

16 August 1999

CIRCULAR

THE FURTHER EDUCATION FUNDING COUNCIL

Local Priorities

To

Principals of colleges
Heads of external institutions
Chief education officers
Heads of higher education
institutions receiving Council
funds

Circular type

Guidance and consultation

Summary

Proposals of the local priorities
working group for the operation of
the Council's local priorities policy.
Responses are requested by
15 September 1999

Reference number: 99/39

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

Cheylesmore House
Quinton Road
Coventry CV1 2WT

99/39

Local Priorities

Introduction

1 This circular provides interim guidance and consults on the proposals of the local priorities working group for implementation from 1999-2000 onwards. The circular is accompanied by a statistical supplement containing evidence considered by the local priorities working group and a toolkit to assist institutions in operating the policy.

Background

2 The proposals set out in this circular take account of the following developments affecting local priorities:

- the sixth report of the education and employment select committee (*Report VI*, paragraph 132) and the government's response (December 1998, paragraph 30)
- the letter from Roger Dawe, of 8 December 1998, setting out the government's decisions on funding for further education for 1999-2001, and guidance on the use of the funds made available (paragraph 25).

3 In a letter, sent on 9 April 1998, to heads of all Council-funded institutions, the Council set out its policy and that of the government which indicated that institutions should give priority to their local communities in the use of Council funds. Following this, the Council announced its intention to establish a group to advise on the implementation of the local priorities policy. The membership and terms of reference of the group were set out in *Council News* No. 47 and are reproduced at annex A to this circular.

4 The group met for the first time in December 1998. It has met on three occasions and will meet again in September to consider the results of this consultation.

Policy Context

5 The Council's approach to local priorities is set within the context of the key government priorities of quality and standards, widening participation, and the skills agenda. These national priorities provide the key principles for institutions in making

decisions about local priorities. Institutions need to consider how their provision contributes to these government aims as set out below.

Quality and Standards

6 The government wishes to see continual and significant improvement made by all institutions both in the quality of provision and the achievements of their students. Where necessary, these aims may be achieved through the sharing of good practice, specialisation and rationalisation or merger.

Widening Participation

7 The government wishes to focus support from public funds on those in greatest need. The expectation is that participation will be widened, levels of retention and achievement raised and social inclusion addressed. These policy aims underpin the Investors in Young People strategy, the targeting of adult participation funds, and pilot projects in non-schedule 2 provision. This approach implies collective analysis of participation in an area and action to ensure that unmet and unexpressed needs are identified and met.

Skills Agenda

8 The government sees the development of the skills of the workforce as crucial to both individual prosperity and economic regeneration. The key measure of this development will be through the contributions to the national learning targets at levels 2 and 3. Institutions should recognise that this requires progression routes from basic skills, entry and foundation courses. Co-operation between institutions will ensure an appropriate pattern of provision for their local area and will secure value for money from available resources.

9 In these broad policy aims, it is clear that the government expects institutions to:

- work in partnership with other institutions and other bodies involved in post-16 education; (the lifelong learning partnerships are key to providing this framework)
- address the needs of their local area first before considering any other needs.

Issues

10 The Council recognises that the local priorities policy raises a number of issues. These issues were reflected in the discussions of the local priorities group. In particular, there are tensions in the sector between the local priorities policy and the actual pattern of provision created through the first phase of growth after incorporation. A further tension lies in the aspirations of government and the sector to use information and communication technology (ICT) to create a lifelong learning society. Issues raised by the sector about the local priorities policy are considered at annex B to this circular.

11 The group acknowledged that institutions have complex recruitment patterns. These reflect a number of factors such as geography, transport routes, historic investment in accommodation and facilities, demand and the distribution of courses and employment. A local priorities policy should be sensitive to these issues.

12 The group encouraged the Council to adopt a self-regulatory policy based on a code of practice and identified criteria. Institutions will use this to judge whether out-of-area provision should take place.

Summary of the Group's Recommendations

13 The group's recommendations on the implementation of a local priorities policy are:

- a self-regulatory approach based on a protocol or code of practice
- a criterion-led approach to the assessment of out-of-area provision
- full information to be made available by institutions that are consulting on making provision within another institution's local recruitment area
- regulation by the Council where the self-regulatory approach fails
- the Council to collect data on national contracts for both franchised and direct provision
- the Council to consult on an approval mechanism for national contracts

- the Council to consider developing techniques to establish how national participation rates might be reflected in projections of student numbers and the requirement for funding units within a local area.

Local Priorities Policy

14 The Council's local priorities policy is intended to ensure that there is adequate and sufficient provision of further education for the population of an area, provided mainly by local institutions, and that wasteful and unhelpful competition is avoided. A summary of the policy is included at annex C to this circular.

15 The implementation of a local priorities policy requires judgement to balance student demand and choice against the distribution of scarce resources. Institutions will need to focus their activity on the needs of their local community, putting those needs before those of the wider community. For example, the second report of the National Skills Task Force, *Delivering skills for all*, comments on the need to focus on persuading local employers, in particular small and medium-sized enterprises (SMEs), to do more training in a local context. This may mean reducing or withdrawing from distant short-course provision in order to make local provision available to SMEs.

16 The policy applies to all Council-funded provision. The Council expects institutions to collaborate rather than compete against each other. This expectation of collaboration applies as much to institutions operating within a locality, for example, a city, as it does to institutions seeking to make distant provision. There is an expectation that institutions should not establish provision that might be in competition with existing facilities. For example, it is inappropriate for an institution to fund a direct delivery centre within its local area if that competes with provision already made by other local institutions, undercuts local fee rates, and results in wasteful duplication. This would also apply if the same institution made that provision outside its local area, but within that of another Council-funded institution. Institutions are expected to consult other providers who might be affected, even if the location of the provision is within the provider's local area.

17 The local lifelong learning partnership will produce a post-16 plan for the local area, establishing the provision that is needed, and the distribution of that provision between institutions. The plan will be based on an assessment of the needs of the local population. The plan should also take account of out-of-area provision that serves the needs of the local population. The first plan should be produced by all learning partnerships by April 2000. A partnership may determine that a need may be met cost effectively by direct provision made outside the area, by distance learning or by collaborating with another institution to make provision within the local area. For example, a student wishing to follow an agricultural course would be able to attend a specialist agricultural college which may be outside the local area.

18 Council-funded institutions within a partnership will be expected to meet their agreed share of local needs by making appropriate provision within the partnership area. It is only when these needs can be shown to be met that institutions will be able to consider needs outside the area. Institutions are permitted to use Council funding to meet needs outside the local area or the area of any partnership to which they belong, where this reflects their existing contribution to a wider pattern of need or where it forms part of an agreed development plan. However, institutions will be expected to withdraw out-of-area provision where it falls outside an agreed local plan, or where local providers are capable of meeting needs.

Proposed Approach

19 The Council's approach to date has been to reflect the government's expectation that institutions will give priority to local needs and work collaboratively within the sector and with other providers of post-16 education. It envisages that institutions themselves will take the lead in resolving issues between institutions. It does not preclude individual students travelling to the main sites of institutions in the normal way, nor should it result in restriction on the development of flexible modes of delivery, including distance learning.

20 A collaborative approach should enable further education to meet the social and economic needs of local communities and to avoid wasteful duplication. It should take account of the wider post-16 arrangements and, for this reason, the Council has

been promoting the development of lifelong learning partnerships with the Local Government Association and the TEC National Council.

Self-regulation

21 The group supported this collaborative approach and concluded that the most appropriate way to implement a local priorities policy was to encourage self-regulation by the sector. It agreed to consult the sector on a proposal to commission a protocol or code of practice designed particularly to deal with out-of-area provision. It was suggested that such a voluntary framework might also be helpful when considering provision made by local providers within a local area.

22 The framework would emphasise the importance of openness. A college would be expected to provide full information to its local partners and to any other college or learning partnership affected by the college's action, and to receive such information in return. An example of how institutions might begin the collection and sharing of information is illustrated by the example of the Kent widening participation partnership included as annex A to supplement A of this circular, Local Priorities Toolkit.

Criterion-led Approach

23 The group agreed that a criterion-led approach could be used as a basis for assessing out-of-area provision. These criteria could apply equally to provision made within the local area.

Criteria

24 The proposed criteria are:

- a. the relationship of the proposed provision to identified local priorities;
- b. the educational benefits of the proposed provision for students, particularly in terms of access or choice;
- c. the implications of the proposed provision for the future development of post-16 provision in the area, including the potential impact on the viability and quality of existing further education provision in the area;
- d. the extent of consultation and the consideration which has been given to alternative options.

25 The suggested criteria are set out in the toolkit (supplement A) which accompanies this circular together with more specific underpinning factors and information to be provided. An institution seeking to make out-of-area provision should consider the proposed provision against the criteria and underpinning factors when formulating and presenting its proposals.

Impact on Institutions

26 The introduction of a code of practice on local priorities will have an impact on a small number of sector institutions with extensive out-of-area provision, either franchised or direct. The group wished to ensure that this impact is lessened by avoiding sudden change that could destabilise institutions. The group was also conscious of the need not to destabilise institutions in the local area by the freeing-up of large numbers of funding units. It suggested that the Council might consider different treatment of 'new' as compared to 'existing' provision. However, the group recognised that there would be some existing provision which might now be considered inappropriate in the context of a local priorities policy, such as outreach centres established in a local area, away from a main college campus, without the consent and collaboration of local sector institutions. In such cases, institutions should be allowed a period of time to adjust their patterns of provision to meet the Council's local priorities policy. The Council has agreed that, where it is in the interests of the locality, consideration could be given to requests from institutions seeking to adjust their funding allocation and to the subsequent transfer of units within a region.

Predicting Demand

27 The group considered that the Council should look at ways in which national participation rates might be reflected in projections of student numbers and the allocation of units to local areas.

Resolution of Disputes

28 The group was concerned to ensure that no single institution should be able to veto the plans of another institution. However, there should be a right to receive full information and to challenge an institution's proposal when applying the criteria to be outlined in the code of practice. The group

expected that most disputes would be resolved at the local level. In the event of a disagreement, the Council could be expected to take a view. As a last resort, the Council could attach a condition of funding to the funding agreement of the institution concerned.

National Contracts

29 Institutions with national contracts for out-of-area provision, whether franchised, direct or delivered by distributed open and distance learning are requested to complete the form at annex D to this circular and return it to the Council no later than 15 September 1999.

Consultation

30 Institutions are invited to comment on the proposals in this circular by completing the questionnaire attached at annex E to this circular and returning it no later than 15 September 1999 to:

**Louise Hazel
Education and Institutions
The Further Education Funding Council
Cheylesmore House
Quinton Road
Coventry CV1 2WT.**

The questionnaire also appears on the Council's web site (<http://www.fefc.ac.uk>). Institutions are encouraged to make an electronic return wherever possible. Earlier returns would assist the preparation of the report to be made to the local priorities working group in September.



Local Priorities Group

Terms of Reference

1 To develop arrangements for monitoring provision to ensure that:

- priority is given by colleges to meeting the needs of their own localities
- unnecessary competition between colleges is avoided
- coherence of provision and student progression are included in the planning.

2 To review the range and type of provision offered by colleges at a distance from their own locality to inform the monitoring arrangements.

3 To advise the Council on an appropriate mechanism for colleges to transfer units in the interest of promoting more local delivery of provision.

4 To advise the Council on appropriate action in response to the education and employment select committee's recommendations relating to franchised provision.

Membership

Chair

Sian Macdonald Principal, Tresham Institute of Further and Higher Education

Members

Roger Bennett Principal, Askham Bryan College

Alan Birks Principal, South Birmingham College

John Brennan Director of Further Education Development, Association of Colleges

Mick Brown Principal, South East Derbyshire College

Arthur Cotterell Principal, Kingston College

Helen Gilchrist Principal, Bury College

Stephen Griffiths Principal, Swindon College

Robin Landman formerly Bilston Community College and Wolverhampton Lifelong Learning

Willie Mills Principal, Northumberland College; from April 1999, Principal, City College Manchester

Susan Pember Principal, Canterbury College

David Rathe Principal, Stephenson College

Alan Stanhope Principal, Cornwall College

Barbara Thomas Head of the Adult Education Service, Birmingham

Andrew Thomson Principal, Long Road Sixth Form College

Assessor

Stuart Gardner Department for Education and Employment

Observers

Marilynne Snowden Head of Student and Community Services, Coventry City Council (Local Government Association)

Tom Crompton Tyneside TEC (TEC National Council)

College Issues about the Local Priorities Policy

1 The group considered a number of issues which had been raised about the local priorities policy. These are set out below.

Sector Growth Targets

2 The sector faces challenging targets for student growth over the next three years. The government's comprehensive spending review (CSR) settlement for further education is expected to provide for an extra 700,000 students by 2001-02. This expectation, combined with specific priorities to: widen participation; support more young people in gaining qualifications; raise standards; provides a formidable challenge to the sector.

3 The evidence from the discussions between colleges and the Council in the context of the funding round for 1999-2000 shows that there is substantial unmet need for further education. The government wishes institutions to identify and meet that need within the local area by collaborating with other providers. Local lifelong learning partnerships, which in some areas are still at an early stage of development, are seen as key to this activity.

4 The government measures the sector's growth in full-time equivalent student numbers. The statistical evidence suggests that 2.4% of distant provision is made in short courses, some 0.5% of all Council-funded provision. Thus it contributes relatively little to the sector's growth targets. The sector's achievement of growth targets is unlikely to be adversely affected by the local priorities policy.

Specialist Provision

5 Most further education provision is neither specialist nor small scale. There is some specialist provision that requires specialist facilities and specialist staff, and where overall demand is low, for example, glass blowing. Students have always travelled to such specialist provision. The Council funds specialist colleges, for example in art and design and agriculture. A local priorities policy should not affect this. Guidance on specialist provision in the context of local priorities is provided in the toolkit (in supplement A).

6 The evidence suggests that most distant provision is non-specialist, level 1 or 2, and either could be, or is already, offered by local institutions. Institutions draw most of their students from relatively narrow recruitment areas. The median for the local recruitment area is three local authority districts. A small number of further education colleges have widespread provision delivered to large numbers of students. None of these is a specialist institution.

Student Choice

7 Individual students will continue to be able to travel to an institution outside the local recruitment area, for example, to access specialist provision or simply for reasons of preference. It will, however, be important that lifelong learning partnerships receive appropriate information about such students in order to consider whether the needs of the area are being met. Lifelong learning partnerships will be encouraged to secure a co-ordinated approach to student support and their policies will need to take account of the local priorities dimension. Funds will be available in 2000-01 from the LEA standards fund to assist lifelong learning partnerships to co-ordinate local post-16 transport arrangements to achieve best value for money.

Widening Participation

8 Institutions have suggested that restrictions on making provision outside their local area will reduce opportunities for people in 'hard to reach' groups wishing to access further education. This argument has been put forward in a number of contexts, including franchising. The evidence does not support this. Widening participation students are more likely to be recruited locally on to longer programmes, particularly in basic skills.

Definition of Local Area

9 There is some concern about the overlap of local recruitment areas, local lifelong learning partnership areas, travel to work and/or study areas, TEC and local authority areas and economic regeneration areas.

10 A local recruitment area is a statistical construct, without rigid boundaries, which may vary from year to year. Its usefulness is in indicating to institutions where 80% of their direct provision is made, and to the Council on where institutions'

efforts are focused. Institutions' local recruitment areas may overlap. An institution's local recruitment area and the lifelong learning partnership area will not be a perfect match, nor will TEC or travel-to-work areas. Where non-specialist institutions have a widespread local recruitment area, the Council expects a geographical contraction over time as institutions increase their focus on local needs.

Partnership in Further Education

11 The government expects institutions to collaborate rather than compete. Enterprise in further education is now about institutions planning and collaborating to meet the needs of an identified market, normally within the local area.

12 The group considered the issue of centres being opened by institutions at some distance from their main site and within the local recruitment area of another institution, which had either not been consulted or disapproved of the activity. There are other instances where such centres have been opened in partnership with a local institution to make specialist provision which was otherwise unavailable in the area. The group considered that out-of-area direct provision without the collaboration of the local institution was no longer acceptable in the context of local lifelong learning partnerships.

Implications of Technology and the Ufi

13 The development of information and communication technology (ICT) is expected to grow rapidly over the next few years. The group considered how distance learning can be integrated into the local priorities policy framework. It was recognised that large concentrations of distributed open and distance learning (DODL) students have the potential to disrupt local planning. Although this did not appear to be a problem at present, the group wished to ensure that the local priorities approach was not compromised by such developments.

14 Although DODL is increasing, it still represents only 5.2% of all students, or 2.1% of FTEs. A small number of institutions have more than 20% of provision delivered by DODL. In such cases, institutions need to consider carefully whether local needs are fully met.

15 The territorial approach adopted by the University for Industry (Ufi) is expected to complement a local priorities approach. Each learning hub will have a territory and within that territory there will be a number of learning centres. Hubs will be contracted to deliver within the defined territory. Much Ufi provision will be eligible for Council funding.

16 The group considered that a local priorities policy was compatible with developments in DODL and Ufi. Further research on the impact of DODL provision is being taken forward as part of the work of the tariff advisory subcommittee on DODL.

National Contracts

17 Some Council-funded institutions have exclusive contracts with a national employer for either direct or franchised provision. Institutions claim that employers find such arrangements more convenient and that they result in high-quality provision. Such contracts often give the institution exclusive rights to enrol its employees on Council-funded programmes. Such agreements may contravene the *Competition Act 1998* if the agreement prevents the partner from dealing with other institutions or requires a prospective student to enrol with a particular institution. Further information on the *Competition Act 1998* is provided in the toolkit that accompanies this circular.

18 It is not possible to identify national contracts (explicitly) using the individualised student record (ISR), although an approximation can be made. In 1997-98, 30 institutions were recruiting students from over 200 districts. None of these institutions is a specialist institution.

19 It appears that relatively few institutions have national contracts of significant size. Significant numbers or the extent of such contracts may mean that the institution is unable to meet the needs of the local area, and could threaten adequate and sufficient provision. The group suggested that the Council obtain specific information about those national contracts that exist, both franchised and direct. A request for information on existing out-of-area or DODL national contracts, both franchised and direct, has been included in the questionnaire at annex D to this circular.

20 The group recommended that the sector should be consulted on whether the Council should

approve national contracts on an individual basis.
If the sector agreed, members considered that, in line with the recommendation of the education and employment select committee, permission to enter national contracts should be confined to institutions with at least grade 3 in the curriculum area concerned, quality assurance and governance and management.

Summary of the Local Priorities Policy

The characteristics of the local priorities policy are as follows:

- a. applies to all Council-funded provision;
- b. expectation of collaboration between institutions rather than competition, in the local area and at a distance;
- c. individual students (and employers) will remain able to choose, and travel to, a college of their choice;
- d. institutions are expected to meet the needs of their local area first. As part of their local lifelong learning partnership, they should seek to meet the needs of the locality and reduce unnecessary duplication and wasteful competition;
- e. the local recruitment area is a statistical construct; it does not have rigid boundaries and institutions' recruitment areas may overlap;
- f. where a college wishes to provide for students outside its local recruitment area, it should consider that provision against the proposed criteria. If it decides it wishes to proceed, it must consult local providers;
- g. an expectation that new centres opened within the local recruitment area of another institution should normally be made in partnership with that institution or institutions;
- h. consultation should be led by the college principal and must involve sharing of the institution's initial assessment and sufficient detailed information to enable an informed dialogue to take place;
- i. in responding, local providers should consider the proposed provision against the criteria. It will be inappropriate simply to object to the provision;
- j. inspection grades for the provision concerned, quality assurance and governance and management should be at least grade 3 and/or equal to that of any local provider;
- k. where institutions are unable to agree a way forward, the appropriate regional director will assist in facilitating a solution;
- l. in extreme cases, where no solution is reached, the Council will consider applying a specific condition of funding.

Institutions seeking to withdraw from existing distant provision should first discuss the impact on the area concerned with the institutions/lifelong learning partnerships serving the area from which it is proposed to withdraw. The institution should then discuss the likely impact with the appropriate regional director. The Council has agreed that, where it is in the interests of the locality, it will consider requests from institutions seeking to adjust their funding allocation and to the subsequent transfer of units within a region.

National Contracts – Request for Information

(Reference Circular 99/39)

Please photocopy, complete and return this form to Louise Hazel at the Council's Coventry office by 15 September 1999.

**THE
FURTHER
EDUCATION
FUNDING
COUNCIL**

Cheylesmore House
Quinton Road
Coventry CV1 2WT

Telephone 01203 863000
Fax 01203 863100

Name of institution

Contact name (*please print*)

Signature

Telephone no.

Name of organisation

Franchise Partner Code

Please indicate type of provision ☐ Franchised (F)

☐ Direct (D)

☐ DODL (DO)

Location of delivery

Town

Postcode

Qualification delivered

Code

Qualification title

Level

Expected scale of provision

☐ No. of units

☐ No. of students

☐ FT

☐ PT

Local Priorities Questionnaire

(Reference Circular 99/39)

Please photocopy, complete and return this form to Louise Hazel at the Council's Coventry office by 15 September 1999.

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Name of institution

Contact name (*please print*)

Signature

Telephone no.

Cheylesmore House
Quinton Road
Coventry CV1 2WT

Telephone 01203 863000
Fax 01203 863100

<i>Proposal</i>	<i>Support</i>	<i>Do not support</i>	<i>Comment</i>
1 A self-regulatory approach based on a protocol or code of conduct (paragraphs 21 and 22)	<input type="checkbox"/>	<input type="checkbox"/>	
2 A criterion-led approach (paragraphs 23 to 25)	<input type="checkbox"/>	<input type="checkbox"/>	
Criterion 1	<input type="checkbox"/>	<input type="checkbox"/>	
Criterion 2	<input type="checkbox"/>	<input type="checkbox"/>	
Criterion 3	<input type="checkbox"/>	<input type="checkbox"/>	
Criterion 4	<input type="checkbox"/>	<input type="checkbox"/>	
3 Protocol or code of conduct to apply to both local and distant provision	<input type="checkbox"/>	<input type="checkbox"/>	
4 Full information to be provided by institutions consulting with local institutions (paragraph 22)	<input type="checkbox"/>	<input type="checkbox"/>	
5 The Council to have an approval mechanism for national contracts (paragraphs 17 to 20 annex B)	<input type="checkbox"/>	<input type="checkbox"/>	
6 Inspection grades for the provision, quality assurance and governance and management should be at least grade 3 and/or equal to that of any local provider (point (j) in annex C)	<input type="checkbox"/>	<input type="checkbox"/>	
7 Council to develop techniques to forecast student numbers and funding unit projections for a local area (paragraph 13)	<input type="checkbox"/>	<input type="checkbox"/>	

Additional comments

Please provide any general comments you wish to make.

