Success for All–

Implementation of the framework for quality and success for providers of work-based learning only

Consultation on development planning and development plans; three-year funding and floor targets for providers who offer work-based learning only.

Outline of action that providers of work-based learning need to take between February and August 2003.

Summary

Success for All, published in November 2002, set out the Government's agenda for reforming further education and training in England and establishing a new framework for quality and success. In the light of policy commitments set out in that document, the Learning and Skills Council is now consulting on proposals for implementing the new framework for quality and success.

This circular is addressed to providers who only offer work-based learning and will be of general interest to all providers of post-16 education and training. It complements Circular 03/01 which has a more general readership including colleges providing work-based learning as well as other providers of post-16 education and training.

January 2003

successforall

Learning+Skills Council

Foreword

In *Success for All* the Government signalled its commitment to the reform of further education and training. The Learning and Skills Council shares this commitment. We intend to work closely with all providers to implement the Government's exciting agenda for reform. We are determined to increase participation and attainment, to raise skills levels in the workforce and to improve quality. To do this we must develop new ways of working with our partners. This new approach is set out in the framework for quality and success detailed here. This consultation seeks your views on our proposed new arrangements for planning, funding and accountability.
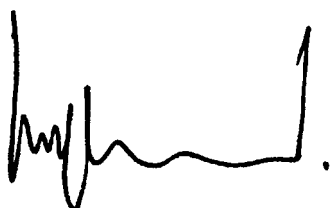
There is a great deal of good practice across our sector but there are some areas where improvements are needed. Together we need to ensure that standards are consistently high. Attention needs to be given to improving teaching and training, to the effectiveness of learning and to engaging the education sector with local and regional businesses and employers. We intend to tackle these issues. Our proposed framework of action aims to recognise and reward success, promote improvement and provide support where it is needed.

This drive for improvement is being underpinned by significant levels of investment. The challenge for the Council and all our partners is to harness our collective resources and expertise to bring about improvement successfully. None of this can be achieved unless we all work together in partnership. I recognise how essential it is for the Council to secure and retain the support, trust and commitment of providers. This circular has been specifically prepared to reflect the interests and concerns of providers of work-based learning only.

We will implement the policies set out in *Success for All* in the context of our commitment to meeting the recommendations of *Trust in the Future*, the report of the Bureaucracy Task Force. While this has focused initially on the needs of further education colleges, Sir George Sweeney will be leading a second review that will consider the needs of work-based learning providers. I want the principles and values of *Trust in the Future* to underpin the Council's relationships with all our providers. Representative providers, as well as partner organisations, have worked with us to develop and agree the consultation process and the structure and content of this consultation circular. We are grateful for their help.

We will continue to work with our partners in an open and transparent way to achieve the improvements we seek. The potential prizes are well worth having. They are: funding stability; local planning to address local needs; support and resources to improve quality; and real partnership working in the best interests of learners. For the Council, and for providers, this process of consultation is vitally important. We hope that reforms will spring from it and that these will fundamentally change for the better, perceptions and practice across the sector.

I hope you will join us in making this project a success. Your views will help us to build a framework for quality and success which puts the needs of learners first, whilst taking due account of the circumstances and challenges you face.

John Harwood, Chief Executive

Further information

For further information please contact:

Toni Fazaeli
Assistant Director
Quality and Standards
The Learning and Skills Council
Cheylesmore House
Quinton Road
Coventry
CV1 2WT

Email: S4A.implementation@lsc.gov.uk

Responses to this document

Responses to this document are requested by 25 April 2003.

Contents

Annexes

Executive Summary

Date: January 2003

Subject: This consultation focuses on the development of a framework for quality and success as part of the implementation of *Success for All*. At its core is a new planning, funding and accountability system, based on greater partnership and trust. This new framework for quality and success is the fourth theme of *Success for All*.

Intended recipients: This circular is addressed to providers of work-based learning only.

There is a parallel circular addressed to colleges and other providers of further education, Circular 03/01.

Status: For information and response by 25 April 2003.

Content: Following the publication of *Success for All, Reforming Further Education and Training*, the Learning and Skills Council has developed proposals for creating a framework for quality and success through a new planning, funding and accountability system. Key proposals relate to: three-year development plans; the setting and agreeing of improvement targets; performance assessment; three-year funding agreements; and the setting and agreeing of floor targets for success rates.

Actions that providers need to take between February and August 2003 are outlined.

A proforma for responding to this Consultation Circular is at Annex A.

Consultation on Development Planning and Development Plans

Section 1 - Introduction

1   This circular invites comments on proposals for implementing the framework for quality and success outlined in *Success for All, Reforming Further Education and Training* (Department for Education and Skills, November 2002).

2   It is addressed to all providers of work-based learning only (hereafter referred to as 'providers') that is all those in receipt of funding from the Learning and Skills Council (hereafter referred to as the Council) for delivery of work-based learning. For the sake of clarity, 'providers' also refers to those employers with whom the Council has a direct contract for delivery of work-based learning provision.

3   Each provider contracts with one or more offices of the Council. In general, the contract authority for providers of work-based learning will be the local LSC. For large national employers the contract authority is the National Contracts Service. For the purpose of this circular, the term local LSC is used to denote the contract authority in either case, and unless stated otherwise in the text, any reference to the 'local LSC' includes both local LSCs and the National Contracts Service acting as contract authority for provision of work-based learning.

4   There is a parallel circular addressed to colleges and other providers of further education, Circular 03/01, including those in receipt of some funding for work-based learning.

Background

5   *Success for All*, stated a commitment to investment and to reforms designed to raise standards, increase responsiveness and participation, and improve outcomes for learners and employers. There is a strong commitment to equality of opportunity.

6   *Success for All* makes it clear that provision of education and training of excellence is essential in order to meet the Government's priority for an educated and skilled workforce, and for achieving the four key objectives of:

- providing education and training of excellence for all young people through the new 14-19 phase;

- increasing progression into higher education;

- helping people improve their basic skills and widening participation for adults; and

- helping employers invest in the skills of its staff.

7   The Council's *Quality Improvement Strategy* 2002 to 2003 and its new strategy for 2003 to 2006, will further the Government's aims for reform, set out in *Success for All*. The Council believes that all learners, wherever and however they learn, are entitled to provision of excellence in order that they may learn effectively and succeed. We will work with providers, as well as our partner organisations, to drive up standards for learners.

8   The reform programme set out in *Success for All* affects every provider in the learning and skills sector. It recognises that diversity is a key strength of the sector and does not assume that one approach fits all circumstances.

9   The agenda for reform set out in *Success for All* has four key themes:

- Theme 1: Widening choice and improving responsiveness in each local area[1].

- Theme 2: Prioritising teaching and learning.

- Theme 3: Furthering the professional development of leaders, teachers, lecturers, trainers and support staff.

- Theme 4: Developing a framework for quality and success.

10   This consultation focuses on developing the fourth theme of *Success for All* – creating a framework for quality and success through a new planning, funding and accountability system, based on greater partnership and trust.

Funding the strategy for reform

11   The reforms outlined in *Success for All* are underpinned by significant investment in further education and training. The majority of providers will benefit from a shift to a three-year funding cycle. The former learning and skills standards fund has been subsumed within the local intervention and development fund. The fund will be used to meet the priorities set out in *Success for All*, including improving choice and responsiveness, investing in excellence and remedying weakness and changing patterns of provision where needed. Further information about the local intervention and development fund will be provided by the Council shortly.

The framework for quality and success

12   For the implementation of the quality and success framework to be successful, there must be good planning of the use of funding. The key elements in this implementation are as follows:

- The local LSC agrees with each provider the development plan.

- The local LSC enters into a three-year funding agreement with the provider to assist implementation of the development plan and delivery of agreed learner volumes.

- Through performance review, the provider and local LSC will monitor progress of the development plan.

- Confirmation of funding agreements will be linked to the outcomes of performance review and delivery of learner volumes.

13   The Council will also establish floor targets for minimum performance.

Trust in the Future

14   We want to establish a true partnership with providers, in the spirit of the Council's response to *Trust in the Future*. We aim to reduce bureaucracy. The Council sees the establishment of a positive and mutually beneficial relationship with providers as absolutely crucial to implementing the reforms set out in *Success for All*. The second phase of work of the Bureaucracy Task Force will give particular attention to reducing bureaucracy in work-based learning provision.

15   Providers play a pivotal role in identifying and meeting the needs of employers and individuals in their area. We look to providers to be innovative in developing ideas on how national priorities for education and training can be met and how we can ensure all learners benefit from provision of excellence.

16   *Success for All* presents great challenges for all of us. In meeting these challenges and in helping providers to do so, we are committed to implementing the recommendations of the Bureaucracy Task Force. We pledge to be more open and transparent in our dealings with providers, to reduce the amount of data and administrative chores required of them.

17   In the spirit of *Trust in the Future* we will observe five key principles when implementing the framework for quality and success. We will:

[1] See Circular 02/21 – *Strategic Area Reviews*

- work in partnership and share information with providers;

- aim to achieve simplicity rather than complexity;

- make the development plan and the planning process central to implementation;

- use existing data and information wherever possible; and

- make decisions based on the professional judgements of the local LSC, supported by quantitative and qualitative evidence and data.

Q1 Do you agree with the five key principles to support the implementation of the quality and success framework?

18   Implementing these changes will be challenging for the Council and the sector. It will require new skills to support a new way of working. The Council gives a high priority to the professional development of its own staff.

We are keen to work with providers and other agencies to strengthen our capacity to work well with the sector. We are also planning an extensive range of Council staff development programmes.

19   Providers will need to take some actions between now and August 2003 in order to be eligible for three-year funding agreements from 2003/04.

Table 1 Actions for providers to take February to August 2003

Date or time period	Activity
Jan – Feb	Providers discuss 2003/04 allocation with the local LSC.
Feb – May	The Council runs consultation events on this circular. Providers build on their existing strategic plan and other plans, taking account of the proposals in this circular, to begin work on their three-year development plan and the identification of improvement targets. They should engage in discussion with the local LSC.
25th April	Closing date for responses to this consultation circular.
31st May	The Council publishes responses to this consultation circular and further guidance for providers and for staff in local LSCs.
May – June	Providers continue discussions with their local LSC to arrive at agreement about their development plan and improvement targets. Funding allocations for 2003/04 agreed by May.
May – June	Local LSCs report on performance review assessments. These will be used to identify those providers who are eligible for three-year funding.
30th June	The three-year development plan needs to be agreed by providers and the local LSC in order to receive three year funding by 31 July.

Consultation timetable

20   The consultation will be conducted in accordance with the Cabinet Office's code of practice on written consultations. The timetable for consultation is shown in table 2 below. Responses to the consultation should be received by 25th April 2003.

Table 2 Timetable for consultation

Activity	Date
Publication of consultation circular	31st January 2003
Responses to consultation required by	25th April 2003
Publication of results of consultation	31st May 2003

21   The Council intends to arrange a series of consultation and discussion events for providers during the period February to April 2003. We will also work closely with partner organisations to ensure such events meet their particular needs. In addition, members of the Council's advisory group for work-based learning, will advise us on data issues between February and April 2003. Membership of the advisory group is set out at Annex B.

Subsequent sections

22   The summary contents of subsequent sections of this document are outlined below.

Section two

23   This covers proposals for the process whereby providers agree their three-year development plans with their local LSC.

Section three

24   This section sets out our proposals for improvement targets and milestones to be included in providers' development plans.

Section four

25   This section sets out our proposals for performance assessment criteria.

Section five

26   This sets out our approach to three-year funding agreements relating funding allocations to the implementation and achievement of providers' development plans.

Section six

27   This sets out our proposals for floor targets for minimum performance.

Section 2 - Development Planning and Development Plans

28   This section sets out our proposals for all providers to agree a three-year development plan with their local LSC. This will inform and underpin the three-year funding agreements to be introduced in 2003.

29   Section 3 sets out proposals for each provider to include a number of targets and milestones for improvements in their development plan and to agree these with their local LSC.

Working in partnership to plan local provision

30   Providers' three-year development plans will be of paramount importance. As appropriate, they will draw on the provider's current business plans, financial forecasts, self-assessment reports, post-inspection plans, human resources plans and other key documents. The Council is not requiring new additional information, but is asking for information for a three-year period to link with the three-year development plan and three-year funding, for example, learner numbers and success rates. We encourage providers to also set targets for improving employer engagement and staff qualifications for the three-year period up to 2005/06.

31   The contents of providers' initial development plans for 2003/04 are set out in Annex C. Development plans need to align with the strategic plans, and annual plans, produced by the local LSC. In the case of national provision, there is a dialogue between the National Contracts Service and local LSCs to ensure this fits local needs. Providers will agree their development plans with the local LSC. The development plan will reflect the resources agreed with the local LSC. The Council will allocate funds to enable the provider to deliver its development plan.

32   Providers will review their three-year development plan during spring each year and agree it with their local LSC. Significant changes to the plan may be necessitated by factors such as the outcomes of strategic area reviews, changes in provision, unforeseen enrolment patterns or post-inspection action plans. Amendments should be agreed in discussion with the local LSC and take account of the requirements of external bodies, such as those of the inspectorates.

33   The development plan produced by each provider will have three main goals; each underpinned by a focus upon delivering the agreed levels and mix of learning activity agreed with their local LSC. The three goals are:

- Increasing customer focus.

- Ensuring provision of excellent training and effective learning.

- Enhancing the capability of the provider's staff.

> **Q2   Do you support the concept of a single, high-level development plan to be agreed with the local LSC?**

Increasing customer focus

34   Development plans will explain how providers will increase their customer focus, including building closer relationships with employers and other stakeholders. Strategic area reviews[2] will engage providers in working with the local LSC to ensure that provision meets the learning and skills needs of local learners, communities and employers. Local strategic partnerships and other partnership working with other agencies may influence the focus for an individual provider's development plan.

35   Providers are encouraged to seek the views of learners. The Council is publishing the core questions and methodology for its national learner survey in February 2003 so that providers of work-based learning can replicate the approach. This will enable them to compare findings with national and regional

[2]See Circular 02/21 – *Strategic Area Reviews*

benchmarking data. Providers' development plans should also reflect how they will seek and act on feedback from employers, gained, for example through evaluation exercises, employer forums or surveys. Where the provider is the employer the plans should indicate ways in which the wider needs of the company and its future skills needs inform its work-based learning provision.

36   Providers are required to include in their development plan targets for improving learner numbers for 2005/06 with annual milestones. The learner number targets will also provide the basis for calculating three-year funding.

Improvement target (required)

- learner numbers.

37   Providers are encouraged to include in their development plan targets for improving their involvement with employers up to 2005/06 with annual milestones.

Improvement target (encouraged)

- employer engagement.

38   Providers' existing plans and strategy documents may be used as supporting documents to the development plan.

39   The development plan will draw on key elements of the provider's existing plans including their annual self-assessment. In March 2001, the Council published *A Guide for Providers on Self-Assessment and Development Planning*, which set out the expectation that all providers of post-16 education and training should produce annual self-assessment reports and development plans. The guidance outlined the expectation that providers would set targets for recruitment, retention, participation and achievement. The guidance also anticipated that, over time, target setting would be extended to include other measures such as levels of satisfaction of all those using the provider's services.

40   The development plan will be reviewed and discussed with their local LSC by providers on an annual basis. This is in line with existing arrangements, whereby self-assessment reports and development plans are reviewed annually against the needs of the local learning area, identified through discussion with the local LSC, and the provider's capacity to meet these needs.

Ensuring provision of excellent training and effective learning

41   Improving the quality of training and the effectiveness of learning should be at the heart of what providers do, and so be central to their development plan. Providers are required to set out their three-year plan for raising standards. The plan should include key actions for improvement and be informed by self-assessment and inspection findings, and a strong commitment to continuous improvement.

42   The plan should indicate proposed collaboration with providers, where appropriate, including links with colleges or providers with Beacon status and Centres of Vocational Excellence (CoVEs), to share and learn from good practice. It should refer to engagement with regional and local networks on ways of improving curriculum, training and learning. Plans should take account of the work of the Department for Education and Skills' (DfES's) new Standards Unit for teaching and learning. Local collaboration will also include a focus on making sure that excellent training is available to meet the needs of employers in the area.

43   Providers are required to include an improvement target for training and learning in their development plan. This will be for 2005/06, with annual milestones.

Improvement target (required)

- success rates.

44   For that minority of providers who fail to reach the national floor target for success rates for work-based learning provision, their three-year development plan should include clear targets, with annual milestones, for exceeding the floor target as early as possible and by no later than 2006. Details of the floor targets and success rates for work-based learning provision are set out in Section 6.

Developing the capability of the provider's staff

45   Providers are encouraged to include in their development plan how the skills of managers, trainers and support staff will be developed and enhanced and rewarded over a three-year period. In line with the requirements specified in *Success for All*, the development plan should cover:

- the provision of incentives for individual performance;

- rewarding staff who help learners to succeed; and

- increasing staff diversity, including any targets that the provider may wish to set itself.

46   Providers are encouraged to include in their development plan an improvement target for 2005/06, with annual milestones, relating to the acquisition of professional qualifications by trainers.

Improvement target (encouraged)

- professional qualifications for trainers.

47   Providers should aim to increase the proportion of trainers who are qualified, by including within their three-year development plan how they will strengthen the skills of their staff, in particular the steps they will take to increase the proportion of trainers who are appropriately qualified. They are encouraged to express this in terms of a target for 2006. We will consider with the sector how to monitor

progress in staff qualifications. Annex G sets out a summary of progress on developments on qualifications for work-based learning providers' staff.

48   Even though employers providing on-the-job training placements for work-based learners are not primary recipients of this circular, this aspect of *Success for All* relating to the qualifications of trainers, will be of interest to them. Providers will need to consider the extent to which a commitment to progress towards providers having a more fully trained workforce, may affect the supervisor responsible for these placements and on-the- job training, and whether any specific action is required.

Q3   Do you think there should be more targets and milestones for:

- **customer focus?**

- **provision of excellent training and effective learning?**

- **enhancing the capability of the provider's staff?**

Reviewing and refining the development plans

49   Development plans will be subject to review and refinement. The local LSC will discuss with providers the progress they have made in implementing their development plans and will assess their proposals for provision in 2004/05 and beyond. The outcomes of strategic area reviews and any significant changes in local circumstances will have to be taken into account.

50   The Council's performance review process will be the main means by which the local LSC, working in partnership with providers, will assess the effectiveness of the implementation of the development plan.

Agreement of the development plan

51   The development plan will become the key element of providers' strategic and business planning. It will be approved by provider's board, or equivalent as their key strategic document. It will be agreed with the local LSC with the objective of delivering excellent quality for learners, employers and local communities. The Council's contracts with providers are being reviewed and will take account of the implications of *Success for All*.

52   We recognise that there are significant issues to consider in relation to the development plan framework, and how it will link to other current planning activity, for example, post-inspection action plans, self-assessment reports, business plans. These issues require detailed development work. Initial views are invited in this circular. However, we require providers to agree an initial development plan with their local LSC by 30 June 2003 in order that the basis for agreeing three-year funding may be determined for the start of the 2003/04 funding year. This means that the plan will probably have to be approved by providers' boards or equivalent in June 2003, and that providers may wish to start work on their development plans immediately.

> **Q4   Do you agree that in due course providers should have a single development plan covering all Council funded provision?**

53   We have set out in Annex C an outline of the minimum information needed for this first development plan. Providers should use this outline to start preparing development plans for 2003/04 to 2005/06 in consultation with local LSCs.

54   We are making no assumptions about changes to other planning activities at this stage. For example, self-assessment reports and post-inspection action plans should continue in their current form. The initial three-year development plan will draw on other key planning documents the provider has.

55   We propose, however, to undertake further consultation on how the development planning arrangements will be taken forward in the future, taking account of the views expressed in response to this current consultation, including those of the advisory group for work-based learning described in Annex B.

56   This second phase of consultation will feed into the arrangements for the second round of development plans, which will be prepared in time to take account of the outcomes of strategic area reviews in spring 2005 and the new spending review which will establish budgets for 2005/06 to 2007/08.

57   We envisage that development plans drawn up in the second round will be agreed on the basis of this revised framework by May 2005, at the same time as funding allocations for 2005/06 are confirmed. An indicative timetable for the agreement of three-year development plans for 2003/04 to 2005/06 by the end of July 2003, is set out in table 3 on page 9.

Table 3 Timetable for agreement of development plans

Date or time period	Activity
End Jan 03	Framework for 2003/04 development plans issued.
Feb – May 03	Providers work on development plans in consultation with local LSCs.
May – end June 03	Providers agree development plans 2003/04 – 2005/06 with local LSCs in order to receive three-year funding by 31 July 2003.
Autumn 03	Further development of planning framework taking account of responses to consultation.
Jan/Feb 04	Consultation on framework for development plans 2005/06 to 2007/08.
End May 04	Guidance on framework for development plans 2005/06 to 2007/08.
By spring 05	Providers prepare development plans – taking account of outcomes of strategic area reviews and funding settlement for 2005/06 – 2007/08.
End May 05	Agreement of development plans 2005/06 – 2007/08 and confirmation of 2005/06 funding allocations.
By Aug 05	Three-year agreements covering 2005/06 to 2007/08.

58   The Council will strengthen its systems for moderation to ensure rigour and a reasonable degree of consistency in our approach to agreeing development plans across the country. The Council's internal staff development programmes will also help strengthen consistency of professional judgements.

59   Further development work and guidance for providers and for local LSCs on the development plan and planning process will build on experience gained from this first round, but will always reflect the watch-words from *Trust in the Future* – 'keep it simple'.

Agreement of success rate improvement targets within the development plan

60   Providers' improvement targets contribute towards their local LSC's targets. Local LSC targets in turn reflect and contribute towards the achievement of the Council's published corporate targets. These cover participation and achievement, as well as the quality of learning provision. A provider's improvement targets will be discussed with the local LSC, in the context of making a strong contribution towards local LSC targets. Similarly, the National Contracts Service will discuss improvement targets with national providers as a contribution to local and national performance.

61   Providers will need to include targets in their development plans. Targets are set and agreed by the provider and the local LSC. Targets should be achievable but stretching and in this way constitute 'challenging' or 'demanding' targets. When setting targets the following will need to be considered:

Strategic Area Review

- What 'skills gaps' exist locally?

- What 'provision gaps' exist locally?

Development plans

- What targets have been set by the local LSC, in order to contribute to achievement of the Council's Corporate Targets?

- Are targets for recruitment and success rates challenging and demanding?

Demography

- Are there sections of the local community who are not engaged in learning/training (how can targets help to address this)?

- Is provision suitable for the local population (transport and access issues)?

Provider capacity

- How will the provider increase the proportion of qualified trainers?

- How will the provider further develop the skills of its staff, including trainers?

- Does the provider's equality and diversity policy address these issues?

62 Target setting, and in particular what constitutes 'challenging/demanding' targets, will be determined locally by discussion between the local LSC and the provider. The factors set out above all reflect the local circumstances in terms of levels of need. Increasing the number of learners, maintaining a strong commitment to widening participation and improving quality and responsiveness to learners and employers are linked considerations. They need to be managed to ensure that the 'learner is at the heart' of decisions about targets.

63 The targets will include estimates of volumes ('learner numbers') which will be delivered and the provider's success rate for comparison against the national floor targets. These principles are outlined briefly below, although are covered in more detail in Section 6.

Learner numbers

64 Learner numbers should be included in the development plan. '*Success for All*' (para 103) envisages that three-year funding agreements will include assumptions about learner volumes. Assumptions about learner numbers are necessary to inform decisions about how much growth to build into three-year funding agreements. The Trust

relationships referred to earlier in this circular will require providers to agree delivery plans which are realistic and achievable. The Council will be moving away from reliance upon overcontracting to drive up delivery and will expect providers to take responsibility for delivering the activity volumes which they sign up to in the contract. This is particularly important given the need to agree three-year funding agreements and the policy of profile payments based on the contract since overcontracting builds in overpayments.

Success rates

65 *Success for All* requires floor targets to be introduced by the Council. The setting of national floor targets makes clear the expectations of national minimum acceptable performance levels for success rates. The Council will work with providers to help them to increase success rates over the period 2003/04 to 2005/06 so that all providers are above the current national floor target within the next three-years.

66 The purpose of floor targets is to describe the sector-wide minimum acceptable level of performance for success rates. They are to be introduced in the 2003/04 planning year but providers will have until the end of the current planning period in 2006 to meet and, wherever feasible, exceed the targets. The national floor targets set in 2003/04 will not be revised annually. Once set they will apply until 2005/06.

67 The development plan will need to consider the issue of floor targets and success rates, setting out actions either to ensure the national minimum floor target is met by 2006 or to maintain and improve the existing performance where this is currently ahead of the minimum level.

68 The calculation of floor targets and success rates is considered in more detail in Section 3 and Section 6.

Section 3 - Improvement Targets

Setting challenging targets

69   We believe that the process of setting targets and developing effective strategies for meeting them help us to set our sights higher and to raise our ambitions for improving the quality and responsiveness of provision. The processes of setting targets and working towards achieving them are valuable in themselves and can help to accelerate the drive towards improvement.

70   Targets included in the development plan for improvement of provision will be negotiated and agreed between the provider and the local LSC. The Council requires targets to be set for learner numbers and success rates for 2005/06, with annual milestones. We also encourage providers to set targets for improving employer engagement and staff qualifications for 2005/06. Targets should be achievable but demanding. When setting targets, the following findings and issues will need to be considered by the provider and the local LSC:

- findings from strategic area review;

- the mission of the provider;

- inspection findings;

- local skills and provision gaps;

- the potential of and need for new providers;

- targets set by the Council for meeting its own corporate and local targets, and the Government's Public Service Agreement targets, for example, 28% of young people aged 16-21 entering apprenticeships for the first time by 2004;

- progression routes from schools to further education and training/higher education and employment;

- improvement targets set by the provider; and

- floor targets and targets for recruitment and success rates.

Demography and widening participation

71   Targets set will need to take account of local demography, objectives to widen participation and issues such as:

- the proportion of the local community not engaged in learning/training;

- the extent to which proposed provision meets local needs in terms of the accessibility and range of provision;

- the capacity of providers to implement development plans fully;

- providers' past performance, adaptability and potential for growth; and

- the practical implications for providers extending their provision.

Availability of data to support the setting of targets

72   To assist negotiations between local LSCs and providers it will be necessary to ensure that all parties have timely access to data on learners' performance, including successful completion rates on work-based learning programmes.

73   The Council will also be developing guidance material for local LSCs and providers on the interpretation and use of data.

First target - learner numbers

74   *Success for All* confirms that three-year funding agreements have to include assumptions about learner numbers. Such assumptions will inform decisions about how much growth to build into three-year funding agreements.

75   For work-based learning provision, we propose that the improvement target for learner numbers is based on the average number of learners aged 16 to 18 and over 19

on programmes (ie the average number in learning).

> **Q5 Do you agree that the improvement target for learner numbers on work-based learning programmes should be based on the average number of learners aged 16 to 18 and over 19 on programmes?**

76 Providers will also contribute to the achievement of local LSCs' objectives for the promotion of equality of opportunity and their equality and diversity impact measures. More detailed information about learner numbers will therefore need to be shared between the provider and the local LSC. This will include, for example, proportions of male and female learners and those from ethnic minorities. Such data will assist the identification of ways in which projected learner numbers can be achieved, and how the participation of learners from particular groups, especially those often under-represented in post-16 learning, can be increased.

Second target - employer engagement

77 Providers are encouraged to include a target for enhancing the involvement of employers. Most providers are already working successfully with employers and developing provision which is responsive to the needs of both employees and employers. Strengthening our work with employers, and responsiveness to their needs is now a key priority.

78 It is recognised that there is no easy or single way of measuring providers' involvement with employers. Providers are encouraged to determine a target relating to their involvement with employers and agree this with their local LSC. This target should reflect the provider's mission and local priorities. The target might relate to:

- increasing financial contributions from employers;

- increasing the range of employers with whom the provider is involved, especially small and medium-size enterprises;

- greater involvement with particular employment sectors, linked for example to Centres of Vocational Excellence (CoVEs); and

- working with learners to prepare them to enter, or re-enter, the labour market after periods away from employment.

79 Implementation of the reforms to the further education and training sector set out in *Success for All* should mean that:

- employers are confident that training providers can meet their needs; and

- individual members of the workforce have appropriate basic, vocational and higher level skills, and skills shortages are significantly reduced.

80 The Council published its workforce development strategy in November 2002[3]. The Government will be publishing its Skills Strategy by summer 2003 which will incorporate the outcomes of the review of funding of adult learning announced in the spending review. These key documents will shape the Council's approach.

81 We recognise that significant development work with employers will help the learning and skills sector to meet the nation's future skills needs. Providers need to engage with employers in innovative ways, and have a much broader view of how involving employers in the planning and implementation of training can help them meet the learning needs of their employees, and local, regional and national skills needs. Where the provider is an employer they will focus on the training and skills needs of their company and industry at local regional or national levels as appropriate.

82 Local LSCs will work with providers to help them determine a target for their involvement with employers. This target that is agreed should reflect the individual provider's

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[3]*Skills and Workforce Development – National Policy Framework to 2005: Summary (LSC workforce development strategy),* November 2002.

mission and the nature of their provision. A range of possible targets and measures is proposed (see Annex D).

> **Q6 Do you think that the Council should agree one or more improvement target(s) with each provider for employer engagement?**
>
> **Q7 Are there other important employer engagement targets for providers that also should be considered?**

Third target – success rates

83   The Council has given careful consideration to what measures could be used to determine targets for the achievement of success rates of learners on work-based learning programmes.

84   We are conscious that a range of different measures is used by providers, as well as the Council and other agencies, to evaluate different types of provision. The Council began work a few months ago, together with Ofsted, the Adult Learning Inspectorate and the DfES, to consider what range of measures of learner success would be appropriate for the post-16 sector as a whole in the medium term. The aim is to develop comprehensive and coherent measures for the learning and skills sector by 2005/06. The changes being considered require long-term development and detailed consultation with all providers. A summary of the thinking to date is shown in Annex E. Early comments from providers on the proposed measures would be welcome.

> **Q8 What are your views of the early thinking on future measures for evaluating learner success as set out in Annex E?**

85   In the short-term, and for the first three-year development plan for the period 2003/04 to 2005/06, the Council proposes to use measures:

- that are already familiar to providers, inspectorates, the Council and the DfES; and

- for which the requisite data are available.

86   This means that the measures used in the short-term for work-based learning will be different from those used for further education provision (including work-based learning provision in further education colleges). The measures will be reviewed in the light of progress made by the Council, the inspectorates and the DfES to create a set of common data at the individual learner level and a common way of interpreting the data across the learning and skills sector (see Annex E).

Proposed measures for success rates

87   Success rates for 2003/04 to 2005/06 will be used in three ways, to:

- estimate the success rate for each provider, and thus the individual baseline or starting point for improvement;

- agree improvement rates, and thus improvement targets for success rates in each provider's development plan; and

- define national floor targets, which indicate the national minimum level of acceptable performance, for provision across the sector as a whole.

88   It is proposed that success rates are calculated using data that are already available to work-based learning providers and the Council, based on the proportion of learners who complete programmes successfully. Programmes for modern apprenticeships and learners working towards National Vocational Qualifications (NVQs) account for 97% of work-based learning provision nationally. Success rates for learners on these programmes will be determined as follows:

- For modern apprenticeships:

  1 The number of learners who either meet all of the requirements of their apprenticeship framework, or achieve an NVQ required by the framework, divided by the number of learners who have either left training or successfully completed their programme.

  2 In addition, because of the importance of full framework completion, a similar calculation based solely upon framework completion.

- For NVQ training – the number of learners achieving an NVQ divided by the number of learners who have left training or successfully completed their programme.

Q9 Do you agree with the proposal that work-based learning provision success rates should be calculated as (1) the combined number of modern apprenticeships completed and NVQs achieved expressed as a percentage of the number of learners who have either left or successfully completed their programme and (2) a similar calculation based solely upon framework completion? If no, what alternative would you like to see?

See Annex F for analysis of success rates.

89 The Council recognises that a significant minority of work-based learning trainees change employers or take up a relevant full-time job without completing their training and achieving a qualification. The Council will give consideration to ways of acknowledging learners' success in obtaining appropriate employment and will consult providers accordingly. We will also need to consider further how to measure success in the new Entry to Employment (E2E) programme, where

NVQ achievement rates are not an appropriate measure.

Disaggregation of success rates and floor targets

90 The Council has looked carefully at the key factors that differentiate success rates, both in the context of setting national floor targets and success rate targets for providers, in order to determine the most appropriate level of disaggregation for both measures. Section 6 covers the Council's proposed levels for floor targets, drawing on the proposed data groupings set out in this section.

91 The Council proposes that both provider success rate targets and national floor targets should be set at as high a level as possible of aggregation, whilst adequately representing the actual extent of learners' success. Disaggregation of the success rates below the whole provider level (that is utilisation of more than one success rate measure) should only occur if it is necessary to take special account of factors that have had a marked influence on provision or the performance of a particular group of learners.

Q10 Do you agree that success rate targets and national floor targets should be set at a high level of aggregation?

92 To date, little work has been carried out to differentiate successful completion rates for work-based learning by type of provider (for example, further education college-based, voluntary charitable, private, employer based, or by the vocational areas of provision). The Council is conscious of the need to carry out such differentiation and would welcome comments on how this might be done.

Q11 What should be the focus of the Council's work to disaggregate work-based learning successful completion rates?

93   It is proposed that, at this stage, there should be no dissaggregation of the national floor target for work-based learning provision (on modern apprenticeships and NVQs), or for individual provider's completion rates for learners in work-based learning programmes.

94   Agreement to the proposal not to differentiate successful completion rates by age group, by sectors or different types of providers, does not preclude the discussion of successful completion rates by age group, or by sectoral group as part of the development plan and for setting individual provider improvement targets for success rates. Nor does it preclude setting framework completion targets with providers of modern apprenticeship places.

> **Q12 Do you agree with the proposals for success rates for work-based learning provision in relation to providers' development plans?**

Fourth improvement target – trainer qualifications

95   *Success for All* confirms that by 2010, it is expected that all further education college teachers should be qualified to teach, except for new entrants, who would be expected to achieve appropriate qualifications within two years of entry for full-time staff and four years of entry for part-time staff. An interim national target has been set specifically for colleges, that by 2005/06, 90% of full-time and 60% of part-time further education teachers should be qualified. At this stage, no national target has been set for qualifications of trainers in work-based learning. Work-based learning providers are, however, encouraged to set an improvement target for increasing the participation of trainers who are appropriately qualified by 2005/06 with annual milestones.

> **Q13 How do you think work-based learning providers can best set targets in their three-year development plan, to help accelerate progress towards a fully qualified training workforce?**

96. More information about qualifications for work-based learning staff is set out at Annex G.

Section 4 - Assessing Performance to Determine Progress

97   This section sets out our proposals for performance assessment criteria.

Assessing performance and progress in implementing the development plan

98   Performance review assessments will be the basis for determining whether or not to enter in to three-year funding agreements with providers. Performance review is already familiar to providers and is based on a framework and an approach developed in consultation with them. The Council aims to carry out performance review in accordance with the commitment in *Trust in the Future* to minimise bureaucracy.

99   Performance review is the major strategy of the Council to help drive up standards and is an important aspect of the Council's ongoing relationship with its providers. It is central to the Council's partnership with those it funds as it informs quality improvement, Council strategic planning and purchasing of post-16 provision. Performance review acts both as an early warning for identifying and tackling areas of poor performance and also highlights excellent performance. Performance review is the key platform for the implementation of the framework for quality and success.

100 In autumn 2002, revised arrangements for performance review were introduced. Performance is now assessed in three key areas using five performance categories. Assessment focuses on whether or not targets are being met and how effectively the development plan is being implemented. Details of the performance review framework can be found in Circular 02/19 *Reviewing Performance: Arrangements for Colleges and Providers from October 2002*. Local LSCs undertake and report on performance reviews twice a year in autumn and spring. Assessments are

comprehensive and draw on information supplied through normal data gathering, monitoring and partnership working. Bureaucracy is minimised by using existing data and information.

101 Data used to inform decisions made in performance reviews are the most up-to-date data available. However, of necessity some data only becomes available after the year in which the provision is made. Therefore, it is proposed that for the 2004/05 funding year, in-year data for 2003/04 showing progress towards improvement targets and the delivery of the development plan be used, supported by achievement data from 2002/03. This information will be considered as part of the spring 2004 performance review.

Making judgements

102 Local LSCs will assess the provider's progress towards the improvement targets, and progress in particular areas of provision, as set out in the development plan. Performance review assessments have to be substantiated by clear evidence, and staff in local LSCs strive to ensure that judgements are rigorous but fair. Assessments are based on a combination of quantitative data derived from the individualised learner record (ILR) and the judgement of the local LSC. For example, failure to widen participation successfully, even though annual milestones for success rates are achieved, will adversely affect an assessment by the local LSC of a provider's performance and progress.

103 The Council will issue guidance for local LSCs on ways of moderating assessments and ensuring these are rigorous, fair and consistent nationally. Staff development programmes will also help us to strengthen consistency of practice when exercising local professional judgements.

104 The Council continues to prioritise the development of the necessary skills and expertise of its staff involved in performance review. We are aware of the crucial need to maintain and improve our professional working relationships with providers. The Council has

arrangements in place for moderation of performance review and will strengthen these further.

Arrangements for dealing with disagreements

105 Performance review assessments are carried out in accordance with an agreed national policy framework[4]. When conducting performance reviews, local offices take account of all relevant evidence and involve senior members of staff in the moderation of judgements. Local LSCs give providers the opportunity to discuss assessment decisions and, if appropriate, ask them to offer supplementary evidence, should these be reviewed.

106 In a small number of cases, there may be disagreements between providers and the local LSC about a decision. Some review or appeals procedure is likely to be necessary. Views are invited on the possible frameworks for such a procedure.

> **Q14 Do you think a procedure for dealing with disagreements is necessary? If so, please suggest what frameworks might be adopted?**

Section 5 - Three-Year Funding

107 This section sets our proposals for implementation of three-year funding.

Three-year funding

108 Work-based learning providers play a key role in meeting local strategic priorities and employer needs, and contributing to the achievement of Council and government targets. The main aim of offering three-year funding agreements to work-based learning providers is to build a strategic relationship with them, and to help them implement their medium term development plans, so that they can contribute more effectively to local strategic priorities.

109 *Success for All* states that where a provider 'delivers agreed volumes each year, funding for the next year will be guaranteed at the previously agreed level for that year'. This principle is reflected in the proposed arrangements set out below. Whilst learner numbers are the main measure for assessing whether providers are meeting the terms of the funding agreement, providers are also expected to deliver the pattern of provision agreed with the local LSC, in line with local strategic priorities. We would expect any significant variations in the pattern of provision (for example, occupational sectors, programmes for particular age groups in line with Council priorities - 16-18, 19+ and 16-21 Cassels entrants) to be discussed with the local LSC in advance.

Changes to the local strategic plan

110 The development plan is central to the implementation of the reforms outlined within *Success for All*. It will enable providers to align their activity with the strategic plan produced by the local LSC, such that the development plan will reflect an agreed understanding about the nature, mix and volume of provision to be offered, and the resources required in turn from the local LSC.

111 The development plan will be a living document, covering a three-year period. The plan will be reviewed and discussed between the local LSC and providers on an annual basis.

112 Given that the development plan is for three years, it is possible that there may be significant changes in the local area's needs for learning and skills during this timescale. These may be the result of processes such as Strategic Area Reviews[5], unforeseen enrolment patterns or significant changes in local labour market needs, and demography. The local LSC's strategic plan will require updating in the light of such changes, which may affect the scope of the provision specified in the provider's development plans. Adjustments to the local strategic plan may require significant amendment of providers' development plans. Changes to providers' development plans will be agreed in discussion with the local LSC, also taking into account the requirements of other key external bodies, including the inspectorates. This will require variations to funding agreements to take account of changing demands – in some cases, providers may be asked to increase their volumes, while for others there may be some reductions. The Council recognises that changes in funding may impact more significantly on smaller providers.

> **Q15** **In light of possible significant changes to the demand for particular types of learning activity, do you consider it reasonable for the Council to reserve the right to redistribute resources to take account of these? If not, what action do you consider to be appropriate where the underlying need/demand for learning has significantly altered, especially for smaller providers?**

[5]See Circular 02/21 – *Strategic Area Reviews*

Principles of three-year funding agreements

113 The status of three-year funding agreements must also be set in the context of the overall funding relationship between the DfES and the Council. The three-year funding profile determined by the DfES for the Council includes a figure for the 2005-06 financial year. This figure will reflect the outcome of the spending review taking place in 2004. It should also be noted that the latter part of the 2005/06 funding year falls into the 2006-07 financial year, for which no figures have yet been determined. Furthermore, the DfES can vary its funding for the Council to take account of, for example, any underspending, or exceptional circumstances requiring significant changes in the department's own budgets.

114 It is proposed that the three-year funding agreement for 2003/04 to 2005/06 will operate as follows:

- 2003/04 allocations will be finalised by May 2003.

- By August 2003 providers within the scope of the new three-year funding arrangements will receive a firm allocation for 2004/05 and 2005/06, which will take account of any growth targets.

- Each provider can expect that its allocation will be confirmed provided that it delivers its planned learner numbers and the broad pattern of provision agreed with the local LSC, and that it stays within the scope of the three-year agreement.

> **Q16 Are the features of the three-year funding agreement acceptable?**

Scope of funding agreements

115 *Success for All* indicates that three-year funding agreements will apply to the 'vast majority' of learning and skills sector providers. In the context of this circular, these are those directly contracted to run work-based learning programmes.

116 Following the policy set out in *Success for All*, we propose that all providers will be eligible for a three-year funding agreement unless they are assessed as giving cause for 'serious concerns' through performance review by the local LSC. Any provider categorised overall as giving cause for 'serious concerns' in the spring 2003 performance review will not normally be offered a three-year funding agreement, but will be expected to produce a three-year development plan demonstrating how it plans, with Council support, to move out of the category giving cause for 'serious concerns' as soon as possible.

117 An improvement in a provider's position will enable it to receive a longer term funding agreement. A provider who moves out of the category of giving cause for 'serious concerns' by the spring 2004 review will become eligible for an agreement covering the 2004/05 and 2005/06 years of the three-year cycle. However, where a provider moves into the category of giving cause for 'serious concerns' after a three-year funding agreement has been reached (for example, in the autumn 2003 review), we will consider whether it is appropriate to continue with the agreement for 2004/05 and 2005/06. We would normally expect to maintain the agreement if the provider has moved out of the category of giving cause for 'serious concerns' by the spring 2004 review.

118 We envisage that three-year funding agreements will cover all work-based learning provision. This includes activity currently funded through formula arrangements (modern apprenticeships and NVQ provision), and the new entry to employment (E2E) programme. We considered whether E2E, as a new programme, should be included later after its funding arrangements had been fully established. We decided to propose that it should be brought within the scope of three-year funding agreements from 2003/04 in order to give providers of this key programme the same medium term security of funding as others.

> **Q17 Do you agree that the full range of work-based learning provision should be within the scope of three-year funding agreements?**
>
> **Q18 Do you accept the proposal that providers should be offered a three-year funding agreement, other than those categorised as giving cause for 'serious concerns' through performance review?**
>
> **Q19 Do you agree with the proposals for providers giving cause for 'serious concerns', and for those moving into or out of this category?**

119 New providers will be entering into contracts with the Council at various points in the three-year cycle. A new provider will become eligible for a funding agreement covering the remainder of the three-year cycle. For example, a new provider starting a contract in February 2004, part way through the 2003/04 funding year, could expect to receive a funding agreement for 2004/05 and 2005/06 when contracts are confirmed by the end of May 2004, assuming that the normal criteria for receiving three-year funding are met. New providers will usually not be required to receive a performance review assessment before becoming eligible for three-year funding, as they will already have gone through an intensive initial assessment process. Providers with contracts for specific areas of new activity, may however, be allowed to enter into one-year funding agreements in order to give them the chance to establish a satisfactory track record in the area concerned.

120 The three-year funding agreement must be linked to learner volumes. In line with the commitment in *Trust in the Future* to 'keep it simple', we propose that the measure of learner volumes for current activity that is formula funded should be 'average in learning', ie the overall average number of learners on programmes, and for the new E2E programme, it should be the number of contracted places. We propose that the calculation process should be as follows:

a) The contracting round for 2003/04 will establish for each provider its planned average in learning (AIL) for learners aged 16-18 and over 19, respectively, together with cash sums associated with each of these volumes.

b) This process will enable a £ per AIL ratio or (for E2E) £ per place ratio to be calculated for 16-18/19+ provision for each provider.

c) Between May and the end of July local LSCs will negotiate with providers the projected learner numbers (AIL or places) for 2004/05 and 2005/06.

d) Applying the £ per AIL or £ per place ratios calculated for 2003/04 to the projected learner numbers will provide cash sums for 2004/05 and 2005/06 respectively, at 2003/04 rates. This is based on an assumption that the broad mix of provision in terms of occupational sector weightings, does not change significantly across the years. The Council's review process will provide an opportunity to consider any major changes in the mix of provision.

e) The 2004/05 and 2005/06 cash sums calculated at 2003/04 rates will be uplifted for the inflation figure built into the Council's grant (2.5% per year). The sums will also be adjusted for any phased change to funding rates (for eg area costs and disadvantage).

f) This process will produce cash sums and learner volumes (AIL and E2E places) for 2004/05 and 2005/06.

Confirmation of funding for 2004/05 and 2005/06

121 Funding allocations for 2004/05 and 2005/06 will be agreed with providers by August 2003, taking account of factors such as providers' ability to deliver the activities specified within the local LSC's strategic plan and the funding available.

122 Eligibility for three-year funding will depend upon assessments made through performance review, as outlined above. Within this context, confirmation of the 2004/05 allocation is dependent upon delivery of the agreed volumes contained within the 2003/04 funding agreement. In order to provide this confirmation in good time, to enable providers to carry out proper planning for the 2004/05 contract year, an estimate of 2003/04 outturn will need to be made in-year. Such in-year performance assessments already form the basis for agreeing the subsequent year's funding allocation.

123 It is proposed that this assessment of performance will be based upon data as at period 6 of the 2003/04 contract year, comparing the AIL figure actually achieved against with that agreed between provider and the local LSC in the funding contract. Subsequent variations from this estimate, which will become apparent during the early stages of the 2004/05-contract year (as 2003/04 'actuals' become available), will need to be reconciled in the subsequent confirmation of the 2005/06 allocation (mid way through the 2004/05 contract year). The review process leading to the confirmation of a 2004/05 contract will provide the opportunity to consider changes in the learning and skills requirements of the area, and variations in the mix of provision that may require adjustments in funding.

124 Where the actual achievement of learner volumes for 2003/04 is significantly below that forecast (reflecting the mix of activity agreed with the local LSC as well as the overall volumes) and greater than 3%, the Council reserves the right to review the 2004/05 allocation in-year.

125 This 3% margin applies only to the confirmation of the subsequent year's allocation. The underlying principle whereby the Council pays in advance for delivery, and seeks reimbursement if this is insufficient to justify the payments made, remains unchanged.

Q20 Do you agree that it is reasonable to regard AIL volumes within 3% of target as meeting that target, for the purposes of confirming the subsequent year's allocation?

Q21 Do you think that the range should be wider/narrower? If so, please indicate what you consider the range should be and why.

Section 6 - Floor Targets for Success Rates

126 This section sets out our proposals for floor targets for minimum performance.

Introduction of floor targets

127 *Success for All* requires floor targets to be introduced by the Council. National floor targets make clear the expectations of national minimum acceptable performance levels for success rates. The Council will work with providers to help them to increase their success rates over the period 2003/04 to 2005/06 so that **all** providers have rates above the current national floor target within the next three-years.

128 National floor targets will be introduced in the 2003/04 planning year, but providers will have until the end of the current planning period in 2006 to meet and, wherever feasible, exceed these targets.

129 The national floor targets set in 2003/04 will not be revised annually. Once set they will apply until 2005/06. As they are a statement of minimal acceptable performance levels they will be of no concern to providers who already have success rates above these levels and can sustain them.

130 Providers who are below the minimum performance level defined by a floor target will be required to identify action for improvement and agree these with the local LSC. Providers should ensure that the floor target is reached within the agreed timescale. Specification of this action will be part of their development plan.

Establishing initial floor targets

131 It is proposed that floor targets for work-based learning provision for 2005/06 are set taking account of an overall sector-wide successful completion rate for all work-based learning providers. As explained in Section 3, this overall success rate cannot apply in the short-term to the new Entry to Employment (E2E) programme.

132 2001/02 is the first year in which achievement data have been collected on a consistent basis for all work-based learning providers. During 2001/02, although it was clear that the quality of data on achievements improved, some data were still not sufficiently robust and reliable.

133 At this stage, it is proposed to set the national floor target for work-based learning provision in relation to the modern apprenticeship success rate as a whole (successful completion of frameworks or NVQs within frameworks), along with that for NVQ training (successful NVQ achievements). As part of the subsequent *Success for All* development programme the Council will develop a separate floor target relating solely to framework completion.

134 The floor targets are thus set initially with great caution at 40%. This reflects a balance between the spirit of *Success for All* and the drive for high success rates, as well as the level of improvement in success rates over the next three-years which would be required by some providers.

> **Q22 Do you agree with the proposal to set floor targets for work-based learning for 2005/06 at 40%? Have you any comments about their likely level of achievability?**
>
> **Q23 Do you agree with the proposal to set a single national floor target for work-based learning?**

Process for agreeing success rates

135 The proposed process for agreeing improvement targets in relation to learner success rates will be based on a negotiation between the local LSC and the work-based learning provider for the delivery that takes place within the local LSC area. These discussions will enable the work-based learning provider and the local LSC to agree:

- areas for focussing improvement for inclusion in the development plan; and

- challenging but realistic improvement targets for success rates.

136   Learner success rates will be calculated for the provision being made within a particular Council area. This will mean that a work-based learning provider operating across several local LSC areas will have a number of separate discussions and separate targets negotiated with different local LSCs. The Council will subsequently look at how this approach might be developed to apply to larger or national work-based learning providers, who do not contract with the National Contracts Service, using the lead arrangements[6] process.

Making assessments on achievement of floor targets

137 Providers who are not achieving the minimum performance level defined in the floor targets will be expected to commit to decisive actions for improvement, and agreed with the Council to ensure they meet the target within an acceptable timetable, and certainly before 2005/06.

138 In discussion about the plan to reach the necessary floor targets the provider and the local LSC may consider:

- reviewing provision to ensure that it meets the needs of current and future learners;

- identifying and focussing more strongly on the current strengths of the provider;

- improving performance in areas of weak provision or phasing out such provision;

- reconfiguring provision based on the outcomes of strategic area review; and

- collaborating with providers to improve performance and/or to exchange elements of provision.

139 To assist negotiations between local LSCs and providers, the Council recognises that it will be necessary to put systems in place during the spring of 2003 to ensure that both local LSCs and individual providers have timely access to overall success rate data. The Council is committed to developing benchmarking data for work-based learning provision similar to that available to the further education sector. In the meantime, the Council will develop guidance material for local LSCs and providers to assist in the interpretation and use of the data.

Failure to meet floor targets

140 Whilst any provider's failure to meet floor targets will be regarded as serious, this in isolation should not mean that the provider would fall into the category of 'serious concerns' in performance review. Depending on how poor the performance is, it is likely that the local LSC would assess the provider as giving cause for 'some concerns' through performance review and work with them on actions to improve performance. If a college or provider does not make sufficient progress in raising performance above the level of the floor target, it may lead to assessing the college or provider as giving cause for 'serious concerns'. If the floor target is not reached by the dates agreed between the provider and the local LSC, this is likely to lead to the provider being assessed as giving cause for 'serious concerns'. The local LSC will work with providers to help to ensure that the provider can swiftly improve provisions and achieve success rates above the national floor target.

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[6] The LSC is currently developing lead LSC arrangements which may result in a single point of contact for providers operating across several local LSC areas.

# Annex A: Proforma for Responding to the Consultation Circular – Providers of Work-Based Learning Only

(Reference: Circular 03/02 consultation on floor targets; improvement targets and funding rates; three-year funding; development planning and development plans.)

Please complete and mail this proforma to the address above (or fax on 024 7682 3334) by no later than 25 April 2003. A copy of your response will also be forwarded to your local LSC for information. A Microsoft Word version of this response proforma is available on the LSC website (www.lsc.gov.uk) and can be completed and emailed back to S4A.implementation@lsc.gov.uk if preferred.

Early responses would be greatly appreciated.
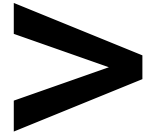
> Learning+Skills Council

Name *(please print)*
Role/title
Organisation
Address
Postcode

The Learning and Skills Council may in accordance with the Code of Practice on Access to Government Information, make available on public request, individual consultation responses. This will extend to your comments unless you inform us that you wish them to remain confidential.

Please respond below by ticking the appropriate box/deleting as appropriate and entering your comments in the space provided.

Do you wish your response to remain confidential?	Yes ☐	No ☐

Which of the following types of organisation do you work in/represent (please tick the correct answer and provide details as requested)

Type of Provider	Estimated number of work-based learners in 2002/03			
		Less than 50	*50 to 199*	*More than 200*
a) Charitable	☐	☐	☐	☐
b) Other voluntary	☐	☐	☐	☐
c) Other public organisation	☐	☐	☐	☐
d) Organisation in business in its own right	☐	☐	☐	☐
e) Other private organisation	☐	☐	☐	☐
F) Other (please specify)	_____			

Comments are invited on the following questions:

Q1 Do you agree with the five key principles to support the implementation of the quality and success framework?   Yes ☐   No ☐

Comments

_____

_____

Q2 Do you support the concept of a single, high-level development plan to be agreed with the local LSC?   Yes ☐   No ☐

Comments

_____

_____

Q3 Do you think there should be more targets and milestones for:

- customer focus?   Yes ☐   No ☐

- provision of excellent training and effective learning?   Yes ☐   No ☐

- enhancing the capability of the provider's staff?   Yes ☐   No ☐

Comments

Q4 Do you agree that in due course providers should have a   Yes ☐   No ☐
single development plan covering all Council funded provision?

Comments

Q5 Do you agree that the improvement target for learner   Yes ☐   No ☐
numbers on work-based learning programmes should be based
on the average number of learners aged 16 to 18 and over 19 on programmes?

Comments

Q6 Do you think that the Council should agree one or more   Yes ☐   No ☐
improvement target(s) with each provider for employer engagement?

Comments

Q7 Are there other important employer engagement targets for providers that also
should be considered?

Comments

Q8   What are your views of the early thinking on future measures for evaluating learner success as set out in Annex E?

Comments

Q9   Do you agree with the proposal that work-based learning provision success rates should be calculated as (1) the combined number of modern apprenticeships completed and NVQs achieved expressed as a percentage of the number of learners who have either left or successfully completed their programme and (2) a similar calculation based solely upon framework completion?

Yes ☐   No ☐

If no, what alternative would you like to see?

Comments

Q10   Do you agree that success rate targets and national floor targets should be set at a high level of aggregation?

Yes ☐   No ☐

Comments

Q11   What should be the focus of the Council's work to disaggregate work-based learning successful completion rates?

Comments

Q12 Do you agree with the proposals for success rates for work-based learning provision in relation to providers' development plans?   Yes ☐   No ☐

Comments

Q13 How do you think work-based learning providers can best set targets in their three-year development plan, to help accelerate progress towards a fully qualified training workforce?

Comments

Q14 Do you think a procedure for dealing with disagreements is necessary? If so, please suggest what frameworks might be adopted?   Yes ☐   No ☐

Comments

Q15 In light of possible significant changes to the demand for particular types of learning activity, do you consider it reasonable for the Council to reserve the right to redistribute resources to take account of these?   Yes ☐   No ☐

If not, what action do you consider to be appropriate where the underlying need/demand for learning has significantly altered, especially for smaller providers?

Comments

Q16 Are the features of the three-year funding agreement acceptable?   Yes ☐   No ☐

Comments

Q17 Do you agree that the full range of work-based learning provision should be within the scope of three-year funding agreements?   Yes ☐   No ☐

Comments

Q18 Do you accept the proposal that providers should be offered a three-year funding agreement, other than those categorised as giving cause for 'serious concerns' through performance review?   Yes ☐   No ☐

Comments

Q19 Do you agree with the proposals for providers giving cause for 'serious concerns', and for those moving into or out of this category?   Yes ☐   No ☐

Comments

Q20 Do you agree that it is reasonable to regard 'average in learning' volumes within 3% of target as meeting that target, for the purposes of confirming the subsequent year's allocation? Yes ☐ No ☐

Comments

Q21 Do you think that the range should be wider/narrower? If so, please indicate what you consider the range should be and why.

Comments

Q22 Do you agree with the proposal to set floor targets for work-based learning for 2005/06 at 40%? Yes ☐ No ☐

Have you any comments about their likely level of achievability?

Comments

Q23 Do you agree with the proposal to set a single national floor target for work-based learning? Yes ☐ No ☐

Comments

Annex B: Work-Based Learning Advisory Group and Terms of Reference

Role

141 The advisory group was formed to advise the Council on the development of this framework. Their first task was to consider the draft circular for consultation. Subsequently, the group will be asked to consider the outcome of the consultation and to advise on the development of proposals and guidance to be issued to the sector in May 2003. The advisory group will then meet to review the implementation of theme four.

Table 4 Work-based learning (Strategic Forum of the Association of Learning Providers) advisory group membership

Name	Organisation
Graham Hoyle (Chair)	Association of Learning Providers
Mike Allmond	ReMIT
Stephanie Baslington	Rathbone
Russell Blackwell	Department for Education and Skills (DfES)
Margaret Brown	York Training Centre
Martin Dunford BSc MBA	Training & Business Group
Ruth Exelby	British Printing Industries Federation
Sue Fiddies	Options HBS, representing Lincolnshire Training Association
Catherine Fogg	The British Chambers of Commerce
Stephen Glassock	Protocol Skills
John Hyde	VT Plus Training plc
Peter Little	Birmingham Rathbone
Robert McDonald	Confederation of Group Training Schemes (COGS)
Jo North	In Touch Care
Hugh Pitman	JHP Group Limited
Dave Rogers	JTL
Nick Rowe	HCTC
Glyn Williams	NTP Ltd

Terms of reference

142 The terms of reference of the advisory group are to:

- Provide comment on the draft circulars, in particular advising on practical implementation matters, as well as the overall strategy.

- Consider the collated outcomes of consultation, following completion of the consultation exercise in May 2003.

- Advise on the revision of proposals, in the light of consultation and comments from stakeholders.

- Provide comment on the draft guidance to be issued May 2003.

- Support introduction and monitoring of revised arrangements through the first year of operation.

- Help drive forward development of theme four of the "*Success for All*" programme.

Annex C: Outline for the Initial 2003/04 to 2005/06 Development Plan for Work-Based Learning Providers

143 Because of the tight timescale that applies in 2003, providers will have to begin work on initial development plans for 2003/04 to 2005/06 before the end of the consultation period. The Council proposes the first issue of each provider's three-year development plan should follow the simple outline model illustrated below. This will allow further work and consultation with providers to be carried out before a statement about the expected content of development plans in the future is published later in the year.

144 The development plan is seen as a high-level strategic document. It will draw on elements of existing plans (for example business plans, self-assessment reports, post-inspection action reports and human resources plans). The initial three-year development plan will be a slim document setting out the key elements for discussion and agreement with the local LSC.

145 Important elements of the development plan for 2003/04 to 2005/06 will be:

- an initial review of mission;

- a summary of needs analysis, covering employer and skill requirements;

- key objectives – to include:

  - increasing customer focus, including specifying arrangements for surveying the views of learners, and for seeking views from employers;

  - provision of excellent training and highly effective learning;

  - developing the capability of the provider's staff;

  - improvement targets and annual milestones;

- planned provision (linked to learner profile) including provision to meet employers' demands for skills; and

- for those below national floor targets – an improvement plan showing how they will move above the floor targets during the timescale of the plan.

Table 5 Targets and milestones to be included in the initial development plan covering the period 2003/04 to 2005/06

All targets are required as set out in the table below, unless it is indicated that they are encouraged.

Targets	Measures
Increasing customer focus	Learner numbers (required) Employer engagement (encouraged)
Delivery of excellent training and highly effective learning	Successful completion rates, and comparison with work-based learning floor targets (required)
Developing the capability of the provider's staff	Trainer qualifications (encouraged)

Annex D: Targets for Employer Engagement

146 The guiding principle adopted is that improvement targets for employer engagement should assist providers to assess local and regional skills needs, to identify their role in meeting these needs, and to set an improvement target that supports this. The employer engagement target can also link to the Public Service Agreement target to reduce by at least 40% the number of adults in the workforce who lack NVQ Level 2 or equivalent qualification by 2010.

147 One million adults in the workforce need to achieve level 2 qualifications between 2003 and 2006, which presents a key challenge for providers across the learning and skills sector.

148 Many of the measures for, and evidence used for employer engagement can relate to many aspects of a provider's work. The measures and supporting evidence can have multi-use. Table 6 on page 37 is intended to be informative rather than prescriptive – it is for local LSCs and providers to discuss appropriate measures.

149 The Council is working with the DfES and other agencies to develop further guidance and support to strengthen providers' engagement with employers.

Table 6 Improvement targets for employer engagement

Improvement target[7]	Performance measures	Supporting evidence
1. Improve work readiness and employability of learners	Destination data Work-experience placements Education-business links Enterprise opportunities Employer days/careers fairs Work readiness programmes Employer involvement in the design, development and assessment of curriculum	Customer feedback from both employers and learners (ie evaluation exercises) Increase in activity – eg number of extra placements, events etc Focus on local skill and employer priorities – eg placements to key industries etc Feedback from inspection findings
2. Increase fee income generation from employers	Amount of funding generated % of overall funding from employers Diversity of employer contributions (ie number and/or type of firms Capital investment from employers (including in-kind contributions) Payment for tutor expertise The provider delivers a range of business solution to employers	% increases in funding gained from employers Customer feedback (did the employer get value for money?) Repeat business Focus on local skill and employer priorities.

[7]These might be differentiated based on local skill needs eg setting targets for different employment sectors, SMEs, employers relocating, etc.

Improvement target	Performance measures	Supporting evidence
3. Increase employer satisfaction	Employer satisfaction surveys Industrial secondments Identifying sector needs and developing courses appropriately Revamping existing courses to meet employer needs Specific tailored business solutions to the needs of employers Training needs analysis	Flexible delivery of the curriculum Work with intermediaries such as Business Link, Chambers, SSCs, Trade Organisations Business promotion activities – information and marketing, business breakfasts, etc Involvement in employer forums/networks New (and type) of provider activities delivered to meet employer needs
4. Increase number of employers using provision	Number of employer-sponsored learners/employed individuals taking part in learning Number of employers engaged Sector penetration Differentiated targets (e.g. x large employers and y SMEs taking part in staff development) Employer involvement in the design, development and assessment of curriculum Identifying sector needs and developing courses appropriately The provider delivers a range of business solution to employers Provider partnership working in order to increase their responsiveness to the needs of employers	Number of employers as a percentage of the total in the local area Sector specific employers Focus on local skill and employer priorities

Annex E: Development of Future Measures of Success

150 The interests of the individual learner lie at the heart of the Council's activities. The logical consequence of this is that outcomes should be reported in relation to individual learners whilst recognising that there would still be a need (eg from the Inspectorates) for analyses based on qualifications at several levels of aggregation.

152 Measurement of success has several purposes. It is important in the context of monitoring the impact of policy, comparing performance of providers and enabling learners to make the right choices. The Council recognises that more than one measure of success may be needed to serve these different purposes.

151 Some measures of success are more appropriate for some types of provision than others. Consequently:

- there may be important success measures that are less relevant to certain types of provision; and

- even where two types of provision have success measures defined using the same principles, comparative success may give little information about real differential levels of performance.

152 The range of measures which might be used to evaluate learner success includes:

- successful completion of programmes, including modern apprenticeship frameworks;

- achievement of qualifications;

- learner destinations, including progression to another programme of learning;

- learner satisfaction; and

- value added by the institution (or distance travelled) calculated by comparing their final level of attainment with their level of prior achievement when they started their programme.

153 Much of the above would ideally need to be qualified by an understanding of the profile of learners supported by any provider to pick up issues of equality, diversity and widening participation.

Learner destinations

154 The Council is currently undertaking a feasibility study on the collection of information about learner destinations, including the requirements of different stakeholders, and this will be published during 2003.

Learner satisfaction

155 Learner satisfaction is a broad, but key, measure of success. The views of learners are extremely important. Learners indicate whether they feel they have been successful and what has contributed to their success. Irrespective of other outcomes or judgements, the learner who reports satisfaction represents an important measure of success.

156 The one disadvantage of learner satisfaction as a success measure is that it lacks an objective scale, although useful comparisons can be made with benchmarking data, if comparable survey methods are used.

Progression and value added

157 One way in which we extend qualification success in order to say something more about the success of policy or delivery mechanisms is progression or distance travelled. The concept of progression relies upon the idea that knowledge or skills can be represented on a linear scale, that knowledge can be measured using qualifications and that the scale can be calibrated using qualification levels and 'grades' awarded for individual qualifications where these exist.

158 There is an implicit assumption that learning progresses to higher levels. Progression is implicit in Government targets for attainment at ages 19 and 21. Its wider application to adults in the labour force presents challenges to these underlying assumptions. Lateral progression is also important, for example helping to re-skill in a different occupational area, or to broaden ones learning in art and design to include skills in specialist stained glass work.

159 The Council is developing a range of options for measuring learner success and progression for further detailed discussion with colleges and other providers. These are summarised below. It is likely that a mix of options will be required.

Accredited provision

Option A – National Qualifications Framework

160 The simplest approach is to record the National Qualifications Framework (NQF) level a learner achieves as a result of a programme of learning. This would be appropriate for all accredited qualifications and would show the number of learners who achieve each defined NQF level.

Option B – Progression from one level to the next

161 At its simplest this measures the number of learners who progress from one NQF level to the next. This is similar to Option A except that level of prior learning is now taken into account. This option would be appropriate

where the prior attainment of the learner is available, at an aggregate level.

Option C –Value added

162 Assessing the difference between the learner's level of achievement before and after a programme of learning is probably the most desirable of the options as it recognises the distance the learner has travelled.

163 There are a number of existing widely used systems for doing this where the programme of learning is AS/A level, AVCEs or GNVQs but not for other vocational qualifications with either no differentiation or limited differentiation (grading) in the output.

164 The Council will be working with the Qualifications Curriculum Authority (QCA) to explore whether a system under development by QCA, where the outcome of every qualification aim is given a points score, could be of benefit in assessing value added for vocational qualifications.

Non-accredited provision

165 Professional assessment by teachers of whether the learner has achieved the rigorous learning objectives as set at the outset of their learning, with amendments possibly being included during the period of learning.

Annex F: Analysis of Success Rates

166 As indicated in Section 3, the Council proposes to use measures that are familiar to providers and other bodies and for which the requisite data are available. There is recognition that in the short term, success measures are not comparable between further education and work-based learning funding streams. There has been much focus on the differences between how start dates are recorded in further education and work-based provision.

In particular, the success rate calculation within further education excludes those qualifications where learners have withdrawn from their programme of learning at an early stage in the autumn term; whereas in work-based learning, all qualifications are included in the calculations.

167 Analyses to assess the impact of these differences in methodology have proved to be complex and the outcomes dependent, for example on the proportion of qualifications affected. This proportion will not be constant from one year to another. At its simplest, analysis shows that 6% of work-based learners who started between 1 August and 31 October 2001 subsequently withdrew before the 31 October 2001. Excluding these early leavers from the calculation increases successful completion rates by one percentage point. Independent research indicates that the equivalent percentage of early leavers in further education is 4%.

168 The description of the proposed method for calculating completion rates given in Section 3 is lengthy and to avoid ambiguity, an example of the calculation for a work-based learning provider is shown below.

Table 7 Example calculation for a work-based learning provider

	No. achieving MA framework	No. achieving an NVQ only	No. with no accredited achievement	Total
Leavers				
A M A	220	70	165	455
F M A	30	60	240	330
N VQ Training	-	10	5	15
Progressed to another programme				
F M A	70	-	-	70
N VQ Training	-	5	-	5
Total	**320**	**145**	**410**	**875**

169 The proposed successful completion rate is for the total number of NVQs achieved to be expressed as a percentage of the number of learners who have either left or successfully completed their programme.

170 The calculation requires the number of MA frameworks achieved to be added to the number of NVQs achieved since learners must achieve an NVQ in order to complete their MA framework.

171 In the example above:

Completion rate = (320 + 145)/875 = 53%

Annex G: Qualifications for Work-Based Learning Staff

Summary of recent developments

172 The 1999 white paper *Learning to Succeed* included a commitment that the Government would "...*lead the development of a range of qualifications for all post-16 teaching and training staff*". The Secretary of State's Remit and Grant letters to the Council subsequently included the need for greater take-up of qualifications by staff of work-based learning providers.

173 Following a DfES project and consultation, a framework of qualifications was developed for work-based learning staff in a training or related support role. These were based on the national occupational standards in learning and development, revised by the Employment National Training Organisation (NTO). The standards and qualifications frameworks were approved by the UK regulatory authorities in December 2001.

174 From the project work, five new qualifications were designed specifically for people who deliver Government funded work-based learning programmes - particularly for staff in post-16 training providers who contract with the Council. The five are entitled:

- Management of Learning and Development (NVQ Level 4);

- Co-ordination of Learning and Development (NVQ Level 4);

- Direct Training and Support (NVQ Level 3);

- Review and Assessment of Learning (unit-based certificate at Level 3); and

- Initial Assessment of Learners (unit-based certificate at Level 3).

175 More information on the NVQs and certificates is available in the 'Revised Learning and Development Standards' found on the Employment NTO's website: http://www.empnto.co.uk/. Full details are published in CD-ROM format and can be purchased on-line, priced £25.

176 The two NVQs at Level 4 are the workplace professional equivalents of the new further education Teaching Certificate. They therefore confer eligibility for all post-16 teachers and trainers into full membership of the Institute for Learning (Post-compulsory Education and Training). The two unit-based certificates at Level 3 allow progression from assessment into training, by supplementing them with other units in the national qualifications framework that make up the full NVQ Level 3.

177 A number of Awarding Bodies (ABs), including City & Guilds, OCR, Edexcel, Pitman, LCCIEB and CIPD, developed the occupational standards into NVQs and unit-based Certificates during 2001/02. They presented them for accreditation in England by the Qualifications and Curriculum Authority (QCA) and first approvals were granted in September 2002, allowing the Awarding Bodies' Centres to begin offering the qualifications nationally from 2003.

178 In 2002, the Department for Education and Skills set up an advisory group on qualifications for work-based learning staff. Members include representatives from the Council, the Association of Learning Providers and other key partners, and the group's

recommendations will be published in February 2003.

179 In 2003, the DfES is intending to carry out a sample survey to find out the qualifications held by staff in the work-based learning sector. Following the outcome of this survey the DfES and the Council will be developing guidance on qualifications for the staff of work-based learning providers.

Notes