

**THE
FURTHER
EDUCATION
FUNDING
COUNCIL**

**Audit of 1998-99
Final Funding Unit
Claim and of the
1998-99
Individualised
Student Record Data**

Guidelines for Institutions
and their External Auditors

**Supplement C to
Circular 99/43**

Glossary of Terms

This supplement lists some of the more important terms used in the Council's funding methodology. Each term is briefly described, and a cross-reference to the definitive guidance is given. As the glossary contains references to both 1998-99 and 1999-2000 guidance, external auditors should also check the relevant year's guidance.

Access to Higher Education programmes See paragraphs 57 and 58 of annex A to *Funding Guidance 1998-99* and Circular 99/10. These are courses under schedule 2(c) to the *Further and Higher Education Act 1992*. Only those access to higher education programmes specifically or provisionally approved by the secretary of state under schedule 2(c) are eligible for funding. General preparation courses for higher education, even if externally accredited, are not eligible for Council funding.

accreditation of prior learning and experience (APL) This is a process where a student is given exemption from particular elements of a programme because of prior experience and knowledge. This is expected to be a substantial process. Robust evidence of the process leading to APL, for example, a log of student activity, should be sought. Where a programme is not individually listed, the value of units claimed for APL should be the value for the loadband into which the programme would otherwise fall. The minimum threshold is nine guided learning hours. Provision in the workplace is not expected to fall above loadband 4 (see paragraph 13 of annex A to *Funding Guidance 1998-99*). It is assumed that it would be unusual to gain an entire qualification by APL and that some guided learning would be required. An NVQ may not be delivered entirely by APL. See particularly paragraph 71 which explains that guidance on APL, in particular in conjunction with NVQs, has been misinterpreted by a small number of institutions. Assessment services alone are not eligible for Council funding. See paragraphs 36, 46, 47 and 69 to 72 of annex A to *Funding Guidance 1998-99*.

achievement units These are funding units which may be claimed for each student who achieves the primary learning goal of their programme. See paragraphs 178 to 185 of annex A to *Funding Guidance 1998-99*. The tariff value is described on pages 42 to 45. Circular 99/01, paragraph 28, page

9, published in January 1999, states that as part of the entry process, students should be advised that if they are enrolling on courses leading to qualifications under schedule 2(a), 2(b), 2(c) or 2(d) of the *Further and Higher Education Act 1992*, they will be expected to enter or register for the examination or equivalent at the appropriate time.

ADDCP or ADDOCP returns These returns made in November 1996, 1997 and 1998 by colleges, contain details for each franchise partner, the student numbers, units and location, for the delivery of franchised provision. In each year, the information relates to work undertaken in the previous year and forecasts the pattern of delivery expected in the current year. Comparison of these returns, between years and with the ISR, will provide useful information of the scale of the provision, and assist in the identification of any trends, for instance the move from franchise to direct provision. It will also assist auditors in planning their programme of testing of franchise arrangements. The requirement to complete the ADDCP will extend to external institutions and higher education institutions in November 1999. It is a condition of the funding agreement between the Council and external institutions (EIs) and higher education institutions (HE institutions) that franchising is only entered into in exceptional circumstances and after consultation with the Council. It should be possible for 1998-99 provision to link ADDCP details to the ISR, as institutions were required to identify students of each franchise partner on the ISR.

additionality This refers to the additional education and training time that public funding such as the Council's brings to a student. Paragraph 77 of annex A to *Funding Guidance 1998-99* explains how this principle applies to students on GCE/GCSE/GNVQ/NVQ programmes.

additionality in franchising arrangements It is particularly important to identify this. The Council expects that institutions' involvement with partner organisations will lead to enhanced provision for learners. Provision that remains much the same as it was before the partnership was established is not eligible for funding. Arrangements in which institutions contract with providers that have already established and marketed provision are not likely to meet the control criteria. For instance, the inspectorate national survey of franchising provision published in February 1998 found it difficult to identify what franchising arrangements had added

to some contracts with sports bodies and first-aid organisations. See particularly Circular 99/09, paragraphs 7 to 12. In a few cases, it appears that pre-existing activity or a course offered previously by a commercial partner or community group has subsequently been claimed as Council-funded. Such arrangements would not meet the Council's guidance on additionality. The accreditation of pre-existing activity would not in itself constitute additionality, nor would the availability of additional resources, for instance the production of new training materials (such as a video) or new resources.

additional qualifications The value of units for additional qualifications added to programmes comprising at least 450 guided learning hours a year is described on page 21 of the funding guidance.

additional support Additional support is defined in paragraph 141 of annex A to *Funding Guidance 1998-99* as 'any activity which provides direct support for learning to individual students, which is over and above that which is normally provided in a standard learning programme which leads to their primary learning goal. The additional support is required to help students gain access to, progress towards and successfully achieve their learning goals. The need for additional support may arise from a learning difficulty or disability or from literacy, numeracy or language support requirements.' See also annex H of supplement B to this circular on comparative national statistics, for the range of units in an institution's claim which should be expected to relate to additional support.

additional support costs beyond the value of the top band For 1998-99, institutions are able to apply for specific additional financial support for students whose additional support costs exceed £18,800 by making application to the regional director. See paragraph 16, page 3 of annex A to *Funding Guidance 1998-99*. Institutions should provide their auditors with a copy of the letter of agreement from the regional director.

additional support costs form This is at appendix 4 to annex A of *Funding Guidance 1998-99*. It should be completed by the college for every student for whom additional support is claimed and should be signed by the student or his/her advocate. Additional support costs must relate to the individual and not be vired to any other student.

additional support units These are funding units which may be claimed where an institution provides additional support to a student and the extra costs of doing so are above a threshold level. The tariff value is described at paragraphs 141 to 159 of annex A to *Funding Guidance 1998-99*. The additional support costs form is at appendix 4 to annex A of *Funding Guidance 1998-99*.

age Normally institutions can only claim for students over compulsory school age. Guidance on the eligibility of students of compulsory school age was given in paragraphs 114 to 119 of annex A to *Funding Guidance 1998-99*. Please also see the guidance on basic skills Easter and summer schools in supplement A to this circular. External institutions may not claim Council funding for students aged 16 to 18 years on full-time programmes.

analytical review Analytical review means the analysis of relationships between items of data deriving from the same period, or between comparable information deriving from different periods or different entities, in order to identify consistencies and predicted patterns, or significant fluctuations and unexpected relationships which can then be investigated.

asylum seekers See paragraph 103 of annex A to *Funding Guidance 1998-99*.

audit sampling and sample size Audit sampling means the application of audit procedures to less than 100% of the items within a population to enable auditors to obtain and evaluate audit evidence about some characteristics of the items selected. This is in order to form or help to form a conclusion concerning the population as a whole. Sample size is affected by the degree of sampling risk that auditors are willing to accept from the results of the sample, which in turn depends on the importance to the auditors' conclusions of the results of the audit procedure involving sampling. The greater the reliance on these results, the lower the acceptable sampling risk and the larger the sample size needs to be.

basic skills This refers to provision in programme area 10, that is, numeracy, literacy and English as a second or other language (ESOL).

childcare support for EFL students This is not available. See paragraph 107, page 29, of the 1998-99 funding guidance.

childcare support units These may be claimed by institutions which provide childcare facilities for certain groups of people on low incomes. See paragraphs 132 to 138 of annex A to *Funding Guidance 1998-99*. The audit evidence required is detailed in paragraphs 139 and 140.

collaborative provision This is now known as **franchising**. The government has made clear its expectation that institutions will work together on a collaborative basis. This term is therefore likely to have a broader meaning in the future than the specific type of activity known as ‘franchising’ and described in Circulars 96/06, 96/32 and 99/09. The students concerned are not eligible for Council funding, and from 1999 onwards will be recorded on a separate ISR form provided for the purpose.

college apprenticeships See paragraph 199 of annex A to *Funding Guidance 1998-99*.

college companies See Circular 99/14. Provision delivered through a college company requires a franchise contract as in Circular 96/06. If all the profits from the provision or activity are covenanted back to the college, then such arrangements would not attract the discount applied to franchised provision.

complementary studies Complementary studies describes the additional courses or programmes of study expected to be made available to full-time students aged 16–18 to enhance or complement their main programme of study. Although these studies may be accredited, they only attract additional tariff units if the activity was not in existence at incorporation in 1993. Tariff units for **individually listed qualifications** may be claimed where the course is additional to the main learning programme. Care must be taken to ensure that there is no overlap or duplication of provision. See **enrichment studies, pastoral care**.

compulsory school age There is now a single date when young people can legally leave school. That date is the last Friday in June for those who have completed year 11. Institutions should note that the Council will not expect to fund groups of school-leavers before 1 August 1999, but it will fund individuals in exceptional circumstances. In these circumstances, institutions should ensure that they retain audit evidence that the Council has been consulted and has agreed the circumstances.

construction apprenticeship scheme See paragraph 248 of Circular 99/01.

control criteria These are the criteria which should be met to ensure that an institution has appropriate control on franchising provision, as set out in circular 96/06. If these cannot be met, the provision is not eligible for Council funding.

cost-weighting factor The cost-weighting factor is intended to reflect the relative intrinsic costs of programmes, and takes one of the five values specified in paragraph 39 of annex A to *Funding Guidance 1998-99*. Further information is provided in paragraphs 68 to 73 and 76 and 78 of the guidance.

court order The Council has neither the power nor the duty to fund individuals detained under order of a court, for example, prisoners, people in secure hospital units (see section 60 of the *Further and Higher Education Act 1992*). See paragraph 108 of annex A to *Funding Guidance 1998-99*.

day-care centres The Council would not normally expect to systematically fund provision in a day-care centre or residential home for people supported by social services, or in a hospital facility supported by the Health Authority. Colleges making such provision are asked to contact the regional director to discuss this in more detail.

People over 19 with learning difficulties and/or disabilities may also be appropriately funded by either the LEA or by social services or the health authority. Social services, in particular, have wide-ranging responsibilities, for example, for people with learning difficulties and/or disabilities, or for the elderly.

dedicated provision for employers In his letter of 12 November 1997 to the Council’s chair (see annex H of Circular 97/38), the secretary of state for education and employment indicated that he wished to see a fairer balance between contributions from employers and the public purse to employer-led provision in further education, based on the principle that employers should be meeting at least half the costs of the provision. For 1998-99, the Council has adjusted the funding arrangements to reflect a fee contribution of approximately 50% of the cost of dedicated employer-led provision. This has been done by reducing the tariff value for units claimed for such provision to two thirds of the normal level. Colleges are also not able to transfer any funding to employers for dedicated provision,

other than for the hire of premises and equipment. See paragraphs 194 to 197 of annex A to *Funding Guidance 1998-99*, paragraphs 241 to 244 of Circular 99/01, and paragraphs 25 to 26 of Circular 99/09.

direct provision This is where staff delivering the provision are under the direct management of the institution either as employees or through employment/staffing agency arrangements. Where a programme is delivered jointly by institutions and partner organisations, the institution should consider the roles undertaken by the partner's staff to ensure that the provision is directly organised, managed and delivered by the institution. If, for example, the programme manager, or key staff in contact with the student, were employed by the partner, this might raise questions about the degree of control being exercised by the institution. See Circular 99/09, paragraph 7. See also **facilities management, franchising, employment/staffing agency, secondment arrangements, subcontracting.**

distance learning Distance learning is where students may not attend formal classes at the institution but use specially prepared learning materials. The programme should be accompanied by some counselling or tutorial support. Where this type of provision is delivered by an organisation on behalf of the institution in return for agreed payments, it would be regarded as franchise provision. In a few instances it seems institutions may assume that all such programmes attract loadband 3. This is not the case – see paragraph 83 of annex A to *Funding Guidance 1998-99*. The monitoring of distance learning is extremely important if Council funding is to be claimed with integrity. An institution should take active measures to ensure that the student is continuing on the programme and has not withdrawn. Colleges need to ensure that franchise partners are implementing the guidance. It is not expected that NVQs or APL will be delivered entirely by distance learning. Distance learning is defined in Circular 93/31 and further discussed in paragraphs 81 to 86 of annex A to the 1998-99 guidance.

Institutions planning to deliver distance learning provision via the Internet are requested to contact the Council in advance of delivery to avoid post-delivery difficulties. This may be considered to be a new and/or possibly contentious mode of delivery as defined in paragraph 3 of Circular 99/01.

duplicate students These are students who appear more than once on an institution's ISR record or more than once on different institutions' ISR records with the same or similar details. Circular 99/01, paragraph 27, explains that whilst recognising that students, in participating in studies, may enrol at more than one institution, 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, including franchising. For example, it would not be appropriate for several students enrolled on full-time sports and leisure studies to be enrolled at another institution to do a first aid or sports coaching qualification through franchising. This may lead to over-claiming of entry and on-programme units and the provision may not meet the control criteria. Institutions should ensure that they have in place mechanisms to reduce the possibility of duplication, especially where provision is franchised to another organisation. Such mechanism may include ensuring that students are asked, at enrolment, to state if they are enrolled on another Council-funded course at another institution, or if they have been so enrolled during the preceding 12 months. Systematic spot checks by the institutions and their auditors are essential.

eligibility of provision The Council may only fund provision which falls under the *Further and Higher Education Act 1992*. The Council does not have the sole statutory responsibility for funding all post-16 education. Local education authorities retain responsibility for all the further education provision which falls outside the Council's responsibility. Social services have wide-ranging responsibilities which may include the provision of learning opportunities for people in their care.

The Council does not expect to fund provision made in collaboration with clubs and other bodies, including ones at national level, whose primary aim is to promote competence in their members' leisure and recreational pursuits. The Council would expect that its funding would be used for a course which would have as its primary purpose the acquisition of a vocational qualification, rather than supporting provision made by the clubs and other bodies referred to above. See paragraphs 165 to 166 of annex A to *Funding Guidance 1998-99*.

employment/staffing agency This 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. See Circular 99/09, paragraphs 7 to 9.

English as a foreign language (EFL) EFL tuition is designed for visitors to the United Kingdom who will be returning to their own countries once their studies are completed. EFL courses would not normally fall within the definition of vocational training as defined by the European Court of Justice and would therefore not normally qualify for Council funding where individuals from EU countries wish to come to England to study. Individuals from the EU or migrant workers from the European Economic Area living in England may enrol on Council-funded EFL provision.

Previously on schedule 2(a), EFL courses are temporarily considered to be schedule 2(f), although they do not qualify for tuition fee remission, childcare support, or, where offered as a programme of fewer than 10 basic on-programme units, for the higher value of entry units. Residential qualifications of the students must be checked if Council funding for such courses is to be claimed. European law enables students from the European Union to access vocational training in England funded by the Council. See paragraphs 91 to 107 of annex A of *Funding Guidance 1998-99*.

(ESOL) English for speakers of other languages

This is also known as English as a second or additional language (ESL, EAL). It is designed to equip people permanently resident in this country with functional language and literacy skills. It attracts the higher weighting for entry units as an adult basic education course. Courses fall under schedule 2(f) of the *Further and Higher Education Act 1992* and do not require external accreditation. If no external accreditation is available, then achievement units should not be claimed.

enrichment studies This describes the additional courses or programmes of study expected to be made available to full-time students aged 16–18 to enhance or complement their main programme of study. Although these studies may be accredited, they will only attract additional tariff units if the activity was not in existence at incorporation in 1993. Accrediting the activity would not in itself warrant a claim for additional tariff units (see paragraph 7 of annex A to *Funding Guidance 1998-99*). See also **complementary studies**, **pastoral care**.

entry level From September 1998, learners working below level 1 of the national framework can work towards awards approved as ‘entry level qualifications’ which are accredited by QCA. See paragraphs 216 and 217 of Circular 99/01.

entry units These are funding units which may be claimed for each eligible student who enrolls on provision funded by the Council. The rules for entry units are set out in paragraphs 20 to 34 of annex A to *Funding Guidance 1998-99* and paragraphs 20 to 36 of Circular 99/01. These summarise the audit evidence of the assessment and guidance process which the Council will accept as satisfactory. The process is set out fully in Circular 94/16 as modified by Circular 94/23. It is expected that the activities which provide evidence to claim entry units are distinct from the guided learning hours claimed for the on-programme element of funding. Entry units should not be claimed where the student has no real choice in the programme followed, for example, where an employer determines the course of study. This is likely to be the case in courses leading to qualifications which are a statutory requirement of a particular industry, for example, the Essential Food Hygiene Course or First Aid Certificates. See also annex G to supplement B of this circular on one-day provision.

European Economic Area (EEA) The countries making up the EEA are detailed at Table 6 on page 27 of annex A to *Funding Guidance 1998-99*.

European Social Fund (ESF) See paragraphs 186 to 191 of annex A to *Funding Guidance 1998-99*. See also Circular 96/23, which provides a summary of the audit evidence required. This circular provides advice on the information requirements for European Social Fund applications and an update on objective 3 single programming document for the years 1997-99. Institutions should ensure that ESF students are correctly entered on the ISR. Even in cases where the Council is not providing the matched funding, colleges should enter ESF students on the ISR or on an aggregate return. Contact the funding team on 01203 863115 for further information.

external institution External institutions are institutions maintained by local education authorities (LEAs) and other education providers, such as private colleges or voluntary organisations, outside the incorporated further education sector. External institutions may only be funded by the

Council for provision that falls within schedule 2 to the *Further and Higher Education Act 1992* (see **schedule 2**, below) for part-time students aged 16 or over, and full-time students aged 19 or over. They are not eligible to claim Council funding for full-time students aged 16–18 years. The funding agreement between the Council and external institutions states that such institutions should only exceptionally enter into franchising agreements and only after consultation with the Council.

facilities management This refers to the situation where colleges enter into agreement with third-party companies to provide and manage ancillary services such as the provision of catering, management information systems, computer hardware or software, or payroll systems. Under the terms of the *Further and Higher Education Act 1992* colleges may not enter into such agreements for the provision, wholly or in part, of any aspect of the education provided to the student, unless a contract such as the one described in Circular 96/06 is in place.

fee remission Students who meet certain criteria set by their institution may have some or all of their tuition fees waived. Institutions are free to set their own tuition fee policies. The Council's policy is set out in annex A to *Funding Guidance 1998-99*.

fee remission units These are funding units which may be claimed for each student who meets the Council's criteria for tuition fee remission, as set out in annex A to *Funding Guidance 1998-99*.

franchising The term 'franchising' was previously known as 'franchised provision', 'collaborative provision', or 'outward collaborative provision'. Franchising refers to an arrangement where an institution makes a contractual agreement with another organisation (the collaborator) to deliver, on behalf of the institution, provision funded by the Council. This type of provision will normally be delivered away from the institution's premises. An institution may only provide education through a third party if it is fully in control of the arrangements. The Council's requirements of franchise provision are set out in paragraphs 61 to 64 of the 1996-97 funding guidance as updated by Circulars 96/06 and 96/32 and most recently Circular 99/09 and Circular 99/37. Circular 96/06 contains details of the legal basis for franchising and the control criteria, reproduced at annex E to supplement B of this circular, that must be satisfied in full for provision to be eligible for Council funding.

Circular 96/32 clarifies the position in respect of school-based franchising provision. Circular 99/09 and Circular 99/37, provide updated detailed information. In addition, Circular 99/14 provides information on provision made via college companies and/or joint venture companies which also require a franchise contract. See in particular paragraph 16 of Circular 99/14.

The Council expects that the involvement of institutions with partner organisations will lead to enhanced provision for learners. Provision that remains much the same as it was before the partnership was established is not eligible for funding. Arrangements in which institutions contract with providers that have already established and marketed provision are not likely to meet the control criteria. For instance, the inspectorate national survey found it difficult to identify what franchising arrangements had added to some contracts with sports bodies and first-aid organisations. See particularly Circular 99/09, paragraphs 7 to 12.

The Council does not expect to fund provision made in collaboration with clubs and other bodies, including ones at national level, whose primary aim is to promote competence in their members' leisure and recreational pursuits. The Council would expect that its funding would be used for a course which would have as its primary purpose the acquisition of a vocational qualification, rather than supporting such leisure and recreational provision. See paragraphs 165 and 166 of annex A to *Funding Guidance 1998-99*. A comprehensive list of all Council guidance on franchising is in annex A to Circular 99/09.

See also the entries in this glossary on **facilities management, funding of franchise provision, outreach, provision on employers' premises, distance learning, secondment arrangements, subcontracting of provision**.

funding methodology The Council's funding methodology for 1998-99 is specified in the 1998-99 funding guidance. The details for 1999-2000 are in Circular 99/01.

funding of franchised provision In 1998-99 the average level of funding (ALF) for franchised provision for colleges with overall ALFs below £16.20 was held at its 1997-98 value, while the ALF of direct provision was raised to £16.20.

GCE A/AS levels See paragraphs 53 to 56 of

Funding Guidance 1998-99. The tariff values are determined on the basis that a three-A level programme is delivered in 450 or more guided learning hours per year. This is irrespective of the guided learning hours assigned to these qualifications, although the expectation is that, for example, three GCE A levels plus enrichment will comprise at least 450 guided learning hours. This will result in an additional GCE A level receiving 18.4 basic on-programme units.

GCE A level General Studies As a fourth A level this will normally attract only 18.4 basic on-programme units. A college claiming above this should have auditable evidence that it has consulted the Council and has agreed the exceptional circumstances for this increased value.

General National Vocational Qualifications (GNVQs) See paragraphs 49 to 52 of annex A to *Funding Guidance 1998-99*. GNVQs are mainly full-time programmes and the value of the units in the tariff for 1998-99 reflects this. Some units are being introduced on a part-time basis for people in employment. Currently, there is insufficient evidence to enable a tariff value to be given for this work-based route. Institutions should therefore assign part-time GNVQs to the appropriate loadband.

guided learning hours Guided learning hours are all the times when a member of staff is present to guide student learning on a programme, including lectures, tutorials and supervised study. The minimum threshold for a qualification to be eligible for Council funding is to remain at nine guided learning hours for 1998-99. In the case of programmes provided in the workplace, the maximum units that may normally be claimed will be loadband 4. The tariff for a programme of at least 450 guided learning hours was set on a mid-point of 750 hours. Care should be taken to substantiate the claim for guided learning hours for distance learning, and accreditation of prior learning (APL). See annexes F and G of supplement B of Circular 99/43 for more guidance.

higher education students These are students funded by the Higher Education Funding Council for England (HEFCE). The Council does not expect to fund FE qualifications for groups of higher education students. See paragraph 113 of annex A to *Funding Guidance 1998-99*.

HNCs and HNDs These qualifications are funded by the Council for 1998-99, but transfer to the Higher Education Funding Council for England (HEFCE) for 1999-2000.

homeless, funding provision for For 1998-99, a widening participation uplift of 9% may be claimed for certain categories of homeless people. See paragraph 121 of annex A to *Funding Guidance 1998-99*. Further information is provided in *Council News* No. 49 and paragraphs 141 to 145 of Circular 99/01. This defines what may be considered supported housing, and the audit evidence required for each student.

home students Students who have been resident in a country of the European Economic Area for at least three years are considered to be members of the home population. See paragraphs 91 to 107 of annex A to *Funding Guidance 1998-99*.

independent training provider This is an independent organisation other than a college, higher education institution or a school, whose main business is the provision of training. It does not meet the definition if the institution is, in effect, the 'independent' training arm of a National Health Service Trust, or a car manufacturer. See page 21 of annex A to *Funding Guidance 1998-99*.

individually listed qualifications These are qualifications which are individually listed in appendix 1 to the tariff, which is at annex A to *Funding Guidance 1998-99*. The values of on-programme units which are available for individually listed qualifications are also given in appendices 1 and 2 of annex A to *Funding Guidance 1998-99*.

induction programmes These are short courses preparing students to enter an institution, or as an introduction to the main course. An institution may not claim funding for an induction programme which has been accredited separately from the main programme. See paragraph 10 of annex A to *Funding Guidance 1998-99*.

ineligible students Some students are not eligible for Council funding. See paragraphs 91 to 93 of annex A in *Funding Guidance 1998-99*, especially for the list of categories of students who should be regarded as being on provision not funded by the Council.

jobseeker's allowance See paragraphs 207 to 213 of annex A to *Funding Guidance 1998-99*, and paragraphs 255 to 261 of Circular 99/01.

joint venture companies Such companies are formed where a college invests in a company or commercial enterprise with a third party. See Circular 99/14 for more details.

key skills Key skills qualifications are eligible for funding by the Council only in certain circumstances. No additional funds have been provided to the sector for key skills. In most circumstances it is considered that funding for key skills is provided within the tariff for the main programme of study. Key skills are not the same as programmes of literacy and numeracy. See *Funding Guidance 1998-99*, paragraphs 87 to 90 of annex A.

Kosovo The Council will fund, as home students, people from Kosovo given exceptional leave to remain in England. See *Council News* No. 54. Such students should be identified on the ISR.

learning agreement See paragraph 30 of annex A to *Funding Guidance 1998-99*. In the context of the jobseeker's allowance the document has a legal status. See also paragraph 213 of annex A to *Funding Guidance 1998-99* and paragraphs 32 to 36 of Circular 99/01.

loadband The values of on-programme units which are available for all programmes not individually listed in the tariff can be determined by assigning the programme in question to one of seven loadbands. Guidance is given in paragraphs 65 to 68 of annex A to *Funding Guidance 1998-99*.

local priorities The government has requested that institutions give priority to the needs of the local community before entering into franchise or other arrangements at a distance. See the chief executive's letter dated 9 April 1998, and Circular 99/38, for further guidance. Where institutions are claiming such provision, there should be evidence that local providers have been consulted, that they are in agreement especially about progression routes for students to local provision. The Council would not wish to fund new provision in an area where it is already being made by another college unless there is clear evidence of additional need.

materiality This term is used in audit testing to refer to the tolerance level below which errors need not be reported. Decisions about the appropriate tolerance level in any particular case are left to the professional judgement of the external auditor, taking account of their assessment of the control environment.

mixed programmes Where a student's learning programme contains a mixture of qualification aims at more than one level, the number of units which can be claimed may depend on the order in which the qualifications are treated in the calculation. Clarification of the method of calculating units for GCE A and AS levels and GCSEs is given in paragraphs 73 to 76 of annex A to *Funding Guidance 1996-97*.

modern apprenticeships These are training schemes leading to NVQ3 for young people aged 16 to 21 and fully funded by the DfEE through training and enterprise councils (TECs). They are normally considered to be fully funded from sources other than the Council. See paragraphs 245 and 246 of Circular 99/01.

modules The term is used to describe a discrete part of a qualification.

Montserratians People from Monserrat. The Council will fund, as home students, Montserratians given exceptional leave to remain in England.

National Vocational Qualifications (NVQs) These are fundable by the Council under schedule 2(a) to the *Further and Higher Education Act 1992*. The framework of NVQ delivery methods, the components for the guided learning hours, and the number of tariff units to be claimed, are set out in table 3, page 20 of annex A to *Funding Guidance 1998-99*. Units or parts of NVQs, unless taken in addition to a full-time programme, are not eligible for Council funding. Students are normally expected to undertake only one NVQ of at least 450 guided learning hours in a 12-month period. Council funding should not be claimed for students on NVQ programmes who are not registered with an awarding body. Where NVQ 'D' units 32 to 36 are claimed as separate qualifications as part of a learning programme designed to train an individual as an assessor or verifier, the student should have expert knowledge of his or her subject area before commencing 'D' units. For example, combining 'D' units with diving qualifications below instructor level would be considered a device to attract Council funds inappropriately.

New Deal This refers to programmes which assist unemployed people to find jobs and improve their employability. Students aged between 18 and 24 enrolled on New Deal programmes are not eligible for Council funding, as this programme is considered to be fully funded from sources other

than the Council. However, where students enrol on separate and unrelated qualifications outside the 30-hour New Deal attendance requirements, they will be eligible for Council funding. Additional qualifications studied by distance learning will not be eligible under this arrangement. See paragraphs 203 to 206 of annex A to *Funding Guidance 1998-99*, and paragraphs 251 to 254 of Circular 99/01.

nine guided learning hours A minimum of nine hours is required for a qualification to attract Council funding. Qualifications of less than nine guided learning hours are expected to be self-supporting. The funding agreement between the Council and the institution, signed by the principal or head of the institution, includes a clause to that effect and has done so since 1993-94. This threshold applies to both loadbanded and individually-listed qualifications. Institutions should be able to demonstrate that nine guided learning hours are delivered for each qualification aim, particularly where the course is programmed in one day. This should not include pre- or post-course assignments or lunch or refreshment breaks. It would not be reasonable to timetable courses without lunch or refreshment breaks. See also **one-day provision** in annex G to supplement B.

non-prescribed higher education courses These are generally HNC or professional qualifications achieved by following courses on a part-time basis, and accredited by a professional body. The Council does not expect to see a significant growth in the level of non-prescribed higher education it funds. See paragraph 112 of annex A to *Funding Guidance 1998-99*.

one-day provision This refers to qualifications delivered in one day. All one-day provision made in 1998-99 should be monitored to ensure that it complies with Council guidance for funding. See annex G of supplement B to this circular. See also **entry units, guided learning hours, nine guided learning hours.**

on-programme units These are funding units which may be claimed for all activities of learning and accreditation of achievement, including assessment, general and specific student support services, and enrichment activities. The values of on-programme units which may be claimed for some of the more common types of qualification are individually listed in appendix 1 of annex A to

Funding Guidance 1998-99. Where qualifications are not included in this list, the number of on-programme units which may be claimed depends on the number of guided learning hours in the current year that are required to deliver the whole programme leading to these qualifications. Each programme is assigned to one of seven loadbands. Any programme of less than nine hours is not eligible for funding from the Council. Guidance is given in paragraphs 35 to 90 of annex A to *Funding Guidance 1998-99*.

open access information technology centres with facilities management These are centres which generally offer a curriculum of information technology (IT). The centres may be some distance from the college. See also **local priorities**. The curriculum is often primarily modules of IT courses such as Access, Word, or Excel, which together may lead to an externally accredited vocational qualification such as City and Guilds 7261. Such provision is eligible for Council funding only if the primary learning goal is the whole qualification (see paragraph 7 of annex A to *Funding Guidance 1998-99*), that is, it appears on the schedule 2(a) list approved by the secretary of state. A software-specific course alone is not eligible for Council funding. See also **guided learning hours, withdrawal**. Auditors should check that the claim for guided learning hours represents the activity required and should monitor enrolment, participation, registration with the awarding body, and retention and achievement data.

Although many such centres have franchise arrangements with colleges, a number have been established by colleges in partnership with third-party companies. The companies provide computer hardware and software and a range of other services. This type of arrangement may require a 99/37 contract if the delivery of the educational provision to the student, wholly or in part, including advice and guidance, is delegated to the third-party company. See also **facilities management, franchising, outreach, subcontracting of provision.**

Where a facilities management arrangement is preferred to a franchise arrangement, institutions should have contacted the Council in advance, as this may represent a new and/or possibly contentious mode of delivery. Circular 99/01, paragraph 3, advised institutions to contact the Council in such cases.

outreach Outreach provision is delivered away from an institution's premises by the institution's own staff. This is not regarded as franchise provision. It should be completely controlled by the institution, however, and be in partnership with other Council-funded institutions if delivered in their area. This minimises duplication and maximises progression opportunities for students. See paragraph 3, page 1, of *Funding Guidance 1998-99*.

outward collaborative provision See the entry for **franchising**.

overseas students This category includes students who are nationals of countries outside the European Union and European Economic Area, and British nationals returning to England after spending time abroad outside the European Union. See paragraphs 94 to 107 of annex A to *Funding Guidance 1998-99*. The fees status of such students is determined by the Education (Fees and Awards) Regulations 1998 available from The Stationery Office. British citizens returning from overseas need to establish that their absence was temporary and that they have maintained a 'relevant connection' with England. Audit evidence of a student's status should be retained by institutions.

overseas ventures These are not eligible for Council funding. The Council may not fund provision outside England. See Circular 99/14 for more details.

pastoral care This usually refers to the tutorial support, including guidance and counselling activities, that are essential elements of a student's learning programme. These activities are expected to be included in the entry, on-programme and exit elements of funding and do not attract separate funding units.

prescribed higher education courses These are programmes previously funded by the college's LEAs. The funds were transferred to the Council and included in the colleges' allocations for 1993-94. Responsibility for the funding of HNCs and HNDs in further education colleges and its associated funding has been transferred to the HEFCE from teaching year 1999-2000. A few institutions appear to have assumed that this transfer was from 1998-99. This is not the case. In a few instances, the transfer of funding to HEFCE has revealed double funding in previous years. External auditors may wish to confirm that colleges have transferred an appropriate number of students and units to HEFCE

and that no double funding in previous years has occurred. See paragraphs 109 to 111 of annex A to *Funding Guidance 1998-99*. See also **non-prescribed higher education courses**.

primary learning goal See paragraphs 6 and 7 of annex A to *Funding Guidance 1998-99*.

prisoners The Council may not fund provision for prisoners. This provision may be funded by the Home Office. See **court order**.

progression Progression to a course elsewhere in schedule 2 is a requirement particularly for schedule 2(d) and 2(j). The question of progression is a difficult one in that it can refer to the aims of the programme or to the individual needs of a student or a group of students. For schedule 2(d) the best measure of progression is how many students progress over time to the expected 2(a) to 2(c) destinations identified as being the most likely subsequent course. If no course (or courses) in 2(a) to 2(c) is identifiable, then the original course may not be claimed as 2(d). If few students progress, then the course does not meet the key 2(d) criterion.

Auditors should consider the pattern of progression across a college's 2(d) courses. There may be an average volume of progression, or other discernible trend. The destination data need to be retained as evidence.

For a new course, where destination data will not be available, the key reference documents would include marketing materials, the course leaflets and prospectus.

For a course under 2(j), the individual's programme should aim to prepare the student to progress to a course in schedule 2(d) to 2(g), and there should be evidence of assessment that the student is able to progress. See Circular 99/10 for further details.

provision on employers' premises Students enrolled at an institution on provision funded by the Council may follow their learning programme at their employer's premises. If the provision is delivered by the employer's own staff, or by a third-party training provider, on behalf of the institution in return for agreed payments, then it would be regarded as franchised provision.

Qualifications and Curriculum Authority (QCA)

The *Education Act 1997* gives the QCA responsibility for regulating academic and vocational qualifications and for advising the secretary of state on the approval of qualifications for the purposes of public

funding. See paragraphs 167 to 168 of annex A to *Funding Guidance 1998-99*.

quality assurance This refers to arrangements which ensure that an institution's systems and provision are of an appropriate quality. Institutions with grade 4 or 5 for quality assurance may not enter into new, or extend existing, franchise contracts. This restriction takes effect from the date of notification of the inspection grades to the college governors.

religious studies in the former voluntary-aided Roman Catholic sixth form colleges See paragraphs 70 to 74 of Circular 97/38.

sample sizes Sample sizes are used to determine the number of units affected by certain qualifications to an institution's audit report. The Council's usual sample size is 20%.

schedule 2 Schedule 2 to the *Further and Higher Education Act 1992* contains a list of descriptions of courses that are eligible for Council funding. With the following exceptions, provision is only eligible for funding if it falls within the relevant definitions in schedule 2 to the Act:

- a. provision for students aged between 16 and 18 in full-time education (note: external institutions may not claim Council funding for any full-time provision for students aged between 16 and 18);
- b. provision delivered by the following specialist designated institutions:
 - The Mary Ward Centre
 - The Working Men's College
 - Morley College
 - The Workers' Educational Association
 - The City Literary Institute.

A detailed explanation of schedule 2, including the audit evidence required, is provided in Circular 99/10.

secondment arrangements These apply when staff from a partner organisation join a Council-funded institution for a 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 to deliver particular programmes. An institution should exercise particular caution when establishing such arrangements. Further details are provided in Circular 99/09, paragraphs 11 and 12.

section 210 and section 11 These are government grants available for specific groups of people. No deduction of funding units need be made to reflect the partial funding of these programmes. See paragraphs 192 and 193 of annex A to *Funding Guidance 1998-99*.

significant departures Significant departures from the strategic plan are defined as those which may have significant implications for adequacy and sufficiency. The definition is particular to franchising as set out at point 5.11 in table 2 of supplement B to this circular. Examples, which include franchised activity, include:

- a shift in the institution's mission
- a change of 10% or more in the planned number of 16–19-year old full-time students or activity involving adult students
- a change of 20% or more in activity in any one programme area
- complete withdrawal of further education provision from a part of the geographical area normally served by the institution
- withdrawal of facilities for a client group or for a programme area previously provided for in the area or part of it
- new provision planned outside the area normally served by the institution.

single regeneration budget This is a strand of government funding available through government offices for targeted areas of the country. No deductions of funding units need to be made to reflect the partial funding of programmes. These grants are generally associated with particular costs in institutions and are not generally student-based. See paragraph 192 of annex A to *Funding Guidance 1998-99*.

social services day care/residential provision

This normally refers to the provision of facilities for people with learning difficulties and/or disabilities by social services departments of local authorities under their statutory responsibilities. These are wide-ranging and may include the provision of learning opportunities, including the development of

basic communication skills and independent living skills. These services are also contracted out to private providers by social services departments.

Local education authorities (LEAs) are required to have regard to the learning needs of people with learning difficulties and/or disabilities in their area. They may make provision in communication and independent living skills which may not be funded by the Council under schedule 2 to the Act.

People who are the full-time responsibility of social services departments may not be full-time students claimed for funding from the Council. Institutions should be aware of the possibility of double-funding even where the provision is on a part-time basis, if a contract for the provision of full- or part-time day or residential care/training is in place. In determining whether provision is fundable by the Council, it will be necessary to have assessment evidence that each individual falls within the Council's duties under schedule 2. There should also be evidence from the person's individual action plan that the time and the activity is not already funded from another source. The Council would encourage all institutions to widen the facilities they make available to students with learning difficulties and/or disabilities by working in partnership with local authority services. Partnership activities enable a wider range of facilities to be made available to the individual, and progression routes to be established. Contact the regional director if in doubt.

sponsoring college All colleges in the further education sector, that is, colleges incorporated under sections 15 and 16 of the *Further and Higher Education Act 1992* and those designated under section 28 of the Act, are eligible to act as sponsors under section 6(5) of the Act. This was confirmed by the *Further Education (Sponsoring Bodies) Order 1993 [Statutory Instrument 2400]* published by the then secretary of state in November 1992. The Council may only fund external institutions through sponsoring colleges.

staff development courses These are courses for staff employed by the institution. They enable staff to develop new skills to achieve a particular objective identified by the institution, for instance the development of inclusive learning or training in information technology. These courses are normally not eligible for funding by the Council. The institution would be expected to make provision for staff development from its main budget. See

paragraph 120 of annex A to *Funding Guidance 1998-99* for a description of when staff may be enrolled on Council-funded programmes.

student eligibility The Council will consider eligible for funding any member of the home population of England, living in England, who is over compulsory school age and is following an eligible programme of study at a Council-funded institution in England. See paragraphs 91 to 121 of annex A to *Funding Guidance 1998-99*. These include a section on asylum seekers, Montserratians, students on EFL courses, persons detained by order of a court, students on prescribed and non-prescribed higher education courses, people of compulsory school age, college staff, and funding provision for the homeless.

subcontracting of provision See **franchising**. To comply with the control requirements, the staff used by partner organisations should be employed by that partner or should be under the same sort of control as if they were employees (such as volunteers). This would not include, for example, any members of a national body who were licensed by that national body to carry out training, unless they are directly employed by the partner organisation. If the trainers normally sell their services as self-employed contractors, the partner organisation must create an employment relationship with them. Evidence of such an employment relationship would include a statement of terms of employment and evidence of taxation under PAYE.

tariff Each category and aspect of provision which the Council funds differentially has been assigned a value of funding units. A fundamental principle of the Council's approach to funding is that the tariff should reflect the relative costs of provision. The tariff has assumed that approximately 25% of the total costs of a student's programme are represented by tuition fees. The categories of provision and the corresponding values of units are set out in a tariff, details of which are given in annex A to *Funding Guidance 1998-99*.

tri-annual periods There are three tri-annual periods in the teaching year:

- 1 August to 31 December
- 1 January to 30 April
- 1 May to 31 July.

Funding units may be claimed for students who have wholly or partially completed each tri-annual period. A student is deemed to have wholly or

partially completed a period either when enrolled and attending on the census day for the period, or having completed a programme which began and finished between two consecutive census dates. The census dates are 3 November, 2 February and 15 May. Further guidance is given in paragraphs 12 to 15 of annex A to *Funding Guidance 1998-99*, and in the 1998-99 ISR institution support manual.

tuition fees The Council's funding methodology makes the assumption that all students, other than those aged 16–18 in full-time education, are charged a tuition fee as a contribution to the costs of the programme. The Council is prepared to compensate institutions which remit 100% of tuition fees for certain groups of people on low incomes. See paragraphs 122 to 132 of annex A to *Funding Guidance 1998-99*.

tuition fees for dedicated employer-led provision See **tuition fees** above, and paragraph 58 of Circular 99/07 and paragraphs 25 and 26 of Circular 99/09.

widening participation uplift See paragraph 2(c) on page 1 of *Funding Guidance 1998-99*. The widening participation factor relies on using postcodes of home addresses as a proxy measure for educational disadvantage. For the audit evidence required, see Circular 99/47 *Monitoring Growth*. An updated file of postcodes with widening participation factors is available on the Council's website (www.fefc.ac.uk). See paragraphs 134 to 140 of Circular 99/01.

wider recruitment area This is defined as the set of local authority districts from which the institution recruits 96% of its direct provision. Districts are ranked in terms of the direct students each provides, in descending order. The cumulative total is calculated until 96% of provision is covered. The districts ranked within this 96% constitute the college's wider recruitment area. For further information contact Phil Cooke on 01203 863000 or see the Council's website (www.fefc.ac.uk).

withdrawal A student should be considered to have withdrawn from a programme of study where he/she is known to have made a decision to withdraw from the programme of study, or to transfer from a full-time to a part-time programme of study or from a part-time to a full-time programme of study. Either the student or the student's tutor should have confirmed this in writing.

In addition, for full-time programmes and part-time programmes of 12 weeks or more in duration, which are not distance learning programmes, a student should be considered to have withdrawn where they have not attended classes for at least four continuous weeks, excluding holidays. This is unless there is auditable evidence of an intention to return. Auditable evidence includes a student's or employer's letter or formal internal notes such as tutorial reports, 'contracts of behaviour' or 'personal action plans'. If a student then returns before the count date they should be counted as enrolled.

For distance learning programmes, a student should be considered to have withdrawn where he/she fails to make planned contact and four weeks or more have elapsed. See **distance learning**.

The withdrawal date is the date of the first missed contact. A contact is receipt of work or projects by the tutor, or a meeting or telephone contact between the student and the student's tutor. A log of all student contact should be retained as audit evidence.

A college should also always take active measures to ensure that the student is continuing on the programme and has not withdrawn. This should be done, for example, by providing a planned timetable for the receipt of assignments and then checking with students who have not provided an assignment on the due date. Good practice suggests that students should be contacted at regular intervals to check that they are still following the programme. It is not acceptable to assume that silence means a student is 'continuing'. Colleges need to check that franchise partners are implementing the guidance.

In all cases the student should be counted as withdrawn from the last date of actual attendance. In the case of distance learning programmes, this is the date of the planned contact missed by the student. If several are arranged and missed, then the withdrawal date is the date of the first missed contact. See paragraphs 81 to 85 of annex A to *Funding Guidance 1998-99*.

work-based programmes These are programmes which are delivered on an employer's premises. The maximum number of funding units which may be claimed for such programmes will normally be loadband 4. An individual cannot be considered to be in full-time employment and education at one and the same time. See paragraph 13 of annex A to *Funding Guidance 1998-99*.

work experience This does not fall within the definition of a guided learning hour unless a member of staff is present to give specific guidance towards the qualification or to assess student achievement. See **guided learning hours** and paragraph 210 of annex A to *Funding Guidance 1998-99*.

youth credits Youth credits have been introduced on a national basis since April 1995. All 16-year-olds in part-time education or training were entitled to a youth credit in 1997-98. Students aged between 16 and 18 funded by or entitled to youth credits are regarded as being fully funded by sources other than the Council. Further guidance is given in *Youth Credits and FEFC Funding*, published jointly by the Department for Education and Training, the TEC National Council and the Council in July 1996, and in the associated user guide published in December 1996. Further information is given in paragraphs 197 and 198 of annex A to *Funding Guidance 1998-99*, and paragraphs 245 and 246 of Circular 99/01.

youth training The Council provides part of the funding towards the costs of the programmes of youth training (YT).

