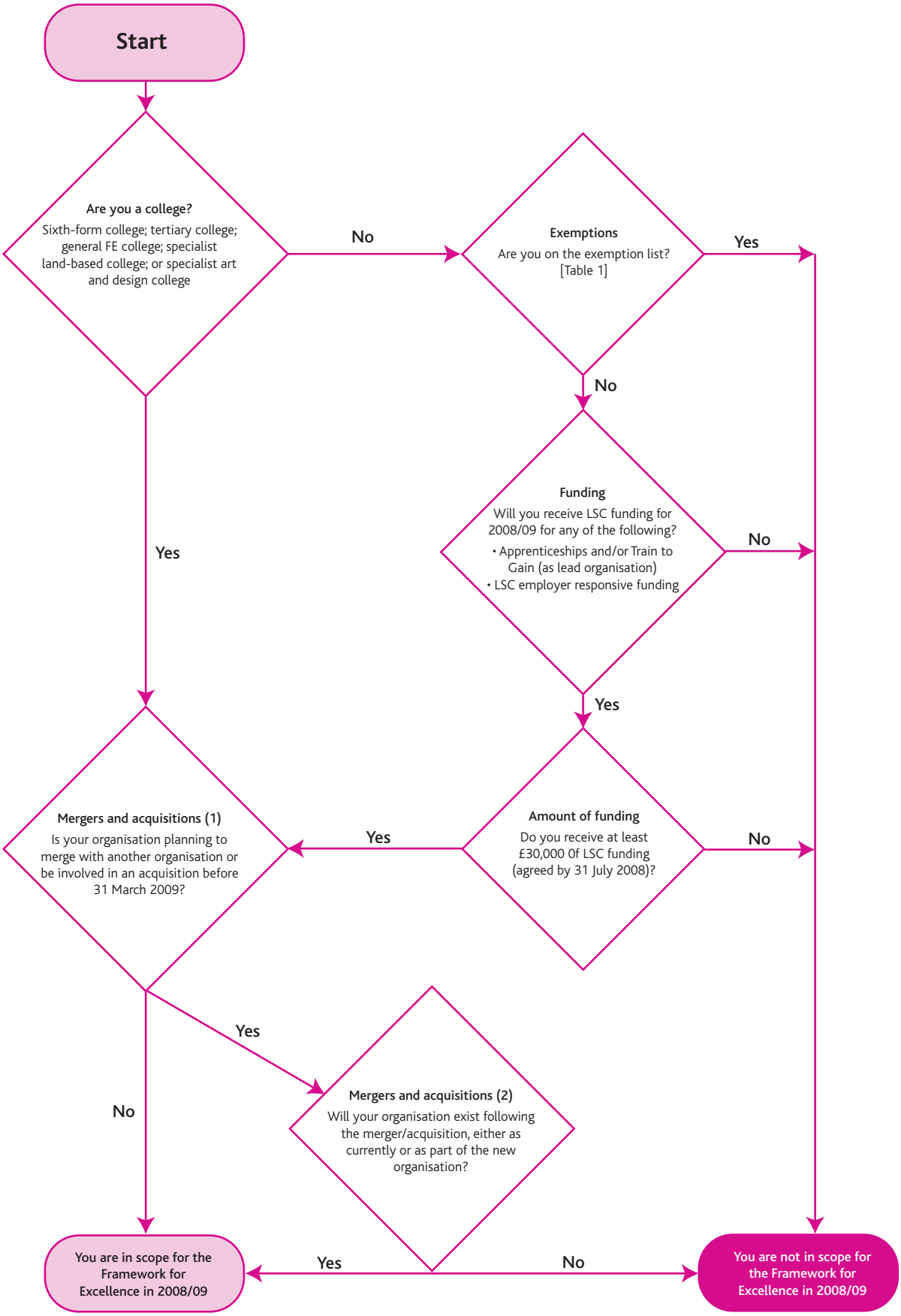


Table 2: Performance indicators applying to different provider types in 2008/09

Dimension	Performance indicator	Colleges (GFEC; SFC; specialist land-based; specialist art and design)	Employer training:		Other private providers
			mainly own staff[1]	other staff	
Responsiveness	Learner Views	Y	Y	Y	Y
	Learner Destinations	Y[2]	N[3]	Y[2]	Y[2]
	Employer Views	Y[2]	N	Y[2]	Y[2]
	Amount of Training	Y[2]	N	Y[2]	Y[2]
	Training Quality Standard Accreditation	Y	N/A[4]	Y	Y
Effectiveness	Quality of Outcomes	Y	Y	Y	Y
	Quality of Provision	Y	Y	Y	Y
Finance	Financial Health	Y	N	Y	Y
		Note: a provider is exempt if LSC funding is less than 5% of turnover and training is incidental to the business			
	Financial Management and Control	Y	Y	Y	Y
	Use of Resources 1–3	Y	Y	Y	Y
	Use of Resources 4	Y	N	N	N
	Use of Resources 5	Y	N	N	N

1 Fewer than 10 learners from other employers.
2 Dependent upon LSC funding and size threshold OR delivery of Apprenticeships or Train to Gain.
3 If there are 10 or more learners from other employers, these learners will be in scope for the Learner Destinations performance indicator.
4 Employers training only their own staff are exempt from the Responsiveness to Employers key performance area and so Training Quality Standard status will not be a contributor to their Framework for Excellence grade.

Mergers and acquisitions

20 In the case of institutional mergers and acquisitions, we will adopt a pragmatic approach to combine, where appropriate and in liaison with the new institution, the data from the former organisations to generate Framework scores. For example, if an organisation is merging with or being subsumed by another organisation by 31 March 2009, then it will be the new organisation which is in scope for the Framework. The Framework policy for calculating scores for the new organisation will follow LSC practices. When the LSC collects a single data set under a single unique provider identification number (UPIN), then the Framework will produce a single set of performance indicators.

21 It is recognised that, even taking this approach, there may be gaps in the data which prevent all dimensions from having grades assigned; the LSC will derive grades for as many parts of the Framework as seems sensible.

Consortia

22 Provision delivered by a Train to Gain consortium or a Diploma consortium is treated as belonging, respectively, to the contract holder or the home institution of the learner. Thus 'lead' providers must ensure that they have sufficient confidence in the providers to whom they subcontract and with whom they work in partnership.

23 In the longer term, we are exploring:

- the possibility for the future of developing data systems so that different elements of a Train to Gain contract can be attributed to the delivery institution for Framework purposes
- how a component of a Diploma delivered in a second institution could properly be attributed to the second institution, while overall progress of the learner remains the responsibility of the home institution.

Future extension of scope

24 The application of the Framework to those providers not in scope in 2008/09 will be explored through a second phase of piloting during 2008/09. This will include, for example, local authorities, independent specialist colleges, and Personal and Community Development Learning (PDCL) and Offender Learning and Skills Service (OLASS) providers. A guidance document for that pilot will be published separately in early autumn 2008.

25 From summer 2009, following this second phase of pilot activity, the Framework will apply to all providers that receive some element of LSC funding except universities and other higher education institutions (HEIs) delivering FE provision, Ufi-funded only Learndirect providers and providers that deliver European Social Fund provision only. The Framework will apply to all providers of FE from summer 2010.

26 The current consultation on the Machinery of Government changes proposes that the Framework be developed into a single, unified provider performance assessment framework post-16 to include secondary schools from 2010. This is discussed further in *Framework for Excellence: Putting the Framework into practice* (LSC, 2008).

Contextual factors

27 Several performance indicators incorporate elements of contextualisation. Qualification success rates, for example, take account of the very different success rates in short courses, Apprenticeships, A-levels and other long courses.

28 Our analytical work so far suggests that we have taken sufficient account of contextual factors. We will, however, review the position early in 2009 when full data will be available for colleges and work-based learning providers. The full report of this research will be available by the autumn on the Framework for Excellence website.

29 Further work will be undertaken to test the influence of external factors on the outcomes of the Framework in 2008/09 and on any new measures introduced into the Framework in future years.

Splitting performance data

30 No outcomes from the Framework will be disaggregated into 16–19 and 19+ age groups in 2008/09. However, we recognise that it may be desirable to split some performance data – for example, qualification success rates – in the future. We will explore this issue for 2009/10.

Confidentiality and data protection

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

Data queries

32 National data collection operations will be performed in due course by the FE Data Service. The LSC will check the data and raise any issues with providers, after which the usual procedures for data validation and moderation will apply. The validated set of data will then form the basis for all subsequent analyses, including the calculation of Framework for Excellence scores.

33 National data collection processes and content are subject to approval by the Information Authority. The Framework has been considered by the Information Authority and the Bureaucracy Reduction Group on several occasions during the past 18 months. The 2008/09 arrangements take account of their views and suggestions.

34 Each provider is responsible for ensuring that data used for the Framework are complete, accurate and available by the required date. This includes the date it supplies the Individualised Learner Record (ILR) and financial returns. For a more detailed discussion of missing data, see paragraphs 51 to 53.

35 Providers who want to query their Framework result or data should do this through their LSC partnership manager in the first instance.

36 Providers who disagree with their Framework scores can complain under the LSC complaints procedure. Details of the complaints procedure are set out at www.lsc.gov.uk/ComplaintsProcedure.htm

Structure of the Framework

37 The structure of the Framework is illustrated in Figure 2 and can be described as follows:

The performance of providers in a range of areas is assessed through a number of **performance indicators (PIs)**, which are derived from **performance measures** (drawn from appropriate sources) combined with appropriate **assessment criteria** (which specify the standards for each indicator).[1]

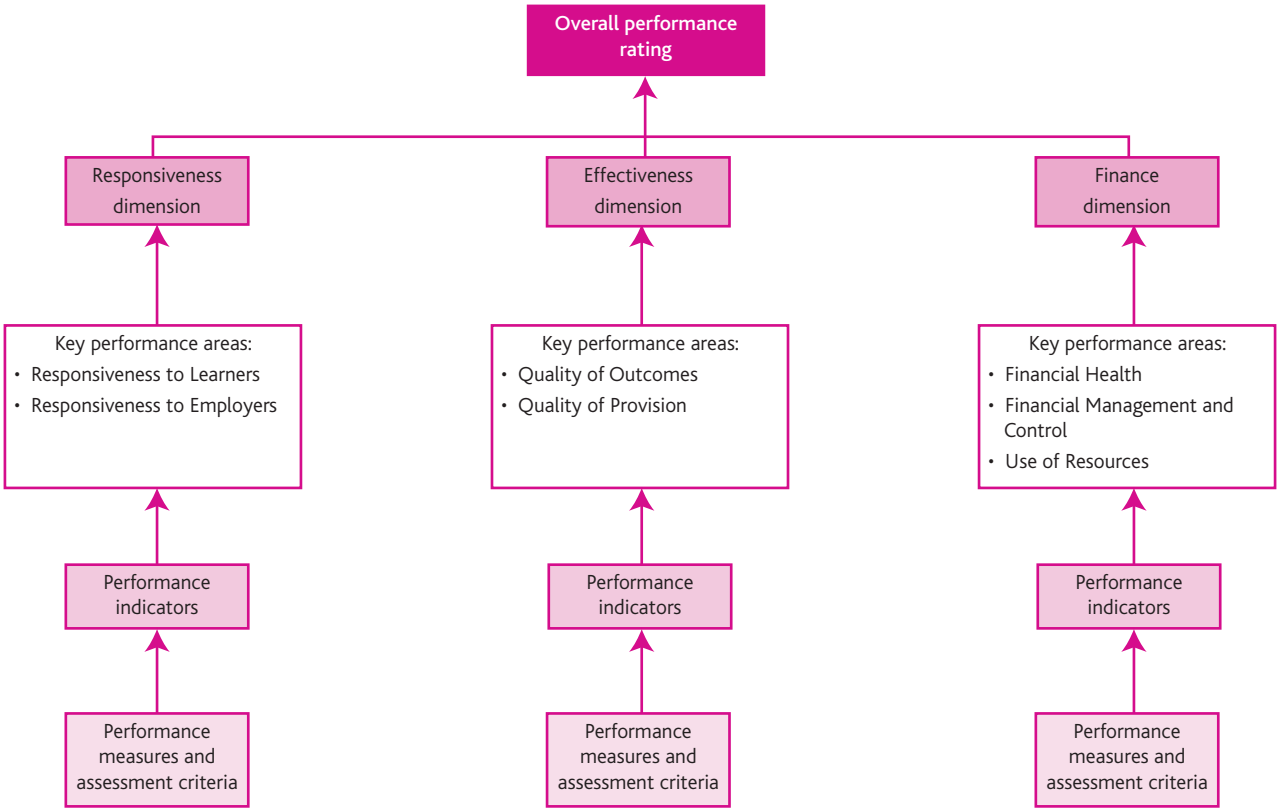
a) The performance indicators are organised into seven **key performance areas (KPAs)**.

b) Each college's or provider's performance in the KPAs is aggregated to produce grades for three **dimensions** (Responsiveness, Effectiveness and Finance).

c) The **overall performance rating (OPR)** for each provider is then derived from its performance for the three dimensions.

38 As described in *Framework for Excellence: How the Framework will work* (LSC, 2007), each PI is assessed against a four-point scale, according to its own assessment criteria. The pilot exercise identified some issues in the combination rules that gave rise to a lack of differentiation in the overall ratings. In the light of this, further adjustments to this aspect of the Framework for Excellence will continue to be made during 2008/09 (see paragraphs 43 and 44).

Figure 2: Structure of the Framework for Excellence



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% for Learner Views. If the assessment criteria for this performance indicator specify that a score of 80–89% is 'good', then this provider will have a grade of 'good' for this performance indicator.

Assessment criteria

39 The Framework assessment criteria are specified standards for performance in relation to each PI. They apply across all provision and provider types and have been defined at levels to ensure that Framework ratings and results are broadly consistent with inspection assessments across the sector. The assessment criteria have been developed in a way that gives all providers the opportunity to achieve a 'good' or 'outstanding' rating.

40 The assessment criteria for 2008/09 are provisional. They have been set taking into account:

- evidence from the first phase of piloting
- available inspection grades
- views of a wide group of stakeholders
- the distribution of inspection grades and self-assessment grades across all providers where appropriate
- the sensitivity of the PI grade to the assessment criteria
- the discrimination offered by the assessment criteria.

41 We will review and confirm the assessment criteria in spring 2009, when we have data for all PIs for those providers in scope for 2008/09. The criteria will then be specified for a three-year period covering the years 2009–12, rather than 2008–12 as previously proposed.

42 As a general principle, the main elements of the Framework will be weighted equally. We will, however, review and if necessary revise this principle in the light of future decisions about assessment criteria and combination rules.

Rules of combination (to be updated in September 2008)

43 To derive the indicative OPRs for the pilot providers, we based our approach on the proposals we set out in the publication *Framework for Excellence: How the Framework will work* (LSC, 2007). The pilot revealed that, in practice, this approach was rather blunt because it did not take sufficient account of differences in performance within a particular dimension or performance area.

44 We are therefore developing a more sensitive and discriminating approach to calculating grades for the dimensions and the OPR. The approach published last year and used to derive indicative OPRs for the pilot providers essentially used a provider's Framework grades for each PI to derive its grades for the KPAs, and similarly to derive its grades for the dimensions and its OPR. The approach we are developing takes greater account of the provider's score for each PI when deriving the scores and grades for the KPAs, dimensions and OPR. *We will publish further information on combination rules in the second edition of this Provider Guide in September.*

Analysis of results

45 To enable providers to understand how their grades were derived, the dissemination of the grades through the Provider Gateway will be supported by an ability to access the data that have been used to derive the Framework measures for each provider in respect of its own grades. The degree of access to the data used to derive each performance measure, and therefore the level of detail of data, will differ for each PI. The intention is to provide information that will be sufficient to explain each PI grade. The levels of analysis of the data used to derive each performance measure available in 2008/09 are shown at Annex 1.

46 Over the next six months, we will explore the potential for refining the ability for learners, providers and employers to access the data that have been used to derive the Framework measures.

Rules for deciding when an overall performance rating will not be calculated for a provider

47 For the first year of the Framework in 2008/09, it is possible that there will be instances when it will be inappropriate to calculate an OPR for a provider owing to certain data being unavailable or unreliable for reasons outside the provider's control – for example, in the case of providers contracting with the LSC for the first time.

48 The LSC will not calculate a provider's OPR if there are no scores available for one of the three dimensions, where this is a result of reasons outside the provider's control. In the interests of ensuring that an OPR is based on a broad base of data, it seems desirable to specify a minimum number of PIs for which data need to be available.

49 For this reason, there are two rules that determine whether an OPR will be calculated for a provider in 2008/09. An OPR will be calculated if:

a) there is robust data/evidence for at least one PI in six or more of the KPAs (for providers that are principally employers, this rule is relaxed from six to five) and;

b) there is robust data/evidence for at least one of the PIs in each of the three dimensions.

50 The seven KPAs for 2008/09 and the three dimensions are set out in Table 3.

Late, missing and insufficient data

51 The Framework relies on accurate and timely data. We rely on providers to ensure that the data they submit are accurate, complete and on time. If a provider wilfully or negligently fails to supply the required data, or does not take the necessary steps to allow the LSC or its contractors to collect them, the LSC will give a grade 4 for the PI (i.e. a score of inadequate). For example, if the LSC (or its contractor) is unable to undertake a centralised survey due to poor-quality data supplied from a provider, then the LSC may view this as the provider preventing it from collecting the required data. This could result from incomplete/inaccurate telephone contact details or because the provider has completed the L27 field on the ILR; preventing contact with a significant proportion of learners.

52 For 2008/09, the LSC will apply this rule differently for the individual PIs, taking account of whether the data for each PI had already been collected by July 2008. (This date has been chosen as providers are unable to influence data already submitted prior to publication of this guidance.)

53 If, in the view of the LSC, the data for a PI are missing *through no fault of the provider*, the LSC will regard the provider as exempt from that PI for the year in question. This exemption will only be used in circumstances where the provider has fully addressed its obligations in respect of provision of data and, in the case of survey-based indicators, has appropriately communicated the need for all of its learners and employers to participate/respond and taken action to encourage them to do so.

Table 3: KPAs and PIs needed to calculate OPRs

Dimension	Key performance areas	Performance indicators
Responsiveness	• Responsiveness to Learners	• Learner Views • Learner Destinations
	• Responsiveness to Employers	• Employer Views • Amount of Training • Training Quality Standard Accreditation
Effectiveness	• Quality of Outcomes	• Qualification Success Rates
	• Quality of Provision	• Inspection Grade
Finance	• Financial Health • Financial Management and Control • Use of Resources	• Financial Health • Financial Management and Control • Funding Economy • Resource Efficiency • Capital

Key performance areas and performance indicators

54 The Framework arrangements during the next 12–18 months will involve some changes and additions to processes. Most importantly, colleges and other providers in scope in 2008/09 will be expected to conduct two surveys: one of their learners in early 2009, and one assessing the views of employers for whom they provide services in autumn 2008. These surveys need to produce data that are robust and comparable – without imposing unnecessary burdens on providers.

55 The following sections set out the scope of application, exemptions, definitions, data sources and data submission requirements for the KPAs and PIs in 2008/09.

Responsiveness to Learners

Overall KPA score

56 The Responsiveness to Learners KPA will consist of two PIs:

- the results of a Learner Views survey
- Learner Destinations.

Performance indicator 1: Responsiveness to Learners – Learner Views survey

Applicability

57 All providers in scope for the Framework during 2008/09 will be included in this indicator.

58 Providers were invited in the document *Framework for Excellence: How the Framework will work* (LSC, 2007), and again by their LSC partnership managers early in 2008 to undertake the voluntary Learner Views survey in the period from early February to 16 June 2008.

59 Providers who did not participate in the voluntary Learner Views survey or participated but did not deliver statistically robust results will be asked to undertake a mandatory survey in the period January – early February 2009.

60 In 2008/09, the survey will apply to learners on LSC priority provision. These learners are defined as:

- all learners aged 16–18
- all learners on Apprenticeships and Advanced Apprenticeships
- all learners on Train to Gain programmes
- all learners on target-bearing Skills for Life programmes
- all adults on programmes contributing to a full Level 2 or full Level 3 qualification, as flagged on the ILR
- learners with learning difficulties and/or disabilities (at the discretion of providers).

61 Providers should use their discretion when deciding whether and how learners with learning difficulties or disabilities are asked to complete the questionnaire.

62 In 2009/10 the survey will be extended to all learners.

Definition

63 The performance measure is a score derived from a Learner Views questionnaire that captures learners' perceptions about:

- the information, advice and guidance they received from their provider
- the quality of teaching and learning on their programme
- their overall satisfaction with their learning experience
- their satisfaction with the level of support available to them from their provider
- whether they are treated fairly and with respect.

64 Learners are also given the opportunity to give feedback on how their providers could improve and whether their provider is responsive to their views.

Data source

65 The data are obtained from a survey of Learner Views. From 2009/10, it is envisaged that the survey will be carried out annually during January and early February.

Data submission requirements: voluntary survey (February 2008 to 16 June 2008)

66 The deadline for completion of the voluntary survey was 16 June 2008.

Data submission requirements: mandatory survey (January 2009 to early February 2009)

67 This survey is mandatory for all providers in scope who chose not to take part in the voluntary survey, or who participated but did not deliver statistically robust results.

68 As a result of findings from the pilot, for 2008/09:

- the survey will have a five-point response scale
- the wording of questions will be amended
- the language used will be changed to be accessible to a Level 1 learner.

The LSC will pilot a web-based tool in the autumn. The tool will be available to providers to facilitate delivery of a provider-led survey in January to early February. Please refer to the Framework for Excellence website at http://ffe.lsc.gov.uk for details.

Accessibility issues

69 If there are specific accessibility issues for your learners that make a web-based survey unsuitable for them, you are asked to let us know in advance by downloading the form from http://readingroom.lsc.gov.uk/lsc/National/Learner_Views_Mandatory_Survey.doc and returning it to the address on the form by 30 September 2008. For cases of genuine accessibility issues (for example, where learners are unable to use a computer), alternative methods will be made available for use at the same time that the web-based survey is undertaken.

Assessment criteria

70 Owing to the changes described in paragraph 68, the assessment criteria used in the pilot are not appropriate for the 2008/09 survey and cannot be used. New assessment criteria will be published in late 2008.

Calculating the score

71 *The details of the scoring methodology for Learner Views will be provided in the September 2008 update of this document.*

Performance indicator 2: Responsiveness to Learners – Learner Destinations

Applicability

72 All learners on a priority programme who achieved at least one relevant qualification will be included in this indicator. These learners are investing significant time and energy in a programme of learning which is designed to affect their lives in a significant way, and are defined as follows:

- all learners aged 16–18
- all learners on Apprenticeships and Advanced Apprenticeships
- all learners on Train to Gain programmes
- all learners on target-bearing Skills for Life programmes
- all adults on programmes contributing to a full Level 2 or full Level 3 qualification, as flagged on the ILR.

Exemptions

73 This PI does not apply to employers who deliver training to their own employees only or to fewer than 10 learners from other employers. Where an employer delivers training to 10 or more learners from other employers, it will be in scope for those learners (but not for its own staff).

Definition

74 The performance measure for Learner Destinations is the proportion of priority learners completing an LSC-funded programme in one academic year and progressing in the next academic year to a destination defined in codes 1–5 of Table 5. In 2008/09 these destinations are:

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

Data source

75 For the year 2008/09, the Learner Destinations PI will relate to the 2007/08 destinations of those learners completing in 2006/07. ILR data will be used to match priority learners from one year into the next. Only completers of courses are included. Learners attending the second year of a course are ignored. Other sources of data being considered are HEFCE records and the providers' own records of HE progression.

Data submission requirements

76 The LSC already has the ILR records for the two years in question (that is, 2006/07 and 2007/08). The other sources of data under consideration would be supplied by HEFCE and the providers. In the pilot, there were a significant number of learners whom we could not trace. In 2008/09, we will be looking for your help in increasing the number of learners we can include in this measure.

77 To achieve this you need to ensure that:

- learner contact details are updated regularly and are as accurate and complete as possible
- as many learners as possible have an opportunity to participate in the Learner Destinations survey by appropriate use of ILR L27 responses.

78 A major area where we will be asking for your help is your awareness of your completers in 2006/07 who entered HE in 2007/08. As was successfully trialled in the pilot, we will be writing to all providers in scope for the Framework in 2008/09 in July 2008, asking them to supply, on a voluntary basis, any data they may have regarding these learners.

79 These data will greatly reduce the burden of work on the telephone survey, and will ensure that providers are credited with the appropriate number of learners who progressed to the HE positive destination. These data will be provisional, and we will be able to verify the final position using data from HEFCE records later in the year.

Assessment criteria

80 The assessment criteria are based on the views of the development team and pilot providers. They are shown in Table 4.

Table 4: Assessment criteria

Grade	Assessment criteria
1 (Outstanding)	85% or greater
2 (Good)	72.5% to less than 85%
3 (Satisfactory)	60% to less than 72.5%
4 (Inadequate)	Less than 60%

Calculating the score

81 The total number of qualifying priority learners is identified. Through a variety of methods; these learners are then classified into one of the codes in Table 5. After classification, a calculation is made to determine the overall Learner Destinations score.

82 Analysis of the pilot data has shown that the age of the learner and their mode of study (full-time or part-time) could be significant factors in determining whether the learner progresses to a positive destination. The small sample of data available in the pilot is not sufficient to allow reliable corrections for these factors to be determined at present. Work is in progress to investigate how these factors might be included in the Learner Destinations PI through the assessment criteria, as recommended by a recent contextualisation study of the pilot outcomes.

83 Although a score is calculated for each provider, quality threshold checks are then made to see if this score is robust enough to be graded. It may not be possible to calculate a score that passes the quality threshold checks for several reasons. These include:

- an ILR L27 field preventing the LSC from contacting the learner
- a missing telephone contact number
- an incorrect or incomplete telephone contact number.

84 An example of the scoring methodology for learning destinations is provided at Annex 5.

Table 5: Categories of destination used in the Learner Destinations PI

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

Note: The suffix for Codes 1 and 2 merely describes the source of the data. Code 7 is used for administrative purposes only.

Responsiveness to Employers

Applicability

85 An assessment of the Responsiveness to Employers KPA is applicable only to providers already assessed as being eligible for Framework for Excellence assessment (see Figure 1) and contracted by the LSC to deliver training to employers.

86 If you are in scope for the Framework and contracted to deliver any volume of Train to Gain or Apprenticeship training and/or receive £30,000 per annum of employer responsive funding, the provisional policy is that you will be assessed against the Responsiveness to Employers KPA. The firm policy will be notified to providers by the end of August 2008.

87 However, providers in possession of Training Quality Standard accreditation at the beginning of an academic year will be automatically awarded a grade of 'Outstanding' for the Responsiveness to Employers KPA for the relevant period (see paragraph 117), if not exempt.

Exemptions

88 Colleges not contracted to deliver any volume of either Train to Gain or Apprenticeship training or not receiving £30,000 of other employer responsive funding in 2008/09 are exempt.

89 Employers who mainly or wholly train their own staff are also exempt in 2008/9 unless they are contracted to receive Train to Gain, Apprenticeship or £30,000 or more of other employer responsive funding in respect of training for 10 or more trainees from other employers.

Overall KPA grade

90 The Responsiveness to Employers KPA will consist of:

- the **quality** (Employer Views survey results) and
- the **quantity** (Amount of Training) delivered in an academic year.

Performance indicator 1: Responsiveness to Employers – Employer Views survey

Applicability

91 Providers are required to ask *all of the employers* who have had any publicly funded training from them during the relevant Framework for Excellence period to participate in the employer views survey.

92 This includes employers that have had subsidies for only a portion of their training costs as well as those who have accessed fully subsidised training.

93 Where a training package for an individual employer has involved both LSC and employer-funded activity, the employer should be encouraged to complete the survey for all of the training undertaken wherever possible.

Exemptions

94 Any episode of employer-based training that has not involved any public subsidy at all is not included.

Definition

95 This is a performance measure about an employer's views of their provider's responsiveness to them. Each provider will receive results which will enable them to make comparisons with national standards.

96 Ratings are based on employers' views of providers in key areas of delivery. These key areas correspond to the core elements of the Training Quality Standard for Employer Responsiveness – in particular the 'Respond', 'Deliver', 'Relate' and 'Perform' elements.

Data source

97 Data for assessment will come from the collation of employer survey returns.

Data submission requirements

98 Survey methodology, including quality assurance, will be aligned to that used in the learner views survey wherever possible.

99 The survey will be based on the process outlined in Figure 3. Providers will need to ensure that all employer-sponsored training including training undertaken by self-employed people is identified on their ILR returns.

100 For 2008/09, the survey will have to be completed during a three-month window, from October to December 2008. From 2009/10 onwards we will expect the survey to be completed by employers three to six months after training has been completed on a rolling basis, with results 'banked' and available to view as they are captured.

101 Providers will be required to use a common question set which will be available on the Framework for Excellence website.

102 The survey will be conducted within tightly prescribed methodologies and controls to ensure fair and transparent results. These regulations will be communicated to all affected providers by the end of August 2008 and will be the same as those used by the Learner Views survey wherever possible.

103 A professional survey company will be used to assist in managing the process and may be used to audit, validate and supplement a provider's results if required.

Data and recording of data

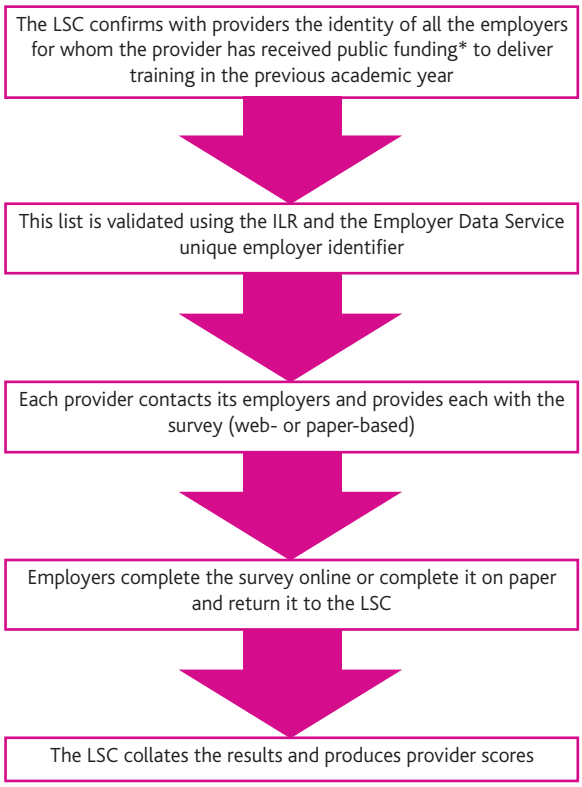
104 In order to minimise bureaucracy, providers should try to use these survey results in their own quality management purposes as far as possible.

105 The LSC will ensure alignment between its Framework and Train to Gain surveys, reducing the employer survey burden to a minimum.

Calculating the score

106 The survey scores will be calculated along similar lines to the Learner Views survey, with the exact scoring system to be communicated shortly.

Figure 3: Process for the Employer Views survey



* Public funding is a partially or wholly LSC-administered fee subsidy for any part of any training delivered to an employer.

Performance indicator 2: Responsiveness to Employers – Amount of Training

Applicability and exemptions

107 These are as described for the Responsiveness to Employers KPA in paragraphs 85 to 89.

Definition

108 The Amount of Training PI will be based on the amount of training that is delivered by providers, with particular emphasis on rewarding strong performance in key areas such as Train to Gain and Apprenticeships.

109 The volume of learners on these key programmes, weighted by provider size, will be used to calculate the score for this indicator.

110 An Amount of Training indicator is believed to be appropriate because:

- it provides a 'quantity' context for the Employer Views score, recognising that satisfying a large or growing number of customers is difficult
- it recognises providers that are significantly contributing to government targets.

111 *The precise definition and scope of the measure will be described in the second (September 2008) edition of this guide.*

Data sources

112 The data source for 2008/09 will be the 2006/07 and 2007/08 ILR records.

Data submission requirements

113 There are no new requirements. Providers will not need to submit any additional data for this measure but will need to ensure that all employer-sponsored training including training undertaken by self-employed people is identified on their ILR returns.

Calculating the score

114 Scores will be based on annual growth weighted by volumes.

Training Quality Standard Accreditation

Applicability

115 The Training Quality Standard is applicable to all providers (LSC-funded or not) as a mark of excellence in employer responsiveness.

Definition

116 The Training Quality Standard is a comprehensive quality badge available to all providers across the entire training market. Assessment is voluntary and is verified in consultation with employers. The Training Quality Standard was launched in May 2008, and is applicable across publicly and privately funded provision. Accreditation to the Training Quality Standard is based on assessment against criteria which look at the ways in which providers meet employers' needs, and the outcomes achieved by providers.

117 The evidence used to assess the Employer Views measure in the Framework for Excellence will be based on a subset of the assessment criteria from the Training Quality Standard. Providers who achieve the Training Quality Standard will automatically be rated 'Outstanding' across the whole Responsiveness to Employers KPA for the period for which the Training Quality Standard is awarded (normally three years).

118 In a reciprocal arrangement, from summer 2010 any provider who is in scope for the Responsiveness to Employers KPA may need to achieve a rating of 'Good' or 'Outstanding' in the Responsiveness to Employers KPA *before* it can apply for the Training Quality Standard.

119 Framework for Excellence evidence will be highly relevant to support an application for the Training Quality Standard, not least because the Framework's Employer Views survey is based on elements of the Training Quality Standard.

120 For detailed information about the Training Quality Standard please refer www.trainingqualitystandard.co.uk

Calculating the KPA grade

121 There will be a Responsiveness to Employers grade which comprises the scores of both the Employer Views and Amount of Training PIs, unless a provider has Training Quality Standard accreditation which automatically results in an 'Outstanding' score for both PIs.

122 For providers or employers exempt from the whole of the Responsiveness to Employers KPA (for example, employers who train only their own staff), achievement of the Training Quality Standard will not be reflected in the calculation of their Framework for Excellence OPR.

123 *The precise scoring arrangement for the Responsiveness to Employers KPA will be described in the second (September 2008) edition of this guide.*

Quality of Outcomes

Performance indicator: Qualification Success Rates

Applicability

124 The KPA is applicable to all provider types delivering learning aims that contribute to Qualification Success Rates (QSRs).

Exemptions

125 Providers with fewer than 10 learning aims contributing to the QSRs of a given provider will be exempt from this PI.

Definition

126 The success rate indicator is the graded value of the starts-weighted aggregate score (performance measure) for QSRs and value added. The aggregate score is derived from a scoring grid applied to five qualification success rates:

- FE long courses, excluding A-levels
- FE short courses
- A-levels, including A2 and AS
- Apprenticeships, including Advanced Apprenticeships
- Train to Gain qualifications.

127 A-level QSR point scores are supplemented by value added from the LSC's Learner Achievement Tracker (LAT).

Data source

128 The data sources for this PI are LSC qualification success rates derived from 2007/08 ILR data and 2007/08 LAT A-level amended value added. Success rates and value added results, together with the ability to access the constituent data, are available through the Provider Gateway.

Data submission requirements

129 There are no new data submission requirements. Data for QSRs are collected through the ILR. Value added data are collected from Awarding Body data, which are processed through the LAT.

Calculating the score

130 Each QSR is given a point score using a pre-defined grid. Points for A-level success rates are supplemented using the following value added point scores: 0 points for negative value added, 15 points for non-significant value added, and 30 points for significant positive value added (see Table 6).[2] Accordingly, the grid scale for A-level success rates has a ceiling (100 points) below the maximum set for FE long and short courses, Apprenticeships and Train to Gain QSRs (130 points) with a difference equal to the highest possible value added score supplement (30 points).

131 *The scoring grid for the five groups of qualification success rates will be published in September 2008, in an updated edition of the Provider Guide.* An illustrative scoring grid is shown in Table 7, for purposes of demonstrating the success rate indicator methodology.

Table 6: A-level value added scoring grid

Value added		
Below lower 95% confidence interval	Between upper and lower 95% confidence intervals	Above upper 95% confidence interval
0 points	15 points	30 points

2 If a provider has a value added score lying between the upper and lower confidence intervals of the national line, it means that the provider's value added performance is not statistically different from the national average. A value added score below the lower confidence interval of the national line indicates a value added performance significantly below the national average, while a score above the upper confidence interval of the national line indicates that the value added performance is significantly above the national average.

Table 7: Extract from a qualification success rate scoring grid (illustrative)

National percentile	Points (Benchmark 130)	Points (Benchmark 100)	FE long	FE short	A-level	Apprentice-ships and Advanced App's	Train to Gain
25	32.5	25	66.0%	75.0%	80.0%	45.0%	32.0%
30	39	30	67.0%	77.0%	81.0%	48.0%	39.0%
35	45.5	35	68.0%	79.0%	82.0%	51.0%	44.0%
40	52	40	69.0%	80.0%	82.5%	54.0%	49.0%
45	58.5	45	70.0%	81.0%	83.0%	57.0%	53.0%
50	65	50	71.0%	82.0%	84.0%	60.0%	58.0%
55	71.5	55	72.0%	83.0%	84.5%	65.0%	62.0%
60	78	60	73.0%	84.0%	85.0%	70.0%	66.0%
65	84.5	65	74.0%	85.0%	86.0%	75.0%	70.0%
70	91	70	75.0%	86.0%	86.5%	80.0%	74.0%
75	97.5	75	76.0%	87.0%	87.0%	85.0%	79.0%
80	104	80	78.0%	89.0%	88.0%	90.0%	82.0%

132 Points are assigned to the QSR and are then weighted by QSR learner starts (in the case of Apprenticeships, completers) for the qualification type. This produces an aggregate points score which is the performance measure.[3] A grading table (incorporating the assessment criteria) is then applied to the performance measure to derive the Qualification Success Rates indicator and the Quality of Outcomes grade for the college or provider. Assessment criteria and an example are shown in Table 8 and Table 9.

Table 8: Assessment criteria

1 (Outstanding)	97.5 points or greater
2 (Good)	65 points to less than 97.5 points
3 (Satisfactory)	32.5 points to less than 65 points
4 (Inadequate)	Less than 32.5 points

3 This method mirrors the LSC process used in aggregating qualification success rates

Table 9: Quality of Outcomes example (using the Table 7 scoring grid)

	A	B	C	D = A x C
	Proportion of learners gaining the qualification/ (learner volume)	QSR	Points from scoring grid	Learner weighted points
FE long (excluding A-levels)	0.49 (1912)	69%	52	25.5
FE short	0.27 (1054)	77%	39	10.5
Combined Apprenticeships	0.08 (312)	57%	58.5	4.7
Train to Gain	0.06 (234)	79%	97.5	5.9
A-levels	0.10 (390)	83%	45	6
Value added		Between upper and lower confidence intervals	15	
Performance measure: Learner weighted points				**52.6**
Quality of Outcomes grade				**3**

Quality of Provision

Performance indicator: Inspection Grade

Applicability

133 All providers are in scope.

Exemptions

134 There are no exemptions to this PI, as all providers in scope in 2008/09 are eligible for inspection.

Definition

135 The Framework for Excellence score for the overall Quality of Provision will be the same as the current inspection view of overall effectiveness. This will be derived from the most recent inspection judgement.

Data source

136 The data source is Ofsted inspection reports.

Data submission requirements

137 There are no new requirements.

Calculating the score

138 The score for the overall effectiveness PI is the same as the Inspection Grade.

Assessment criteria

139 Assessment criteria are determined by Ofsted as part of its judgements. Only the grade is recorded.

Finance dimension key performance areas

Key performance area: Financial Health

Scope

140 All providers in scope for the Framework other than those listed in Table 10 are in scope for the Financial Health KPA.

Table 10: Providers exempt from the Financial Health KPA in 2008/09

- Non-departmental public bodies
- Other public bodies and agencies
- NHS trusts, primary care trusts and strategic health authorities
- Police and fire authorities
- Designated charities and voluntary organisations whose main source of funding is not from the LSC (for example, Red Cross, RNIB, RNLI)
- Established public listed companies and other registered companies for which the total LSC contract values no more than 5% of annual turnover

Definition

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

142 Financial Health will be graded based on the following three PIs:

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

143 Definitions of the above performance indicators are shown at Annex 2.

Data source

144 For 2008/09, the data required to calculate the above three PIs will be sourced as follows:

- for colleges – from the Finance Record for the year ending 31 July 2008
- for other providers in scope – from the latest available statutory financial statements (full accounts or equivalent, not abbreviated accounts).

(Colleges and other providers already have to prepare accounts for both internal management and audit purposes. Also, the LSC already requires organisations that tender for LSC-funded provision to provide a full set of accounts. Therefore the Financial Health KPA should not involve additional data burdens.)

Data submission requirements

145 Colleges are required to submit their Finance Record returns to the LSC in accordance with the published timetable.

146 Other providers will continue to be required to make their financial statements available to the LSC on request.

Assessment criteria

147 Definitions associated with the four Financial Health grades are shown in Table 11.

Table 11: Financial Health definitions

Grade	Definition	Indicators
1 Outstanding	A provider that has very robust finances to fulfil its contractual obligations and to respond successfully to opportunities or adverse circumstances.	Normally, a provider with excellent/good indicators for solvency (current ratio), sustainability (operating surplus/profit) and status (gearing).
2 Good	A provider that has sufficiently robust finances to fulfil its contractual obligations, and to respond successfully to most opportunities or adverse circumstances.	Normally, a provider with at least two good indicators for solvency (current ratio), sustainability (operating surplus/profit) and status (gearing).
3 Satisfactory	A provider that appears to have sufficient resources to fulfil its contractual obligations, but also appears likely to have limited capacity to respond successfully to opportunities or adverse circumstances.	Normally, a provider with at least two satisfactory indicators for solvency (current ratio), sustainability (operating surplus/profit) and status (gearing).
4 Inadequate	A provider that is in financial difficulty and very likely to be dependent on the goodwill of others. There is a significant risk of providers in this group not being able to fulfil contractual obligations because of weak financial health.	Normally, a provider with at least two inadequate indicators for solvency (current ratio), sustainability (operating surplus/profit) or status (gearing).

Scoring and weighting

148 Each PI will receive a score up to a maximum of 100 points. Scores for the three PIs will be aggregated and a factor (maximum of 100) for consistent performance will be applied in arriving at a total maximum achievable autoscore of 400 points. Details of scoring tables are shown at Annex 3.

Assessment criteria and assessment process

149 An initial grade assessment of 1 to 4 will be made by comparing the aggregated points score with the assessment as shown in Table 3.3 of Annex 3.

150 The Financial Health assessment criteria were developed based on existing financial health assessment methodology using ABC grades.

151 Colleges will continue to carry out a self-assessment of their financial health in accordance with the annual guidance published in relation to their financial returns. Non-college providers may also carry out a self-assessment if they wish, but this is not a requirement. The auto grade and the self-assessment will then be subject to possible moderation by regional Provider Financial Management (PFM) teams, on a consistent basis, to take account of the approved policy items listed in paragraphs 152 to 154.

152 a) Capital uplift (colleges only)

It is recognised that it is common for a college's financial health to deteriorate during the build period and early post-completion years of a capital project. For Colleges undergoing a capital project at their 31 July year end (that is, where 31 July lies within the capital project lifecycle, which is defined as date of first claim to financial year in which project ends plus three years), the following procedure applies.

- where a college is graded 'Outstanding', 'Good', or 'Satisfactory' at the time of detailed project approval; **and**
- it will return to at least a grade of 'Satisfactory' by the third year following project completion; **then**
- if in the intervening years the reported financial health grade becomes 'Inadequate' solely as a consequence of undertaking the project; **then**
- providing it performs at least as well (in the opinion of the LSC) as it forecast in its project proposal during the intervening years, its financial health grade will be maintained on record as being 'Satisfactory' rather than 'Inadequate'.

However:

- if a college performs less well than it forecast, its grade will reflect this.

153 Under this approach there will be a reference point within the project proposal, minimising any judgement required and providing a clear basis for LSC validation.

154 b) Moderation criteria

The expectation is that moderation will only be required in a small proportion of cases. The criteria are as follows:

i) a college or provider may make a case to its regional provider financial management director seeking moderation to one grade higher or one grade lower on the following bases:

- where a college or other provider operates with a revolving credit facility, reducing the reported current ratio; **or**
- where a college incurs impairment charges in relation to (or in advance of) a capital project; **or**
- where a college has incurred professional fees in relation to a capital project proposal which could not be capitalised. (The LSC will only accept this where, in the LSC's opinion, there is adequate subsequent confirmation that the project will proceed and the fees will be shown as capitalised in future financial statements.)

ii) In addition, the LSC will moderate a grade on the following bases:

- Where a college is in receipt of exceptional financial support in-year, this would normally lead to an 'Inadequate' grade for financial health being reported for that year.
- Where a college is operating with LSC consent for solvency-related borrowing in excess of the limits set out in the Financial Memorandum, this would normally lead to an 'Inadequate' grade for financial health being reported for that year.
- Where information other than the latest available audited financial statements, supported by factual evidence, indicates that the financial health is significantly different from the autoscore, a grade may be moderated. 'Significantly' is here defined as being sufficiently different to generate an autoscore at least one grade lower. A grade will not normally be raised until the relevant evidence is confirmed in the subsequent audited financial statements. Examples may include (but are not limited to):
  - a court ruling which has financial consequences
  - the loss of a material contract or area of provision
  - a contingent liability crystallising.
- A grade may be moderated with reference to group/parent company financial health and any parent company guarantees. (This is applicable mainly to private sector providers and may result in a grade being moderated or support an increase or decrease in the level of contracted activity.)

Key performance area: Financial Management and Control

Applicability

155 All providers who receive LSC funding will be subject to the Financial Management and Control KPA, with the exception of HEIs where the LSC has agreed with HEFCE to rely on its assurances for both Financial Health and Financial Management and Control.

Exemptions

156 There are no exemptions to this KPA.

Definition

157 Providers will self-assess and grade their Financial Management and Control arrangements using the Financial Management and Control Evaluation (FMCE). The LSC will provide guidance to help providers do this in a consistent manner and the LSC's audit teams will validate these, taking into account the results of audit work at providers and any other relevant, available information.

Data submission requirements

158 Providers will be required to complete the FMCE which includes sections relating to:

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

159 It is envisaged that colleges and providers will complete the FMCE annually as an integral part of their own self-assessment reporting process and share it with the LSC. The FMCE supersedes three existing questionnaires (the Self-Assessment Review Questionnaire, the Business Environment Questionnaire and the Provider Control Risk Assessment) which colleges and other providers are required to complete under the current audit arrangements. The introduction of the FMCE is not expected to increase information requirements from providers.

Assessment criteria and assessment process

160 The self-assessment grade within each provider's latest FMCE grade will be reviewed by the LSC regional audit teams and validated, subject to strict criteria and in line with the LSC's audit cycle.

Key performance area: Use of Resources

Applicability

161 The applicability of all five Use of Resources (UOR) measures is shown in Table 13.

Performance indicator 1: Funding Economy

162 The Funding Economy PI assesses to what extent a provider has used LSC funds to deliver priority provision and has delivered in relation to its original allocation or contract value.

163 The Funding Economy PI comprises two performance measures: Use of Resources 1 (UOR1) and Use of Resources 2 (UOR2). The points from each of the two measures are averaged and a grade for the PI found from Table 12.

Table 12: Points scores for PI grades

Value added	PI
80 to 100	Outstanding
50 to 79	Good
15 to 49	Satisfactory
Less than 15	Inadequate

Use of Resources 1

Definition

164 This measure is the 'proportion of LSC funding applied to priority provision'.

165 Based on learner numbers and priority funding data, expressed as a percentage, the methodology calculates the amount of LSC funding spent on LSC priorities.

Data definition and source

166 This indicator requires a specification of priority areas and funding data by provider, both in total and for the priority areas (excluding any safeguarded funding).

167 The definitions are those used by the Summary Statement of Activities (SSoA)/Mix of Provision, and the sources of data are the various categories of LSC funding and aims originating from the ILR (F05) with planning data being taken directly from the SSoA.

Data submission requirements

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

Assessment criteria

169 See Table 14.

170 All providers can receive an additional five points if they demonstrate greater than 10% year-on-year improvement in the percentage of their provision that is in priority areas (measured in planned enrolments for 2008/09). Providers will have five points deducted if the percentage of provision in priority areas decreases by more than 10% year on year. If the planning data indicate substantial differences in planned learner numbers between years and there are substantial differences between these numbers and actual learner numbers for the early planning years, i.e. greater than 25% difference, then the assessment is that the validity of the planning data is uncertain and no points are added or subtracted.

Table 13: Application of all five Use of Resources measures in 2008/09

Provider type	Funding Economy		Resource Efficiency		Capital
	UOR 1	UOR 2	UOR 3	UOR 4	UOR 5
Colleges (GFEC, SFC, land-based, art and design and tertiary)	✓	✓	✓	✓	✓
Other	✓	✓	✓	×	×

Table 14: Assessment criteria UOR1: % priority provision

The provider's overall point score is averaged across types of provision.

	16–18 provision	Adult provision	Work-based learning provision
Points	Percentage of LSC funding applied to priority provision >=	Percentage of LSC funding applied to priority provision >=	Percentage of LSC funding applied to priority provision >=
100		95.0%	
95		90.0%	
90		85.0%	
85	100.0%	82.5%	
80	99.0%	80.0%	100.0%
75	98.0%	77.5%	98.0%
70	97.5%	75.0%	97.5%
65	97.0%	72.5%	97.0%
60	96.5%	70.0%	96.5%
55	96.0%	67.5%	96.0%
50	95.0%	65.0%	95.0%
45	92.5%	62.5%	90.0%
40	85.0%	60.0%	85.0%
35	80.0%	55.0%	80.0%
30	75.0%	50.0%	75.0%
25	70.0%	45.0%	70.0%
20	60.0%	40.0%	60.0%
15	50.0%	35.0%	50.0%
10	40.0%	30.0%	40.0%
5	20.0%	20.0%	20.0%
0	0.0%	0.0%	0.0%

171 The assessment criteria reflect the relative challenge in achieving 100% priority provision for different types of provision. Hence the maximum points that can be achieved for work-based learning (WBL) provision is 80 points, as all WBL provision is regarded as priority. A score of 80 points meets the UOR threshold for 'Outstanding provision', but does not give the provider any further advantage that could unfairly offset poor performance in the other UOR measures.

172 A worked example of UOR1 calculation is given at Annex 4.

Weighting

173 Funding Economy (UOR1 and UOR2 combined) represents one-third of the UOR KPA.

Use of Resources 2

Definition

174 This measure is 'delivery as a percentage of funding allocation or contract value'.

175 The measure is calculated by taking the reported out-turn value of training supplied and expressing it as a percentage of the final allocation before the start of the year concerned. Where a provider supplies training across more than one funding stream, the measure is calculated for each funding stream and the score applied to the provider takes account of the performance in each funding stream.

Data definition and source

176 The relevant data are the funding allocation (FE) or original contract (WBL) and out-turn by provider for each funding stream (FE 16–18, FE 19+, WBL).

177 These data will be obtained from the funding database/AMPS and out-turn records.

Data submission requirements

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

Assessment criteria

179 See Table 15. Owing to historical differences in the treatment of WBL funding and FE funding, different assessment criteria have been applied to these two funding streams.

180 The FE funding stream uses as thresholds the criteria used in assessment of contract performance against allocation, with less than 97% delivery against allocation being the trigger for action on funding. Given the 97% threshold, any performance less than 97% receives a maximum of 40 points rather than 45 points.

181 Scores above 100% delivery against allocation reflect that the sector routinely delivers greater than 100% allocation, and additional payments are made for performance above 105%.

182 A worked example of UOR2 calculation is given at Annex 4.

Weighting

183 Funding Economy (UOR1 and UOR2 combined) represents one-third of the UOR KPA.

Performance indicator 2: Resource Efficiency

184 The Resource Efficiency PI assesses a provider's use of LSC funds per successful outcome and its comparative cost per learner.

185 The Resource Efficiency PI comprises two performance measures: Use of Resources 3 (UOR3) and Use of Resources 4 (UOR4). The points from each of the two measures are averaged and a grade for the PI found (see Table 12).

Table 15: Assessment criteria UOR2: Delivery as a % of allocation

Provider's overall points are averaged across funding streams.

	FE funding stream	WBL funding stream
Points	Delivery as % of allocation	Delivery as % of allocation
100	106%	106%
95	105%	105%
90	103%	103%
85	101.5%	101.5%
80	100.0%	100.0%
75	99.5%	98.0%
70	99.0%	96.5%
65	98.5%	95.0%
60	98.0%	93.5%
55	97.5%	92.0%
50	97%	90%
45	not applied	not applied
40	96%	87%
35	94.5%	84.5%
30	93.0%	82.0%
25	92.0%	80.0%
20	91.0%	77.5%
15	90%	75%
10	67.5%	60%
5	22.5%	20%
0	0%	0%

Use of Resources 3

Definition

186 This measure is 'LSC funding per successful outcome'.

187 The methodology follows demand-led funding principles and uses a provider's average national funding rate, adjusted by a) provider qualification success rates to represent outcome performance and b) a programme weighting and disadvantage factor to represent the additional resources that a provider uses.

Data definition and source

188 National funding rates, standard learner numbers (SLNs), disadvantage factor, programme weighting and success factor by provider for each funding stream (16–18, adult learner responsive funded and co-funded provision and employer responsive funded and co-funded provision) use the definitions of the Funding Calculation. The QSRs for each type of provision follow the standard LSC definitions.

189 The data sources for this PI are LSC success rates derived from the 2007/08 FE and 2007/08 WBL ILRs, and the funding data from the demand-led funding models which are sourced from ILR and funding data for 2007/08.

Data submission requirements

190 There are no new requirements. The data will be collected through existing LSC systems and spreadsheets.

Assessment criteria

191 See Table 16.

192 For UOR3, lower overall funding per successful outcome is taken to indicate better performance (more efficient use of resources). While provision-specific criteria were considered, the more robust assessment came from using a provider's overall performance taken across all provision types.

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

194 A worked example of UOR3 calculation is given at Annex 4.

Weighting

195 Resource Efficiency (UOR3 and UOR4 combined) represents one-third of the UOR KPA.

Table 16: Assessment criteria UOR3: Funding per successful outcome

The same scoring system applies to all providers.

Points	Overall funding per successful outcome >=
100	£2,200
95	£2,300
90	£2,450
85	£2,550
80	£2,660
75	£2,700
70	£2,745
65	£2,790
60	£2,835
55	£2,880
50	£2,925
45	£2,970
40	£3,050
35	£3,125
30	£3,200
25	£3,275
20	£3,350
15	£3,450
10	£3,550
5	£5,000
0	£15,000
Note: these criteria are based on 2006/07 funding rates – the criteria will need to be recalibrated for 2007/08 funding rates	

Use of Resources 4

Definition

196 This measure is the 'provider level unit cost', obtained by dividing a college's total operating cost by a weighted standard learner number (WSLN).

197 The weights are college-level factors that are regarded as representing the additional costs that a provider incurs in delivering a SLN, relative to other providers. The factors are the provider's funding factors for that type of provision: area cost, programme weighting, disadvantage factor, short-course modifier and long-term residential factor. While UOR4 has currently been developed for colleges, further work is in hand to develop UOR4 for non-college providers. *The September 2008 edition of this document will provide an update on this*.

198 Recognition is given to the costs that a college incurs in servicing other income and funding through assigning a level of additional WSLN to this other income or source of funding, as follows:

$$\frac{\text{other income}}{\text{college's weighted average national funding rate per SLN}}$$

where the weights are the provider's SLN in each funding stream.

Data definition and source

199 'Total operating cost' comprises staffing costs and other operating expenses. 'Other income' is other funding and other income less any capital grants. Account is also taken of SLNs, area costs, programme weighting, disadvantage factor, long-term residential and short-programme modifier by provider and by funding stream (16–18, adult learner responsive fully funded and co-funded and employer responsive fully funded and co-funded).

200 Cost and income data are obtained from the Finance Record. SLNs are obtained for FE and WBL from the 2007/08 ILR (F05) and demand-led funding models.

Data submission requirements

201 There are no new requirements. The data will be collected through LSC existing systems and spreadsheets.

Assessment criteria

202 See Table 17.

203 This measure applies to the total population of colleges, and the same assessment criteria are applied to all types of provision within a provider.

Table 17: Assessment criteria UOR4: Comparative cost – operating costs per WSLN

Points	Operating costs per WSLN >=
100	£2,000
95	£2,250
90	£2,350
85	£2,400
80	£2,430
75	£2,500
70	£2,550
65	£2,600
60	£2,650
55	£2,675
50	£2,700
45	£2,750
40	£2,800
35	£2,850
30	£2,900
25	£3,000
20	£3,100
15	£3,240
10	£3,500
5	£7,000
0	£17,000
Note: these criteria are based on 2006/07 funding rates – the criteria will need to be recalibrated for 2007/08 funding rates	

204 For UOR4, lower operating costs per WSLN indicate better performance through more efficient use of resources. While provision-specific criteria were considered, the more robust assessment came from using a college's overall performance taken across all activities.

205 Performance in terms of the national unit funding rate is used to differentiate good from satisfactory performance, on the rationale that providers whose unit operating costs are substantially higher than the unit funding rates are not demonstrating efficient use of resources, given that the measure takes account of the additional relative cost of the college's provision.

206 Any college with average unit operating costs 10% or lower than the national unit funding rate is awarded points representing high level of performance. Equally, colleges whose costs are 20% or more than the unit funding rate are not assessed as making efficient use of resources.

207 A worked example of UOR4 calculation is given at Annex 4.

Weighting

208 Resource Efficiency (UOR3 and UOR4 combined) represents one-third of the UOR KPA.

Performance indicator 3: Capital

Definition

209 The performance measure Use of Resources 5 (UOR5) is the Capital PI.

210 UOR5 consists of two measures:

- condition
- renewal.

211 'Condition' is defined as the current condition of the college's building stock. The regional property advisors (RPAs) assess the proportion of the total gross internal area (GIA) of each college in each of the following categories:

- As new
- Sound
- Operational
- Inoperable.

212 Their assessment draws on data from the e-Mandate returns and a number of other sources. For scoring, the different categories are given different points and a weighted average, by GIA, calculated for each provider. The e-Mandate data reflects colleges' own self-assessments of the condition of their estate.

213 'Renewal' is defined as the progress a college is making in renewing its building stock. Renewal is based on the current capital application approvals, which go through three main stages:

- Stage 2 fee support (Submissions)
- approval in principle (AIP)
- detailed.

214 Applications may concern all or part of the college's total GIA. If part, there may be several applications, at different stages, for the same provider. The applications may involve new build and/or demolition so that the total GIA after completion may differ from that at the start. For scoring, the different stages are given different points and a weighted average by final GIA, calculated for each provider.

215 A renewal factor that takes into account the current condition, i.e. the base from which the renewal is taking place, is used to adjust the renewal measure.

216 The condition and adjusted renewal measures are added, and a scoring grid is used to set the UOR5 grade.

Data source

217 The data sources are: the e-Mandate return; data obtained from condition assessment spreadsheets supplied to the National Office Infrastructure and Property Services team by the RPAs; other condition data contained within property strategies, feasibility studies and capital applications; and approval record spreadsheets held by the National Office Infrastructure and Property Services team. The data is moderated by the RPAs' professional assessment.

Data submission requirements

218 There are no new requirements. The data will be collected from the data sources listed in the previous paragraph.

Assessment criteria and calculating the score

219 The Capital PI is calculated as follows:

220 **Step 1:** First, the RPAs provide a condition assessment of the GIA of each college in each of the categories set out in Table 18.

Table 18: Condition assessment – categories and points

Category	Points
As new	100
Sound	50
Operational	20
Inoperable	0

221 The condition measure then multiplies the proportion of the total area in each category as shown in Table 18 to give a score (rounded to the nearest whole number) from 0 to 100 for each college. For example, a newly rebuilt college scores 100 and a college that is 50% 'sound' and 50% 'operational' scores 35, i.e. (50% x 50) + (50% x 20).

222 **Step 2:** Capital applications progress through the main levels of approval set out in Table 19.

Table 19: Renewal assessment – categories and points

Approval level	Points
Stage 2	10
Approval in principle	25
Detailed	50

223 The renewal element multiplies the proportion of the (final) total area of a college being improved at the furthest level reached by each project as shown in Table 19 to give a score (rounded to the nearest whole number) from 0 to 50 for each college.

224 For example, a college with an AIP to improve 100% of its final area scores 25 and a college with detailed approval to improve 50% of its final area also scores 25 (50% x 50). A college with no approved plans scores 0 on this element.

225 **Step 3:** The renewal element is then adjusted by a renewal factor that takes into account the current condition, i.e. the base from which the renewal is taking place.

226 This is to distinguish, for example, a college whose current condition is 100% 'operational' from another whose condition is predominantly 'inoperable' where both have plans at a similar stage to improve 100% of their final area and therefore have a similar renewal score.

227 The renewal factor is calculated from the condition measure by dividing by 100 and rounding to one decimal place.

228 Continuing the example above, a college condition measure of 35 will have a renewal factor of 0.4 (35/100, rounded to one decimal place).

229 **Step 4:** The overall capital score for each college is calculated as follows.

Capital score = condition measure + (renewal measure x renewal factor)
(rounded to the nearest whole number)

Continuing the example, the capital score is 35 + (25 x 0.4) = 25 + 10 = 45.

230 **Step 5:** The Capital PI is then determined using Table 20. In the example, the score of 45 would be graded under the Framework for Excellence Capital PI as 'Satisfactory'.

Table 20: Capital assessment criteria

Capital score	Capital PI assessment
80 to 100	1 (Outstanding)
50 to 79	2 (Good)
20 to 49	3 (Satisfactory)
0 to 19	4 (Inadequate)

Weighting

231 UOR5 represents one-third of the UOR KPA.

Rationale for UOR5 capital assessment criteria

232 The UOR5 Capital PI comprises two elements for condition and renewal, and these will distinguish between colleges whose buildings are:

- as new
- currently in a poorer state but with approved plans to renew them.

233 They will also distinguish between colleges whose buildings are:

- 100% 'sound' (the second category of condition)
- currently 'inoperable' (the last category of condition) but with approved plans to renew them.

234 Equally, it would be difficult to grade a college:

- as 'Good' or above where the buildings were at best 'sound' and there were no approved plans to renew any part
- as 'Satisfactory' or above where the buildings were at best 'operational' and there were no approved plans to renew any part.

235 Assessment criteria have been selected to award grades as set out in Table 21.

Table 21: Assessment criteria UOR5

Outstanding (80 to 100)	• over 80% 'as new' with no plans to renew • at least 55% 'as new' with detailed plans to renew the rest
Good (50 to 79)	• over 50% 'as new' with no plans to renew • at least 30% 'as new' with detailed plans to renew the rest
Satisfactory (20 to 49)	• over 40% at least 'sound' with no plans to renew • a mix of operational and inoperable with detailed plans to renew
Inadequate (0 to 19)	• a substantial proportion of the estate classified as inoperable and the rest only as operational • A mix of operational and inoperable with no plans to renew

236 A worked example of UOR5 calculation is given at Annex 4.

Timetable of activities and reporting

	New or existing data collection	Data source	Data for 2008/09 relates to year...	Deadline for data submission/ collection	Action required
Responsiveness to Learners					
Learner Views	**New**, web-based	Learner Views survey (mandatory for those providers who chose not to take part in the voluntary survey, or who participated but did not deliver statistically robust results)	2008/09	Mid-February 2009 (exact timings will be confirmed on the Framework for Excellence website)	Administer the web-based Learner Views survey
Learner Destinations	**New**	Learner Destinations survey	2007/08	December 2008	Ensure that your learners have the opportunity to participate in the Learner Destinations survey
Responsiveness to Employers					
Employer Views	**New**, web- or paper-based	New survey of employers who have used FE	Grade given in spring 2009 will be based on 2007/08	December 2008	Provide the LSC with a list of all the employers you have worked with in the past 12 months Ensure that your employers complete the employers' survey
Fees and volume/ Amount of Training	Existing data, new report	ILR	Grade given in spring 2009 will be based on growth between 2006/07 and 2007/08	March 2009 for April 2009 grades	Complete relevant ILR fields
Quality of Outcomes					
QSR	Existing Existing	FE ILR WBL ILR	2007/08	Date set by the LSC for final ILR returns	Complete relevant ILR fields
Value added	Existing	LAT value added (amended)	2007/08	Date set by the LSC for final ILR returns	Nothing new

		New or existing data collection	Data source	Data for 2008/09 relates to year...	Deadline for data submission/ collection	Action required
Quality of Provision						
Inspection Grade		Existing	Ofsted	Year of inspection	None	Nothing new
Financial Health						
Financial Health		Existing Existing	Finance Record 2007/08 for colleges Latest financial statements for other providers	Colleges: Year ending 31 July 2008 Varies for other providers	31 December 2008 Various	Nothing new
Financial Management and Control						
Financial Management and Control		New format of existing data	Financial management and control evaluation (FMCE)	Year ending July 2008	31 October 2008	Complete new FMCE
Use of Resources (UOR)						
Funding Economy	UOR 1	Existing	Planning and Modelling system and FE, WBL ILR	2007/08 performance 2008/09 planning data	30 March 2007 14 December 2007	Nothing new
	UOR 2	Existing	AMPs and FE and WBL ILR	2007/08 performance 2008/09 planning data	30 March 2007 14 December 2007	Nothing new
Resource Efficiency	UOR 3	Existing	FE and WBL ILR, Demand-led funding AMPs	2007/08 performance 2008/09 planning data	30 March 2007 14 December 2007	Nothing new
	UOR 4	Existing	Demand-led funding AMPs, Finance Record	2007/08	31 December 2007	Nothing new
Capital	UOR 5	Existing	e-mandate Approval system	Year ending July 2008	December 2008 Ongoing	Nothing new

Publication and reporting

237 We will share each provider's Framework outputs and ratings with it as soon as possible each year. This will give it the opportunity to consider the outputs and ratings for its own institution before they are shared widely and published.

238 We are committed to publishing results for individual PIs as soon as they are of sufficient quality and robustness. On an annual cycle, we want to publish in time to inform learner and employer choices and commissioning decisions.

239 In spring 2009, there will be a limited publication of Framework scores for 2008/09. These will be restricted to outputs for which there are robust data. Thus, OPRs and certain scores for responsiveness dimensions for 2008/09 will not be published. However, they will be shared with the individual provider and the relevant regional and local LSC teams, Ofsted, HEFCE and the Learning and Skills Improvement Service for support and liaison purposes. *Details of the elements of the Framework that will be published in spring 2009 will be given in the September 2008 update of this document*.

240 The ability to access the data that have been used to derive the Framework measure as defined at Annex 1 will allow providers to view the information on which the ratings were derived.

241 In spring 2010, all of the Framework for Excellence outputs for 2009/10 will be published. This will include OPRs, the score for each dimension, the score for each KPA and data for each PI, along with some ability to access the data that have been used to derive the measures.

242 The outputs and ratings from the Framework will be made available through a range of media including Directgov for learners (www.direct.gov.uk) and Business Link for employers (www.businesslink.gov.uk), in line with the transformational government strategy.

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

Software to enable providers to derive their own ratings

244 In response to requests from the sector, software to enable providers to derive their own Framework for Excellence ratings will be provided in late autumn 2008. This software will aim to support modelling and planning and may also provide a mechanism for providers to test developments within their own quality information systems.

245 This software will be made available for downloading from the Framework for Excellence website and will :

- comply with the details of the Framework as set out in this document
- be able to be used to support staff development in the understanding of how the Framework will work
- be able to be used for planning purposes by entering data based on planned performance
- be able to be used to develop an understanding of the sensitivity of the Framework in respect of planned quality improvements
- take inputs in a format compatible with their expected availability.

246 The software is likely to be an Microsoft Excel-based service that is made available through an LSC website. In 2008/09, it will not be linked to the rest of the Framework for Excellence infrastructure and so will be a 'stand-alone' system .

247 The software, which will require data to be input by providers, will calculate the provider's performance measure scores, PI grades, KPA grades, dimension grades and OPR grade.

248 Some factors or coefficients used in the calculation of these scores and grades are derived from data or analyses for the full population of providers. In 2008/09, Framework population calculations will be available only just in time for the release of the Framework grades. Therefore, some aspects of the calculation will be different between this software and the operational Framework. It is expected that these differences will be small, but this cannot be guaranteed in advance of the 2008/09 outcomes.

249 We are working with Becta to ensure that the Framework takes account of activity that has been developed as part of the implementation of Harnessing Technology to increase provider capability in the effective use of technology in training provision and business systems. There has already been significant consultation with providers on how the Framework software would be used and what outputs would be appropriate, and we look to Becta to demonstrate alignment of its e-maturity self-assessment tool with the needs of the Framework. As there are likely to be many views on this subject, if this software is found to be useful, further consultation opportunities will be made available on how the future development of the software should develop, but inevitably change will be subject to the priorities and resources available.

Using the Framework

Use by learners and supporters

250 We want the Framework to provide information for learners and their supporters – parents and guardians – to enable them to make informed choices as users of our FE system. They have told us that the most useful information will relate to:

- the views of other learners
- the quality of provision, including facilities and resources, and whether learners' needs are being met
- learners' success rates, which are particularly significant when there is a choice of providers offering similar courses
- destination information which will enable them to evaluate the worth of a course in terms of investment in time, effort and money.

251 We will continue to work with learners, employers, information brokers and other interested parties to ensure that information meets the needs of all its users. In particular, we want to explore the potential of interactive and rapidly evolving web-based information sites where learners can record their views directly about individual providers, courses and qualifications.

252 Information will be available from Connexions services, the new Adult Advancement Service, careers teachers, 14–19 Area Prospectuses, the National Apprenticeship Service and from providers themselves, as well as the from Directgov. This information will be fully and widely available for learners for the first time in March 2010, although some data will be available from spring 2009.

Use by employers and skills brokers

253 The Framework will provide a consistent employer-generated rating of government-funded providers, which employers will easily be able to factor into their decision-making process when selecting training providers. The rating will be based on employer views and on volumes of training delivered.

254 Skills brokers and, in future, the integrated brokerage service delivered by Business Link will use the Framework scores to support recommendations to employers.

255 Currently there are several quality marks presented to employers and employer representative bodies, and from research we know that these are not universally recognised. We will replace these with just two: the Training Quality Standard (formerly known as the New Standard) and the Framework for Excellence.

256 We are exploring how we might present qualification success rate data to employers and brokers on a sectoral basis, so that an engineering company, for example, can find out about a provider's engineering provision. For the longer term, we will work with providers and other stakeholders to consider whether it would be appropriate for sectoral data relating to other Framework PIs to be published.

Use by providers

257 The Framework should be used by colleges and providers to assess and improve their own performance, and the findings of self-assessment incorporated into reports for governing bodies and boards. The LSC will expect all providers in scope to use the Framework scores as part of the evidence for self-assessment from the academic year 2008/09 and refer explicitly to the Framework PIs in the self-assessment reports submitted to the LSC in December 2009.

258 This will mean two things:

- making reference to Framework scores for 2007/08, which will have been shared with the institution in May 2009
- considering Framework scores and grades for 2008/09 and referring to them in the self-assessment report, as data become available.

259 Colleges and providers should carry out self-assessment as part of their wider processes of organisational review and development. College corporations and provider company directors will be encouraged to use the Framework in setting and monitoring their own strategic goals and targets. There will also be an increased emphasis on validating self-assessment judgements, both internally and externally, utilising evidence such as Framework outcomes and processes such as peer review. The targeting of underperformance and the management of performance risk will also be

highlighted as key elements of organisational review and development. The emphasis is on driving up standards.

260 New guidance on self-assessment will be published shortly to reflect the implementation of the Framework and moves towards a more self-regulating FE system.

261 The new guidance will offer case study examples of how providers are seeking to develop their approaches to self-assessment to incorporate the new Framework and to address other policy drivers within the FE system.

262 The LSC is aiming to issue a software toolset by late autumn 2008, to enable providers to derive their own Framework ratings in real time and in line with the provider guidance.

Use by the LSC

263 The Framework will be incorporated within LSC business processes for commissioning, procurement and challenging performance.

264 From spring 2009, a consideration of published Framework ratings and indicators will become part of the strategic commissioning dialogue with providers and will inform the process of negotiated commissioning.

265 From spring 2009, the LSC's financial and wider intervention policy will have regard to the publicly available elements of the Framework. From spring 2010, interventions such as Notices to Improve, and other actions such as contract withdrawal and removal of funding set out in *Identifying and Managing Underperformance*, will be triggered by Framework for Excellence scores of inadequacy.

266 The LSC will incorporate the Framework, as a minimum quality threshold, into the tendered commissioning process for provision to be delivered in 2010/11.

267 We will incorporate the requirements of the Framework into the 'quality assurance' section of the Financial Memorandum and the Contract for Services – Education and Training from 2009/10.

268 The LSC will discharge its responsibilities in relation to monitoring the financial health of providers and their operation of financial control with reference to the requirements of the Framework. The LSC's assessment of college capital projects will also refer to the requirements of the Framework.

Use in inspections

269 Within the single framework for provider performance assessment, the Framework for Excellence and inspection complement and are strongly linked to each other.

270 Ofsted is currently reviewing its approach to risk assessment to guide its assessment of the urgency/priority of a provider/service for inspection, and the degree of the inspection intervention.

271 Ideally, Ofsted's criteria for risk assessment will use Framework scores, paying particular attention to inadequate levels of performance. The LSC and Ofsted are working together to develop the relationship between the two processes.

272 The revised inspection handbook for September 2008 will include information on how inspectors will begin to take account of performance scores from the Framework.

273 The Framework for Excellence score for the overall quality of provision will be based on the current inspection view of overall effectiveness. This will be derived from the most recent inspection judgement.

274 The OPR generated by the Framework, and the overall judgement that comes from Ofsted inspections, will not necessarily be the same in every case. There are good reasons why these outcomes will differ: the Framework produces a set of PIs measured against assessment criteria whereas inspection considers a wider range of quantitative and qualitative evidence, including (in many cases) observation of teaching and learning, consideration of equality and diversity, and assessment of different aspects of a provider's work, all underpinned by inspectors' professional judgment.

Use by the Learning and Skills Improvement Service

275 The Learning and Skills Improvement Service will use the Framework data to inform the development and targeting of its programmes and services.

276 Where the Framework identifies colleges or providers that require additional support to improve their performance, the new body will provide the support to enable improvement to happen. During 2008, it will also work to incorporate appropriate Framework for Excellence ratings in its corporate and performance management processes.

277 Since 2002, the award of Learning and Skills Beacon status has been a mark of organisational excellence, demonstrating a high level of confidence in the provider by both the inspectorate and the funding body. Increasingly, we look to Beacons to be agents of change as the FE system moves towards self-regulation. The new improvement body will use the Framework to consider both the conditions under which Beacon status is awarded and under which it may also be withdrawn.

Reducing bureaucracy

Key principles

278 Our aim is to keep the Framework as simple as possible, using existing data and systems wherever possible and 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 inappropriately. As far as possible, the Framework should be based on that information which providers could reasonably be expected to use to manage their business.

279 The arrangements aim to achieve an appropriate balance between the Framework being fit for purpose and minimising additional bureaucracy and cost. They take account of numerous discussions with providers and other bodies during the past 18 months. Finally, the 2007/08 pilot, involving 100 colleges and other providers, was a genuine trial of the emerging Framework proposals. The 2008/09 arrangements build on that pilot and its evaluation.

280 Wherever possible, additional information required by the Framework is being collected through the ILR, through colleges' and providers' standard financial returns, or directly from awarding bodies and other organisations such as HEFCE and Sector Skills Councils. We are adhering to the Managing Information Across Partners (MIAP) principles, including using consistent definitions and gathering information once but using it many times

Consultation and endorsement

281 The 2008/09 Framework arrangements take account of a very large number of discussions and meetings with providers and other bodies. These included pilot development groups, visits to providers, larger-scale conferences and other events.

282 In 2006, the Government established the Information Authority to set and regulate consistent data standards for all FE organisations and act as a single gatekeeper for balancing need against burden in deciding what data to collect and report. The evolving Framework arrangements were considered by the Information Authority Board in December 2006, May and November 2007, and March and June 2008, and were broadly endorsed by that Board.

283 Also, the Framework arrangements were considered by the Bureaucracy Reduction Group in autumn 2007. Its main suggestions were that: teachers and other front-line staff in providers should be involved in the design, implementation and evaluation of the Framework; the overall evaluation of the Framework should focus on bureaucracy and the burdens on providers, front-line staff, learners and employers; and the broader performance assessment and management arrangements for the education and training system should be rationalised. We have taken on board these suggestions in our work since then.

Review and evaluation

284 The Framework is being reviewed and evaluated regularly. The 2008/09 arrangements take account of the conclusions from the 2007/08 pilot. A report on the evaluation of the pilot was published in May 2008 on the Framework for Excellence website.

285 The LSC has also commissioned a longer-term evaluation of the Framework. This will assess the Framework's processes; seek to establish its impact on providers and their staff, learners, employers, other users and national organisations such as Ofsted; and consider whether the Framework's objectives and expected benefits have been realised.

Sustainability and cost of the Framework

286 The Framework is designed to have an appropriate balance between fitness for purpose, sustainability, cost and bureaucracy. Improved decision making resulting from better information, at both provider and national level, is expected to justify the investment and resources involved.

287 During the initial implementation of the Framework, the work will be partly managed and conducted by the LSC. In the future, we envisage that the Framework will increasingly form part of providers' mainstream activity.

Further development of the Framework

New performance indicators

288 Additional PIs will be developed to provide appropriate information only where existing PIs are insufficient for the performance of a provider to be assessed by the Framework. We will explore the need for additional indicators during the second phase of pilot activity in 2008/09.

289 In particular, three additional PIs have been proposed: retention rates (for non-accredited learning) and achievement qualifications by 16–19-year-olds which are equivalent to full Level 2 and full Level 3.

290 We will address the implications of the new Qualifications and Credit Framework (QCF) for the Framework for Excellence. This will include the development and trialling during 2008/09 of a credit success rate indicator that can take account of the achievement of credit. Further details will be disseminated by the autumn.

Future piloting

291 The second phase of pilot activity will commence with the publication of new pilot guidance for 2008/09 by September 2008. Around 100 providers will be involved in piloting activities. As well as colleges and work-based learning providers, other provider types taking part will be local authorities, specialist designated colleges, independent specialist colleges, personal and community development learning providers, offender learning providers and HEIs with FE provision.

292 The objectives of the second phase of pilot activity will be to test the validity and robustness of new and revised performance assessment indicators proposed for use in the Framework, and to engage with types of provider in scope for the Framework from summer 2009.

293 Following the pattern of the first pilot, an evaluation will take place which will inform the development and roll-out of the second phase of the Framework in summer 2009.

Future vision for the Framework

294 On 17 March 2008, the Government published a consultation document, *Raising Expectations: Enabling the system to deliver* (DCSF, 2008). This document makes proposals to give effect to the Machinery of Government changes announced in July 2007, notably the transfer of funding responsibilities for 16–18-year-old learners to local authorities.

295 The Government proposes that local authority commissioning and learner choice should be informed by a clear framework for assessing performance which is common across all providers of education and training for young people and adults.

296 This framework should include:

- information about standards achieved and the quality of provision
- information about the views of young people and (where appropriate) of employers, and about the value for money achieved
- key performance measures of individual achievement at age 19.

297 The consultation document proposed that the framework should build on the Framework for Excellence and include school sixth forms and other providers as part of the pilot process from September 2009.

298 We are also working with colleagues in the Department for Work and Pensions (DWP) to continue to develop the relationship between the Framework for Excellence and the Star Rating model developed by DWP to improve the performance of its contracted employment provision.

Information and support

299 During the implementation and live operation of the Framework, colleges and providers will have access to information and support from a range of sources. These will include detailed guidance on the Framework website; preparation, advice and support from regional and local LSC teams; and, where necessary, more specialist support from LSC National Office.

300 A series of regional briefing events for providers is being held to coincide with the publication of this policy document. These will be organised and led by partnership teams to ensure maximum engagement with providers, and will also be supported by the national Framework for Excellence team.

301 The Learning and Skills Improvement Service will continue the Support for Excellence programme. The programme helps providers improve their self-assessment and builds their capacity for self-improvement.

302 This programme will provide specific support for those providers in scope for the Framework in 2008/09 through a series of workshops and guidance placed on the Excellence Gateway. In spring/summer 2009, events will be held for those providers coming into scope for the second phase of the Framework in 2009/10. These events will help these providers prepare for implementation of the Framework.

Annex 1: Data analysis available for each indicator

Performance indicator	Level of analysis and available detail
Learner Views	• Number of respondents • Number of responses by response method • Scoring responses by response methods • Resultant point score for each method/questionnaire combination compared against the maximum score that could have been achieved across each method/questionnaire combination • Average score by question • Resultant scores • Weight applied • Comparison to survey average • Variance from baseline score • Final score
Learner Destinations	• Number of priority learners in scope • Number of learners matched into data sets (defined by codes 1–5 of Table 5) • Number of learners not matched • Number blocked by L27 field • Number passed to survey partner to be interviewed • Number interviewed • Number who could not be interviewed • Number who gave a positive destination – codes 1, 2, 3, 4 or 5 • Number who gave neutral answers – code 6 • Number who gave no answers that indicated positive or neutral – code 10 • Calculated score • Number who progressed into HE • Percentage applied to whole cohort • Total of matched successful outcomes, HE outcomes and percentage calculation • Final score

Performance indicator	Level of analysis and available detail
Employer Views	• Number of employers surveyed • Number of responses by response method • Average score by question by method • Weights applied • Final score
Amount of Training	• Provider-level ILR details
Training Quality Standard Accreditation	• No further analysis required, although a public list of accredited providers is available at www.trainingqualitystandard.co.uk
Quality of Outcomes	• Standard QSR results for FE long courses excluding A-levels, FE short courses, A-levels, Apprenticeship completion rates and Train to Gain completion rates. • LAT value added scores (further QSR information is available through the Provider Gateway)
Quality of Provision	• Inspection grade • Date of inspection
Financial Health	• Financial ratios as set out in Annex 2 • Underlying financial data used to calculate the ratios • Any consistency points applied
Financial Management and Control	• No further analysis
Funding Economy	• Income spent on priority provision • Total income • Funding allocation
Resource Efficiency	• LSC funding • Number of successful outcomes • Total operating cost • Weighted standard learner numbers
Capital	• Total gross internal area (GIA) • Year of condition survey • GIA in condition A – As new • GIA in condition B – Sound • GIA in condition C – Operational • GIA in condition D – Inoperable • Condition score • Stage 2 new build area • Stage 2 refurbishment area • AIP new build area • AIP refurbishment area • GIA total after • Renewal score

Annex 2: Financial Health performance indicators for 2008/09

Ratio	Definition
Solvency	**For colleges:** The adjusted current ratio is defined as: $\frac{\text{Current assets*}}{\text{Current liabilities}}$ Where current assets are listed in the Finance Record 2007/08, Table 2 section 3 current liabilities are listed in the Finance Record 2007/08, Table 2 section 4. The components of current assets and current liabilities reported by colleges are as follows. Current assets: • stocks and stores in hand • trade debtors • fixed assets held for resale • other debtors • other short-term investments and cash. * Restricted cash and short-term investments from disposal of fixed assets held for future fixed assets acquisitions will be excluded from the current assets figure. Current liabilities (creditors: amounts falling due within one year): • overdrafts • loans • LEA deficit loan • capital element of finance lease • trade creditors • tax and pension contributions • payments on account • fixed asset creditors • other. **For work-based learning and all other providers:** The current ratio is defined as: $\frac{\text{Current assets}}{\text{Current liabilities}}$

Sustainability	**For colleges:** The operating position after tax as a percentage of income is defined as: $$\frac{\text{Adjusted operating position after tax}}{\text{Income used in ratio analysis (as listed in the Finance Record 2007/08, Table 4 line 1)}}$$ Where Adjusted operating position after tax comprises: • Operating position after tax* (Finance Record 2007/08, Table 1 line 12b) less: • Exceptional support income (Finance Record 2007/08, Schedule 1c line 1) • Pension finance income (Finance Record 2007/08, Schedule 1a line 5c) add: • FRS 17 adjustments (Finance Record 2007/08, Schedule 1d line 12 + Schedule 1e line 12b) * FE corporations are exempt from most taxation. **For work-based learning and other providers:** The operating position after tax as a percentage of income is defined as: $$\frac{\text{Net profit after tax}}{\text{Turnover}}$$
Status	**For colleges:** Total borrowing as a percentage of reserves and debt is as listed in the Finance Record 2007/08, Table 4 line 4e. **For all work-based learning and other providers:** The figure is the total debt as a percentage of reserves* and debt. *Reserves are defined for this purpose as shareholders' funds less intangible assets.

Annex 3: Financial Health scoring

Step 1– Initial scoring

For each of the PIs a score of zero to 100 points will be awarded, based on performance.

Table 3.1: Scoring the Financial Health ratios

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

Step 2 – Recognition of consistency

The scores for the three ratios above will be aggregated, and a bonus for consistent performance will be added to the sub-total as follows:

Table 3.2: Recognition of consistency

Two ratios scoring <= 60	add 50 points
Three ratios scoring <= 60	add 100 points

Step 3 – Grading the Financial Health score (with consistency)

The resulting total score out of 400 will be graded as follows:

Table 3.3: Assessment criteria for the Financial Health KPA

1 (Outstanding)	=	310 to 400
2 (Good)	=	220 to 300
3 (Satisfactory)	=	120 to 210
4 (Inadequate)	=	>= 110

Annex 4: Worked example of Use of Resources calculation

In this example the provider has an overall Use of Resources grade of 2

	Grade	Scores of 100
Funding Economy	**2**	
UOR1: Proportion of LSC funding applied to priority provision		68
UOR2: Delivery as a percentage of funding allocation		58
Resource Efficiency	**2**	
UOR3: LSC funding per successful outcome		70
UOR4: Unit operating cost per weighted SLN		65
Capital	**3**	26
Overall grade	**2**	

The example uses 2006/07 data and thus 2006/07 funding rates.

Note: The figures shown in these examples do not always combine to the totals indicated. This is because of the difference due to rounding in the figures presented from those used in the actual calculation.

UOR1 example calculation

For UOR1 there is an overall score of 68 points

For FE 16–18 there are 80 points because there are some non-accredited aims.
For adult FE there are 45 points because of the level of non-priority provision.
For WBL there are 70 points because of the level of non-priority provision.

Details of the calculation are as follows:

UOR1 2006–07 data	FE 16–18	FE adult	WBL	Overall	Rounded total
Total LSC funding for this activity	£8,275,169	£7,551,821	£65,361		
Funding of priority provision for this activity	£8,231,306	£4,908,495	£63,981		
Priority funding as a % of total funding for this activity	99.4699%	64.9975%	97.8886%		
Funding for this activity as a proportion of total funding	0.5207	0.4752	0.0041		
Points	80	45	70		
Average points weighted by total funding	41.7	21.4	0.3		**63**
2006/07 planned % priority provision				55%	
2007/08 planned % priority provision				71%	
Difference (rounded)				16%	
Points for increase in priority provision				**5**	
2006/07 planned overall provision				12,138	
2007/08 planned overall provision				11,782	
If difference in learner numbers >10%, remove planning points					
Revised priority planning points				**5**	
Total points					**68**

UOR2 example calculation

For UOR2 there is an overall score of 58 points

For FE 16–18 there are 100 points because there was greater than 105% delivery against the allocation
For adult FE there are 10 points because there was less than 90% delivery against the allocation
For WBL there are 65 points because there was less than 97% delivery against the allocation

Details of the calculation are as follows:

UOR2 2006–07 data	FE 16–18	FE adult	WBL	Rounded total
Allocation/contract amount	£9,376,900	£8,560,644	£3,459,215	
Claim	£10,052,096	£7,646,182	£3,299,599	
Claim as % of allocation/contract	107.20%	89.32%	95.39%	
Proportion of total allocation/contract for this activity	0.44	0.40	0.16	
Points	100	10	65	
Weighted points	43.8	4.0	10.5	**58**

UOR3 example calculation

For UOR3 there is an overall score of 70 points

There are 70 points because the funding used per successful outcome is nearly equal to the average national funding rate, having taken into account the resources used in providers' programmes and the disadvantage of their learners.

Details of the calculation are as follows:

UOR3 2006–07 calculation factors	FE 16–18	FE adult LR fully funded	FE adult ER co-funded	FE adult ER fully funded	FE adult LR co-funded	FE overall	WBL 16–18	WBL adult fully funded	WBL adult co-funded	Entry to employ-ment	WBL overall	FE and WBL overall
Funding rate (FR)	£2,701	£2,667	£1,922	£2,667	£2,001		£2,746	£2,734	£2,734	£2,733		
Co-funded factor (CFR)									0.61			
SLN	3,419	1,029	989	211	547	6,196	582	14	126	278	1,001	7,196
Success rate (SR = [success factor–0.5] x 2)	0.66	0.69	0.69									
Retention/achievement rate (R/AR)				0.83	0.88		0.88	1.00	0.95	0.68		
Programme weighting factor (PWF)	1.20	1.21	1.21	1.18	1.18		1.15	1.12	1.12	1.30		
Disadvantage factor (DF)	1.10	1.10	1.10	1.10	1.10		1.07	1.07	1.07	1.11		
Weighting factor (WF = [SR or R/AR] x PWF x DF)	0.87	0.91	0.91	1.08	1.15		1.08	1.20	1.14	0.98		
Adjusted national funding rate (FR/WF)	£3,102	£2,931	£2,114	£2,474	£1,742		£2,546	£2,280	£1,462	£2,794		
Adjusted funding rate weighted by SLN proportion within funding stream (FE or WBL)	£1,712	£487	£337	£84	£154	£2,775	£1,481	£33	£184	£777	£2,475	
Adjusted funding rate of stream weighted by proportion of total SLN						£2,389					£344	£2,733
Total points												**70**

Note: LR = learner responsive, ER = employer responsive.

UOR4 example calculation

For UOR4 there is an overall score of 65 points

There are 65 points because the provider's cost per SLN is less than the maximum national funding rate, having taken into account all the weighting factors applicable to that provider.

Details of the calculation are as follows:

UOR4 2006–07 data	FE 16–18	FE adult LR fully funded	FE adult LR co-funded	FE adult ER fully funded	FE adult ER co-funded	FE overall	WBL 16–18	WBL 19+ fully funded	WBL adult co-funded	Entry to Employ-ment	WBL overall	FE and WBL overall
Calculate WSLN (funded by LSC)												
SLN	3,419	1,029	989	211	547	6,196	582	14	126	278	1,001	7,196
SLN adjusted for co-funding			668		370	5,696			78		953	
Provider factor (all provider factors excluding Success Rate)	1,317	1,380	1,301	1,380	1,301		1,230	1,199	1,199	1,447		
WSLN (SLN x provider factor)	4,504	1,420	921	275	481	7,601	716	17	94	403	1,230	8,830
Calculate additional WSLN due to other income												
Proportion of SLN within funding stream	0.60	0.18	0.12	0.04	0.06	1.00	0.61	0.02	0.08	0.29	1.00	
Funding rate	£2,701	£2,667	£2,667	£2,667	£2,667		£2,746	£2,734	£2,734	£2,733		
Adjusted funding rate weighted by SLN proportion within funding stream	£1,621	£482	£313	£99	£173	£2,687	£1,677	£41	£225	£798	£2,741	
Adjusted funding rate of funding stream weighted by proportion of total SLN						£2,302					£393	£2,695
Other revenue income												£9,101,000
Additional WSLN (Other revenue income/average funding rate												3,377
Calculate unit cost												
Total WSLN (WSLN + additional WSLN)												12,207
Total operating cost												
Unit operating cost (total operating cost / WSLN)												£2,593
Points												**65**

Note: LR = learner responsive, ER = employer responsive.

UOR5 example calculation

The Capital grade is 3, from a UOR5 with an overall score of 26 points

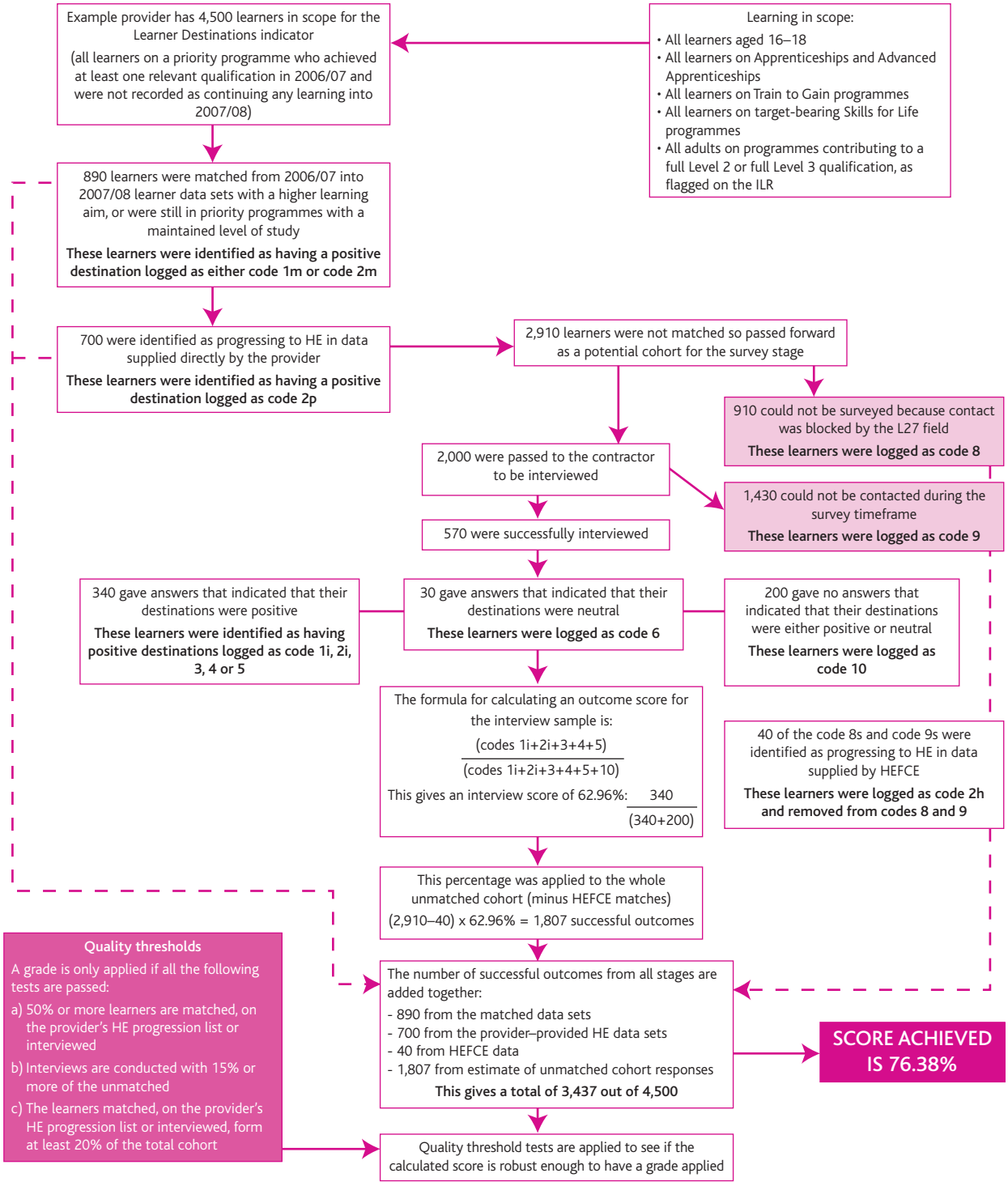
This is because a substantial proportion of the provider's estate is either 'operational' or 'inoperable

There are plans for renewal.

Details of the calculation are as follows:

Condition (RICS category)	A – As new	B – Sound	C – Operational	D – Inoperable	Total
Calculate condition measure					
Moderated condition points	100	50	20	0	
Moderated condition assessment (sq m)	5,370	5,165	19,520	21,463	51,518
Proportion of estate	0.10	0.10	0.38	0.42	
Condition measure (points x proportion, out of 100)	**10**	**5**	**8**	**0**	**23**
Calculate renewal measures					
	Detailed	**AIP**	**Stage 2**	**Planned final GIA total**	
New or refurbished area (sq m)	1,711	24,501		41,360	
Proportion of new or refurbished area	0.04	0.59			
Renewal points	50	25	10		
Renewal measure	2	15			17
Renewal factor (condition measure /100, rounded to one decimal place)					0.2
Adjusted renewal measure (rounded to a whole number)					**3**
Capital score/condition measure + adjusted renewal score)					**26**
Grade					**3**

Annex 5: Learner Destinations scoring methodology for 2007/08



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