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**30 July 1999**

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# CIRCULAR

**THE  
FURTHER  
EDUCATION  
FUNDING  
COUNCIL**

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**Franchising and Fees**

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**To**

Principals of colleges  
Heads of external institutions  
Heads of higher education  
institutions receiving Council  
funds  
Chief education officers  
Chairs of governors  
Clerks to governing bodies  
Heads of finance functions

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**Circular type**

Guidance

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**Summary**

Confirmation of Council decisions  
following consultation on  
franchising and fees in Circular  
99/09

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Reference number: 99/37

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Enquiries:  
Regional directors  
Website <http://www.fefc.ac.uk>

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Cheylesmore House  
Quinton Road  
Coventry CV1 2WT

**99/37**

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# Franchising and Fees

## Introduction

1 This circular confirms the Council's response to the issues set out for consultation in Circular 99/09 *Franchising, Fees and Related Matters*. It also provides clarification of a number of points raised by colleges in the consultation. Throughout this circular the term 'colleges' should be taken to include external institutions and higher education institutions.

## Background

2 Circular 99/09 provided guidance on franchising, fees and related matters and consulted colleges on a number of proposals, which received broad support. A summary of the responses is provided at annex A. At its meeting on 12 May 1999, the Council considered the consultation responses, and its decisions were reported in *Council News* No. 53. Further details are provided in this circular.

## Definition of Direct and Franchised Provision

3 The proposed definitions of direct and franchised provision, together with the proposal relating to secondment arrangements, were all strongly supported in the responses to consultation. The definitions of direct and franchised provision, together with guidance relating to secondments, are set out at annex B.

4 The legal basis for franchising is set out in Circular 96/06 *Franchising*. Colleges should particularly note that for franchising to be lawful, the college must be fully in control of the arrangements. This point cannot be emphasised too strongly. In a number of cases it has become apparent that while a college has formal arrangements in place to meet the control criteria set out in Circular 96/06, in practice the provision was not managed sufficiently closely for the college to be fully in control. Further details of the checks will be provided in the forthcoming circular on 1998-99 final funding unit claims.

## Funding of Franchised Provision

5 The Council has confirmed that the funding units associated with franchised provision should be multiplied by a discounting factor of 0.67, other than for provision:

- a. where the student involved attracts a widening participation uplift;
- b. which is community-based and normally with non-profit-making bodies.

6 The Council has adopted the above approach in making allocations for 1999-2000. Requests for exemption as community-based provision have been considered against three criteria:

- a. the type of organisation  
franchise partners should normally be non-profit-making bodies. The definition of a non-profit-making body is 'any organisation which is prohibited from making any payment or distribution to its members in money or in kind, other than any payment to reflect *bona fide* expenses', for example, a registered charity;

- b. student characteristics  
the discount will normally apply where a student is in work and the provision is relevant to their employment. Exemption from the discount may apply in cases where a student is unemployed, or otherwise eligible for fee remission. Exemption may also apply where a student is self-employed or a volunteer and receiving a relatively low income. (An example of this might be provision to develop the skill of childminding.) Colleges should seek advice from regional offices on specific cases;

- c. the nature of the provision  
the discount would normally apply where the course or qualification aim is directly related to employment requirements or is geared towards updating existing skills. (For example, courses such as first aid at work or basic food hygiene will not normally be eligible for exemption from the discount.) Broader based preparation for work courses for unemployed people may be eligible for exemption.

7 The Council would expect all three of the above criteria to be met before granting the concession of exemption from the discount on the funding of franchised provision. Colleges should take these

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criteria into account when seeking exemption from the discount for any additional local community-based franchised provision in 1999-2000. Regional offices will be able to provide further guidance on individual cases where necessary.

### **Local recruitment area**

8 The secretary of state is concerned to ensure that franchise arrangements should not operate well outside a college's area. As set out in *Funding Guidance 1999-2000* (paragraph 55), the Council does not, therefore, expect any new contracts or increases in student numbers associated with franchised provision outside a college's local recruitment area. A definition of 'local recruitment area' is provided at annex B of Circular 99/09. A circular on local priorities will be published shortly.

### **College companies**

9 Circular 99/14 set out guidance on college companies and joint ventures. A number of colleges have sought further guidance on arrangements for delivering Council-funded provision through college companies.

10 A college company is a separate legal entity and therefore a franchising agreement is required between the college and the company. The control tests set out in Circulars 96/06 and 96/32, and associated contracting arrangements, must be applied.

11 Where the company is wholly owned by the college, and profits are covenanted to the college, then the provision would be exempt from being multiplied by the discounting factor of 0.67. The exemption would also normally apply where a group of colleges create a company (for example, for the purposes of rationalising specialist provision) and all the profits are covenanted to those colleges. However, where the company is not wholly owned by the college, or not all the profits are covenanted directly to the college, the funding discount is likely to apply. Colleges should contact their regional director to discuss funding arrangements prior to initiating franchised provision through companies which are not wholly owned by them.

### **Funding transferred to franchise partners**

12 Circular 99/09 (paragraph 21) referred to the Council's intention to monitor the funding transferred to partners in franchised relationships. Partnership arrangements involving public funds

should be transparent and available for scrutiny. The Council has noted the proposals by the Higher Education Funding Council (HEFCE) that the details of funding arrangements between higher education institutions and colleges should be made available to interested parties (see draft code of practice for indirectly funded partnerships, HEFCE Circular 99/37). The Council commends this approach to colleges with respect to their own franchising arrangements, and proposes to publish details of the rates of funding transferred by colleges to franchise partners for the 2000-01 teaching year onwards.

## **Quality Improvement**

### **Role of governors and principal**

13 Governors play a major role in ensuring the probity and quality of franchised provision. The Council confirmed the proposals in Circular 99/09, in addition to governors' existing roles as set out in Circular 96/32 *Supplementary Guidance on Collaborative Provision* and Circular 98/16 *Strategic Plans*. In summary, governors should:

- a. approve in advance plans for franchising as part of college strategic plans, and approve a generic contract for provision (Circular 96/32, paragraphs 23&25);
- b. ensure that the college's internal audit plan includes scrutiny of internal controls and systems supporting franchised provision, and that the audit committee receives regular reports on the adequacy and effectiveness of these controls (Circular 96/32, paragraph 26);
- c. approve in advance any significant changes in franchising activity (Circular 98/16, paragraph 8);
- d. receive regular reports (at least termly where a college is making significant franchised provision) on franchised activity; these reports should include:
  - ¥ details of contract partners, locations and volumes
  - ¥ information on programmes/qualification aims, including length of programmes
  - ¥ details of retention and achievement by programme
  - ¥ details of income and expenditure, including college monitoring and control costs

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- ¥ plans for any future franchising, taking account of the assessment of local needs undertaken by colleges and lifelong learning partnerships.

14 The accountability of colleges is set out in detail in the *Audit Code of Practice* which was issued to colleges in May 1998. The responsibilities set out in the financial memorandum with the Council rest with the governing body and the principal. The governing body of each college must ensure that there is a sound system of internal control within the college and that there are high standards of conduct in the exercise of its functions. The existence of a rigorous framework of audit and internal controls can assist governors in this process.

15 The principal is personally responsible for ensuring the proper and effective operation of these controls on a day to day basis and may be required to appear before the Committee of Public Accounts of the House of Commons (PAC), alongside the chief executive of the Council, on matters relating to the funds paid by the Council to the college.

### **Management and quality assurance**

16 The responses to the consultation in Circular 99/09 strongly supported the proposals to tighten the restrictions on starting new franchising activity in cases where colleges had poor inspection grades for governance, management and quality assurance. The Council confirmed that a college awarded a grade 4 or 5 in governance, management or quality assurance should not enter into any new franchising contracts (including any replacement of existing franchise provision). This restriction will take effect from the date of oral notification of the inspection grades to the college governors. The restriction will be lifted when the senior inspector confirms to the college that reinspection has resulted in at least a grade 3 being awarded for governance, management or quality assurance.

### **Risk assessment**

17 Colleges are responsible for assessing the risks involved in franchising activity. They should undertake appropriate checks to ensure that irregularities do not occur; these checks should include:

- a. taking up business references from companies, colleges or other publicly funded organisations (such as training and enterprise councils)

which have entered into agreements with the franchise partner in the past;

- b. seeking reasons for the discontinuation of any previous contracting arrangements which a partner may have had with a publicly-funded organisation; failure to disclose previous contracting arrangements should be regarded as sufficient reason for immediate termination of contracts.

18 A partner organisation should report on an ongoing basis, to each college, whether it has entered into contracts with other colleges, and that it will confirm the volume of those contracts (in units). Colleges should be proactive in ensuring they receive such reports. The colleges should liaise to determine which of them holds the largest contract with the partner organisation where 'size' is defined by the total number of units delivered with the partner organisation. For these purposes colleges should treat all companies or organisations which are in the same common ownership or control as one organisation, and should look carefully at any arrangements where a number of companies or organisations seem to share a similar ownership or control.

19 The college with the largest contract shall be regarded by the Council as having lead responsibility for the provision. In the event that all contracts made by one partner organisation are of a similar size in terms of the number of units, it is expected that the college with the longest-standing relationship with the partner organisation shall take lead responsibility. The responsibilities of the lead college include co-ordinating with the other colleges:

- ¥ initiating sample checks, either directly or through external auditors, to confirm that the provision exists and is consistent with expectations of the college and of the students undertaking the programmes
  - ¥ undertaking visits (some of which will be unannounced) to ensure that the provision is taking place
  - ¥ checking that the provision is recorded consistently by the partner organisation, in that the number and characteristics of the students accord with the college's records and the franchise contract
  - ¥ confirming that arrangements are in place to ensure that there should be no risk of double-funding and that conflicting
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approaches to control and quality assurance arrangements are minimised.

### **Franchise partner register**

20 The Council consults colleges each year about changes to the way in which it collects information about provision. In Circular 97/42 *Consultation on Proposed Changes to the 1998-99 ISR Specification*, colleges were consulted about the introduction of a register of partners to monitor franchised provision more effectively in a way which reduces the burden of data collection on colleges. It was confirmed in Circular 97/17 *Demand-Led Element Return, Summer 1997* that a register of partners would be introduced from the college year 1998-99 onwards.

21 Each institution with franchise partners was asked to maintain its register (see letter from Michael Stock dated 7 October 1998). The register is in the form of a spreadsheet, which is to be returned to the Council at each individualised student record (ISR) return for 1998-99 onwards and with the annual return of the franchise data forms (ADDCP). Each partner is recorded by a college-specific partner code, with the name, address and postcode of the partner's trading address. The partner codes are retained by the college even when they cease dealing with the partner to which they refer.

22 The Council uses the register to:

- ¥ monitor the actual volume of provision which a college has with each of its partners
- ¥ compare the actual volume of provision with the projected provision returned on the ADDCP data form
- ¥ monitor the Council-funded provision delivered by partners who deliver on behalf of more than one institution.

23 Information from college ADDCP returns has been collated with the partner registers (compiled from the December 1998 notifications to the Council), so that the Council can make available to colleges a list of franchise partner organisations which have agreements with more than one college. The list is available on the Council's website (<http://www.fefc.ac.uk>). Colleges are asked to send a partner register with each of their ISR returns. They should ensure that it reflects any changes to arrangements with their partners.

## **Tuition Fees**

24 A small majority (56%) of respondents to consultation supported the proposals for the introduction of a minimum fee for Council-funded employer-led provision, and for the setting of income targets. Issues raised included the timescale for the introduction of a minimum fee, the definition of employer-led provision and the possible impact on employers' willingness to support education and training.

25 For the college year 1999-2000, the Council has agreed that colleges should be recommended to set a minimum tuition fee for employer-led provision funded by the Council, at rates equivalent to the fee remission element in the funding arrangements. It should be emphasised that this is a recommendation only, not a requirement. The main purpose of the proposal was to respond to the secretary of state's expectation that colleges will obtain increased income of £35 million in employer contributions in 1999-2000, rising to £60 million in 2000-01. The proposal was also to address the concerns of many colleges about wasteful competition arising from the undercutting of fees charged by local colleges to employers, often by other colleges franchising out of their normal recruitment area. Colleges are asked to consider their fee policies in the context of the plans for provision being developed by lifelong learning partnerships while taking account of the secretary of state's expectations of increased employer contributions.

26 Recommended minimum levels of tuition fees for employer-led provision were provided in *Council News* No. 53, and are reproduced in table 1.

**Table 1. Tuition fees**

<b>Loadband or equivalent individually listed value</b>	<b>Basic on-programme</b>	<b>Fee remission</b>	<b>Minimum tuition fee recommended</b>
	<b>Units</b>	<b>Units</b>	<b>£</b>
0	2.0	0.8	13
1	3.8	1.5	25
2	10.0	4.0	66
3	18.4	7.3	121
4	30.2	12.0	199
5	43.6	17.3	287
6	84.0	33.3	553

27 Students undertaking employer-led provision are those recorded in the ISR in any of the following fields:

- ¥ S16 major source of tuition fees as employer code (3)
- ¥ Q03 mode of attendance as block release (04), part-time released (05) or dedicated provision (12)
- ¥ Q09 major source of tuition fees as employer code (3)
- ¥ Q13 outward collaborative provision arrangements codes (22) and (23).

28 Dedicated employer provision is a narrower subset of the broader range of employer-led activity and is defined in Circular 99/07 *Funding Guidance 1999-2000*, paragraphs 242-244. It attracts a lower level of Council-funded support on the assumption that in addition to approximately 25% of the cost of the provision being met by tuition fees, a further 25% will be met by the employer making available premises, equipment or other facilities. Colleges should note that where dedicated employer provision is delivered through franchise arrangements, funding will be discounted by one-third in accordance with the Council's decision on franchising and by a further third in line with the established position on the funding of dedicated employer provision. Funding units associated with dedicated employer provision delivered through franchising should therefore be multiplied by a discounting factor of approximately 0.45 (that is,

0.67 multiplied by 0.67), other than where students qualify for exemption by virtue of attracting a widening participation uplift. In this case, only the one-third discount (a single multiplier of 0.67) for dedicated employer provision would apply.

29 The Council has agreed not to request colleges to set specific income targets for employer-led provision in 1999-2000. Colleges have instead been asked to record information on fees from employers in their financial forecasts, as detailed in paragraph 46 of annex A of Circular 99/25 *Strategic Plans Including Financial Forecasts*.

### **Revised model contract**

30 The Council commends for use in all cases the model contract for franchising which has now been updated to take account of changes arising since it was first issued with Circular 99/06. The revised model contract is set out in the supplement to this circular. A commentary on the key changes to the model contract is at the appendix to this supplement. The contract is also available on the Council's website, at the address given at paragraph 23 above.

31 The detailed reference list of guidance on franchising which was issued in annex A of Circular 99/09 has been updated and is provided in annex C to this circular.



# Responses to Circular 99/09

	<i>Agree</i>						<i>Disagree</i>						<i>Not sure</i>					
	Colleges	Els	HEls	Other	Total	%	Colleges	Els	HEls	Other	Total	%	Colleges	Els	HEls	Other	Total	%
<b>Para 7</b>	125	9	4	0	<b>138</b>	<b>90</b>	9	1	0	0	<b>10</b>	<b>7</b>	2	0	1	2	<b>5</b>	<b>3</b>
<b>Para 8</b>	133	9	5	2	<b>149</b>	<b>97</b>	1	1	0	0	<b>2</b>	<b>2</b>	2	0	0	0	<b>2</b>	<b>1</b>
<b>Para 9</b>	129	9	5	2	<b>145</b>	<b>95</b>	6	1	0	0	<b>7</b>	<b>4</b>	1	0	0	0	<b>1</b>	<b>1</b>
<b>Para 12</b>	114	8	3	2	<b>127</b>	<b>83</b>	16	2	1	0	<b>19</b>	<b>13</b>	6	0	1	0	<b>7</b>	<b>5</b>
<b>Para 17</b>	98	8	1	0	<b>107</b>	<b>70</b>	38	2	3	0	<b>43</b>	<b>29</b>	0	0	1	2	<b>3</b>	<b>2</b>
<b>Para 19</b>	114	9	5	0	<b>128</b>	<b>83</b>	15	1	0	2	<b>18</b>	<b>12</b>	7	0	0	0	<b>7</b>	<b>5</b>
<b>Para 18</b>	120	10	4	0	<b>134</b>	<b>88</b>	10	0	0	2	<b>12</b>	<b>8</b>	6	0	1	0	<b>7</b>	<b>5</b>
<b>Para 30</b>	70	9	5	2	<b>86</b>	<b>56</b>	54	1	0	0	<b>55</b>	<b>36</b>	12	0	0	0	<b>12</b>	<b>9</b>
<b>Para 34</b>	73	6	5	2	<b>86</b>	<b>56</b>	58	4	0	0	<b>62</b>	<b>40</b>	5	0	0	0	<b>5</b>	<b>6</b>
<b>Para 36</b>	126	6	5	0	<b>137</b>	<b>90</b>	7	1	0	0	<b>8</b>	<b>5</b>	3	3	2	0	<b>8</b>	<b>5</b>
<b>Para 37</b>	125	7	4	0	<b>136</b>	<b>89</b>	9	1	0	0	<b>10</b>	<b>6</b>	2	2	1	2	<b>7</b>	<b>4</b>

Note: total number of responses is 153

## Paragraph references

- Para 7 Definition of direct provision
- Para 8 Definition of employment/staffing agency
- Para 9 Definition of franchised provision
- Para 12 Programmes where secondees provide 50% or more of the staff time to be regarded as franchised provision
- Para 17 Funding units associated with franchised provision should be discounted by 1/3 other than in exceptional circumstances
- Para 19 Discounting would not apply for franchised provision: where the student involved attracts a WP uplift, either through postcoding or the factors described in para 19
- Para 18 Discounting would not apply for franchised provision: which is community based and normally with non-profit-making bodies
- Para 30 A new approach to tuition fee setting for Council-funded provision should be adopted
- Para 34 Colleges should set income targets for additional employer contributions
- Para 36 Governors should be provided with regular reports on franchised activity, including plans for future activity
- Para 37 A college awarded a grade 4 or grade 5 in governance, management or quality assurance should not enter into any franchising contracts, including those to replace existing franchised provision.

# Definition of Direct and Franchised Provision

## Direct Provision

### Definition

1 Direct provision is where staff delivering the provision are under the direct management of the college either as employees or through employment/staffing agency arrangements.

2 An employment/staffing agency is a business whose undertaking is wholly or mainly the provision of staff to third parties to work under the direct management of the third party.

### Commentary

3 For provision to be regarded as direct, the Council would expect the college to be managing the curriculum and student experience on a day-to-day basis.

4 Where provision is delivered jointly by colleges and partner organisations, the provision is defined as direct if the majority of staff (at least 50%) are employed by the college. The roles undertaken by staff also need to be considered; the programme manager, or key staff responsible for the provision, should be employed by the college. If such roles are held by staff from the partner organisation, however, the provision would normally be regarded as franchising.

## Franchised Provision

### Definition

5 Franchised provision is any eligible provision which is not direct provision, including where a college arranges with another organisation to deliver provision under the college's control, normally at sites away from the college's premises.

### Commentary

6 Franchised provision normally takes place at sites away from the college's premises. However, where a partner organisation uses college premises to deliver provision, the above definitions of direct and franchised provision continue to apply. The key issue is the employment position of the staff delivering the provision, rather than the location.

7 Some colleges have sought guidance on the status of self-employed people working with, or on behalf of, colleges. Where a college contracts with a self-employed individual to deliver provision (for example, a visiting lecturer), this should be regarded as direct provision. The contract should be with the specific named individual who should provide the services in person.

8 Where partner organisations use self-employed staff, the partner organisation must create an employment relationship with each staff member. Evidence of such an employment relationship would include a statement of terms and conditions of employment and evidence of taxation under PAYE.

## Secondment Arrangements

9 Secondments are where staff from a partner organisation join a college for a stated period of time and work in the same way as any other college employee. Secondments are usually designed to promote understanding and goodwill between organisations, foster personal development or provide specialist skills, rather than to meet major staffing requirements. The Council would normally expect secondees to form a relatively small proportion of the staff required for delivering particular programmes. A college should exercise particular caution when establishing such arrangements, and should:

- a. ensure that the secondees are under the direct control of college management and are available to undertake duties other than those relating specifically to the provision of the organisation providing the secondee (such as teaching, assessment or administrative work);
- b. obtain legal advice which ensures that the proposed secondment arrangements are genuine and would satisfy any reasonable definition and understanding of secondment;
- c. ensure that its external auditors are satisfied that the secondment arrangements enable the college to exercise full control of the day-to-day activities of the seconded staff. A college should ensure that its auditors undertake in-year checks;
- d. ask its external auditors to obtain assurances from the organisations involved in providing secondees that Council funding is providing for additional staff rather than simply displacing existing staffing costs;



- e. ensure that the funding units claimed are appropriate in terms of the cost of provision, particularly when national vocational qualifications (NVQs) are involved;
- f. where dedicated provision is made for employers (as set out in Circular 99/01 *Funding Guidance 1999-2000*, paragraphs 241-244), ensure that the units claimed are discounted to reflect the higher fee contribution.

10 For funding purposes, secondment arrangements should be regarded as franchised provision where secondees provide 50% or more of the staff time involved in delivering the programme. Provision where secondees provide a smaller proportion of the staff time may be regarded as direct provision, however provided that all other eligibility criteria are met.

# Reference List: Franchising

## **Circular 93/34: Recurrent Funding of External Institutions**

Nov 1993

¥ paragraph 20, page 5, paragraph 28, page 6 and paragraph 6 of annex A, page 10  
franchising arrangements between external institutions and colleges

## **Guidance on the Recurrent Funding Methodology 1994-95**

Dec 1993

¥ paragraphs 50 to 51, page 10  
franchising and consortium arrangements for external institutions

## **Circular 94/01: College Strategic Plans**

Jan 1994

¥ paragraph 26, table 2, page 6  
return of strategic planning information from external institutions franchising with colleges

## **Supplement to Circular 94/10: ISR College Support Manual**

May 1994

¥ page 70, Q13  
franchising-out arrangements field record

## **Circular 94/29: Arrangements for claiming demand-led element 1994-95**

Nov 1994

¥ annex B, page 12  
definition of franchised-in student

## **Funding Allocations 1994-95**

Nov 1994

¥ paragraph 70, page 34  
franchising FE from HE institutions to colleges is not allowed

## **Council News No. 18**

Dec 1994

¥ indication that the Council would include in the funding guidance for 1995-96 advice on franchising arrangements

## **How to Apply for Recurrent Funding 1995-96**

Dec 1994

¥ paragraphs 43 to 51, pages 12-13  
franchising definition and arrangements

## **Circular 95/02: College Strategic Plans**

Jan 1995

¥ paragraph 9, annex B, page 9  
request for colleges to outline their plans for franchised provision in the commentary to the funding application 1995-96

## **Circular 95/03: External Institutions' Strategic Plans**

Jan 1995

¥ paragraph 9, annex A, page 8  
external

institutions to outline their plans for franchised provision in the commentary to the funding application 1995-96

¥ paragraph 4, annex C, page 20  
framework for external institutions' strategic plans: the needs analysis to include plans for franchise arrangements

## **Circular 95/12: Individualised Student Record Specification**

Apr 1995

¥ annex C, page 13  
ISR record layout includes franchise arrangements at Q13

## **Letter from Michael Stock: 1994-95 Audit of student numbers**

12 May 1995

¥ additional checks required to verify the existence of students enrolled on franchised or subcontracted provision, where college provision met three specific criteria: 5% or more of the total number of units claimed by an institution is franchised provision; this provision is delivered away from the institution's main premises; this provision is delivered by people who are not members of the institution's staff

## **Council News No. 23**

May 1995

¥ members and terms of reference of the franchising working group

## **Circular 95/17: College Strategic Plans**

Jun 1995

¥ paragraph 4, page 3  
reference to use of franchising information provided with college commentaries in February 1995

## **Circular 95/18: External Institutions Strategic Plans**

Jun 1995

¥ paragraph 4, annex B, page 6  
external institutions' strategic plans to include franchising information

## **Individualised Student Record (ISR) College Support Manual**

Jul 1995

¥ page 83, Q13  
records for franchising-out arrangements

## **Individualised Student Record (ISR) External Institutions Support Manual**

Jul 1995

¥ page 77, Q13  
franchising-out arrangements

## **Council News No. 25**

Sep 1995

¥ update of the work of the group

<b>Circular 95/29: Audit of 1994-95: funding claims</b>	eligibility of claims
Oct 1995	<b>Council News No. 30</b> Apr 1996
¥ annex B paragraphs 2B, pages 6B7	¥ page 2, colleges whose quality assurance arrangements are assessed as grade 4 or 5 will not be permitted to increase their collaborative activity over 1995-96 levels
¥ supplement paragraphs 26B0, 51, 53B4, glossary of terms at annex B	
<b>Chief Inspector's Annual Report 1994-95</b> Nov 1995	<b>Circular 96/06: Franchising</b> Apr 1996
¥ paragraphs 81B4, page 52 small minority of franchising is poorly managed and inadequately delivered. Good practice guidance will be issued	¥ seminal guidance on franchising, the control test and the model contract
<b>Funding Allocations 1995-96</b> Nov 1995	<b>Circular 96/08: Audit of 1995-96 Funding Unit Claims and ISR</b> May 1996
¥ paragraph 84, page 33 franchising FE from HE institutions to other institutions is not allowed	¥ paragraph 11, page 4 the college should have arranged for its auditors to undertake systematic checks on collaborative provision during 1995-96 and should ensure that this provision meets the requirements of the control test
<b>Circular 95/33: Demand-led Element Return Autumn 1995</b> Nov 1995	<b>Circular 96/10: Demand-led Element Return Summer 1996</b> May 1996
¥ page 5, paragraphs 18 and 19 maximum payments for DLE up to 30% above funded units, until external auditors validate claims	¥ paragraph 7, page 3 institutions with a significant amount of collaborative provision should consult their auditor concerning the eligibility of claims
<b>How to Apply for Funding 1996-97</b> Dec 1995	<b>Circular 96/14: Strategic Plans 1996-97 and Beyond</b> Jun 1996
¥ paragraphs 39B0, page 5 information on franchising requested in the commentary to accompany the application for funding 1996-97	¥ paragraph 9, page 3 second request for strategic planning information on student numbers for franchised-out provision
¥ paragraphs 62B75, pages 9B1 guidance on franchising arrangements for 1996-97	¥ paragraph 23, page 5 significant departure from the strategic plan includes arrangements for franchised provision
¥ paragraph 77, page 11 franchising arrangements for external institutions which move into a franchise with a college from 1996-97	
<b>Council News No. 27</b> Dec 1995	<b>Council News No. 32</b> Aug 1996
¥ page 5, reference to the funding guidance on franchising for 1996-97	¥ page 5, collaborative provision in diving qualifications and schedule 2(d)
<b>Circular 95/39: Strategic Plans 1996-97 and Beyond</b> Dec 1995	<b>Circular 96/27: Demand-led Element Return Autumn 1996</b> Oct 1996
¥ paragraph 4, page 3 strategic planning information includes for the first time, information on student numbers for franchised-out provision	¥ paragraph 16, page 4 institutions with a significant amount of collaborative provision should consult their auditor concerning the eligibility of claims
¥ appendix 3 to annex A, page 12 and page 15 form SP96 FRAN (FEB) for franchised-out student numbers	<b>Chief Inspector's Annual Report 1995-96</b> Oct 1996
<b>Circular 96/05: Demand-led Element Return Spring 1996</b> Feb 1996	¥ paragraphs 116B19, pages 54 and 55 elements of good practice and indication of some difficulties
¥ paragraph 7, page 3 institutions with a significant amount of franchised provision should consult their auditor concerning the	<b>ADD-OCP Data Collection</b> Nov 1996
	¥ collection of data for the first time on

franchisees

**Circular 96/32: Supplementary Guidance on Collaborative Provision** Dec 1996

- ¥ additional guidance on franchising, quality assurance, subcontracting, role of the governing body and collaboration between Council-funded institutions

**Circular 96/34: Strategic Plans 1997-98 to 1999-2000** Dec 1996

- ¥ paragraph 13, page 4 information on collaborative provision should be included in the next full college strategic plan, due in July 1997

**How to Apply for Funding 1997-98** Dec 1996

- ¥ paragraphs 61-64, pages 11-12 institutions should provide details of franchising in the commentary to their funding applications for 1997-98

**Circular 97/02: Additional Information for Audit of 1995-96 Funding Unit Claims and ISR** Jan 1997

- ¥ paragraph 24, page 5 checks on the correct calculation for workbased collaborative provision allocated to loadbands 5 and 6
- ¥ annex D supplement on workbased collaborative provision at loadbands 5 and 6

**Circular 97/04: Analysis of Strategic Plans 1996-97 to 1998-1999** Jan 1997

- ¥ paragraphs 18-20, page 8 information on volume of collaborative provision
- ¥ table 10, page 20 student numbers on collaborative provision 1995-96
- ¥ table 11, page 21 projections for 1996-97

**Council News No. 36** Feb 1997

- ¥ page 3 the audit committee to review compliance with the criteria for funding franchising, including reviewing the work of external auditors
- ¥ page 6 clarification that the institution controlling the provision retains responsibility for the student regardless of where the provision is physically located

**Circular 97/06: Demand-led Element Return Spring 1997** Feb 1997

- ¥ paragraph 7, page 3 institutions with a significant amount of collaborative provision should consult their auditor concerning the eligibility of claims

<b>Council News No. 37</b>	Mar 1997	<b>Council News No. 39</b>	May 1997
¥ page 2B Dthe extent and nature of franchised provision		¥ page 3 DIn implementing convergence, the Council will take account of the contribution of employers, individuals and the public purse	
¥ page 4 Damendment to schedule 2(d) to include ÔdirectÕ progression		¥ page 6 Dreiteration of the earlier advice on funding for recreational or introductory diving courses	
¥ page 6 Dmembership and terms of reference of the secretary of stateÕs franchising working group		<b>Circular 97/20: Report of the Quality Assessment Committee</b>	May 1997
<b>Council News No. 38</b>	Mar 1997	¥ annex, paragraph 31, page 9 Dthe committee expressed concern about the standards of franchised provision	
¥ page 7 Dreport of the secretary of stateÕs franchising working group		<b>Letter from Director of Finance</b>	Jul 1997
<b>Circular 97/16: Individualised Student Record Data Collection 1997-98</b>	May 1997	¥ annex C Dwhich diving qualifications are eligible under schedule 2(d)	
¥ annex B, paragraphs 26D28, page 9 Dnew fields for NVQ delivery to accommodate delivery on employersÕ premises or elsewhere		<b>Council News No. 41</b>	Oct 1997
<b>Circular 97/17: Demand-led Element Return Summer 1997</b>	May 1997	¥ page 8 DKPMG commissioned to collect information about the relative costs of direct and collaborative provision	
¥ paragraph 10, page 3 Dinstitutions with a significant amount of collaborative provision should consult their auditor concerning the eligibility of claims		<b>Chief InspectorÕs Annual Report 1996-97</b>	Oct 1997
<b>Circular 97/18: Audit of 1996-97 Funding Unit Claims and ISR</b>	May 1997	¥ paragraphs 146D150 Doutline of best practice and potential problem areas	
¥ supplement, page 8, paragraph 29 Ddefinition of ÔsignificanceÕ for OCP, where it accounts for 5% or more of the total number of units claimed; is delivered away from the collegeÕs main premises; is delivered in part or in whole by staff who are not members of the collegeÕs teaching staff		<b>ADD-CP Data Collection (letter from Geoff Hall)</b>	Nov 1997
¥ annex B, page 16 Ddefinition of collaborative provision for the purposes of audit		¥ collection of data for the second time on franchisees	
¥ annex F, page 23 Dguidance associated with schedule 2(d)		<b>Circular 97/42: Consultation on Changes to ISR Specification 1998-99</b>	Dec 1997
¥ annex G, page 25, paragraphs 3D10 Dchecks on collaborative provision for the delivery of workbased programmes		¥ annex A, paragraphs 49D51, page 10 Dhow to identify franchise partners	
¥ annex H, page 27 Dcontrol criteria for collaborative provision		<b>Council News No. 44</b>	Feb 1998
¥ page 42, table 2 Din-year checks on collaborative provision		¥ page 3, employer-led provision Dno Council funding should transfer from colleges to employers except for the hire of premises and equipment	
¥ page 47, part 5 Dsupplementary notes for audit checks on collaborative provision		<b>National Survey Report Collaborative Provision</b>	Feb 1998
¥ page 55, part 15 Drecording collaborative students on ISR		<b>Circular 98/06: Strategic Plans 1997-98 to 1999-2000</b>	Feb 1998
¥ page 58, part 7 Deligibility under schedule 2		¥ paragraph 9(f) Dproportion of collaborative provision has fallen 1996-97 to 1997-98	
		¥ paragraphs 32 to 34 of annex A and table 11 D numbers and proportion of franchised students in 1996-97 compared to 1997-98	

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- Circular 98/13: Report of the Quality Assessment Committee 1996-97** May 1998
- ¥ paragraph 26, annex D improving the quality of collaborative provision
  - ¥ the committee expressed concern about the quality assurance of franchised provision
- Circular 98/16: Strategic Plans, Including Financial Forecasts** Jun 1998
- ¥ paragraphs 7 and 8 and page 8 significant changes in college mission need to be provided in the textual update to the colleges' strategic plans return for July 1998
  - ¥ paragraph 8, page 4 the issue of governors' involvement in the monitoring of franchising
  - ¥ paragraph 7, page 8 forecasting assumption for financial forecast sensitivity analysis: tariff values to be reduced by one-third for all provision
- Circular 98/17: ISR Data Collection 1998-99** Jun 1998
- ¥ paragraphs 25B1 partner register required from colleges and external institutions for the first time in 1998-99
- Circular 98/25 Audit of 1997-98 Final Funding Unit Claims and ISR** Jul 1998
- ¥ page 4, table 1 areas of concern (see annex H, tables 2 and 3)
  - ¥ supplement, page 28, table 2 and page 47
- Council News No. 47** Jul 1998
- ¥ page 3, education select committee recommendations
  - ¥ page 9, local priorities a sector working group to be established on the local priorities and related issues including franchising
- Council News No. 48** Oct 1998
- ¥ pages 6 and 7: Public Accounts Committee report *The Management of Growth in the English Further Education Sector* endorsed tighter financial control over franchised provision
- Chief Inspector's Annual Report 1997-98** Oct 1998
- ¥ paragraph 119, page 44 general reference to working in collaborative partnerships
- ADDCP Data Collection (letter from Geoff Hall)** Nov 1998
- ¥ third collection of data about college partners for 1997-98 and 1998-99
- Council News No. 49** Dec 1998
- ¥ page 7 membership of the local priorities group
- Council News No. 50** Dec 1998
- ¥ page 4 and page 7 KPMG findings and the TAC recommendation that franchised provision should be subject to a discount of one-third of the tariff value; assume not more than two-thirds of the number of units shown in the tariff when planning
  - ¥ page 8 report of the first meeting of the local priorities group
- Circular 99/01: Tariff 1999-2000** Jan 1999
- ¥ page 4 paragraph 15 TAC recommendation that franchised provision be subject to a discount of one-third of the tariff value for the particular qualification being followed
  - ¥ page 8 paragraph 27 the Council would not expect groups of students enrolled on full-time programmes at an institution to be enrolled on part-time programmes at other institutions
- Circular 99/07: Funding Guidance 1999-2000** Feb 1999
- ¥ page 3 paragraph 5 and page 7 paragraph 9 subject to the outcome of consultation franchising provision would be discounted by one-third with the exception of provision for widening participation students or community-based provision with non-profit-making bodies
  - ¥ page 10 paragraph 43 the Council does not intend to rebase 1998-99 funded units for changes in the tariff for 1999-2000 except for the impact on franchised provision
  - ¥ page 11 paragraph 47 where the inspectorate has assessed a college's quality assurance arrangements at grade 4 or 5, the Council will make it a condition of funding that the college may not enter into new, or extend, Council-funded franchise arrangements until the inspectorate is satisfied that the deficiencies have been remedied
  - ¥ pages 11 and 12 paragraphs 52B58 franchised provision and funding arrangements for 1999-2000
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