

Responses to Circular 03/15, *Plan-led Funding for Further Education.*

Introduction

1. This report provides analysis of the plan-led funding consultation outcomes that followed publication on 1 October 2003 of Circular 03/15 *Plan-Led Funding for Further Education.*

Background

2. The consultation period ran for twelve weeks from the publication of Circular 03/15 until 23 December 2003 and formal responses were gathered through a dedicated e-mail address, an on-line pro forma and via fax/post.

3. Views were also obtained on aspects of the proposed approaches at nine regional events that ran during the consultation period. The first event was held on 4 November 2003 in Leeds, this was followed by: Bristol, London, Newcastle, Peterborough, Coventry, Nottingham and Manchester. The final event took place in Egham on 12 December 2003. The events, attended by 568 delegates, were chaired by a member of the advisory group and consisted of a keynote presentation by either Ken Pascoe or Geoff Daniels and a technical presentation given by senior members of the funding policy team. Round-table discussions followed presentations during which attendees were asked to consider the proposals in Circular 03/15 and record their collective views on a response sheets. Feedback from events was very positive as delegates welcomed the opportunity to discuss issues with fellow professionals.

Respondents

4. In addition to the consultation events, a further 202 written responses to the plan-led funding consultation were received. These included 124 from the further education (FE) sector (colleges or former external institutions).

The breakdown of respondents were:

Further Education College	116	Further Education Institution	8
Local Education Authority	12	Higher Education Institution	0
Trade Union	2	Work Based Learning Provider	17
Employer	2	Representative Body	6
Sector Body	2	National Organisation	8
Regional Body	3	Voluntary Organisation	0
School	4	Individual	3
Other	19		

5. Organisations assigned categories on response forms, and their categorisation has been used in the analysis.
6. The nine regional events were attended by 568 delegates representing 331 organisations, this included 241 further education colleges

Overview

7. The proposals detailed in Circular 03/15 were broadly welcomed by participants in the consultation. There were a number of concerns raised and these have been highlighted within this report, however the main concerns raised were the need for more detail of the proposals and the timescales for implementation of the proposals.

Responses/Summary of Key Comments Raised

8. The numerical and % figures given for each of the questions below are based on the 202 formal consultation responses received, however comments from the regional events have been included.

9. The first line (All) gives a breakdown of the total (202) responses. The % calculations have excluded those respondents who chose not respond to individual questions, respondents who were unsure have been included.

10. The second line (FE) gives a breakdown of the 124 responses submitted by the FE sector. The % calculations have excluded those respondents who chose not respond to individual questions, respondents who were unsure have been included.

Q1 Do you support the principles of plan-led funding?

	Yes	No	Not Sure	No Response
All	163 (93%)	12 (7%)	0	27
FE	117 (94%)	7 (6%)	0	0

11. The majority of respondents to the consultation and attendees at the regional events expressed support for the principles of plan-led funding detailed in Circular 03/15, however, the need for more detailed development of implementation approaches was raised.

12. Many respondents highlighted the need for clarification of the scope of plan-led funding, i.e. whether it should apply to work based learning (WBL) delivered by FE colleges.

13. A number of respondents expressed the view that plan-led funding should not be linked to the performance review process, however support for its

interrelationship with 3-year development planning was expressed. It was highlighted that the proposals for plan-led funding may potentially duplicate or conflict with the planning responsibilities of governing bodies or Local Education Authorities (LEAs) and this would need to be examined further.

14. The role of local LSC staff in the planning process and their capacity to deal with the processes was raised as a concern. A number of respondents felt that senior LSC staff should participate in the planning dialogue.

Q2 Do you support the proposals for plan-led funding?

	Yes	No	Not Sure	No Response
All	144 (84%)	24 (14%)	4 (2%)	30
FE	102 (82%)	18 (15%)	4 (3%)	0

15. The proposals for plan-led funding were broadly welcomed by both the respondents to the formal consultation and the attendees of the regional events. The proposed two-way dialogue as a basis for a trust relationship was supported along with the shift away from a system based on eligibility to one based on demand.

16. The main issues raised, were regarding data sharing and the timescale for implementation. The need to avoid micromanagement was also stressed along with need to retain flexibility.

Q3 How could colleges and local LSCs work together most effectively in developing costed provision plans, for example at what level of aggregation of provision should the planning dialogue normally take place?

17. Respondents to the consultation felt that colleges and local LSCs could work together most effectively in developing costed provision plans by working together in a responsive way that focuses on 16-18, 19+, full time and part time learners.

18. Many respondents felt that joint training for colleges and local LSC staff would be beneficial to the plan-led funding processes.

19. A large number of respondents suggested that the planning dialogue should take place at the highest possible level to avoid micro management, this was the main concern highlighted by colleges and other respondents to consultation. It was felt that the involvement of local stakeholders and senior management in the delivery of plan-led funding is imperative to its success.

20. The view that funding should build on existing systems and processes, such as Strategic Area Review (StAR), in order to minimise change and disruption was also expressed.

21. One issue expressed was that often national initiatives cause tensions and conflict with local priorities. These would need to be considered during the plan-led funding process.

Q4 Do you agree that the LSC should end clawback as part of plan-led funding?

	Yes	No	Not Sure	No Response
All	151 (88%)	17 (10%)	4 (2%)	30
FE	107 (87%)	13 (11%)	3 (2%)	1

22. A large proportion of respondents (88%) agreed with the proposal that the LSC should end clawback as part of plan-led funding in order to promote stability and enable planning in the context of a stable resource level. The removal of clawback also promotes and supports an open and honest trust relationship.

23. The clawback process is very time consuming and its ending will make resources available for other activities.

24. Some respondents felt that the ending of clawback would reward underperformance and that less funds would be available for growth. Concern was also raised that public money must be spent appropriately.

Q5 Do you support the proposals to deal with unplanned changes in volumes?

	Yes	No	Not Sure	No Response
All	118 (71%)	36 (22%)	12 (7%)	36
FE	86 (71%)	28 (23%)	7 (6%)	3

25. The majority of respondents to the consultation supported the proposals for dealing with unplanned changes in volumes. It was recognised that colleges could accommodate slight increases in volumes, however recognition of additional costs would need to be made in future allocations. It was requested that the levels of volume changes that institutions would be expected to absorb should be discussed. Concern was raised that the incentive for growth may be reduced if there was no reward.

Q6 Within these proposals, how can we continue to maximise the incentives for colleges to prioritise provision of learning opportunities for 16-18 year olds, basic skills and, in future the adult Level 2 entitlement?

26. The main suggestions to maximize the incentives for colleges to prioritise provision of learning opportunities for 16-18 year olds, basic skills and the adult level 2 entitlement were regarding funding levels. Suggestions included; increased

levels of funding for these areas of work, increased national base rates for qualifications most commonly delivered to these groups of learners, application of higher weightings to this provision, or bonus payments to colleges that exceed targets for these learners.

27. Concern was raised that there appeared to be no incentive for colleges to maximise performance. Conversely those failing to achieve targets would not have access to premium funding.

Q7 Do you agree with the proposal to replace current funding audit with a regularity audit as part of the plan-led approach?

	Yes	No	Not Sure	No Response
All	116 (70%)	33 (20%)	17 (10%)	36
FE	82 (67%)	27 (22%)	13 (11%)	2

28. A large number of respondents agreed with the proposal to replace the current funding audit with a regularity audit. It was felt that the focus on expenditure, rather than justifying income would save considerable time and money, which could be redirected to focus on the learning experience.

29. It was agreed that the current audit is burdensome but not bureaucratic in itself, complexity occurs through the maintenance of an accurate MIS student record system, which is not used solely for audit purposes. Many people commented that data quality had improved as a result of the current audit regime and concern was raised that this may decrease with the removal of the funding audit.

30. Many respondents were concerned regarding the cost of a regularity audit and who would bear it, as the current ILR audit is paid for by the LSC, it was questioned as to whether this would be the case with the regularity audit.

Q8 What expectations should be placed on college auditors to provide audit assurance statements including consideration of MIS as a key to safeguard proper use of public funds?

31. Many respondents felt that college auditors should have a “duty of care” to the LSC and in light of this a list of LSC approved auditors should be established.

32. Respondents supported MIS being included in audit assurance statements and that audit intensity should depend on risks involved.

33. It was felt that a clear definition of “proper” and “improper” use of funds needed to be made available.

Q9 Do you support the proposals for ensuring valid and reliable data?

	Yes	No	Not Sure	No Response
All	105 (64%)	45 (27%)	15 (9%)	37
FE	72 (60%)	38 (31%)	11 (9%)	3

34. The proposals for ensuring valid and reliable data were supported both by respondents to the consultation and attendees at the regional events.

35. Accurate and reliable data is essential to the proper management of any organisation, however it was highlighted that college data accuracy improves as the year progresses. Some respondents welcomed the regular sharing of data as they felt it would aid partnership working on plans and promote trust, others felt that it would be burdensome and demonstrated mistrust of providers.

36. The need for an integrated approach to audit and data was highlighted.

37. Concern was raised regarding the implications of the data requirements on smaller providers.

Q10 Do you agree that the rewards and interventions that will support a trust relationship are relevant, appropriate and proportionate?

	Yes	No	Not Sure	No Response
All	117 (74%)	25 (16%)	17 (11%)	43
FE	88 (73%)	20 (17%)	12 (10%)	4

38. Most respondents felt that the rewards and interventions were appropriate provided they were operating within a trust relationship. Plan-led funding is seen as a good start to a trust relationship, which would develop over time.

39. The need for a coherent and integrated approach to data and audit processes was emphasized and the possibility of standardising data/ audit requirements across providers and funding bodies was raised.

40. Concern was raised regarding the levels of bureaucracy and complexity that would remain in institutions.

41. The need to ensure that local LSCs have appropriate levels of staff with the skills necessary to implement the plan-led funding approach was also highlighted.

Q11 Should any component of the funding formula be changed or excluded? If so, please explain your rationale.

	Yes	No	Not Sure	No Response
All	61 (40%)	87 (56%)	6 (4%)	48
FE	48 (40%)	67 (56%)	5 (4%)	4

42. A majority of respondents (56%) indicated that the funding formula should remain unchanged. Where respondents indicated a preference that the current formula should be changed, the following suggestions were made:

- Achievement funding (does not apply in other sectors such as schools (pre-16), Higher Education (HE))
- Assumed fee income
- Area uplift including rurality
- Additional Learning Support (ALS)

43. Many respondents supported the use of historic data. A clear majority indicated that more qualifications should be listed.

44. Concern was raised regarding the potential impact of the proposed removal of census dates and it was suggested that modelling of the impact is undertaken before implementing this proposal.

Q12 Is the proposed approach to calculating programme funding appropriate? If not, how else could this be calculated?

	Yes	No	Not Sure	No Response
All	117 (76%)	27 (18%)	10 (6%)	48
FE	95 (78.5%)	20 (16.5%)	6 (5%)	3

45. The majority of respondents supported the proposed approach to calculating programme funding, however it was felt that the proposed use of historical data for plan-led funding requires further clarification.

46. The removal of census dates was welcomed as a way of simplifying the funding methodology. It was also indicated that administration would be simplified and that the proposed changes would bring FE in line with the schools sector.

47. The main concern raised was regarding the fee remission proposals due to learner profiles varying year on year. Another concern raised was that smaller institutions might be disadvantaged.

Q13 Do you support the concept of block funding? If so, where should the threshold for short programmes funded within the block be set?

	Yes	No	Not Sure	No Response
All	126 (82%)	18 (12%)	9 (6%)	49
FE	99 (84%)	12 (10%)	7 (6%)	6

48. The following table shows, where specific responses were made, the level of support for different thresholds for block funding:

Guided Learning Hours (glh)	< 10	< 20	< 30	< 50	< 60
Number of Respondents	3	5	28	2	16

49. The concept of block funding and the proposed reduction in administration was supported both by respondents to the formal consultation and the attendees at the regional events. Many respondents suggested setting the threshold for an initial trialling period of block funding at 30 glh. Following evaluation of the trialling, it was suggested that the threshold should be set at 60 glh.

Q14 Which other activities should be funded through block funding?

50. The following list details suggested activities that could be potentially funded through the block funding approach:

- Employer engagement/ workforce development
- ALS
- Short courses
- Outreach work
- Adult and Community Learning
- Enrichment/entitlement activities
- Pilot/development activities
- Distance learning
- Widening participation activity

Q15 Do you support the abolition of the franchise discount?

	Yes	No	Not Sure	No Response
All	133 (90%)	14 (9%)	2 (1%)	53
FE	100 (86%)	14 (12%)	2 (2%)	8

51. The abolition of the franchise discount was supported by 90% of consultation respondents; many indicated that the discount did not promote high quality provision.

52. Respondents indicated support for the monitoring of franchise agreements by the LSC and felt that partner organisations should be subject to inspection.

53. Many respondents indicated that the administration level retained by the franchiser should be determined to ensure that funding is directed to the learner.

54. Concern was raised regarding previous experiences of franchising.

Q16 Do you support the abolition of the funding taper?

	Yes	No	Not Sure	No Response
All	142 (93%)	10 (7%)	0	50
FE	111 (93%)	8 (7%)	0	5

55. The proposal to abolish the funding taper was supported by 93% of respondents as they indicated that it was an unnecessary bureaucracy/complexity, which was very difficult to understand.

Q17 Do you agree that the proposed principles provide a reasonable framework for developing future funding relationships?

	Yes	No	Not Sure	No Response
All	164 (90%)	12 (7%)	5 (3%)	21
FE	107 (91%)	7 (6%)	4 (3%)	6

56. The proposal to incorporate all direct funding into a single contract was welcomed, as were the principles for contracting/sub-contracting, however the need for a 'level playing field' was stressed.

Q18 Are there specific implications of these proposed funding relationship principles to which the LSC should give particular consideration?

	Yes	No	Not Sure	No Response
All	125 (76%)	27(17%)	12 (7%)	38
FE	79 (73%)	20 (19%)	9 (8%)	16

57. The need for a consistent and coherent approach to contracting across different types of organisations, local LSCs and National Contract Service (NCS) was stressed, with a ‘level playing field’ being requested for all LSC funded providers.

58. It was suggested that the common inspection regime should take account of relationships and this area may need further consideration.

N.B. Many respondents took this question as an opportunity to further comment on the principles of plan-led funding as a whole, rather than Section 6 as intended.

Q19 Do you agree with the proposed principles for funding new providers?

	Yes	No	Not Sure	No Response
All	134 (79%)	22 (13%)	13 (8%)	33
FE	84 (76%)	16 (15%)	10 (9%)	14

59. A clear majority of respondents supported the proposals for funding new providers, however many voiced the opinion that existing providers should be given the opportunity to respond to gaps in provision before new providers were engaged. The need for consistency with existing providers regarding targets, data requirements, monitoring and quality for new providers was also stressed.

60. Many respondents felt that the StAR process was critical for managing the entry of new provision and that a definition of new provision along with the publication of clear criteria for assessment were required.