

Performance-related Funding

Arrangements for Implementation of the Premium Funding Methodology set out in Circular 03/16, and Assessment for Inflation-only Funding

Circular 03/09 *Success for All*: Implementation of the Framework for Quality and Success sets out the performance-related funding arrangements which the Learning and Skills Council (LSC) will implement.

As part of the spring 2004 reviews of three-year development plans with further education providers, local LSCs will be making decisions on performance-related funding that will be applied for the year 2004/05.

This will include whether providers have met the criteria for premium rate funding, and identification of those giving cause for serious concern that will receive inflation-only funding.

This document explains the basis on which local LSCs will make such decisions.

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Section 1: Summary

- 1 *Success for All*, published in November 2002, set out Government policy for premium rate funding of excellent further education (FE) providers, and for inflation-only funding for poorly performing FE providers. Circular 03/09 *Success for All: Implementation of the Framework for Quality and Success* sets out the overall performance-related funding arrangements which the Learning and Skills Council (LSC) will implement.
- 2 As part of the spring 2004 reviews of three-year development plans with FE providers, local LSCs will be making decisions on performance-related funding that will be applied for the funding year 2004/05. (For brevity, the term FE provider is intended to cover all FE colleges and other FE providers within scope for premium funding as specified in this Summary at paragraphs 8 and 9 below.) This will include whether FE providers have met the criteria for premium rate funding, and identification of those giving cause for serious concern that will receive inflation-only funding.
- 3 This document explains the basis on which local LSCs will make such decisions. It supplements Circular 03/16 *Success for All: Recognising and Rewarding Excellence in Colleges and other Providers of Further Education – Arrangements for Premium Rate Funding*. The circular set out the criteria that will be used for making assessments on eligibility for premium funding.
- 4 Arrangements for review of performance in spring 2004 have been significantly simplified. However, where decisions are being taken which impact on providers' funding, it is crucial that the criteria are clear and applied consistently. The framework for performance review set out in

Circular 02/19 Quality and Standards Reviewing Performance: Refined Arrangements for Colleges and Providers from October 2002, still applies for FE providers likely to be assessed as excellent or giving cause for serious concern.

- 5 Following Government policy set out in *Success for All*, those FE providers who are assessed as giving cause for serious concern will receive inflation-only funding in 2004/05. More information is given in Section 5 below.
- 6 In making their assessment of an FE provider's eligibility for premium rate funding, local LSCs will include consideration of progress made with their agreed three-year development plan in deciding whether performance is excellent, and will also record whether the FE provider has met the specific criteria for premium funding.
- 7 There will be moderation of performance-related funding decisions to ensure consistency.
- 8 Arrangements for performance-related funding apply to FE provision in FE colleges, which include sixth-form colleges, tertiary colleges, general FE colleges, specialist designated institutions and specialist colleges.
- 9 Performance-related funding also applies to the FE-funded provision of former external institutions (independent and local authority).
- 10 These performance-related funding arrangements do not apply to specialist colleges for learners with learning difficulties and disabilities, higher education institutions (HEIs) with FE provision, or Ufl/**learn**direct provision. Further discussions with the representatives of these types of provider about appropriate arrangements and timing for introducing performance-related funding are taking place.
- 11 In accordance with Government policy for performance-related funding as set out in *Success for All*, it does not apply to work-based learning provision or school sixth forms.

Section 2: Review and Assessment of Eligibility for Premium Funding

- 12 In order to gain premium funding for the year 2004/05, an FE provider must be assessed as having an overall excellent performance categorisation at the spring 2004 performance review, including showing good progress towards the implementation of its three-year development plan and the achievement of the headline improvement targets and milestones (criterion 1), and either:
- show excellent performance evidenced through inspection (as defined by **criterion 2**) or
 - have an overall curriculum adjusted success rate which achieves the premium funding indicator, that is +15.00 per cent or higher (as defined by **criterion 3**, explained at paragraph 26).
- 13 The premium funding criteria are explained in Section 3.

Implications for Review

- 14 Review is an overall judgement of the performance of a provider. In line with the Government's *Success for All* policy, performance-related funding is only being applied to FE providers in respect of their LSC FE-funded provision. Accordingly, in addition to its overall review assessment, the local LSC will also record its decision on whether an FE provider that is in scope has met the specified premium funding criteria.
- 15 Subject to moderation, this decision will confirm FE premium funding for those FE providers that are judged excellent in review and meet the specific premium funding criteria.
- 16 Funding allocations for the funding year commencing August 2004 resulting from the decisions made in the spring performance reviews will be notified to FE colleges and other FE providers by the end of May.

Clarification on Premium Funding Decisions in Particular Circumstances

- 17 In most instances, the overall assessment of an FE provider as excellent will correlate with its having met the premium funding criteria.

18 However, as a result of frequently asked queries received to date, it is evident that there may be some exceptions to this. Further clarification of such particular circumstances is provided on two possible scenarios.

a **Where the local LSC considers that an FE provider's overall performance is excellent but it has not yet been inspected under the Common Inspection Framework.** In these circumstances the FE provider cannot prove that it meets criterion 2. If it also does not meet criterion 3 it has not met the specific criteria for premium funding. In such cases the LSC may still categorise the performance overall as excellent, but will need to make clear to the college or provider that it will *not* receive premium funding for 2004/05. **The only exception to this is where the LSC subsequently receives notification from the inspectorates of inspection grades before the end of June 2004 which indicates that criterion 2 has been met, and the overall assessment was excellent at the spring 2004 review.** (Any inspection reports from autumn term 2004 onwards will be used as evidence in assessment for premium funding eligibility for funding year 2005/06 in spring 2005.)

b **Where an FE provider has met the premium funding criterion 1 and criterion 2 and/or 3, but the local LSC has significant concerns about other important aspects of its overall performance in relation to the performance review framework.** In these circumstances, the FE provider will not receive an overall performance categorisation of excellent, and will therefore *not* have met the requirements for premium funding. As a result it will *not* qualify for premium funding in 2004/05. Possible examples of such circumstances include:

- the success rate performance in FE has deteriorated significantly since inspection
- the quality of other significant non-FE provision funded by the LSC is of significant concern
- there are significant financial or audit issues outstanding
- there are concerns over the provider's health and safety arrangements.

Section 3: How the Premium Funding Criteria will be Assessed

19 The local LSC spring 2004 review panel will make an overall evidence-based review assessment of all FE providers likely to be excellent, using the LSC existing performance review framework.

- 20 A specific assessment of FE providers in relation to the additional premium funding criteria will also be made and recorded.

Criterion 1: Progress Against the Three-year Development Plan

- 21 Criterion 1 in Circular 03/16 requires that an excellent FE provider will be making good progress in implementing its three-year development plan, and meeting or exceeding milestones towards the achievement of its agreed headline targets.
- 22 Local LSCs and providers should assess whether or not the provider is on track to achieve the milestones and targets set out in the plan. They should also consider the extent to which the provider is implementing the actions and strategies outlined in the strategic summary. A provider which is on track to achieve the milestones and targets for **all** the headline improvement targets set out in the plan, and which is implementing the actions and strategies set out in the strategic summary, can be viewed as making good progress against the plan. When an FE provider is unlikely to meet a milestone, the local LSC will draw on a range of information in making its judgement. This will include the amount of shortfall, reasons for not meeting the milestone, and the significance of the target in relation to the total amount of education and training which the FE provider offers.
- 23 Discussions on progress should take account of the provider's own assessment of progress and should result in a common understanding and agreement on how the provider has performed.

Criterion 2: Excellent Performance Evidenced through Inspection

- 24 A provider will meet criterion 2 if:
- two-thirds or more of the provider's full time equivalent (FTE) learners are in curriculum areas given an overall grade of 1 (outstanding) or 2 (good) in the academic year when their FE provision was inspected
 - no learners are in curriculum areas given an overall grade of 4 (unsatisfactory) or 5 (very poor) at inspection

- leadership and management was given an overall grade 1 (outstanding) or 2 (good) at inspection.
- 25 An illustration of how the data will be assessed for criterion 2 and further accompanying technical notes on inspection criteria are provided at Annex B.

Criterion 3: Achieving the Threshold Premium Funding Indicator through Success Rates

- 26 The criterion requires the following:
- the overall premium funding indicator must be +15.00 per cent or higher
 - actual success rates must exceed the relevant further education national success rate floor targets in both 2001/02 and 2002/03 as specified in Circular 03/09
 - where the provider has been inspected under the Common Inspection Framework, no curriculum areas were given a main grade of 4 (unsatisfactory) or 5 (very poor).
- 27 The success rate data will be taken from the benchmarking data produced annually by the LSC. For the purposes of premium funding at the spring 2004 performance review, the benchmarking data for 2001/02 to 2002/03 will be used. To produce this data requires the data returns ISR 16, ISR 19, ISR 22, ISR 25 and ILR 2002/03 F05. Where the FE provider has not supplied these data returns to the LSC, the LSC will be unable to make an assessment on criterion 3, and the FE provider will therefore not be considered for premium funding through criterion 3.
- 28 During March, local LSCs will be provided with reports on each in-scope FE provider in respect of its premium funding indicator. An illustration of how the premium funding indicator is calculated and assessed is included at the end of this section.
- 29 Full definitions of how the benchmarking data is calculated can be found at www.lscdata.gov.uk/benchmarking. The methodology for producing benchmarking data often changes slightly between years. For the purposes of premium funding at the spring 2004 performance review we will be using the methodology adopted for benchmarking data 2000/01 to 2002/03. These data are due to be published in summer 2004. In

keeping with the latest methodology, basic skills diagnostic tests will not be included in the success rates.

- 30 The premium funding indicator is equal to the difference between a provider's overall success rate for the period 2001/02 to 2002/03 and the overall success rate it would have achieved if it had performed at the national average in seven qualification types. The seven qualification types are:
- long notional level 1 qualifications
 - long notional level 2 qualifications
 - long notional level 3 qualifications excluding A, AS and A2 levels
 - long notional level 3 A, AS and A2 qualifications
 - long notional level 4 and 5 qualifications (level H)
 - long qualifications with no prescribed notional level (level X)
 - short qualifications.
- 31 Short qualifications are defined as being less than 24 weeks in length.
- 32 All calculations of percentages will be carried out to two decimal places.
- 33 Where a college or provider has had a full or partial re-inspection, and where the revised grades are known to the LSC by the end of June 2004, these will be taken into account when judging whether it has any areas graded 4 or 5 under the Common Inspection Framework.
- 34 Where an institution has merged since 2001/02, the previous data returns from the pre-merged institutions will be combined to produce success rate data.

Criterion 3: Amendment to Circular 03/16

Change from benchmarking on 2000/01 and 2001/02 data to 2001/02 data only

- 35 Following further consideration since publication of Circular 03/16, it has been decided not to include data from 2000/01 in the benchmark against which actual FE provider success rates will be compared.
- 36 For the calculation of criterion 3 for the funding year 2004/05, the national average success rate figures for 2001/02 *only* will be used as

benchmarks to calculate the curriculum-adjusted success rates. These are as shown in Table 1.

Table 1: National average success rates for 2001/02.

Course type	Success rate
Long notional level 1 courses	50.53%
Long notional level 2 courses	50.47%
Long notional level 3 courses (excluding A levels)	49.49%
Long notional level 3 A/AS/A2 levels	71.25%
Long notional level H courses	37.09%
Long notional level X courses	62.86%
Short courses	74.16%

- 37 The main reason for using 2001/02 figures only, rather than the average of the two-year period 2000/01 and 2001/02 originally shown in illustrative examples in Circular 03/16, is the changes in A-level provision following on from Curriculum 2000.
- 38 A levels have now been phased out and replaced by AS and A2 level courses, which have significantly different overall success, retention and achievement rates.
- 39 However, in 2000/01 there were still a significant number of two-year A-level courses being taught. This caused the national benchmark figure for long notional level 3 A/AS/A2 levels to be unrepresentative of the national picture in 2001/02 and of that which we expect to see in 2002/03. These are the two years of data on FE providers that will be used to assess their premium funding indicator.
- 40 This effect, if unaccounted for, would bias providers who may qualify for criterion 3 in favour of those with significant volumes of A-level provision. Therefore no 2000/01 data will now be used in the national calculation of the threshold for criterion 3. This is a change from illustrative examples in Circular 03/16.

- 41 To summarise, the actual headline success rate will be based on the FE provider's overall performance in 2001/02 **and** 2002/03, compared with the 2001/02 national average benchmark figures.

Section 4: Future Review of Performance- Related Funding Arrangements

- 42 During 2004/05 the LSC intends to undertake qualitative research with the FE sector to review the implementation of performance-related funding arrangements. It will also obtain views from the sector on whether the arrangements are fulfilling the policy intention – to raise standards in the sector, to reward excellent performance and to provide incentives for FE providers to aspire to excellence.

Premium Funding - Criterion 2

- 43 The trend in the numbers and characteristics of FE providers qualifying for premium funding through inspection will be monitored during 2004/05.

Premium Funding - Criterion 3

- 44 The seven qualification types and their national averages used in calculations for premium funding in 2004/05 may be reviewed for 2005/06, to ensure that they remain fair and support the policy intention of performance-related funding.
- 45 In particular, the LSC has received some representations from the sector that the category of short qualifications has a wide variation of duration and that very short qualifications have much higher retention and achievement. This makes the overall average success rate figure for short qualifications challenging for those whose short qualification provision is mostly at the 20 weeks plus end of the short range. Others have suggested that there may be a perverse incentive to increase very short qualification provision as a means to achieving premium funding,

given that there is no weighting between short and long qualifications in calculating the overall curriculum-adjusted success rate.

- 46 During 2004, the LSC will review the 2002/03 benchmarking data. It will decide whether there is a need for refinement to the qualification types and their baseline comparison average success rates to be applied in the calculation of criterion 3 for performance reviews in spring 2005, affecting funding for the academic year 2005/06.
- 47 The review will inform any refinements made to implementation arrangements during 2005/06 for premium and inflation only funding, and enable the LSC to inform the Department for Education and Skills (DfES) about the extent to which performance-related funding is fulfilling the policy intentions as stated in *Success for All*.
- 48 The LSC will work with its advisory groups for Theme 4 of *Success for All*. The membership of these groups reflects the sector, and they will be involved in developing approaches to evaluation and future refinements, if required, to arrangements for performance-related funding.

Section 5: Serious Concerns and Inflation-only Funding

Support and Intervention

- 49 The LSC works in partnership with colleges and providers to help support their work on improving performance and prevent, wherever possible, a decline to a position where the LSC has serious concerns about a college or provider. Where a college or other provider has been categorised as giving cause for serious concern in performance review, the LSC will work with the provider, supporting and intervening as appropriate to ensure improvement takes place. Arrangements for intervention are set out in the LSC Circular 02/06 *Quality Improvement: Intervention to Improve the Performance of Providers*. Where appropriate, the LSC may invest Local Intervention and Development (LID) funding to support rapid improvements.

- 50 The LSC will use the framework for performance review as set out in Circular 02/19, *Quality and Standards Reviewing Performance: Refined Arrangements for Colleges and Providers from October 2002*, and will take into account the college or provider's three-year development plan when reaching its judgement about categorisation of giving cause for serious concern.
- 51 Colleges and providers who significantly fail to achieve the annual milestones for **all** headline improvement targets identified in their development plan would usually be regarded as being in the performance category of giving cause for serious concern. In this case, the provider would receive inflation-only funding for 2004/05 and the local LSC would review whether or not to continue with the three-year funding agreement, or to revert to a one year-funding agreement.
- 52 FE providers who were below one or more floor targets for success rates in 2001/02 and/or in 2002/03 will have been expected to have implemented decisive action for improvement, agreed by the governing body or board of management, in order to meet or exceed the floor target(s) by 2005/06. Where a college or provider significantly falls short of meeting its annual milestones for raising performance to meet floor targets, it is likely to be placed in the category of giving cause for serious concern. Placing a provider in this category on the basis of failure to meet floor targets needs to be supported by an overall assessment of the provider's performance as giving concern for serious concern through performance review.

Serious Concerns and Inflation-only Funding

- 53 Following the Government's policy set out in *Success for All* for performance-related funding for FE colleges and other providers of FE, the LSC set out arrangements in Circulars 03/09 *Success for All: Implementation of the Framework for Quality and Success* and in 03/16 *Success for All: Recognising and Rewarding Excellence in Colleges and other Providers of Further Education – Arrangements for Premium Funding*, covering premium funding specifically.

- 54 Colleges and other providers of FE assessed as giving cause for serious concern in the LSC review of their performance in spring 2004 will receive inflation-only funding for 2004/05. In the light of the inspection evidence and trends, it is unlikely that the number of FE providers in serious concerns will alter much in Spring 2004. Recently there has been a slight increase in the proportion of colleges found inadequate at inspection, and these colleges will not yet have had time to make changes that have resulted in measurable impact. There will be moderation of Spring 2004 review assessments.
- 55 Where the assessment of giving cause for serious concern is based upon recent inspection findings, the LSC will continue its practice of restricting growth in curriculum areas that require re-inspection.
- 56 Where a provider has assessed itself as having a weak curriculum or subject area, the LSC would also not expect the provider to plan to increase the numbers of learners taken on in the first year of the programme in the curriculum area or areas in question.
- 57 In cases where the LSC has significant concerns about the quality of provision, leadership and management and/or financial issues, the local LSC will undertake detailed discussions with the provider to assess its capacity to deliver planned provision, and any growth. These discussions may lead to a restriction in the growth funding provided.
- 58 Further details can be found within the annual publication of Further Education Funding Guidance.

Annex A: Glossary of Terms

- 1 Some of the terms used in this document are explained below.

Curriculum-adjusted mean success rate

- 2 This is the headline success rate that an institution would have if it had performed at the level of national average success rates for the seven qualification types set out in Table 1.

Overall success rate

- 3 The overall success rate for an institution represents the total number of learning aims achieved divided by the total number of learning aims expected to end in the year in question, excluding transfers.

National mean success rate

- 4 The national mean success rates are the overall success rate figures for the FE sector sourced from the LSC benchmarking data, which can be accessed from www.lscdata.gov.uk/benchmarking.

Premium funding indicator

- 5 The premium funding indicator is equal to an institution's overall success rate minus its curriculum-adjusted mean success rate. For institutions performing above the national mean success rates, the premium funding indicator is positive. For institutions performing below the national mean success rates, the premium funding indicator is negative.

Threshold premium funding indicator

- 6 The threshold premium funding indicator is 15.00 per cent. An FE provider's premium funding indicator must be above this threshold to meet criterion 3.

Annex B: Criterion 2 Worked Example and Further Technical Notes on Inspection Criteria

- 1 Table 2 presents the data which is used in the following criterion 2 worked example.

Table 2: College or provider data.

Curriculum area	Inspection grade	FTE learner numbers
Science and Mathematics	2	100
Land-based Provision	1	150
Construction	3	225
Engineering, Technology and Manufacturing	2	200

Information and Communication Technology	2	175
Hairdressing and Beauty Therapy	3	125
Humanities	2	325
Foundation Programmes	1	275
Leadership and Management	1	Not applicable

FTEs in areas graded 1 or 2 = 100 + 150 + 200 + 175 + 325 + 275 = 1,250.

FTEs in areas graded 3 = 225 + 125 = 350.

FTEs in areas graded 4 or 5 = 0.

Total FTEs in areas graded = 1,250 + 350 + 0 = 1,600.

Proportion of FTEs in areas graded 1 or 2 = 1,250 ÷ 1,600 = 78.13 per cent.

Since there are more than 66.67 per cent of FTEs in areas graded 1 or 2, there are no grades 4 or 5 and the leadership and management grade is a 1 or 2, this college meets criterion 2.

Further Technical Notes on Inspection Criteria

- 2 Only inspection grades given against the Common Inspection Framework, and of which the LSC National Office has been officially informed by June 2004, will be used for decisions on premium funding for the academic year 2004/05.
- 3 The LSC and the Office for Standards in Education (OFSTED) use different definitions of FTE learner numbers. For the purposes of premium funding, the LSC defines that an FTE is equivalent to the expected guided learner hours divided by 450, capped at 1 for any individual learner. Where a learner is on more than one qualification, that learner's FTEs are split between the different qualifications weighted by the expected number of guided learning hours for each of the qualifications. Only LSC-funded learners on non-Ufl/**learndirect** courses, recorded on a complete and validated individualised student record (ISR) or individualised learner record (ILR) return received by the LSC, will count towards the calculation.
- 4 The LSC holds information on the number of FTEs in each of the 14 areas of learning listed below:
 - Science and Mathematics

- Land-based Provision
 - Construction
 - Engineering, Technology and Manufacturing
 - Business administration, Management and Professional
 - Information and Communication Technology
 - Retailing, Customer Service and Transportation
 - Hospitality, Sports, Leisure and Travel
 - Hairdressing and Beauty Therapy
 - Health, Social Care and Public Services
 - Visual and Performing Arts and Media
 - Humanities
 - English, Languages and Communication
 - Foundation Programmes.
- 5 This information will be used to calculate FTEs by graded areas of learning, and so establish whether an institution has met criterion 2 or not. Only learners in areas that have been inspected will be included in the calculations. The assignment of which area of learning a qualification is in will be based on the data held in the LSC learner aims database (LAD). Where a qualification has yet to be assigned an area of learning on the LAD, the LSC may assign to it a provisional area of learning for the purposes of premium funding. A full list of these assignments will be shared with local LSCs.
- 6 Institutions that have been inspected since August 2003 will have 2002/03 FTE data used instead of 2003/04 data in the calculation of criterion 2 for the purposes of premium funding in 2004/05.
- 7 Where a curriculum area inspected maps to a single area of learning, all FTE learners will be attributed to the grade given to that area. Where a number of curriculum areas have been inspected which map to the same area of learning (for example, where separate grades are given to Literacy and Numeracy and Basic Skills within the area of learning of Foundation Programmes), the number of FTE learners will be evenly split between the two grades. Work will be undertaken to ensure that this assumption is not unrepresentative of the make-up of

the provision for any provider who could be eligible for criterion 2. This supporting data will be shared with local LSCs.

- 8 Where a full re-inspection has been undertaken resulting in notified re-grading, these grades will be used in place of the original inspection. Where a partial re-inspection has been undertaken resulting in notified re-grading of some curriculum and occupational areas, these grades will be used in place of the earlier grades. However, the calculation will still be performed on FTE data from the year of inspection.
- 9 Where an FE provider report indicates that it meets criterion 2, the local LSC can exercise evidence-based judgements that the provider no longer meets the overall performance category of excellent because of significant worsening of performance since the date of the inspection report. All such cases will be moderated.
- 10 Where a recent merger established the FE provider, a number of potential complications could arise in assessing whether the new entity meets the premium funding criteria. For this reason, these will be considered on a case-by-case basis and will be moderated.
- 11 Where provision in a curriculum area that was graded 4 or 5 at inspection has been subsequently stopped completely with the agreement of the local LSC, the local LSC may agree to discount this from the calculation to establish whether criterion 2 has been met. The local LSC should promptly report such instances to the LSC National Office in order that the report produced on criterion 2 takes this into account.
- 12 If a college has current ministerial Learning and Skills Beacon status it will be deemed to meet criterion 2.

Annex C: Illustrative Example of How to Calculate Whether an FE Provider Meets the Premium

Funding Indicator Threshold for Criterion 3

Concept

- 1 The premium funding indicator used in criterion 3 shows how much above or below the national average success rates a college is, taking into account its mix of qualifications. The adjustment for mix is important, if a little complex, if different types of FE provider are to stand an equal chance of achieving premium funding status.

Required Data

- 2 There are two sets of data needed to judge criterion 3. Table 3 shows the national mean success rates by qualification type for the period 2001/02.
- 3 Table 4 shows the breakdown in the number of learning aims started for different qualification types for an FE provider.

Methodology

- 4 Calculation of the premium funding indicator is a three-stage process which requires information taken from the institution level benchmarking data reports. These are produced annually by the LSC.

Stage 1

- 5 Multiply the number of learning aims started in a particular qualification type (Table 4) by the mean national success rate for that qualification type (Table 3). Total these up to give the curriculum-adjusted number of achievements.

Stage 2

- 6 Divide the curriculum-adjusted number of achievements you have just calculated by the total number of learning aims started for the institution. This gives you the curriculum-adjusted mean success rate.

Stage 3

- 7 Take the curriculum-adjusted mean success rate you have just calculated and subtract the actual overall success rate for the institution. This gives you the premium funding indicator.

Conclusion

- 8 If the premium funding indicator is above 15.00 per cent, the institution has met criterion 3.

Tables and Calculation Stages of How to Calculate Whether an FE Provider Meets the Premium Funding Indicator Threshold for Criterion 3

Table 3: National mean success rates (2001/02).

Course type	Long level 1 courses	Long level 2 courses	Long level 3 courses (excluding A/AS/A2)	Long level 3 courses (A/AS/A2 only)	Long level H courses	Long level X courses	All short courses
Success rate	50.53%	50.47%	49.49%	71.25%	37.09%	62.86%	74.16%

Table 4: Number of learning aims run by the institution (most recent two-year period available).

Actual institution success rate	Long level 1 courses	Long level 2 courses	Long level 3 courses (excluding A/AS/A2)	Long level 3 courses (A/AS/A2 only)	Long level H courses	Long level X courses	All short courses	All courses
70.34%	100	150	0	0	0	0	2,000	2,250

Stage 1

	Long level 1 courses	Long level 2 courses	Long level 3 courses (excluding A/AS/A2)	Long level 3 courses (A/AS/A2 only)	Long level H courses	Long level X courses	All short courses	All courses
	50.53%	50.47%	49.49%	71.25%	37.09%	62.86%	74.16%	–
	x 100	x 150	x 0	x 0	x 0	x 0	x 2,000	–
Totals	50.53	75.71	0	0	0	0	1483.2	= 1,609.44

Stage 2: Curriculum adjusted success rates

$$1609.44 \div 2,250 = 71.53\%$$

Stage 3: Premium funding indicator

$$70.34\% - 71.53\% = -1.19\%$$

Conclusion

The institution does not meet criterion 3 as its total premium funding indicator is -1.19% which is below the 15.00% threshold.

Annex D: Premium Funding Data Requirements and Availability

Data Derived from FE Providers

- 1 In order to make judgements as to whether an FE provider is eligible for premium funding, certain data will be required. Success rate and learner number information will only be sourced from ISR and ILR data held by the LSC.
- 2 The LSC expects that excellent performing FE providers submit accurate data in a timely manner. Those who submitted their data by the deadline will have their 2002/03 success rate data calculated for reports to be used by local LSCs in assessing whether they have met criterion 3 in spring performance reviews.
- 3 It is expected that excellent providers will have already returned all relevant historical data and that this data is complete, accurate and consistent with the current data returns.
- 4 As previously indicated, FE providers who did not return an accurate and complete ILR 2002/03 F05 by the returns deadline of 2 February 2004 would normally be ineligible for premium funding. However, a period of grace until 9 February 2004 was given to harmonise the deadlines for 3 per cent funding tolerance (see Circular 03/11) and premium funding.
- 5 While most FO5 returns have been made, any FE provider that believes there are *exceptional* circumstances which justify it not meeting the deadline for submission of its FO5 should bring these to the attention of its local LSC office immediately. The local LSC should promptly notify details of such cases by e-mail to CVH-Premium Funding@lsc.gov.uk, with an indication of whether the local LSC considers that the reason for late submission/re-submission is justified, and the expected date when the FO5 will be submitted. The LSC

National Office will provide advice to local LSCs, and an agreed position about exceptional eligibility will be reached. The local LSC will respond to the FE provider.

- 6 Where an FE provider has merged or changed its management information system, it should ensure that fields such as student reference code, qualification aim reference, and start and expected end dates are consistent with previous data returned for students whose study spans more than one academic year. Where necessary, the FE provider should contact its local LSC, which will then liaise with the LSC National Office on resolving these matters.

Data on Inspections

- 7 If an FE provider has been inspected or re-inspected under the Common Inspection Framework, and either the grades have been published by the inspectorate or the LSC has been informed by the relevant inspectorate of the provisional grades by 19 March 2004, then these will be taken into account when assessing against the premium funding criteria in the spring 2004 performance reviews. (Inspection grades advised to the LSC by the inspectorates from 20 March to the end of June 2004 will also be taken into account for the purpose of the 2004/05 funding allocation, but notification of premium rate funding allocation in such cases may be delayed.)

Reports from LSC National Office Based on Supplied Data

- 8 The LSC National Office will supply local LSCs with data to support them in the performance review process. For the purposes of assessing for premium funding, a report will be made available on each FE provider showing whether it has met criterion 2. Reports showing whether an institution has met criterion 3 will be made available to local LSCs during March 2004, as these will be calculated from ILR 2002/03 FO5 returns.

- 9 Local LSCs will make their FE providers aware of the information on their position in relation to criterion 2 and criterion 3 in their individual discussions with them, in preparation for review panel meetings.

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