

# Improvement in the Further Education Sector

A consultative prospectus  
for a new sector-owned  
organisation

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## Foreword

**As the representatives of the government, the Centre for Excellence in Leadership (CEL) and the Quality Improvement Agency (QIA), we are pleased to present this national consultation on how improvement services should be commissioned and provided for the further education sector<sup>1</sup>.**

**QIA and CEL have decided to come together to form an entirely new organisation dedicated to developing and supporting the excellent further education sector employers, learners and communities need. We invite you, who lead and work in the further education sector, to help us shape and steer this organisation<sup>2</sup> and to maximise the opportunities it will offer the sector.**

This organisation will build on the existing CEL and QIA, but it is not simply a bringing together of their work. It will take a comprehensive approach to whole organisation improvement, offering services which are based on leading edge practice from within the sector and further afield.

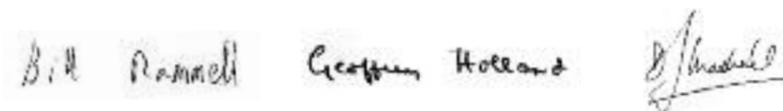
Your contribution now and in the future is important to the success of the new organisation. Why? Because it will be owned and driven by you – by the further education sector.

Both CEL and QIA have many achievements of which to be proud. But it is now time, we believe, for a new organisation to support strategic reform and to take improvement and leadership in the sector forward in a radically different manner. It makes sense to combine CEL's and QIA's remits and specialisms within a new organisation which will help the sector facilitate continuous self-improvement, make a success of self-regulation and meet the social and economic challenges employers, individuals and communities face. The new organisation is also a response to Andrew Foster's call<sup>3</sup> for a simpler and better co-ordinated sector.

The further education sector has a huge job to do in helping employers and learners gain the skills and knowledge they need in today's world. We know the sector very well and we know that it will succeed in this. But we also know that individual colleges and providers welcome and value impartial expertise and support. This new, sector-owned improvement organisation will provide just that, building and sustaining capacity and self-improvement across the sector.

In this document, you will read about the mission and aims for the improvement organisation, the legal structure, ownership arrangements and proposed services. Most importantly, you will find out how you can play your part in running the new organisation and how it can best work with and for you. We ask you to consider the questions set out in this document and to send your ideas and comments to us by Friday 25 January 2008 (details of how to do this are given on page 19).

In discussion with some of the sector's representative bodies and national agencies, there has been a broad welcome for the new organisation and the opportunities it will create. We look forward now to hearing your views and to your continuing engagement with the new organisation.



Bill Rammell MP, Minister for Lifelong Learning, Further and Higher Education  
Sir Geoffrey Holland, Chair, Quality Improvement Agency  
David Marshall, Chair, Centre for Excellence in Leadership

<sup>1</sup>The term 'further education sector' refers to the wide range of colleges and providers and the national partners responsible for planning, funding and improvement in England. Collectively the system provides opportunities for individuals from the age of 14 upwards to participate in learning, training and skills development and for learners of all ages to participate in a range of activities, including educational or vocational courses.

<sup>2</sup>A name has yet to be chosen for the new organisation. This is something the shadow board will address.

<sup>3</sup>*Realising the potential – a review of the future role of further education colleges*, DfES, November 2005.

## The case for a new improvement organisation

**1.1** The further education sector is complex, including many types of providers with very different remits and histories. It includes: small, specialist providers focusing on skills development in local areas or industry niches; adult education services helping people learn simply for interest or giving them the second chance they need; offender learning in prisons; and substantial colleges which are major businesses in their own right and which offer a huge range of courses and qualifications.

**1.2** Colleges and providers of all types across the sector have driven up standards and performance in recent years. There is some truly excellent provision, there is much that is good and there is now relatively little that is inadequate. With all its diversity and potential, the sector makes a huge contribution to our national prosperity and to society.

### Rising standards

The college success rate continues to rise at an impressive rate, from 59 per cent in 2000/01 to 77 per cent in 2005/06.

The completion rate for Apprenticeships (full frameworks) is up from 24 per cent in 2001/02 to 63 per cent in 2006/07.

In the first two years of this inspection cycle, 221 colleges were inspected. Of these, 14 per cent were outstanding, 42 per cent were good and 36 per cent were satisfactory.

### The context in which the sector operates

**1.3** If the UK is to have the skills to compete across the world, we need a further education sector that is itself world-class and globally aware, a sector that can make a success of Train to Gain, the 14-19 reforms, Skills for Life and other major programmes. This is a message articulated clearly in the government's 2007 Leitch Implementation Plan<sup>4</sup>. The sector is also a powerful actor in social mobility, justice and cohesion. For many individuals who have been failed by the school system, it represents their chance to get the skills and confidence they need.

**1.4** To meet these challenges, good, satisfactory and poor performers will all have to improve, and even the best colleges and providers will have to do better to provide the UK with the highly skilled workforce it needs. Learners, employers and communities deserve nothing less. That is what lies behind our proposal for a new, sector-owned improvement organisation. We believe that there is a strong case to be made for the new sector-owned improvement organisation, particularly in the wider context of work on self-regulation.

### The case for the new organisation

**1.5** In the light of the economic and social imperatives, we can be pleased that standards are rising and that the culture of improvement is becoming established within the sector. Most colleges and providers have priorities, targets and plans for self-improvement. National and regional agencies, including of course QIA and CEL, offer a considerable range of support. This support is given coherence within the framework of the National Improvement Strategy<sup>5</sup>. Rising success rates show the effectiveness of this approach.

<sup>4</sup>*World Class Skills*, DIUS, July 2007.

<sup>5</sup>*Pursuing Excellence*, QIA, January 2007.

**1.6** However, we know that colleges and providers value impartial, expert advice and there is a widespread view – shared by many of the sector’s representative bodies and national partners – that to help the sector meet the challenges it now faces something new and different is needed. That is what we propose here – a new organisation bringing together services to support organisational development and leadership, which are necessarily bound together. This organisation will have, in the context of self-regulation and Sir Andrew Foster’s report, a new and stronger relationship with the sector and will be more closely aligned with the sector’s own aspirations for self-improvement.

### The case for the new organisation

**Whole organisation improvement:** The development of any college or provider and the capacity of its leaders and managers are inextricably linked, with many interdependencies. While teachers and trainers deliver in classrooms and workshops, their institution is driven forward by its leaders and managers. The new organisation will have the capacity and expertise to take a whole organisation approach to improvement, supporting colleges and providers of all types operating in the 14-19 or post-19 contexts or both. It will ensure that the improvement offer for colleges, providers and for the whole sector is coherent, focused, cost-effective and valuable.

**The sector’s move towards self-regulation:** The sector has been developing proposals for self-regulation which include how it might assume greater collective responsibility for improvement, just as individual colleges and providers have the responsibility for their own improvement. We do not want the sector to see this new organisation as another intermediary body, but rather as its own improvement body providing support at national, local and individual levels.

**Simplification of the improvement landscape:** The infrastructure for improvement is a complex one, and Andrew Foster recommended in his 2005 report that it be ‘rationalised, co-ordinated and focused’. In response, the 2006 Further Education White Paper<sup>6</sup> committed the government to simplification and rationalisation. The coming together of CEL and QIA is in direct response to Andrew Foster’s report. It builds on the merger in 2007 of the Adult Learning Inspectorate (ALI) into the new Ofsted, with the quality improvement functions of the ALI transferring to QIA. The quest to achieve simplification and to reduce bureaucracy remain significant drivers of policy. The new improvement organisation will bring greater clarity and focus to quality improvement.

**Determining how improvement funds should be invested:** As the owner of the new organisation, the sector will be able to determine how its core budget<sup>7</sup> is spent.

**1.7** Since their establishment, both CEL and QIA have successfully supported improvement in the sector and provide services that are highly-rated. The new organisation will build on the work of CEL and QIA, but will be stronger than either of them can be individually, no matter how closely they work together.

QIA’s job is to raise quality and standards. It leads the development of the National Improvement Strategy. QIA encourages and supports colleges and providers as they develop and work through plans for self-improvement. It also helps people and organisations respond to and prepare for policy reforms affecting the sector.

CEL’s remit is to foster and support leadership improvement, reform and transformation throughout the sector. It serves the existing and future leaders of all providers through programmes, events, support services and bespoke consulting assignments.

You can read about QIA and CEL in more detail at Annex A and at their respective websites: [www.qia.org.uk](http://www.qia.org.uk) and [www.centreforexcellence.org.uk](http://www.centreforexcellence.org.uk)

<sup>6</sup> *Raising Skills, Improving Life Chances*, Cm 6768, The Stationery Office, March 2006.

<sup>7</sup> See paras 3.13-3.17 for an explanation of the new organisation’s funding.

## A vision for the new organisation

**2.1** Our vision is for a new organisation that is genuinely sector-owned. We therefore expect it will wish over time to develop and refine its mission, aims and activities over time, with input from the sector. But for the purposes of this consultation, and to start off the dialogue, it will be helpful to set out some broad parameters.

### The mission

**2.2** The new organisation's mission might be summed up as:

To enable sustained and systemic transformation of the further education sector in response to learner and employer need, thus supporting the sector to enhance its reputation, make a success of self-regulation, and meet the social and economic challenges we face.

**2.3** The new organisation will focus on learning, that is, on improving the quality of learning so that learners achieve the best they can across the whole further education sector. Both QIA and CEL have developed their work on the basis that learning is also central to the way colleges and providers themselves achieve excellence. Much good work has already been done to identify how colleges and providers can improve performance and share good ideas. The next steps are to promote this across the sector and to put in place the research, development and leadership to support an excellent sector. This quest will be the great challenge for the new organisation.

### Aims

**2.4** Working in partnership, the new organisation will aim to:

- develop a strong, effective and confident sector as it moves towards and, in time, exercises self-regulation;
- embed a culture of continuous improvement within the sector, helping good, satisfactory and poor colleges and providers to higher levels of performance;
- work with all colleges and providers as they strive to become world-class;
- develop innovative and fit-for-purpose systems to underpin transformation;
- implement economic and social policy priorities effectively;
- facilitate excellent teaching and learning, based on leading edge practice, that help learners achieve their goals, businesses to succeed and communities to thrive;
- support the development of world-class leaders, managers and practitioners; and
- have real impact in communities, promoting social cohesion, mobility and justice.

In time, the new organisation might also take on further responsibilities, as the sector wished.

**Question 1:** Are these, broadly speaking, the right mission and aims? Is there anything you would like to add or delete?

### Key activities

**2.5** The new organisation will achieve these aims by:

- working with the sector, partners and employer, learner and community representatives to refresh and update the National Improvement Strategy;
- taking a whole-organisation approach to improvement and offering flexible, practical and tailored solutions in response to market need;
- commissioning products and services within the framework of the National Improvement Strategy, including drawing directly on the expertise and experience of colleges and providers;
- supporting, disseminating and embedding innovation, research and good practice across the sector;
- influencing and supporting the development and implementation of evidence-based policy; and
- driving forward and mainstreaming equality and diversity across the further education sector.

**2.6** The further education sector is, as we have observed above, diverse and complex. The various types of provider face different challenges and the new organisation will recognise this in working with them, offering flexible and tailored solutions. For example, while they may offer some of the same courses and qualifications, work-based providers and general further education colleges operate very differently. In the light of the recent machinery of government changes, sixth form colleges may need particular forms of support because of their new, closer relationship with the schools sector.

**2.7** Rather than direct delivery, the new organisation's role will essentially be to commission, identifying products and services needed and securing these at good value for money. This should include commissioning providers or groups of providers to support their peers. The range of support mechanisms and services will need to evolve and change in response to sector needs, and the new organisation should have its own capacity to prototype and pilot new programmes.

**2.8** Building on the experience and expertise of QIA and CEL, the new organisation will seek to become the voice of improvement in the further education sector, a trusted source of advice and support for all types of colleges and providers and a national and international centre of expertise.

**Question 2:** Are these, broadly speaking, the right activities?  
Are there others which it should undertake?

## Partnership

**2.9** Partnership will be central to the success of the new organisation. It will learn from the sector it serves but also from beyond it. It will look to wider economic and social needs, take a balanced view of policy imperatives and of developments across the piece and seek out the best educational experience and practice, identifying and highlighting the way forward for the sector as a whole. But it will not be remote: it will facilitate practical and proven support for the whole sector and for individual colleges and providers within it.

**2.10** The way in which the new organisation is set up will be a key element in – and an important step towards – the developing framework for self-regulation. It will be owned by and accountable to the sector (as set out in the next section), and will seek sustained and active buy-in by individual colleges and providers in developing its services and products.

**2.11** The new organisation will need to consult and work with the various representative bodies within the sector (including those with an equality remit) and be responsive to employer, learner and community organisations. In taking forward the National Improvement Strategy for Further Education, it will need to work in partnership with other national bodies working in improvement such as the Learning and Skills Council, Ofsted, Becta and Lifelong Learning UK. Defining and maintaining these relationships and eliminating further duplication will be important, and this will be informed by consideration of propositions recently set out in Realising Self-Regulation in the Further Education Sector<sup>8</sup>.

## Achieving excellence in further education

The Framework for Excellence, the LSC intervention programme, the National Improvement Strategy and the self-regulation project fit together as a framework for achieving excellence in further education.

The responsibility for improvement lies with colleges and providers themselves. Each organisation knows what is best for it and where its strengths and weaknesses lie. The aim of the Government and its national partners is to support the efforts of individual colleges and providers to improve by:

- regular and open assessments of their performance and quality through inspection by Ofsted. The LSC's Framework for Excellence, which will operate for colleges from the academic year 2008/09 and for all providers from 2009/10, will enable the effective use of information;
- managing and improving performance. Learners and employers should not have to experience inadequate provision. Where this exists and is publicly funded, the LSC will act to secure improvement or, if there is no improvement, replace it. Intervention applies in only a very small proportion of cases. In the great majority, provision is already at least satisfactory and the goal is to support continuing improvement. The support which is available from the QIA, CEL and others through the National Improvement Strategy enables individual colleges and providers to develop and implement their plans for improvement;
- developing over time the capacity for self-regulation. Excellence is more likely to be achieved when the FE system owns the factors and programmes available, and is confident that these reflect their priorities. The new organisation we propose here is one way of making this happen. The framework will evolve over time.

**2.12** The new organisation will want to develop a good working relationship with the government and can expect departments to continue commissioning programmes of support for national reforms alongside its core activities for the sector. Its principal contacts will be with the Department for Innovation, Universities and Skills (DIUS), which has policy responsibility for the further education sector. The new organisation will also need to work closely with the Departments for Children, Schools and Families (DCSF) and Work and Pensions (DWP). DCSF's policies on 14-19 reform represent a significant change to elements of the further education sector, and the new organisation will be key to delivering important programmes to underpin this agenda. The range of current contracts will be taken over by the new organisation, and they will be a crucial delivery partner for the whole range of 14-19 reforms, including Diplomas and Functional Skills, and the wider reforms to support raising the participation age, tackling NEETS<sup>9</sup>, and the national Diploma entitlement. DWP commissions a significant amount of provision within the sector. DWP's Green Paper, *In work, better off: next steps to full employment*<sup>10</sup>, signalled the intention to develop a new commissioning strategy setting out how the Department intends to manage its relationship with providers in future. DWP will consider its relationship with the new improvement organisation within this wider context. As local authorities take on their role in funding provision for young people in the sector (as well as their responsibilities for economic development and local public services), that relationship may also grow in significance.

## Within the new organisation

**2.13** The new organisation will need to be a beacon of excellence for the sector. To do that, it will have to commit to excellence within itself, seeking always to learn from its experiences and ensure continuous improvement. We expect it to explore and pursue organisational standards such as Investors in People, EFQM etc. It will be passionate about equality of opportunity, about the development of its own people and about leading by inspiration.

## Realising the vision

**2.14** The size of the challenge facing the new organisation and, by extension, the sector itself, should not be under-estimated. This is a time of rapid change, development and expansion for the sector. We recognise that there is excellent provision in the further education sector – innovative, effective and inclusive – and that performance has been improving for some years. However, even the best colleges and providers realise the need for continuous self-improvement, that is, that their focus on learning could and should be better, that their organisation could be more efficient and effective, or that their services could be more responsive.

**2.15** The new organisation will have to establish itself, to win the commitment of the sector as a whole and of individual colleges and providers. It will start this work by building on the firm foundations of QIA and CEL, its two predecessors. Both have achieved much to support performance and standards.

<sup>9</sup> NEETS: Young people not in not in education, employment or training.

<sup>10</sup> Cm 7130, The Stationery Office, July 2007.

## Legal structure, ownership and funding

**3.1** A new form of organisation is needed. Owned by the sector it serves, it will have to speak with authority for and to that sector on improvement matters and also have to secure buy-in from individual colleges and providers from right across the sector. It will seek to influence the development of government policy on improvement and related issues on behalf of the sector. Finally, it will work to facilitate large-scale and sector-wide transformation.

### The options

**3.2** In developing these proposals, we considered a range of options and looked at other sectors. For example, in higher education, the Quality Assurance Agency and the Higher Education Academy provide models of sector-owned improvement bodies. In the schools sector there is the Specialist Schools and Academies Trust and there is the IDeA in local government. We have also been conscious of the specific needs and features of the further education sector, at this juncture in its development:

- the huge range and diversity of providers, users and stakeholders;
- the early stage in the journey towards self-regulation;
- the intensity of the reform agenda with Leitch and 14-19, and the demands placed on whole organisation development;
- the impact on the wider landscape of machinery of government changes and the need to ensure coherent improvement capacity in that context; and
- the foundations already developed through QIA and CEL.

**3.3** It was of course an option to wind up QIA and CEL and to disperse all public funding for improvement directly to colleges and providers. But this raised many questions. How could it be ensured that improvement support was distributed in proportion to need (rather than simply dividing up the available budget)? How could changing needs be addressed over time, taking account of the fact that different parts of the sector have had different types of support and are at differing stages along a development journey? Would new audit burdens be created to monitor and account for this expenditure? How would support programmes be quality-assured? How could economies of scale be achieved? How would the transfer of good practice, experience and ideas be facilitated? Who would commission national and international research to keep the sector at the forefront of learning? How would national awards schemes be run and the reputation of the further education sector as a whole be promoted? The conclusion reached, supported by the evidence from other sectors, is that if there were no sector-wide improvement capacity it would have to be re-invented by the sector itself.

**3.4** We believe therefore that a model which operates on a national scale and is directed by the sector it serves will offer a better service and greater value for money to individual colleges and providers (and therefore ultimately to learners, employers and communities) than they could secure acting alone or in small groups. This model will need to evolve and develop as self-regulation becomes established and the sector takes full responsibility for the organisation and its work.

### Legal structure

**3.5** We propose that the new organisation should be a company limited by guarantee with its membership drawn inclusively from across the whole sector. Every college or provider in receipt of funding from an agency or government department that channels its support for improvement through the new organisation will become a guarantor of the company (that is, they will guarantee to pay £1 each in the event of a call from the board). In addition, the 'Single Voice', which is currently being discussed within the wider context of self-regulation, will be a guarantor on behalf of the representative organisations in the sector. Membership and guarantor status will convey voting rights: it will give the sector strategic control and a right to hold to account; and it will encourage a strong connection with and shared stake in the new organisation. The new organisation will consider how best to set up and maintain the membership.

**3.6** We further propose the new organisation will seek charitable status. Charitable status will be used to ensure that the new organisation has to operate for the benefit of learners and will confer a degree of independence, protecting the organisation's mission at the highest level. The tax-exempt status acquired will help to ensure that all resources are devoted to its mission.

**3.7** This legal form will also facilitate the transfer of assets from CEL and QIA to the new organisation. QIA and CEL are both companies limited by guarantee and have charitable status. QIA is also an NDPB (non-departmental public body), whereas CEL is not. The proposed ownership and funding arrangements below are designed to mark a significant shift away from government control in comparison with QIA, placing lead responsibility with the sector itself. The clear intention is therefore that the new organisation should not be regarded as an NDPB, though it should be recognised that the classification will be made independently by the Office of National Statistics on advice from HM Treasury.

### Ownership

**3.8** We have said throughout this document that the new organisation will be owned by the sector. We propose to ensure this by giving colleges and providers the direct power through members' voting rights to nominate and elect a proportion of the board of the new organisation, and to have a say on major issues of strategy. The Single Voice, will also have voting rights.

**3.9** We propose that the voting rights will be distributed thus:

- 'Single Voice': 35 per cent of the total votes; and
- members' votes: 65 per cent of the total votes, with each provider's vote weighted broadly according to their contract value.

We propose this balance so that individual colleges and providers have a strong influence over and direct stake in the work of the new organisation. Arrangements may need to evolve further in future as the Single Voice develops.

## The role of the board

**3.10** The board of the new organisation will be responsible for setting strategy and seeking a vote of the members and other guarantors on major issues. It will comprise up to twelve members and a chair. Nine board members will be elected (three by the Single Voice and six by members); and up to three board members will be co-opted. The board members elected by the sector will be currently involved in the sector as either managers, executives or non-executives. The co-opted posts will add challenge and provide the opportunity to bring in key interests, such as learners, employers or local authorities (the balance between sector ownership and the need for independent thinking is a key factor to be considered). Board members will be expected to have the appropriate commitment and experience (for example, from being a college governor or similar), and arrangements will be made in respect of equality and diversity. DIUS, as the new organisation's principal link with the government, will have observer status on the board.

**3.11** The chair will be an advertised post. The first appointment will be made under interim arrangements involving a 'shadow board' (see paragraph 3.18 below).

## The role of the executive

**3.12** A chief executive officer will be appointed in the same way through an open recruitment exercise and, with the senior management team, be responsible for the day-to-day running of the new organisation.

**Question 3:** Is this the most appropriate form of governance to achieve the mission and aims?

**Question 4:** Is this the best way for the sector to play its part in the governance of the new organisation? How might the relationship with the Single Voice evolve over time?

**Question 5:** Are the proposals based on funding and contract values the most equitable and effective ways of drawing the voting membership from the sector? If not is there an alternative?

**Question 6:** Is the 35:65 per cent balance right? If not, what should it be? For example alternatives might be 50:50 or 65:35 (ie individual provider members having a third rather than two-thirds of the vote.)

**Question 7:** Will the arrangements that are described here allow the new organisation sufficient room to shape its mission coherently, innovate and be a thought leader on behalf of the sector?

**Question 8:** How can learners, employers and communities have an influence on the overall direction of the organisation?

**Question 9:** Does the sector at large need to inform the direction of the new organisation and its services other than through membership? Do the existing Regional Quality Improvement Partnerships offer a model for this?

## Funding models

**3.13** The form of organisation and ownership described here requires a different type of financial relationship with both government and the sector. This relationship should, over time, practically reflect the move to sector ownership. Funding will be needed to support:

- the organisation's core business for the sector. This will include a range of improvement products and services for whole organisation development, leadership, and teaching and learning that are developed and directed increasingly over time in response to sector priorities. It will also include core costs for research and commissioning capacity and associated management and administration; and
- specific programmes to support major national government reforms.

In addition, the organisation should be able to generate its own funding.

**3.14** These different types of activity will be funded in different ways as outlined below. We expect the balance of funding sources to change over time, as the new organisation establishes itself. But the main elements would be:

- **shadow levy/member subscription:** We envisage that in the first instance a proportion of the funding which would otherwise have flowed to CEL and QIA as grant will be identified as a shadow levy. In the medium term, as the new organisation develops in reputation, the funds contained in this shadow levy might be shifted to providers' own budgets and used to make contributions to the improvement organisation via a levy or voluntary subscription. The precise mechanisms and timetable for this will require careful thought and development. This money will be for the organisation's core business (as described at paragraph 3.13) and will be directed by the board in accordance with its charitable objects and in response to sector needs. It is envisaged that from the outset this will be a substantial sum, though not probably the majority, and any existing contracts novated to the new organisation will have to be honoured.
- **commissions from the government:** Departments would continue to grant-fund specific programmes of work to support major national policy reforms. Initially, this source would probably account for a large proportion of the new organisation's funding, but we anticipate that this would reduce over time.
- **other contracts and commissions:** Providers, employers, charitable foundations, professional organisations and others might wish to commission specific projects. The new organisation may also choose to compete for tendered government contracts where these are in line with its mission. As the reputation of the new organisation grows, this source of funding might increase.
- **the sale of some products and services:** The new organisation will explore the feasibility of selling some products and services, although it will need to do this within the context of charitable status (para 3.6 above refers). It is difficult at this stage to assess how significant a source of income this might be. We would expect it to grow as the new organisation's reputation grows and its range of services develops.

**Question 10:** Do you think this funding model is feasible and sustainable?

**Question 11:** How should the proposed subscription model be developed from the shadow levy?

- Should the aim be to move as quickly as possible to a position where this element of the budget is actually shifted into providers' budgets?
- Once this was done, should the members and other guarantors collectively be able to agree the level of subscription to be levied compulsorily?
- Or would it be simpler to retain a top-slice mechanism, the level of which would be agreed with the sector?
- At what point, and under what conditions, might a move to voluntary subscription be considered?

**Question 12:** How quickly should the new organisation move towards financial self-sufficiency?

**3.15** Over time, the ideal would be that the new organisation should move to a position where it is largely funded through a combination of membership subscription, the level of which is agreed by members, and by funding generated by contracts and sales for additional projects, or products and services that are consistent with its charitable objects.

**3.16** The new organisation will give colleges, providers, and their representatives a power they have never before enjoyed. It will enable the sector to determine how a proportion of its funding – ie, that which arises from subscription and sales (see above) and is therefore not ring-fenced – should be spent on improvement. The new organisation will consider how best to do this, in discussion with the sector.

**Question 13:** How do you think that the organisation's core funding should be deployed in the sector? On what should it be spent? What mechanisms should be used for this purpose?

**3.17** In bringing together CEL and QIA, we expect some rationalisation and that savings will be made, for example from economies of scale, but without an overall reduction in service.

## Interim Arrangements

**3.18** We hope and expect that the new organisation will come into being by April 2008 and be fully established by autumn 2008. In order to make a start, we propose to set up a shadow board which will oversee the financial and legal arrangements for setting up the limited company, invite membership, recruit the chief executive etc. The shadow board will include sector representative organisations, trustees from QIA and CEL and also a DIUS representative.

## Expected timeline

Consultation starts Chair and chief executive posts advertised	<b>Beginning of December 2007</b>
Shadow board in place	<b>Mid December 2007</b>
Outcomes from consultation	<b>February 2008</b>
Chair and chief executive appointed	<b>February/early March 2008</b>
New organisation with legal entity and QIA/CEL assets transferred	<b>April 2008</b>
New organisation fully established with permanent board in place	<b>Autumn 2008</b>

**3.19** Until such time as the new organisation is set up and running, the CEL and QIA operations and infrastructure, along with their boards and executive, will continue to function. Programmes and services will continue – it will in this sense be 'business as usual' and colleges and providers should find no difference in the service they receive from CEL or QIA.

**3.20** The new organisation will be unusual in its membership arrangements and we expect that these will take some time to determine, set up and make a reality. Sector influence and control will therefore increase over time, as the organisation evolves.

## Services from the new organisation

**4.1** We have discussed the mission, aims and activities of the new organisation. It will respond to the sector's needs, evolving and developing new services and products from the starting point provided by CEL and QIA. In all this work, the views of the sector and of learners and employers will actively be sought on design and delivery, and feedback will be gathered on outcomes. The proposal to invite the sector to determine how some of the organisation's budget will be spent (paras 3.13-3.17) will be important here. This would be entirely in keeping with an organisation committed to continuous improvement.

**4.2** QIA and its partners, including CEL, were remitted to review their National Improvement Strategy in the government's Leitch Implementation Plan. This work has already begun. The new organisation will take on the development of the Strategy, which will be owned by the sector; and the views of colleges and providers will inform the work of revision.

**Question 14:** How can learners and employers best influence services?

**Question 15:** What are the priorities for action for the new organisation that will be included in the National Improvement Strategy in the next year? Three years? Five years?

**Question 16:** How would the new organisation most effectively work with the national partners and stakeholders to deliver the NIS?

**Question 17:** How can the new organisation best use the expertise and knowledge already in the sector to support the sector as a whole and individual providers and staff within it? Is there merit in the idea of commissioning providers and/or groups of providers (eg, self-help consortia) to offer services and support to their peers?

## How to respond

**5.1** We welcome views and comments from all those working in or with the further education sector, and those with an interest in it. Your responses may be sent by email, fax or post (using the response form on the DIUS consultation website [http://www.dius.gov.uk/consultations/con\\_1107\\_feimprovement.html](http://www.dius.gov.uk/consultations/con_1107_feimprovement.html)) and will be acknowledged. However, we cannot enter into discussion with individual respondents on specific points raised. **The deadline for responses is Friday 25 January 2008.**

By email to: **FEImprovement.CONSULTATION@dius.gsi.gov.uk**

By post to: Michelle Dawson, DIUS, Improvement Directorate, Rm N3, Moorfoot, Sheffield S1 4PQ.

By fax to: 0114 259 3602.

**5.2** We expect to publish a summary of responses in due course. Individual respondents will not be identified in this but please note the Freedom of Information statement on the response form.

**5.3** Please email any enquiries to: **FEImprovement.CONSULTATION@dius.gsi.gov.uk**

## Annex A: More about QIA and CEL

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### QIA:

Launched by government in April 2006, QIA works with colleges and providers to raise quality and standards in the further education sector across England. It leads the National Improvement Strategy, working with national partners and stakeholders. QIA encourages and supports colleges and providers as they develop and work through plans for self-improvement. It also helps people and organisations respond to and prepare for policy reforms affecting the sector. QIA does not charge for any of its services.

QIA's major programmes include:

- National teaching and learning change programme, including e-learning workforce development and Centres for Excellence in Teacher Training
- Post-16 citizenship
- 14-19 curriculum reforms
- Offender learning programmes
- Train to Gain development programme
- Skills for Life Improvement Programme
- QIA Improvement Adviser service
- Support for Excellence
- QIA Beacon status
- QIA STAR Awards
- High Quality Managers' Programme
- Excellence Gateway
- QIA Helpline

During its first year QIA saved £23 million (through rationalisation and economy of scale) on programmes previously managed by other organisations. This saving was made available for front-line activities.

QIA had major success in terms of the penetration of its programmes:

- the Summative Evaluation (HOST 2007) found that: 'the vast majority of colleges and providers are actively engaged in one or more QIA programmes...';
- Ofsted found that of 19 providers which had used the Improvement Adviser Service, the performance of 17 is now good or satisfactory. 92 per cent of providers surveyed said they were satisfied with the service;
- 60 per cent of the providers surveyed which took part in the Train to Gain Development Programme reported a positive impact.

### CEL:

CEL was launched in October 2003 to develop strategic organisational leadership in the learning and skills system. It plays a major part in preparing FE sector leaders and developing their capability to adapt and respond to the challenges set out in the Foster report, the Further Education White Paper and Lord Leitch's *Review of Skills*<sup>11</sup>. Specific initiatives include:

- The design and delivery of a qualifying programme for principals.
- Increasing recruitment, improving retention and promoting diversity to address the under-representation of minority groups within the workforce, especially at senior levels.
- Championing the strategic leadership of e-learning and technology to meet social policy aims, deliver personalised learning and ensure a future for learners on the right side of the e-divide.
- Promoting the learner voice and encouraging effective collaboration between student learners and sector leaders and managers.
- Playing an active role in promoting the reputation of the further education sector.

So far, more than 1,160 organisations and 31,000 individual participants have engaged with CEL.

An independent review of CEL, undertaken by Oakleigh Consulting in 2007, found a very high level of correlation between CEL engagement and improved provider inspection performance, particularly in the areas of leadership and management. Leadership is a key factor driving quality improvement, and the existence of strong and reliable leadership will be fundamental to achieving the government's planned reforms of the FE system.