For information

Leading learning and skills

Framework for Excellence: Pilot Guide – Phase 2 (2008/09)

November 2008

Of interest to those colleges and other providers taking part in the Framework for Excellence Pilot: Phase 2 and other organisations and individuals in the post-16 learning and skills sector.

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RELATED DOCUMENTS

Documents relating to the Framework for Excellence are available in electronic format from http://ffe.lsc.gov.uk.

NOTE: This Pilot Guide is a work in progress and therefore subject to further amendments to reflect developments in the Pilot: Phase 2.

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Purpose of the Pilot Guide

1 This Pilot Guide describes the implementation of the Pilot: Phase 2 (the Pilot) of Phase 2 of the Framework for Excellence (the Framework). It provides information, advice and guidance to those colleges and other providers that are participating in the Pilot from September 2008 to March 2009. Each Pilot institution has a nominated liaison officer, who will be notified by email alert of any changes to this guide.

2 For the Pilot process the Pilot Guide sets out:

- the composition of the Pilot Framework;
- the scope of the Pilot;
- the Pilot colleges and providers;
- a detailed timetable for the Pilot: Phase 2;
- what Pilot colleges and providers are required to do;
- the lines of communication with Pilot institutions, and the support available to them;
- the proposals for the evaluation of the Pilot process.

3 This is a 'live' document, which will be updated during the course of the Pilot, for example to clarify issues or to disseminate key messages and to take account of further developments. Updated editions will be announced on the Framework for Excellence website.

4 If any colleges or providers have queries relating to the Pilot then they should address these to ffepilot@lsc.gov.uk.

5 If any colleges or providers have queries on the Framework for Excellence in general, they should contact their Learning and Skills Council (LSC) local partnership team in the first instance.

What is the Framework for Excellence?

6 The Framework for Excellence (the Framework) is a central feature of the new performance-management arrangements proposed in the recent consultation document *Raising Expectations: Enabling the system to deliver* (Department for Children, Schools and Families (DCSF), March 2008). The Framework was first announced in the 2006 Further Education (FE) White Paper *Raising Skills, Improving Life Chances*, and is intended to support its overall themes, including economic mission, employability, and learner and employer choice. It is a key element of the 2008-11 Public Service Agreement 2: *Improve the skills of the population, on the way to ensuring a world-class skills base by 2020*.

7 The policy for the Framework is summarised in *Framework for Excellence: Putting the Framework into Practice* (LSC, June 2008). The consultation on the Machinery of Government changes proposed that the Framework be developed to underpin a single, unified provider performance-assessment framework post-16, to include sixth forms in schools from 2010. In response to this, it has been agreed with ministers that the Framework will be piloted in school sixth forms from September 2009.

8 The Framework is in the form of a balanced scorecard: it is formed from a small, core set of verifiable indicators that give an overall picture of performance for all providers. These indicators are combined in a clear, transparent way to provide an Overall Performance Rating (OPR) for each provider. The Framework will therefore provide an independent, quantitative assessment of the performance of individual providers and of the whole sector, which will enable it to demonstrate that it is rigorously and effectively self-regulating. It is also a single, unified framework for assessing and reporting performance across a number of dimensions of an organisation's operations and for the organisation as a whole. It is designed to be an effective and trusted basis for raising standards within the FE system and is also there to inform choice and improve the quality of decision-making for learners and employers.

9 The Framework assesses performance across three Dimensions: Responsiveness to learners and employers; the Effectiveness of the organisation's processes and outcomes; and Finance. There are seven key performance areas (KPAs), each of which is built up from a small number of performance indicators (PIs).

10 The implementation of the Framework will extend over three phases: Phase 1 (2008/09); Phase 2 (2009/10); and Phase 3 (2010/11). The concept for Phase 1 of the Framework was that it would be a 'cut-down' version, containing most of the set of necessary and sufficient performance indicators needed to fully assess the performance of all-types of provision across all types of LSC-funded providers. The application of Phase 1 would be restricted to colleges and non-governmental organisations delivering Apprenticeships and Train to Gain programmes. This was to allow the infrastructure for the collection, analysis, dissemination and publication of the Framework to be implemented as soon as possible. Phase 1 of the Framework is applicable to:

- general further education (GFE), tertiary and sixth-form colleges;

- agriculture and horticulture colleges;
- art, design and performing arts colleges;
- Apprenticeship providers (excluding Local Authorities); and
- Train to Gain providers (not including Local Authorities) that had FE funding agreements or LSC contracts in 2007/08.

11 The implementation of Phase 1 of the Framework across these colleges and providers is described in the Framework for Excellence *Provider Guide (September 2008)*.

12 From September 2007 to March 2008, the Pilot: Phase 1 of the Framework was implemented across 100 colleges and other providers. The outcomes from this Pilot were used to refine the proposed performance indicators within Phase 1 of the Framework and specify the data-collection, analysis, dissemination and publication requirements for the full implementation of Phase 1 across all colleges and providers identified in paragraph 10 of this guide. An external evaluation of the Pilot: Phase 1 was commissioned and the results have been published the Framework for Excellence *Pilot Evaluation (May 2008)*.

13 The concept for Phase 2 of the Framework was that it would introduce a small number of additional performance indicators, to complete the set of PIs that would allow the Framework to give a robust performance assessment of all LSC-funded providers.

14 Care has to be taken to ensure that the number of indicators included in the Framework is the bare minimum required to meet the requirements for a robust performance assessment. The implementation of Phase 2 from September 2009 will bring all LSC-funded providers into scope for the Framework with the exception of: school sixth-forms, FE provision in Higher Education Institutions (HEIs); the University for Industry (UfI) delivered learndirect provision; and organisations contracted by the LSC to deliver only provision that is part funded by the European Social Fund (ESF).

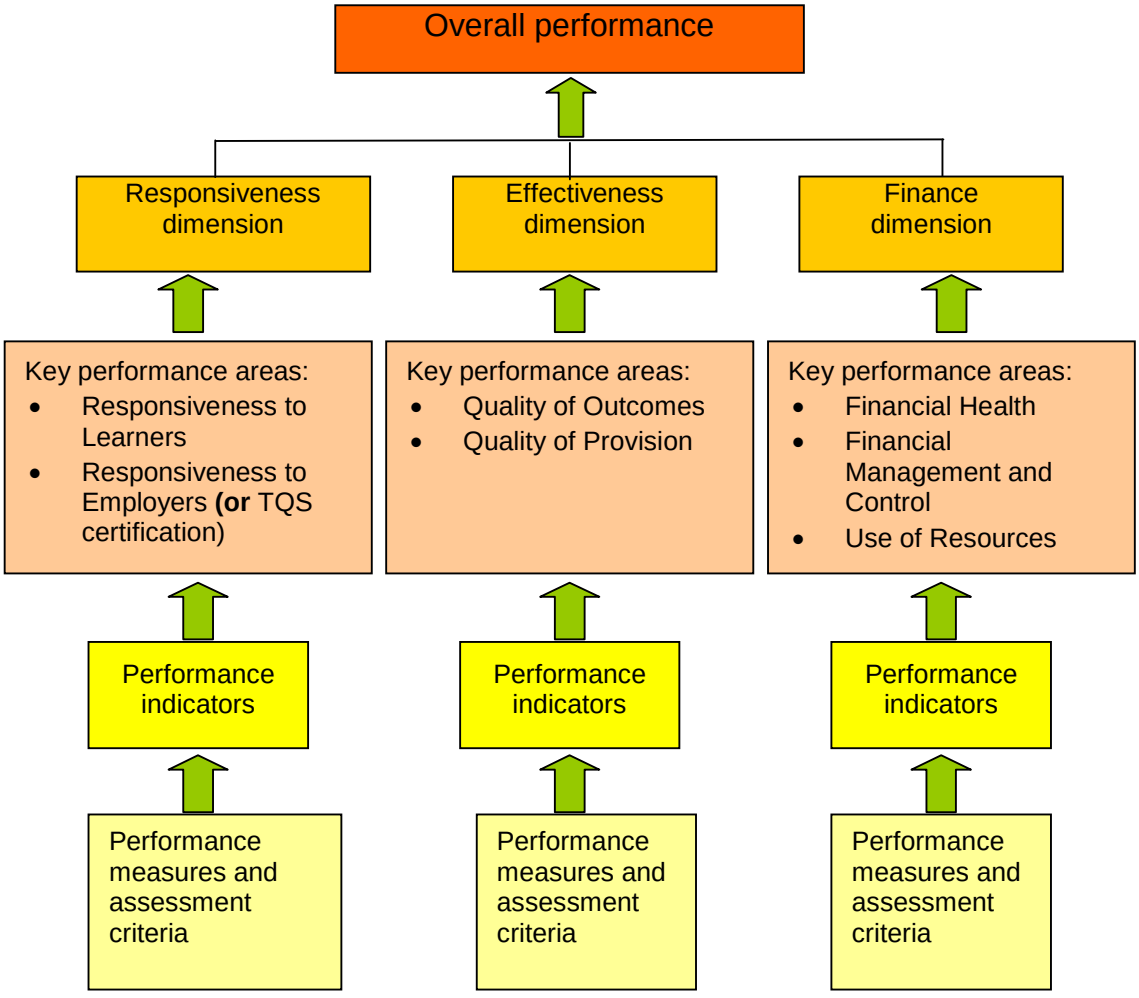
15 The Pilot: Phase 2 will run alongside the full implementation of Phase 1 of the Framework from October 2007 until March 2009, to investigate the application of the Framework for Excellence across additional provider types and to develop additional performance indicators for Phase 2 of the Framework. This document provides guidance to those colleges and providers participating in the Pilot: Phase 2, the full scope of which is outlined in the following sections of this guide.

Structure of the Framework

16 The structure of the Framework is illustrated in Figure 1.

17 The performance of providers across a range of areas is assessed through a number of **performance indicators**, which are derived from **performance measures** (drawn from appropriate sources) combined with appropriate **assessment criteria** (which specify the standards for each indicator). Thus, a performance indicator is more than just a measure of performance: it includes information on the expected standard of performance. For example, the outcome for a provider might be that it has achieved a score of 83 per cent for Learner Views. If the assessment criteria for this performance indicator specify that a score of 80–89 per cent is 'good', then this provider will have a grade of 'good' for this performance indicator.

Figure 1: Structure of the Framework for Excellence



18 The performance indicators are organised into **seven KPAs**.

19 Each college's or provider's performance in the KPAs is aggregated to produce grades for the **three Dimensions:** Responsiveness, Effectiveness and Finance.

20 Each PI is assessed against a four-point scale, according to its own **assessment criteria**. Details of the performance measures and assessment criteria are given later in this document.

21 Please note that the Pilot: Phase 2 (the Pilot) differs from Phase 1 of the Framework in that more PIs have been added to the Pilot and the definitions of some performance measures in the Pilot have been modified when compared with the Phase 1 definitions. This means that there are differences in the requirements placed on those Pilot organisations that are in scope for Phase 1 and those providers that are not included until Phase 2. Wherever possible, data and performance measures from the Phase 1 PIs will be used in the Pilot for those providers in scope for Phase 1.

22 For those colleges and providers that are in scope for Phase 1 of the Framework and are participating in the Pilot, the LSC will be very careful when communicating the outcomes from the Pilot to clearly differentiate those outcomes that relate to Phase 1, and those that relate to the Pilot.

Scope of the Pilot: Phase 2

23 The list of organisations and providers in scope for Phase 2 of the Framework from 2009/10 is set out in Table 1. These are the organisation types that will be represented in the Pilot: Phase 2 of the Framework.

Table 1: Provider types included in Phase 2 of the Framework from 2009/10[1].

- *GFE colleges*
- *Tertiary colleges*
- *Sixth-form colleges*
- *Agriculture and horticulture colleges*
- *Art and design colleges*
- *Private and voluntary sector providers delivering Employer Responsive programmes (Apprenticeships, Train to Gain)*
- *Employers delivering exclusively to their own employees and those who deliver to their own and other organisations' employees*
- Independent specialist providers (ISPs)
- Specialist designated institutions (SDIs)
- Local Authorities
- Former external institutions that are not Local Authorities (FEIs)
- Dance and drama academies (D&DAs)
- Offender learning and skills only providers (OLASPs)

24 Those organisations and providers that are not included in Phase 2 of the Framework are given in Table 2.

Table 2: Provider types not in scope for the Pilot: Phase 2 of the Framework in 2008/09.

- Schools
- Providers funded solely by the ESF
- UfI)
- HE institutions (including those in receipt of LSC funding)
- Independent colleges
- Organisations reporting directly to another central government department (for example, the Ministry of Defence) and training only staff from that department.

25 The response to the LSC's request for colleges and providers to participate in the Pilot: Phase 2 resulted in approximately 200 volunteers from across the sector. From these, 122 were selected to take part in the Pilot. To give a reasonably representative sample, the selection was on the basis of location, size, organisation type, programmes offered and latest inspection outcome. A list of those colleges and providers participating in the Pilot: Phase 2 is available on the Framework for Excellence website at http://ffe.lsc.gov.uk.

[1] Colleges and providers in scope for Phase 1 of the Framework in 2008/09 are shown in italics.

26 To minimise the burden on those colleges and providers that are being assessed under Phase 1 of the Framework, the outcomes from Phase 1 will be used within the Pilot wherever possible.

27 The LSC has arranged for each Pilot institution to receive an honorarium of £1,000 in recognition of the additional administrative and management tasks involved in taking part.

28 The objectives of the Pilot are to test:

- new performance indicators across all provider types in scope for Phase 2 of the Framework; and
- all of the existing performance indicators in Phase 1 across the provider types newly in scope for the Framework.

29 Given the diversity of provider types and missions across the FE system, not all PIs can apply to all provider types. Therefore, the LSC has developed a set of rules to determine which indicators should apply to which type of provider. These are outlined in Table 3.

30 In consultation with providers and other stakeholders, the LSC has developed a number of exemptions to enable appropriate application of the components of the Framework to all provider types. These are described later in this document, in the relevant sections on each performance indicator.

31 Subject to these exemption rules, and in line with the overall approach of the Framework, the indicators will apply to all provision made by a provider that is in scope for the Framework. In the first year of implementation, there are some common-sense restrictions in the scope of performance indicators. The impact of this will be further tested during the Pilot: Phase 2.

Table 3: Performance indicators applying to different provider types in scope in 2008/09.

Dimension	KPA	Performance indicator	Colleges[2]	Employers that train:		Other providers of ER[3] provision only	Local Authorities		FEIs SDIs D&DAs	ISPs	OLASPs
				Own staff only	Other empl-oyers' staff		Own staff only	Other empl-oyers' staff			
Responsiveness	Responsiveness to Learners	Learner Views	Y	Y	Y	Y	Y	Y	Y	Y	P[4]
		Learner destinations	Y	N	Y	Y	N	Y	Y	P	P
		Possible new PI to be developed during the Pilot	*Y*[5]	*Y*[4]	*Y*[4]	*Y*[4]	*Y*[4]	*Y*[4]	*Y*[4]	*Y*[4]	*P*
	EITHER Responsiveness to Employers	Employer Views	Y	N	Y	Y	N	Y	Y	N	P
		Amount of Training	Y	N	Y	Y	N	Y	Y	N	P
	OR Training Quality Standard (TQS)[6]		Y	N/A[7]	Y	Y	N/A[6]	Y	Y	N	P

[2] GFE, tertiary, sixth-form, agriculture and horticulture, and art and design colleges

[3] Employer Responsiveness

[4] Provisional, pending the outcome of the Pilot

[5] Provisional inclusion, depending on the outcome of the Pilot.

[6] TQS certification automatically results in an outstanding grade for the Responsiveness to Employers KPA in the Framework, superseding both Responsiveness to Employers performance indicators

[7] Employers training only their own staff are exempt from the Responsiveness to Employers KPA, and so TQS status will not contribute to their Framework for Excellence assessment.

Dimension	KPA	Performance indicator	Colleges[8]	Employers that train:		Other providers of ER[9] provision only	Local Authorities		FEIs SDIs D&DAs	ISPs	OLASPs
				Own staff only	Other empl-oyers' staff		Own staff only	Other empl-oyers' staff			
Effectiveness	Quality of Outcomes	Qualification Success Rate	Y	Y	Y	Y	Y	Y	Y	Y	P
		Possible new PIs to be confirmed during the Pilot	*Y[1]*	*Y[1]*	*Y[1]*	*Y[1]*	*Y[1]*	*Y[1]*	*Y[1]*	*Y[1]*	P
	Quality of Provision	Inspection grade	Y	N	Y	Y	Y	Y	Y	Y	P
Finance	Financial Health	Financial Health	Y	N	Y	Y	N	N	Y	Y	P
			NOTE: A provider is exempt if LSC funding is less than 5% of turnover and training is incidental to the business.								
	Financial Management and Control	Financial Management and Control Evaluation	Y	Y	Y	Y	Y	Y	Y	Y	P
	Use of Resources	Funding economy	Y	Y	Y	Y	Y	Y	Y	P	P
		Resource efficiency	Y	N	Y	Y	N	Y	Y	P	P
		Capital	Y	N	N	N	N	N	N	N	P

[8] GFE, tertiary, sixth-form, agriculture and horticulture, and art and design colleges

[9] Employer Responsiveness

What Do Pilot Providers Have to Do?

32 The Pilot will require contributing providers to implement the Framework in much the same way as if they were applying the Framework for real. In addition, Pilot providers are asked to contribute to the development of new performance indicators and, for those that are not in scope for Phase 1, to participate in work to ensure that data sources and data-collection processes for the Phase 1 performance indicators are appropriate to their type of provision. Full details of each of the performance indicators are given later in this guide. The following sections describe what Pilot providers are being asked to do.

Performance Indicators

Pilot colleges and providers already in scope for the Framework in 2008/09 (Table 1)

Learner Views

33 This is the same indicator as for Phase 1. The Pilot will use the Phase 1 indicator.

Learner Destinations

34 This is the same indicator as for Phase 1. The Pilot will use the Phase 1 indicator.

Employer Views

35 This is the same indicator as for Phase 1. The Pilot will use the Phase 1 indicator.

Amount of Training

36 This is the same indicator as for Phase 1. The Pilot will use the Phase 1 indicator.

Success Rates

37 The LSC is updating the Success Rate measure in response to the views of the sector and the outcomes of the Pilot: Phase 1. Train to Gain success rates are being included. Success rates for FE short courses (five to 24 weeks), and very short courses (less than five weeks) are being included separately. Apprenticeship and Advanced Apprenticeship success rates are being included separately. There are no data-collection requirements on colleges and providers for this indicator. Pilot colleges and providers are asked to compare the Phase 1 performance measure with that for the Pilot.

Inspection Outcome

38 This is the same indicator as for Phase 1. The Pilot will use the Phase 1 indicator.

Financial Health

39 This is the same indicator as for Phase 1. The Pilot will use the Phase 1 indicator.

Financial Management and Control

40 This is the same indicator as for Phase 1. The Pilot will use the Phase 1 indicator.

Use of Resources – Funding Economy

41 This is the same indicator as for Phase 1. The Pilot will use the Phase 1 indicator.

Use of Resources – Resource Efficiency

42 This is the same indicator as for Phase 1. The Pilot will use the Phase 1 indicator.

Use of Resources - Capital

43 This is the same indicator as for Phase 1. The Pilot will use the Phase 1 indicator.

FINANCE NOTE:

44 A study is being undertaken to review the five performance indicators in the finance dimension (shown in *italics* above). As a result of this study, it is possible that they may be revised for the Pilot only. This should not require colleges or providers to gather any more data than they are asked to submit each year. Pilot providers will be asked for their views on the revised indicators should they be changed for the Pilot.

Pilot colleges and providers coming into scope for the first time in 2009/10 (Table 1)

Learner Views

45 Carry out the Learner Views survey, as described later in this guide.

Learner Destinations

46 This indicator is calculated by the LSC as described later in this guide.

Employer Views

47 Pilot providers are requested to ask **all of the employers** that have had any publicly funded training from them during the relevant Framework for Excellence period to participate in the Employer Views survey.

48 Lists of individual employer customers for each Pilot provider are available from the Framework for Excellence website at **http://ffe.lsc.gov.uk/** to a secure, password-protected portal. Providers will be sent their passwords for this portal in the near future and will have the opportunity to access the portal and check that:

- their entry represents a full and accurate list of all of the employers to whom they have supplied LSC-funded training in the academic year 2007/08; and

- contact details are available for each of the employers on the list.

49 The list should then be returned to the LSC through the secure website from which it was obtained. This list includes those employers that have had subsidies for only a portion of their training costs, as well as those who have accessed fully subsidised training. Where a training package for an individual employer has involved both LSC and employer-funded activity, the employer should, wherever possible, be encouraged to complete the survey for all the training undertaken.

50 Questionnaires will be sent out by the LSC to all employers on the returned list.

Amount of Training

51 This indicator is calculated by the LSC as described later in this guide in the section on 'Key Performance Areas and Performance Indicators' at paragraph 94.

Success Rates

52 This indicator is calculated by the LSC as described later in this guide in the section on 'Key Performance Areas and Performance Indicators' at paragraph 94.

Inspection Outcome

53 This indicator is calculated by the LSC as described later in this guide in the section on 'Key Performance Areas and Performance Indicators' at paragraph 94

Financial Health

54 This indicator is calculated by the LSC as described later in this guide in the section on 'Key Performance Areas and Performance Indicators' at paragraph 94.

Financial management and Control

55 This indicator is based the providers' self-assessment, which the LSC then moderates.

56 Providers will self-assess and grade their financial management and control arrangements using the Financial Management and Control Evaluation (FMCE) document, available on the LSC website. The LSC's audit teams will validate the assessments, taking account of the results of audit work at providers and any other relevant, available information. Full details can be found later in this guide in the section on 'Key Performance Areas and Performance Indicators' at paragraph 94.

57 Providers are required to complete the relevant annex and return them to the LSC no later than 12 December 2008.

Use of Resources – Funding Economy

58 This indicator is calculated by the LSC as described later in this guide in the section on 'Key Performance Areas and Performance Indicators' at paragraph 94.

Use of Resources – Resource Efficiency

59 This indicator is calculated by the LSC as described later in this guide in the section on 'Key Performance Areas and Performance Indicators' at paragraph 94.

Use of Resources - Capital

60 This indicator is applicable only to those organisations eligible to receive capital grants from the LSC.

FINANCE NOTE:

61 A study is being undertaken to review the five performance indicators in the Finance Dimension (shown in *italics* above). As a result of this study, it is possible that they may be revised for the Pilot only. This should not require colleges or providers to gather any more data than they are asked to submit each year. Pilot providers will be asked for their views on the revised indicators should they be changed for the Pilot.

Pilot Colleges and Providers with OLASS Contracts

62 Offender Learning and Skills provision (OLASS) mainly serves learners with custodial sentences, although some learners in the community are funded through these contracts. In the main, offenders in the community access LSC-funded provision in the same way as other learners.

63 One of the objectives of the Pilot is investigate how OLASS learners can best be brought into scope for the Framework. The LSC has established a special focus group of those Pilot colleges and providers with OLASS contracts to take this work forward. For further details on how to become involved in the Focus Groups, please refer to paragraph 70).

All Pilot Colleges and Providers

64 Three new performance indicators are being introduced into the Framework for Phase 2, which will be based on:

- the completion of full Level 2 and full Level 3 qualifications;
- the successful completion of learning aims that do not contribute to Qualification Success Rates (QSRs);
- Minimum Levels of Performance (MLP).

65 Pilot colleges and providers are invited to contribute to the development and testing of these new indicators as well as to their piloting. The format for this is the same as that used in Phase 1: there will be a Development Group for each new indicator, comprising volunteers from Pilot colleges and providers and facilitated by the LSC. The LSC sent an email to all Pilot colleges and providers on 6 October 2008, inviting participation in these groups. For further details on the Development Groups, please refer to paragraph 69.

66 In addition to the Development Groups, the LSC will also be arranging a number of Focus Groups to consider the application of the Framework as a whole to specific provider types and types of provision. An invitation to participate in the Focus Groups was included in the email to all Pilot colleges and providers on 6 October 2008. Further details of the Focus Groups are provided from paragraph 70.

67 To obtain the maximum benefit from the Pilot, Pilot colleges and providers are asked to support the Development Groups and Focus Groups wherever possible.

Development and Focus Groups

68 The LSC will use the Pilot to test and resolve many practical issues that are specific to the development and application of individual PIs. Following on from their success in the Pilot: Phase 1, a number of small Development and Focus Groups have been set up to take forward this work.

Development Groups

69 The Development Groups focus upon:

- the achievement of full Level 2 and full Level 3 qualifications;
- the achievement of learning aims that do not contribute to QSRs;
- the incorporation of an organisational level measure of MLP into the Framework;
- Responsiveness surveys.

Focus Groups

70 The Focus Groups focus upon:

- the implementation of the Framework by Local Authorities;
- the application of the Framework to adult learning, including NIACE;
- the application of the Framework to offender learning;
- the application of the Framework to organisations that specialise in learners with learning difficulties and disabilities, including NATSPEC;
- the implementation of the Framework by HEIs delivering LSC-funded FE provision (this group will be twinned with the LSC's FE in HE working group).

How to Become Involved

71 The LSC has sent a general invitation to the liaison officers at each of the Pilot colleges and providers, requesting nominees for the Development and Focus Groups. Pilot providers are free to decide which of them they wish to participate in. If necessary, the LSC will extend invitations to non-Pilot providers.

72 Additionally, there is a National User Group with membership drawn from both the Pilot: Phase 1 and Pilot: Phase 2 colleges and providers to consider the issues and risks that affect the Framework as a whole. This Group will have a certain amount of freedom to explore issues identified by the Group itself, while avoiding duplication with the issues covered by the other Development and Focus Groups. The LSC has sent out a separate invitation to participate in this Group.

Roles and Responsibilities

Pilot Colleges and Providers

Information and Data Generation

73 In terms of generating the data for the Pilot, the providers' main tasks are to:

- administer a Learner Views survey and return the completed questionnaires to the LSC;
- support the Learner Destination survey by cleaning their learner contact data, where necessary;
- contribute to an employer survey by providing the LSC with clean employer contact information in preparation for this survey.

74 It is also likely that Apprenticeship and Train to Gain providers will need to do some additional work to supply the financial data.

75 With the following provisions, the LSC expects to base all other data and information required for the Pilot on sources that it already holds:

- the Quality of Provision KPA is based on Ofsted's current overall effectiveness grade for each provider;
- the Financial Management and Control KPA is based on an audit assessment tool in the form of the most recent FMCE review. Where this information is not current, then some follow-up review work with providers may be required;
- the Use of Resources KPA is under review and there may be some new data requirements, but it is envisaged that colleges and providers will already hold much of this additional data and therefore the additional administrative commitment will not be significant.

76 Full details of the roles and responsibilities of Pilot providers for the specific performance indicators are included in the later section on the structure of the Framework in the section on 'Key Performance Areas and Performance Indicators' at paragraph 94.

Outputs

77 The LSC does not intend to publish the outcomes from the Pilot: Phase 2.

78 The LSC's intention is to share outputs from the Framework for an individual college or provider with that college or provider, and with the LSC's partners in the Framework: the DCSF; DIUS; LSIS; and Ofsted, subject to the provisions of the Data Protection Act (1998). It is also the LSC's intention to share aggregate results from the Pilot more widely, but in such a way that no individual college, provider or employer can be identified.

79 However, please note that the LSC falls within the scope of the Freedom of Information Act (2000), such that the outputs from the Pilot are subject to public requests for disclosure under the terms of this Act. These requests may have to be granted.

Activities

80 During the Pilot: Phase 2, Pilot institutions are requested to:

- attend Development Group, Focus Group and/or National User Group meetings, to address specific issues and risks relating to the performance indicators, and other aspects of the Framework and its implementation. Recommendations from these groups will be taken forward to the Framework's Policy Committee for ratification;
- collect and/or provide the LSC with any additional data required to calculate the set of performance indicators;
- complete evaluation questionnaires, which may be sent to different audiences, such as governing bodies and senior management teams;
- provide information about the level of their own input to assist in carrying out an assessment of the additional commitment for providers;
- organise and ensure attendance at workshops designed to solicit their views and discuss proposed action following communication of the results of the Framework;
- organise and host Focus Groups and/or workshops of learners and/or employers to test the value of the Framework's output to them;
- attend other meetings, which may include video or telephone conferences;
- attend a national End-of-Pilot event in June/July 2009;
- ensure that their self-assessment report for 2007/08 is sent to the LSC (ideally by loading onto the LSC's Provider Gateway) by 31December 2008.

Learning and Skills Council

81 The LSC will:

- generate four-point grades for PIs and supplementary measures;
- disseminate ratings to Pilot providers;
- consult with Pilot institutions on the processes and outputs of undertaking the Framework for Excellence exercise;
- evaluate the outputs, and model findings where appropriate;
- explore the use of the Framework in the LSC's business processes;
- be the first point of contact for Pilot institutions;
- facilitate group meetings of Pilot institutions;
- make visits to specific Pilot institutions, where required;
- consult with wider stakeholders;
- organise and jointly host briefing and evaluation events;
- update liaison officers about developments in the Framework.

Communication and Support

General Communications

82 It is vitally important that there are clear, consistent and simple channels of communication between the Pilot institutions, the LSC, LSIS and other interested parties.

83 Each Pilot institution has a nominated a liaison officer, who will disseminate information relating to the Pilot within their organisation, co-ordinate responses and returns to the LSC, and attend the national briefing and evaluation events.

84 Liaison officers should seek help on any queries relating to the Pilot from their LSC partnership manager in the first instance, although technical enquiries can be addressed directly to the LSC's Pilot mailbox at ffepilot@lsc.gov.uk and copied to the appropriate partnership manager.

85 The complete list of institutions participating in the Pilot, is displayed on the Framework for Excellence website at http://ffe.lsc.gov.uk.

86 There is regular communication between the LSC and Pilot institutions, which includes:

- weekly email updates on the Pilot, which includes a system of email alerts for changes to this Pilot Guide;
- a monthly Framework for Excellence Bulletin ;
- teleconferences on specific issues hosted by the LSC.

87 Some Pilot institutions may find it useful to share experiences either with groups in their geographical area, or with similar institutions across England. Moreover, the LSC is keen to encourage those institutions that are not participating in the Pilot to prepare for implementation of the Framework in 2008/09.

88 For Pilot institutions working with regional LSC staff, the LSC will establish regional support networks and other mechanisms to enable discussion and mutual support from January 2009.

Support

89 By participating in LSIS's Support for Excellence programme, colleges and institutions outside the Framework's Pilot group will have the opportunity to use the emerging PIs in their own organisations and in peer review and development activities. The programme will give this wider group the chance to hear about the experiences of participants in the Pilot programme, who can provide them with feedback on the Framework.

90 A significant element in delivering Support for Excellence will be supporting provider-based peer review and development activities, which will include aspects of the implications of the Framework for Excellence. Pilot and non-Pilot institutions are all welcome to join the Support for Excellence peer group activities. The output of the peer review and development work will inform the arrangements for implementing the Framework in 2008/09 and 2009/10.

91 During the Pilot programme, the regional LSCs and partnership teams will be working with all colleges and providers to assist them, through:

- the existing regional networks;
- other networks developed through the LSC and LSIS;
- regular channels of communication with individual colleges and providers.

Dissemination of Pilot Outcomes

92 Pilot colleges and providers that are in scope for Phase 1 of the Framework in 2008/09 will receive the outcomes from their Phase 1 assessment in the late spring or early summer of 2009. These providers will also receive the outcomes from their Pilot assessment at around the same time. To avoid confusion between the two sets of results, which may be different up to and including the OPR, the LSC will not disseminate Pilot outcomes to colleges and providers until at least two weeks (14 days) after the dissemination of the Phase 1 outcomes.

93 Given the differences between Phase 1 of the Framework and the Pilot Framework, it is possible that there may be differences in the grades a college or provider receives for some of the performance indicators. It is not expected that there will be major differences between the outcomes from Phase 1 and the Pilot. Where there are differences, Pilot institutions can raise these with their partnership manager in the first instance. Where necessary, additional support for providers will also be available from the Framework for Excellence team by email at ffepilot@lsc.gov.uk.

Key Performance Areas and Performance Indicators

94 The Framework arrangements over the next 12-18 months will involve some changes and additions to procedures. Most importantly, providers taking part in the Pilot: Phase 2 that are **not** in scope for Phase 1 of the Framework will be expected to conduct two surveys: one of their learners in early 2009, and one in autumn 2008 assessing the views of employers to whom they provide services. These surveys need to produce data that are robust and comparable, without imposing unnecessary burdens on providers.

95 Colleges and providers in scope for Phase 1 of the Framework will only be required to carry out their Phase 1 surveys. There are no additional surveys relating to the Pilot.

96 The following sections set out the scope of application, exemptions, definitions, data sources and data-submission requirements for the KPAs and PIs in 2008/09.

Responsiveness to Learners KPA

97 The Responsiveness to Learners KPA will consist of two PIs:

- the results of a Learner Views survey; and
- Learner Destinations.

98 As part of the Pilot, the LSC is investigating a new PI: the achievement of a full Level 2 or full Level 3 qualification. This PI may be included in the Responsiveness to Learners KPA or the Quality of Outcomes KPA.

Performance Indicator 1: Learner Views

Overview

99 The Learner Views survey will be web-based and the LSC will provide a link that providers need to share with their learners. Only in a small number of exceptional cases will non-web alternatives be used. The Learner Views survey goes live on 2 January 2009 and runs until midnight on 13February 2009. With nine main questions it is a short survey, which will take most learners about five minutes to complete. The survey will be suitable for learners with a Level 1 reading ability.

Applicability

100 All colleges and providers in the Pilot will be included in this indicator. Those colleges and providers that are also in scope for Phase 1 of the Framework will use their Phase 1 Learner Views performance indicator as the Pilot PI.

101 The guidance that follows is therefore relevant to providers in the Pilot: Phase 2 that are not in Phase 1. Providers undertaking the Phase 1 survey are asked to refer to the Framework for Excellence Provider Guide (September 2008).

102 Those colleges and providers in the Pilot that are not in scope for Phase 1 will undertake the Learner Views survey between 2 January and 13 February 2009 alongside the Phase 1 providers.

103 In 2008/09, the survey will apply to all learners on LSC-funded provision.

104 All learners with learning difficulties and/or disabilities will be included in Phase 2. Some of the development work for Phase 2 in 2010, such as developing a non-language version of the survey, is still in its early stages and will not be completed in time for January 2009. Therefore, the aim of the Pilot is to encourage maximum inclusion, while giving providers the discretion not to involve learners for whom the survey methods available would be inappropriate or distressing. The LSC expects this discretion to be based on case-by-case judgements rather than block exclusions.

105 Examples of successful approaches to including Learners with Learning Difficulties or Disabilities will be shared on the Learner Views section of the Framework's website in late autumn 2008. These include summative approaches, where a weekly log is kept and supported assistance. The survey website allows people who are helping learners to complete the survey or who are given summative reports on views gathered over an extensive period to record that fact.

106 Providers are asked to exercise judgement in the provision of additional support to help learners access the survey. The guiding principle must be that the support will enable the learner to express their views effectively, without influencing the nature of the views expressed. Guidance from awarding bodies on the provision of support in examinations may be useful as a starting point for judging this. Additional guidance on delivering supported response will be available to providers that have learners with learning difficulties and/or disabilities in November 2008.

107 The LSC is developing the ability of the web-based survey to be used with appropriate technology for learners with learning difficulties and/or disabilities. Updates on capability will be placed on the 'earner Views section of the Framework's website.

Definition

108 The performance measure is a score derived from the questionnaire on learners' views that captures learners' perceptions about:

- the information, advice and guidance that they have received from their provider;
- the quality of teaching and learning on their programme;
- their overall satisfaction with their learning experience;
- their satisfaction with the level of support available to them from their provider; and
- whether they are treated fairly and with respect.

109 Learners also have the opportunity to give feedback on how their provider could improve and whether their provider is responsive to their views. The answers these questions do not contribute to the performance measure for this indicator.

Data Source

110 The data are obtained from the survey of learners' views. From 2009/10, it is envisaged that the survey will be carried out annually in January and early February.

111 The survey will be inappropriate for learners who have begun their learning programme within six weeks of the survey taking place. To make this standard for all providers, the LSC asks that Pilot institutions do not include any learners that were not enrolled at your institution by 14 November 2008. Learners that were at your institution on a course, but transferred courses recently, will be eligible to participate in the survey, provided that they have been there since 14 November 2008.

112 The questions and wording are currently undergoing cognitive testing and will be placed on the Framework for Excellence website by early December 2008. Providers will have access to a weblink, which they are asked to share with their learners.

113 A tool is now available on the Learner Views section of the Framework's website that allows providers to calculate the number of responses that they will need to ensure that their survey generates a robust and reliable performance measure.

Data-submission Requirements: Learner Views Survey (January 2009 to early February 2009)

114 This survey is a requirement for all providers in the Pilot: Phase 2.

115 As a result of findings from the Pilot: Phase 1 in 2007/08:

- the survey will have a five-point response scale;
- the wording of questions will be amended; and
- the language used will be changed to be accessible to a learner with a reading ability at Level 1.

116 The LSC will pilot a web-based methodology in late autumn 2008. The link to the survey website will be available to providers to facilitate delivery of a provider-led survey in January and early February 2009. This is the only method that providers should use to generate survey results. For details, please refer to the Framework for Excellence website at: http://ffe.lsc.gov.uk/Surveys/.

117 Providers will be sent guidance on how to generate their sample, but to ensure that they meet the required sample size, they are encouraged to ask all of their learners to undertake the survey. This will also increase the likelihood of providers gaining a representative survey.

Preparation for the Survey

From November 2008

118 The Learner Views survey will be online during November for providers to test until 12 December 2008. Notification of the dates this is available will be placed on the Learner Views section of the Framework's website.

119 Pilot institutions are advised to check that firewall settings at all relevant sites will permit access to the survey website.

120 Pilot institutions are asked to ensure that each learner has access to their learner reference number, as shown on their Individualised Learner Record (ILR) and the appropriate provider number (UKPRN). Learners log into the survey by entering both of these numbers. The latter is the number used to identify each learner on the ILR and learners may already have access to this number.

From December 2008

121 Pilot institutions are requested to log onto the Surveys section of the Framework's website by early December 2008, to access information pertinent to them regarding the minimum number of completed questionnaires that need to be returned, information regarding testing the weblinks, and for a copy of the survey questions.

122 From this section of the website, Pilot institutions can access a statement of the likely minimum number of completed questionnaires that will need to be returned to give a reliable measure of learners' views. This will be based on projections from colleges' and providers' 2007/08 learner records.

123 The survey will be live from 2 January 2009 until midnight on 13 February 2009. Colleges and providers can publicise the live survey period at their institution for the whole period, or for a concentrated period.

124 Colleges and providers are asked to sell the benefits of the survey to learners and across the organisation where applicable. There is evidence that learners will respond better to the survey if they understand its importance and regard it as part of their entitlement as a learner. Posters and materials to promote the survey among learners will be made available for colleges and providers to distribute.

From January 2009

125 Learners will complete the survey by following a link to the Surveys section of the Framework's website. Pilot institutions will need to distribute the link in emails, messages on the intranet, in letters or on posters.

126 Colleges and providers are strongly encouraged to access the Surveys section of the Framework's website to monitor response rates, which will be available 24 hours a day during the survey period. The information available will include breakdowns by age, gender and the highest level of study. It is recommended that colleges and providers use this information to identify any potential skew.

127 If a skew is identified, colleges and providers will need to take steps to correct this during the survey period, by obtaining additional completed questionnaire responses from any under-represented groups.

128 It will be possible for learners to log onto the survey at any time of day, provided that they have their learner reference number and provider ID to hand. Learners can also complete the survey from any PC or laptop at any time of day.

129 A Guide for Colleges and Providers that assists in preparing for the survey is available on the Learner Views section of the Framework's website

130 The LSC recommends that colleges and providers encourage their learners to respond to the survey and to follow this guide and check the website periodically, as it will be updated regularly. .

Accessibility Issues

131 If there are specific accessibility issues for learners that make a web-based survey impossible for them to complete, Pilot institutions have been requested to inform the LSC in advance by downloading the form from the Learner Views section of the Framework's website and returning it to the address given on the form by 31 October 2008. For genuine accessibility difficulties (for example, where learners are unable to use a computer), alternative methods will be made available for use at the same time as the web-based survey. For those Pilot colleges and providers with OLASS contracts, the issues around the inclusion of offenders who are participating in LSC priority programmes in the survey will be considered in the relevant Development Group.

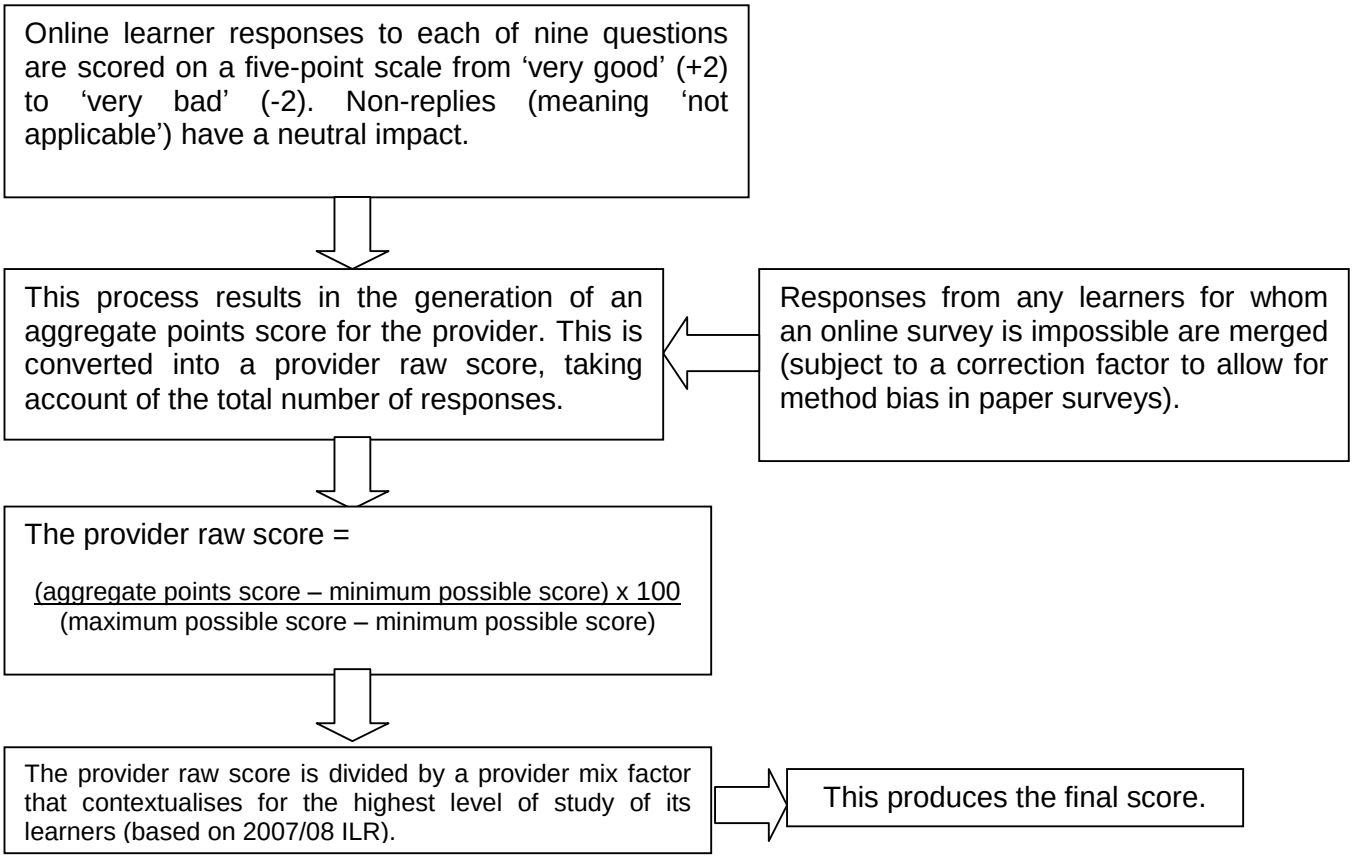
Assessment Criteria

132 Owing to the changes made in response to the Pilot: Phase 1 findings, the assessment criteria used in the Pilot are not appropriate for the 2008/09 survey and cannot be used. New assessment criteria will be available in spring 2009.

Calculating the Score

133 The methodology for calculating the score of the Learner Views survey is shown in Figure 2.

Figure 2: Learner Views Survey (2 January-13 February 2009) Summary of Scoring Mechanism.



Performance Indicator 2: Learner Destinations

Applicability

134 This indicator includes all learners on a priority programme who achieved at least one relevant qualification. These learners are investing significant time and energy in a programme of learning that is designed to affect their lives in a significant way, and they are defined as follows:

- all learners aged 16–18;
- all learners on Apprenticeships and Advanced Apprenticeships;
- all learners on Train to Gain programmes;
- all learners on target-bearing Skills for Life programmes; and
- all adults on programmes contributing to a full Level 2 or full Level 3 qualification, as flagged on the ILR.

Exemptions

135 This PI does not apply to employers who deliver training solely to their own employees. However, if an employer also delivers training to staff other than its own employees, then it will be in scope for the Learner Destinations performance indicator, which will be calculated for those other (non-staff) learners.

Definition

136 The performance measure for Learner Destinations is the proportion of priority learners completing an LSC-funded programme in one academic year and progressing in the next academic year to a destination defined in codes 1–5 of Table 4. In 2008/09, these destinations are:

- enrolled in priority learning with the same level of highest learning aim;
- progressed to learning with a higher level of highest learning aim;
- remained in employment or self-employment, with improved job security or enhanced career prospects;
- entered employment or self-employment, having been in learning prior to the destination year where the completion year's learning had an impact; or
- entered employment, self-employment or training, having previously been outside the labour market.

Data Source

137 This is the same for all colleges and providers in the Pilot. Those providers in scope for the Framework in 2008/09 will use the same performance measure for this and for the Pilot. For 2008/09, the Learner Destinations PI will relate to the 2007/08 destinations of those learners who completed in 2006/07. ILR data will be used to match priority learners from one year to the next. Learners that cannot be matched will be contacted by means of a telephone survey. Only completers of courses are included in the matching and survey. Learners attending the second year of a course are ignored. The LSC is considering other sources of data, such as HEFCE records and the providers' own records of HE progression.

Data-submission Requirements

138 The LSC already has the ILR records for the two years in question (that is, 2006/07 and 2007/08). The other sources of data under consideration would be supplied by HEFCE and the providers.

139 In the Pilot: Phase 1 in 2007/08, there were a significant number of learners who could not be contacted for the telephone survey, principally due to the following reasons:

- the ILR L27 field prevented the LSC from contacting the learner; and
- a missing, incorrect or incomplete contact telephone number.

140 Therefore, in 2008/09, the LSC will be looking for providers' help in increasing the number of learners included in this measure. To achieve this, a provider needs to ensure that:

- learners' contact details are updated regularly and are as accurate and complete as possible; and
- as many learners as possible have an opportunity to participate in the Learner Destinations questionnaire, through appropriate use of ILR L27 responses.

Calculating the Score

141 The total number of qualifying priority learners is identified. These learners are then classified into one of the codes in Table 4, either through matching or on the basis of their response in the telephone survey. After classification, a calculation is made to determine the overall Learner Destinations score.

142 Although a score is calculated for each provider, quality threshold checks are then made to see if this score is sufficiently robust to be graded. A grade is only applied if all the following tests are passed:

- fewer than 50 learners' destinations are established;
- interviews with 15 per cent or more of the final unmatched;
- at least 20 per cent of the total cohort's destinations are established.

143 Providers that do not meet the above tests will have their data examined on an individual basis. In exceptional cases, the LSC may determine that there are sufficient returns to calculate a sufficiently robust score to award a grade.

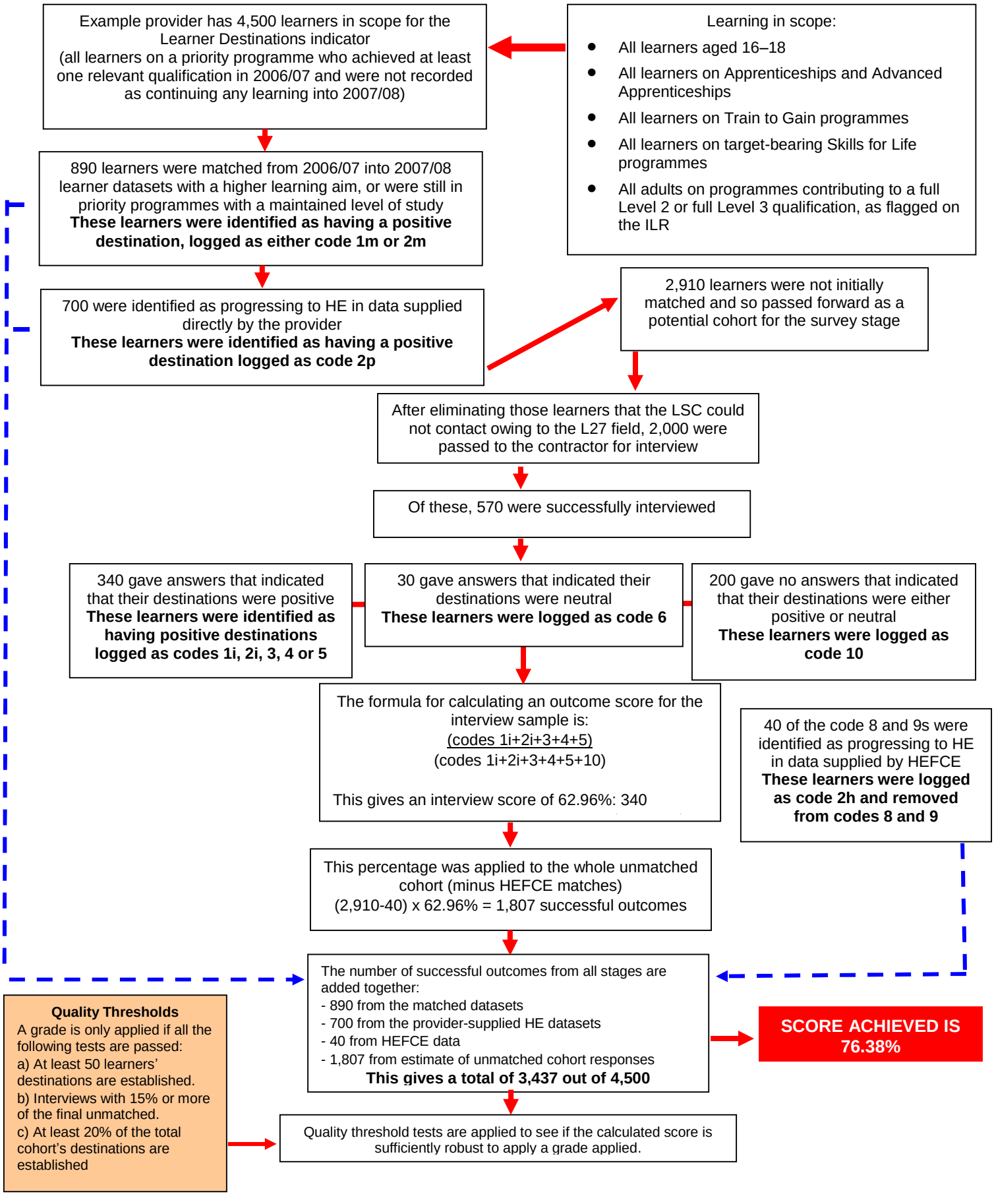
144 A flow chart for the calculation of Learner Destinations is given in Figure 3.

Table 4: Categories of destinations used in the Learner Destinations PI

Code	Description
Code 1m Code 1i	Enrolled in priority learning with the same level of highest learning aim
Code 2m Code 2p Code 2i Code 2h	Progressed to learning with a higher level of highest learning aim
Code 3	Remained in employment or self-employment, with improved job security or enhanced career prospects
Code 4	Entered employment or self-employment having been in learning prior to the destination year where the completion year's learning had an impact
Code 5	Entered employment or self-employment or training, having previously been outside the labour market
Code 6	Not in employment, education or training, but activity category neutral for the purposes of the measure
Code 8	Learner not tracked into further learning and ILR L27 field prevented further contact
Code 9	No contact made with the learner
Code 10	Current activity does not meet any of the criteria for a positive outcome

NOTE: Code 7 is for administrative purposes only.

Figure 3: Calculating the Learner Destinations Score.



Assessment Criteria

145 The assessment criteria shown in Table 5 are based on the views of the development team and Pilot providers.

Table 5: Assessment Criteria

Grade	Assessment Criteria
1 (Outstanding)	85% or greater
2 (Good)	72.5% to less than 85%
3 (Satisfactory)	60% to less than 72.5%
4 (Inadequate)	Less than 60%

Future developments

146 Analysis of the Pilot data indicates that the learners' age and mode of study (full or part time) could be significant factors in determining whether they progress to a positive destination. The small sample of data available in the Pilot: Phase 1 was not sufficient to allow reliable corrections for these factors to be determined. The Pilot: Phase 2will use Phase 2 data along with the Phase 1 outcomes to investigate whether (and, if so, how) these factors might be included in the Learner Destinations PI through the assessment criteria, as recommended by a recent contextualisation study of the Pilot outcomes. Should it be appropriate, these factors will be accounted for in the Learner Destinations score calculation method from 2009/10.

Responsiveness to Employers KPA

147 The Responsiveness to Employers KPA measures:

- the **quality** of employer experience through the Employer Views survey; and
- the **quantity** of training delivered, measured by the Amount of Training indicator.

148 The Responsiveness to Employers KPA is applicable only to those providers that have already been assessed as being eligible for Framework for Excellence assessment and that are contracted by the LSC to deliver training to employers.

149 Any provider that is eligible for the Framework for Excellence, or is contracted to deliver any volume of Train to Gain or Apprenticeship training, and/or receives £30,000 of employer-responsiveness funding each year, is included for assessment against this KPA.

150 However, providers in possession of TQS certification at the end of August 2008 will be awarded automatically a grade of 'outstanding' for the Responsiveness to Employers KPA in May 2009. For further details, please refer to the TQS website at **http://trainingqualitystandard.co.uk/**.

Performance Indicator 1: Employer Views

Applicability

151 Providers are required to ask **all of the employers** that have had any publicly funded training from them during the relevant Framework for Excellence period to participate in the Employer Views survey. Colleges and providers conducting an Employer Views survey for Phase 1 of the Framework will use the same survey outcomes for the Pilot.

152 Provider lists of individual employer customers will be made available through a link on the Framework for Excellence website at **http://ffe.lsc.gov.uk/** to a secure, password-protected portal. The LSC sent providers their passwords for this portal in early October 2008. Providers will then have the opportunity to access the portal and check that:

- their entry represents a full and accurate list of all the employers to whom they have supplied LSC-funded training in the academic year 2007/08; and
- contact details are available for each of the employers on the list.

153 This list includes those employers that have had subsidies for only a portion of their training costs, as well as those who have accessed fully subsidised training. Where a training package for an individual employer has involved both LSC and employer-funded activity, the employer should, wherever possible, be encouraged to complete the survey for all the training undertaken.

Exemptions from the Performance Indicator

154 Any employer receiving training that has not involved any public subsidy or been recorded on the ILR does not need to be surveyed.

Definition

155 This is a performance measure of each employer's views of its provider's responsiveness to it. Each provider will receive results that will enable it to make comparisons with national standards.

156 Ratings are based on employers' views of providers in key areas of delivery, which correspond to the core elements of the TQS for Responsiveness to Employers – in particular the 'Respond', 'Deliver', 'Relate' and 'Perform' elements.

157 'Employer' signifies any organisation that has contracted with the provider for training, including self-traders and charities or public sector organisations.

Data Source

158 Data for assessment will come from the collation of employers' survey returns.

Data-submission Requirements

159 Wherever possible, the survey methodology, including quality assurance, has been aligned to that used for the Framework's Learner Views survey.

160 The survey will be based on the process outlined in Figure 4.

161 The survey questions are available on the Framework's website at http://ffe.lsc.gov.uk/.

162 For 2008/09, the survey must be completed during the two-month window of October to December 2008. From spring 2009 onwards, the LSC expects the survey to be completed by employers three to six months after training has been completed, on a rolling basis, with results 'banked' and available to view as they are captured. More details about next year's survey will be made available in spring 2009.

163 Providers will have to provide employers with the common questionnaire (electronic or paper-based) following the guidance on the Framework website

164 Ipsos MORI, a professional survey company, has been selected to assist in managing the process, and, if required, may be used to audit, validate and supplement a provider's results through an additional survey.

165 Providers are asked to encourage their employers to respond to the survey.

Data and Data-recording

166 To minimise bureaucracy, providers should try to align this survey with their own wider quality-management processes as far as possible.

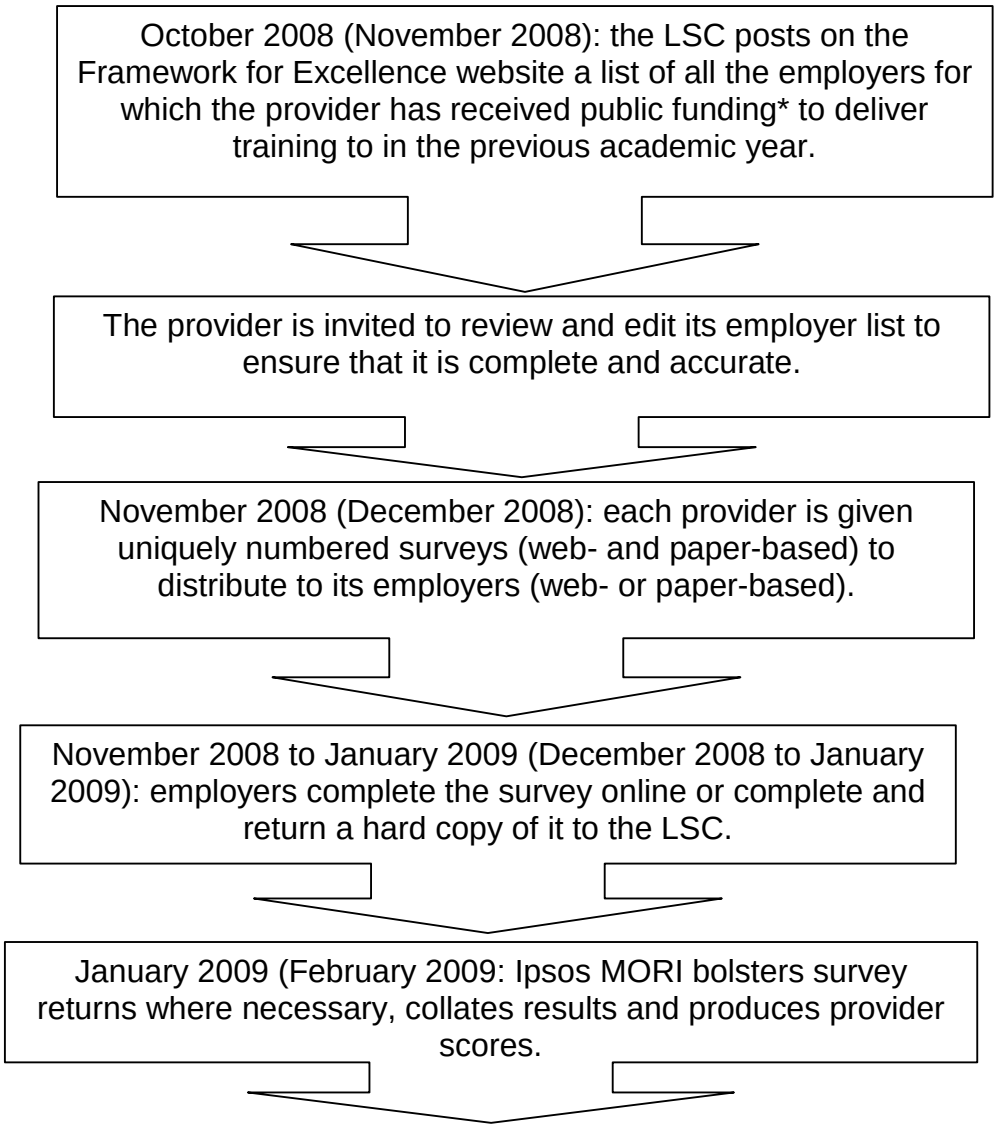
Calculating the Score

167 The PI grade will be calculated by combining employer responses to individual questions to produce a total score (Table 6).

Table 6: Scoring Table - Employer Views PI

Total mean average provider survey score	Provider Grade
9.0 or greater	Outstanding
8.0 to less than 9.0	Good
6.0 to less than 8.0	Satisfactory
Less than 6.0	Inadequate

Figure 4: Process for Employer Views Survey (dates in brackets are for those providers only taking part in the Pilot in 2008/09).



Performance Indicator 2: Amount of Training

Applicability

168 This PI is applicable to all providers that are eligible for the KPA and that were funded to deliver more than £30,000 worth of employer-responsive training in 2007/08.

Exemptions

169 Providers not eligible for this KPA are exempt from this PI.

Definition

170 The Amount of Training PI will be based on the amount of training that providers deliver, with particular emphasis on rewarding strong performance in key areas such as Train to Gain and Apprenticeships.

171 The LSC will use the volume of learners on these key programmes, weighted by provider size, to calculate the score for this indicator.

172 An Amount of Training indicator is believed to be appropriate because:

- it provides a 'quantity' context for the Employer Views score, recognising that satisfying a large or growing number of customers is difficult; and
- it recognises those providers that are contributing significantly to Government targets.

Data Source

173 The data source for the 2008/09 grade will be the 2006/07 and 2007/08 ILR records.

Data-submission Requirements

174 There are no new requirements: providers will not need to submit any additional data for this measure, but they will need to ensure that all employer-sponsored training, including training undertaken by self-employed people, is identified on ILR returns.

Calculating the Score

175 Scores will be based on annual growth, weighted by volumes. Relative weights for both growth and volume will be agreed and communicated by December 2008, **following analysis of 2007/08 ILR data**. Tables 7a and 7b below are illustrative of how this may be done.

Table 7a: Amount of Training Scores (Illustrative) – Provider Size

Provider Size (2007/08)		Points
Below 11 SLN*		Ineligible
11 to 49 SLN		0
Thereafter points awarded in increments of 50 SLN		
50–99		1
100–149		2
150–199		3
200–249		4
250–299		5
[…]		
500–549		10
[…]		
1,000–1,049		20
[…]		
above 1,250 SLN		25
*Standard learner numbers		

Table 7b: Amount of Training Scores (Illustrative) – Provider Growth

Provider Growth (2006/07–2007/08)		Points
above 50%		75
25%		50
20%		45
10%		35
5%		30
No growth		25
-5%		20
below 25%		0

176 The proposed grading for the Amount of Training indicator is shown in Table 8. Note that the scoring and grade boundaries may be revised in November 2008, when the 2007/08 data (ILR F04 results) become available.

Table 8: Amount of Training Performance Indicator Scoring

Grade Ranges	
Provider Score	**Grade**
0–20	Inadequate
21–50	Satisfactory
51–75	Good
76–100	Outstanding
NOTE: the scoring and grade boundaries may be revised in November 2008 when the 2007/08 ILR F04 results are available.	

Training Quality Standard Certification

Applicability

177 The TQS is available to all providers (LSC-funded or not) as a mark of excellence in employer responsiveness.

Definition

178 The TQS is a comprehensive quality badge that is available to all providers across the entire training market. Assessment is voluntary and is verified in consultation with employers. The TQS was launched in May 2008, and it is applicable across publicly and privately funded provision. TQS certification is based on assessment against criteria that examine the ways in which providers meet employers' needs, and the outcomes achieved by providers.

179 The evidence used to assess the Employer Views measure in the Framework for Excellence will be based on a subset of the assessment criteria from the TQS. Providers who achieve the TQS for their whole organisation by 31 August 2008 will automatically be rated 'outstanding' across the whole Responsiveness to Employers KPA for 2008/09.

180 In a reciprocal arrangement, from summer 2010 any provider that is in scope for the Responsiveness to Employers KPA may need to achieve a rating of 'good' or 'outstanding' in the Responsiveness to Employers KPA **before** it can apply for the TQS.

181 Framework for Excellence evidence will be highly relevant to support an application for the TQS, not least because the Framework's Employer Views survey is based on elements of the TQS.

182 For further details on the TQS, please refer to the TQS website at **http://www.trainingqualitystandard.co.uk/**.

Quality of Outcomes KPA

183 The Quality of Outcomes KPA is applicable to all colleges and providers. The KPA has one performance indicator that will be included in the Pilot: Success Rates, which is based on QSRs and value-added. A revised definition to that used in Phase 1 is being piloted. Details are given at the section marked 'Definition' at paragraph 187.

184 In addition, the LSC is considering three new performance indicators for inclusion in this KPA:

- achievement of a full Level 2 or full Level 3 qualification (this may be included in the Responsiveness to Learners KPA rather than Quality of Outcomes). This PI based on learners who achieve these qualifications in full during the year or who top up prior qualifications during the year;
- successful outcomes from learning aims not included in QSRs;
- MLP: this is based on the LSC's MLP measure at the college or provider level.

185 Details of the Success Rate measure to be used in the Pilot are given below. An overview of the new PIs for the Pilot is given in a later section marked 'New Performance Indicators' at paragraph 321.

Performance Indicator: QSRs

Exemptions

186 Providers with fewer than 10 learning aims that contribute to QSRs will be exempt from this PI. This rule mirrors the LSC process used to generate benchmarking data.

Definition

187 The Success Rate measure is obtained from the QSRs for the seven qualification groups listed below, together with the A-level value-added score from the LSC's Learner Achievement Tracker (LAT):

- FE long courses, excluding A-levels and AS;
- FE short courses;
- FE very short courses;
- A-levels, including AS;
- Apprenticeships (overall success rate);
- Advanced Apprenticeships (overall success rate); and
- Train to Gain qualifications (overall success rate).

188 This differs from the definition used in Phase 1 of the Framework. In the Pilot: Phase 2, FE very short courses (less than five weeks' duration) will be treated separately from FE short courses (less than 24 weeks' duration) and Apprenticeships will be treated separately from Advanced Apprenticeships. The LSC is introducing these changes following the outcomes from the Pilot: Phase 1 and proposals from the sector.

Data Sources

189 The data sources for this PI are LSC QSRs derived from 2007/08 ILR data and 2007/08 LAT A-level value-added, based on the final data release. The success rates and value-added results, together with a facility for accessing the constituent data, are available through the Provider Gateway or through the Data Collections website (OLDC).

Data-submission Requirements

190 There are no new data-submission requirements. Data for QSRs are collected through the ILR. Prior attainment for the LAT's value-added is collected from English awarding body data.

Calculating the Score

191 Pre-defined grids, matching QSRs and value-added to scores, are used to derive the performance measure. QSRs for FE long, short, and very short courses, Apprenticeships, Advanced Apprenticeships and Train to Gain are scored on a 130-point scale (Table 9). A, AS, and A2 qualifications score a maximum of 130 points, derived from a maximum of 100 points for QSRs, supplemented by up to 30 points for A-level value-added (Table 10).

192 The scoring grid for the seven groups of QSRs will be published in an updated edition of this guide. An illustrative scoring grid is shown in Table 9 for the purposes of demonstrating the success rate indicator methodology.

193 QSR Grid: where the provider's QSR for a qualification group falls between any two grid QSRs and their respective grid points, a score is calculated that corresponds to the distance between the two grid points. For example, in Table 9, a Train to Gain QSR of 73.75 per cent (the middle distance between 72.5 per cent and 75 per cent in the grid) would be assigned 55.25 points (the middle distance between the respective grid points of 52 and 58.5).

194 Value-added Grid: a value-added score with a confidence interval entirely below zero (the national average) indicates a value-added performance significantly below the national average (negative added-value), while a score with a confidence interval entirely above zero indicates that the value-added performance is significantly above the national average (positive added-value). Alternatively, if a provider has a value-added score with a confidence interval that straddles zero, it means that the provider's value-added performance is not statistically different from the national average (non-significant added-value).

195 Value-added information for A-level provision is available from the LAT for most providers that have such provision. Where this value-added information is unavailable, the calculation process will assume that the provider's value-added performance is not statistically different from the national average. This assumption is supported by available evidence and analysis.

Table 9: QSR Scoring Grid (Illustrative)

Points (Benchmark 130)	FE long courses excl. A, AS, A2	FE very short courses	FE short courses	Apprentice-ships	Advanced Apprentice-ships	Train to Gain		Points (Benchmark 100)	A, AS, A2
0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0	0.0%
6.5	55.0%	59.0%	57.0%	27.0%	23.0%	35.0%		5	73.0%
13	60.0%	69.0%	62.0%	35.0%	37.0%	45.0%		10	76.0%
19.5	63.0%	79.0%	67.0%	40.0%	44.0%	55.0%		15	77.0%
26	65.0%	83.0%	70.0%	45.0%	49.0%	60.0%		20	79.0%
32.5	66.0%	85.0%	72.0%	50.0%	52.0%	65.0%		25	80.0%
39	67.0%	88.0%	74.0%	52.0%	55.0%	67.5%		30	81.0%
45.5	68.0%	89.0%	75.0%	54.0%	57.0%	70.0%		35	82.0%
52	69.0%	90.0%	76.0%	56.0%	58.0%	72.5%		40	82.5%
58.5	70.0%	92.0%	77.0%	58.0%	60.0%	75.0%		45	83.0%
65	71.0%	93.0%	79.0%	60.0%	62.0%	77.5%		50	84.0%
71.5	72.0%	93.5%	80.0%	61.0%	64.0%	80.0%		55	84.5%
78	73.0%	94.0%	81.0%	63.0%	65.0%	82.5%		60	85.0%
84.5	74.0%	95.0%	82.0%	66.0%	67.0%	85.0%		65	86.0%
91	75.0%	96.0%	83.0%	68.0%	69.0%	87.5%		70	86.5%
97.5	77.0%	96.5%	84.0%	71.0%	71.0%	90.0%		75	87.0%
104	78.0%	97.0%	86.0%	74.0%	74.0%	92.5%		80	88.0%
110.5	79.0%	98.0%	88.0%	78.0%	78.0%	95.0%		85	89.0%
117	83.0%	99.0%	90.0%	83.0%	82.0%	97.5%		90	90.0%
123.5	86.0%	99.5%	94.0%	93.0%	89.0%	99.0%		95	92.0%
130	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		100	100.0%

Table 10: A-level Value-added Scoring Grid

Value-added		
Significantly negative value-added	**Non-significant value-added**	**Significantly positive value-added**
0 points	15 points	30 points

196 Points are assigned to the QSR and are then weighted by QSR learner starts (or, in the case of Apprenticeships, completers) for the qualification group. This produces an aggregate points score, which is the performance measure (this method mirrors the LSC process used in aggregating QSRs). Assessment criteria are then applied to the performance measure to derive the grade for the Success Rate indicator for the college or provider.

197 Assessment criteria for the seven groups of qualifications will be confirmed in an updated edition of this guide. Illustrative criteria are shown in Table 11 for the purposes of demonstrating the Success Rate indicator methodology. Table 12 demonstrates an example calculation for the indicator, based on the illustrative QSR grid and assessment criteria.

Table 11: Assessment Criteria (Illustrative)

1 (Outstanding)	97.5 points or more
2 (Good)	65.0 points to fewer than 97.5 points
3 (Satisfactory)	32.5 points to fewer than 65 points
4 (Inadequate)	Fewer than 32.5 points

Table 12: Example Calculation of the Success Rates PI

	A	B	C	D = A x C
	Proportion of learners enrolling on qualification (learner volumes)	**QSR**	**Points from scoring grid**	**Learner-weighted points***
FE long, excl. A-levels	0.39	73%	78.0	30.4
FE very short courses	0.19	94%	78.0	14.8
FE short	0.18	84%	97.5	17.6
Apprenticeships	0.04	65%	58.5	2.3
Advanced Apprenticeships	0.04	52%	39.0	1.6
Train to Gain	0.06	58%	58.5	3.5
A-levels	0.10	83%	45	6.0
Value-added		Non-significant	15	
Performance measure: learner-weighted points				**76.2**
Quality of Outcomes KPA grade				**2**

*Rounding used for illustrative purposes.

NOTE: This method mirrors the LSC process used in aggregating QSRs.

Quality of Provision KPA

198 The Quality of Provision KPA consists of a single performance indicator: Inspection Outcomes.

Performance Indicator: Inspection Outcomes

Applicability

199 All providers are in scope.

Exemptions

200 There are no exemptions to this PI, as all Pilot: Phase 2 providers are eligible for inspection.

Definition

201 The Framework for Excellence score for the overall Quality of Provision will be the same as the current inspection view of overall effectiveness. This will be derived from the most recent inspection judgement.

Data Source

202 The data source is Ofsted's inspection reports.

Data-submission Requirements

203 There are no new requirements.

Calculating the Score

204 There is no score calculated for the inspection grade, as the grade for the PI is taken directly from the inspection grade.

Assessment Criteria

205 Ofsted determines assessment criteria as part of its judgements. Only the grade is recorded.

Finance Dimension

206 The Finance Dimension is made up of three KPAs:

- Financial Health;
- Financial Management and Control;
- Use of Resources.

207 In the period since these indicators were first developed and trialled, there have been some significant changes in the post-16 learning environment, including changes in funding streams and future funding and commissioning arrangements. In view of these changes, together with some of the outcomes from the Pilot: Phase 1, a review of the performance measures within the Finance Dimension will be undertaken as part of the Pilot: Phase 2. The description of the performance measures given below will be used in the Pilot pending the outcomes of the review. These will be included in subsequent versions of this guide as they become available.

Financial Health KPA

208 The Financial Health KPA consists of a single performance indicator: Financial Health.

Performance Indicator: Financial Health

Applicability

209 All colleges and providers in scope for Phase 2 of the Framework are in scope for the Financial Health PI, except those listed in Table 13.

Table 13: Providers Exempt from the Financial Health KPA in 2008/09.

- Non-departmental public bodies;
- Local Authorities;
- Other public bodies and agencies where LSC contract values are no more than 5 per cent of annual turnover;
- NHS Trusts, primary care trusts and strategic health authorities;
- Police and fire authorities;
- Designated charities and voluntary organisations whose main source of funding is not the LSC (for example, the Red Cross, the Royal National Institute of Blind People, and the Royal National Lifeboat Institution;
- Established public listed companies and other registered companies for

which total LSC contract values are no more than 5 per cent of annual turnover;

- HEIs, where the LSC has agreed with HEFCE to rely on its assurances both for Financial Health and for Financial Management and Control.

Definition

210 Financial Health is a measure of a provider's financial status in terms of current financial performance and its ability to meet ongoing financial commitments.

211 Financial Health will be graded, based on the following three elements:

- current ratio (solvency);
- operating surplus or deficit as a percentage of turnover/income (sustainability); and
- borrowing as a percentage of certain reserves and debt (status).

212 Definitions of these elements are given at Annex A.

Data Source

213 For 2008/09, the data required to calculate the above three elements will be sourced as follows:

- for colleges – from the Finance Record for the year ending 31 July 2008; and
- for other providers in scope – from the latest available statutory financial statements (full accounts or equivalent, not abbreviated accounts).

214 Colleges and other providers already have to prepare accounts for both internal management and audit purposes. Also, the LSC already requires organisations that tender for LSC-funded provision to provide a full set of accounts within 15 months of year-end. Therefore, the Financial Health KPA involves no additional data burdens.

Data-submission Requirements

215 Colleges are required to submit their Finance Record returns to the LSC in accordance with the published timetable.

216 Other providers will continue to be required to make their financial statements available to the LSC on request.

Assessment Criteria

Scoring and Weighting

217 Each element will receive a score, up to a maximum of 100 points. Scores for the three elements will be aggregated, and a factor (maximum of 100) for consistent performance will be applied to arrive at a total maximum achievable autoscore of 400 points.

Step1 – Initial scoring

218 For each of the elements a score of zero to 100 points will be awarded, based on performance as shown in Table 14.

Table 14: Scoring for Financial Health Ratios

Score	Adjusted current ratio	Operating surplus as a percentage of income	Borrowing as a percentage of reserves and debts
0	<0.2	<-4	>=95 or negative
10	>=0.2	>=-4	<95
20	>=0.4	>=-3	<90
30	>=0.6	>=-2	<85
40	>=0.8	>=-1	<80
50	>=1.0	>=0	<75
60	>=1.2	>=1	<60
70	>=1.4	>=2	<45
80	>=1.6	>=3	<30
90	>=1.8	>=4	<15
100	>=2.0	>=5	>=0

Step 2 – Recognition of Consistency

219 The scores for the three ratios above will be aggregated, and a bonus for consistent performance will be added to the subtotal, as shown in Table 15.

Table 15: Recognition of Consistency

Two ratios scoring >=60	Add 50 points
Three ratios scoring >=60	Add 100 points

Assessment Criteria and the Assessment Process

220 An initial grade assessment of 1 to 4 will be made by comparing the aggregated points score with the assessment, as shown in Table 16.

Step 3 – Grading the Financial Health Score (with consistency)

221 The resulting total score out of 400 will be graded as shown in Table 16.

Table 16: Assessment Criteria for Financial Health KPA

1 (Outstanding) =	310 to 400
2 (Good) =	220 to 300
3 (Satisfactory) =	120 to 210
4 (Inadequate) =	<=110

222 The Financial Health assessment criteria were developed based on the existing financial health assessment methodology, which uses ABC grades. General descriptions associated with the four Financial Health grades are shown in Table 17.

Table 17: Financial Health Descriptions

Grade	Description
1 Outstanding	A provider that has very robust finances to fulfil its contractual obligations and to respond successfully to opportunities or adverse circumstances.
2 Good	A provider that has sufficiently robust finances to fulfil its contractual obligations, and to respond successfully to most opportunities or adverse circumstances.
3 Satisfactory	A provider that appears to have sufficient resources to fulfil its contractual obligations, but also appears likely to have limited capacity to respond successfully to opportunities or adverse circumstances.
4 Inadequate	A provider that is in financial difficulty and very likely to be dependent on the goodwill of others. There is a significant risk of providers in this group not being able to fulfil contractual obligations because of weak financial health.

223 Colleges will continue to carry out a self-assessment of their financial health in accordance with the annual guidance published in relation to their financial returns. Non-college providers may also carry out a self-assessment if they wish, but this is not a requirement. The autoscore and the self-assessment will then be subject to possible moderation by regional provider financial management teams, on a consistent basis, to take account of the approved policy items listed in the paragraphs below.

a) **Capital Uplift (Colleges Only)**

The LSC recognises that it is common for a college's financial health to deteriorate during the build period and early post-completion years of a capital project. For colleges undergoing a capital project at their 31 July year-end (that is, where 31 July lies within the capital project lifecycle, which is defined as the date of first claim to the financial year in which the project ends, plus three years), the following procedure applies:

- **where** a college is graded 'outstanding', 'good' or 'satisfactory' at the time of detailed project approval, **and**
- if it will return to at least a grade of 'satisfactory' by the third year following project completion, **then**
- **if**, in the intervening years, the reported Financial Health grade becomes 'inadequate' solely as a consequence of the project being undertaken, **then,**
- **provided** it performs during the intervening years at least as well (in the opinion of the LSC) as it forecast in its project proposal, its Financial Health grade will be maintained on record as being 'satisfactory' rather than 'inadequate'.

However, if a college performs less well than it forecast, its grade will reflect this.

224 Under this approach, there will be a reference point within the project proposal; this will reduce to a minimum any need for judgement to be exercised and will provide a clear basis for LSC validation.

b) Moderation criteria

225 The LSC will review these criteria during Phase 1 and, based on this experience, it may refine the criteria for Phase 2.

226 The expectation is that moderation will only be required in a small proportion of cases. The criteria are as follows:

i. A college or provider may make a case to its LSC regional provider financial management director seeking moderation to one grade higher or one grade lower on grounds that may include the following:

- where a college or other provider operates with a revolving credit facility, reducing the reported current ratio; **or**
- where a college incurs impairment charges in relation to (or in advance of) a capital project; **or**
- where, in relation to a capital project proposal, a college has incurred professional fees that could not be capitalised. (The LSC will only accept this argument if, in its opinion, there is adequate subsequent confirmation that the project will proceed and that the fees will be shown as capitalised in future financial statements.)

ii. In addition, the LSC will moderate a grade on the following bases:

- where a college is in receipt of exceptional financial support in-year, this would normally lead to an 'inadequate' grade for Financial Health being reported for that year;
- where a college is operating with LSC consent for solvency-related borrowing in excess of the limits set out in the financial memorandum, this would normally lead to an 'inadequate' grade for Financial Health being reported for that year
- where information other than the latest available audited financial statements, supported by factual evidence, indicates that the financial health is significantly different from the grade implied by the autoscore, a grade may be moderated. 'Significantly' is here defined as being sufficiently different to generate an autograde at least one grade lower. A grade will not normally be raised until the relevant evidence is confirmed in the subsequent audited financial statements. Examples may include (but are not limited to):
  - a court ruling that has financial consequences;
  - the loss of a material contract or area of provision;
  - a contingent liability crystallising.

227 A grade may be moderated with reference to group/parent company financial health and any parent company guarantees (this is applicable mainly to private sector providers, and may result in a grade being moderated or may support an increase or decrease in the level of contracted activity).

Financial Management and Control KPA

228 The Financial Management and Control KPA consists of a single performance indicator: Financial Management and Control.

Performance Indicator: Financial Management and Control

Applicability

229 All providers that receive LSC funding will be subject to the Financial Management and Control PI.

Exemptions

230 There are no exemptions to this PI.

Definition

231 Providers will self-assess and grade their financial management and control arrangements using the FMCE document. The LSC has produced an FMCE Guide to help providers do this consistently, and the LSC's audit teams will validate the assessments, taking account of the results of audit work at providers and any other relevant, available information.

Data-submission Requirements

232 Providers will be required to complete the FMCE, which includes areas relating to:

- accountability;
- financial planning;
- internal control; and
- financial monitoring.

233 Providers are required to respond to a series of questions within each area. Each area will require a self-assessed grade, which forms part of the overall self-assessment grade for the FMCE.

234 It is envisaged that colleges and providers will complete the FMCE annually as an integral part of their own self-assessment reporting process, and that they will share it with the LSC. The FMCE will supersede three existing questionnaires that colleges and other providers are required to complete under the current audit arrangements: the self-assessment review questionnaire; the business environment questionnaire; and the provider control risk assessment. The introduction of the FMCE is not expected to increase information

requirements from providers. For further information and guidance, please refer to the Financial Assurance section of the LSC website at **http://www.lsc.gov.uk/providers/pfm/financial-assurance/.**

235 Providers are asked to return their completed FMCE documents to the LSC no later than 12 December 2008.

Assessment Criteria and the Assessment Process

236 The LSC regional audit teams will review and validate the self-assessment grade within each provider's latest FMCE document, subject to strict criteria and in line with the LSC's audit cycle.

Use of Resources KPA

237 The Use of Resources (UoR) KPA assesses economy and efficiency within the overall value for money assessments made by the Framework for Excellence as a whole.

Applicability

238 There are three UoR performance indicators:

- PI 1: Funding Economy (based on UoR1 and UoR2);
- PI 2: Resource Efficiency (based on UoR3 and UoR4);
- PI 3: Capital (based on UoR5).

239 These three performance indicators are based on five UOR measures:

- UoR1 – proportion of LSC funding applied to priority provision;
- UoR2 – delivery as a percentage of funding allocation or contract value;
- UoR3 – LSC funding per successful outcome;
- UoR4 – the provider-level unit cost, obtained by dividing a college's total operating cost by a weighted standard learner number (WSLN); and
- UoR5 – the capital performance indicator.

240 The applicability of these measures is shown in Table 18.

Table 18: Applicability of all Five UoR Measures in 2008/09

	Funding Economy		Resource Efficiency		Use of Capital
Provider type	**UoR1**	**UoR2**	**UoR3**	**UoR4**	**UoR5**
Colleges (GFE college, sixth-form college, land-based, art and design, and tertiary)	□	□	□	□	□
Other	□	□	□	□ (Pilot)	□

Performance Indicator 1: Funding Economy

241 The Funding Economy PI assesses the extent to which a provider has used LSC funds to deliver priority provision and has delivered in relation to its original allocation or contract value.

242 The Funding Economy PI comprises two performance measures: UoR1 and UoR2. The points from each of the two measures are averaged, and a grade for the PI is found from Table 19.

Table 19: Points Scores for Funding Economy Grade

Score	Grade
Greater than or equal to 80	Outstanding
Greater than or equal to 50 and less than 80	Good
Greater than or equal to 15 and less than 50	Satisfactory
Less than 15	Inadequate

NOTE: The above scores are subject to review as part of the Pilot.

UoR1

Definition

243 This measure is the 'proportion of LSC funding applied to priority provision'.

244 Based on learner numbers and priority funding data, expressed as a percentage, the methodology calculates the amount of LSC funding spent on LSC priorities.

245 The Pilot will consider other areas of provision

Data Definition and Source

246 This indicator requires a specification of priority areas and funding data by provider, both in total and for the priority areas (excluding any safeguarded funding).

247 The definitions are those used by the Summary Statement of Activity (SSoA)/mix of provision, and the sources of the data are the various categories of LSC funding and aims originating from the ILR (F05), with planning data being taken directly from the SSoA.

Data-submission Requirements

248 There are no new requirements. The data will be collected through LSC existing systems.

Assessment Criteria

249 The assessment criteria for UoR1 are set out in Table 20.

250 All providers can receive an additional five points if they demonstrate greater than 10 per cent year-on-year improvement in the percentage of their provision

that is in priority areas (measured in planned enrolments for 2009/10). Providers will have five points deducted if the percentage of provision in priority areas decreases by more than 10 per cent year-on-year. If the planning data indicate substantial differences in planned learner numbers between years, and if there are substantial differences between these numbers and actual learner numbers for the early planning years (that is, greater than 25 per cent difference), then the assessment is that the validity of the planning data is uncertain and no points are added or subtracted.

Table 20: Assessment Criteria for UoR1: Percentage Priority Provision

Provider's overall points score is averaged across types of provision			
Points	**16–18 provision** **Percentage of LSC funding applied to priority provision** **Greater than or equal to:**	**Adult learner responsive** **Percentage of LSC funding applied to priority provision** **Greater than or equal to:**	**Employer responsive (including TtG)** **Percentage of LSC funding applied to priority provision** **Greater than or equal to:**
100		95.0%	
95		90.0%	
90		85.0%	
85	100.0%	82.5%	
80	99.0%	80.0%	100.0%
75	98.0%	77.5%	98.0%
70	97.5%	75.0%	97.5%
65	97.0%	72.5%	97.0%
60	96.5%	70.0%	96.5%
55	96.0%	67.5%	96.0%
50	95.0%	65.0%	95.0%
45	92.5%	62.5%	90.0%
40	85.0%	60.0%	85.0%
35	80.0%	55.0%	80.0%
30	75.0%	50.0%	75.0%
25	70.0%	45.0%	70.0%
20	60.0%	40.0%	60.0%
15	50.0%	35.0%	50.0%
10	40.0%	30.0%	40.0%
5	20.0%	20.0%	20.0%
0	0.0%	0.0%	0.0%

251 The assessment criteria reflect the relative challenge in achieving 100 per cent priority provision for different types of activity. Hence the maximum points that can be achieved for employer-responsive provision is 80 points, as all employer-responsive provision is regarded as priority. A score of 80 points reflects the UoR threshold for 'outstanding' provision, but does not give the provider any further advantage that could unfairly offset poor performance in the other UoR measures.

252 A worked example of a UoR1 calculation is given at Annex B.

Weighting

253 Funding Economy (UoR1 and UoR2 combined) represents a third of the Use of Resources KPA (Table 18).

UoR2

Definition

254 This measure is 'delivery as a percentage of funding allocation or contract value'.

255 The current measure is calculated by taking the reported out-turn value of training supplied and expressing it as a percentage of the final allocation before the start of the year concerned. Where a provider supplies training across more than one funding stream, the measure is calculated for each funding stream, and the score applied to the provider takes account of the performance in each funding stream.

256 For the Pilot, the complexity of contracting arrangements will be recognised and assessed including block-grant funding arrangements

Data Definition and Source

257 The relevant data are the funding allocation (16–18, adult learner responsive) or original contract (employer responsive) and out-turn by provider for each funding stream (16–18, adult learner responsive).

258 These data will be obtained from the funding database/allocations management and payments system (AMPs) and out-turn records.

Data-submission Requirements

259 There are no new requirements: the data will be collected through LSC existing systems.

Assessment Criteria

260 The assessment criteria for UoR2 are set out in Table 21. Due to historical differences in the treatment of WBL and FE funding, different assessment criteria have been applied to these two funding streams.

261 The 16–18, adult learner-responsive funding stream uses as thresholds the criteria used in assessment of contract performance against allocation, with less

than 97 per cent delivery against allocation being the trigger for action on funding. Given the 97 per cent threshold, any performance below 97 per cent receives a maximum of 40 points rather than 45 points.

262 Scores above 100 per cent delivery against allocation reflect the fact that the sector routinely delivers greater than 100 per cent allocation, and additional payments are made for performance above 105 per cent.

263 A worked example of a UoR2 calculation is given at Annex B.

Table 21: Assessment Criteria for UoR2: Delivery as a Percentage of Allocation

Provider's overall points score is averaged across funding streams		
Points	**16–18, adult learner responsive** **Delivery as percentage of allocation Score greater than or equal to:**	**Employer responsive (incl. Train to Gain)** **Delivery as percentage of allocation Score greater than or equal to:**
100	106%	106%
95	105%	105%
90	103%	103%
85	101.5%	101.5%
80	100.0%	100.0%
75	99.5%	98.0%
70	99.0%	96.5%
65	98.5%	95.0%
60	98.0%	93.5%
55	97.5%	92.0%
50	97%	90%
45	not applied	not applied
40	96%	87%
35	94.5%	84.5%
30	93.0%	82.0%
25	92.0%	80.0%
20	91.0%	77.5%
15	90%	75%
10	67.5%	60%
5	22.5%	20%
0	0%	0%

Weighting

264 Funding Economy (UoR1 and UoR2 combined) represents a third of the Use of Resources KPA (Table 18).

Performance Indicator 2: Resource Efficiency

265 The Resource Efficiency PI assesses a provider's use of LSC funds for each successful outcome and its comparative cost for each learner.

266 The Resource Efficiency PI comprises two performance measures: UoR3 and UoR4. The points from each of the two measures are averaged and a grade for the PI found (Table 22).

Table 22: Points Scores for Resource Efficiency Grade

Score	Grade
80>=	Outstanding
50>=	Good
15>=	Satisfactory
Less than 15	Inadequate

NOTE: The above scores are subject to review as part of the Pilot.

UoR3

Definition

267 This measure is 'LSC funding per successful outcome'.

268 The methodology follows demand-led funding principles and uses a provider's average national funding rate, adjusted by:

a) provider QSRs to represent outcome performance, and

b) a programme weighting and disadvantage factor to represent the additional resources that a provider uses.

Data Definition and Source

269 National funding rates, standard learner numbers (SLNs), disadvantage factor, programme weighting and success factor by provider for each funding stream (16–18, adult learner-responsive funded and co-funded provision, and employer-responsive funded and co-funded provision) use the definitions of the Funding Calculation. The QSRs for each type of provision follow the standard LSC definitions.

270 The data sources for this performance measure are LSC success rates, derived from the 2007/08 FE and 2007/08 WBL ILRs, and the funding data from the demand-led funding models, which are sourced from ILR and funding data for 2007/08.

Data-submission Requirements

271 There are no new requirements: the data will be collected through existing LSC systems and spreadsheets.

Assessment Criteria

272 The assessment criteria for UoR3 are set out in Table 23.

273 For UoR3, lower overall funding for each successful outcome is taken to indicate better performance (a more efficient use of resources). While provision-specific criteria were considered, the more robust assessment came from using a provider's overall performance, taken across all provision types.

274 Therefore, thresholds for lower levels of performance were, set in comparison with the national funding rate. Providers consuming, on average, funding that is more than 10 per cent above the national rate for each successful outcome they deliver are considered to be only 'satisfactory' on this measure, given that the measure recognises the additional resources required due to programme type and learner characteristics.

275 A worked example of a UoR3 calculation is given at Annex B.

Weighting

276 Resource Efficiency (UoR3 and UoR4 combined) represents a third of the Use of Resources KPA (Table 18).

Table 23: Assessment Criteria for UoR3: Funding for each Successful Outcome

Points	Overall funding for each successful outcome less than or equal to:
100	£2,282
95	£2,386
90	£2,542
85	£2,646
80	£2,760
75	£2,801
70	£2,848
65	£2,895
60	£2,941
55	£2,988
50	£3,035
45	£3,081
40	£3,164
35	£3,242
30	£3,320
25	£3,398
20	£3,476

15	£3,579
10	£3,683
5	£5,187
0	£15,562
NOTES: i. these criteria are based on 2007/08 funding rates – the criteria will need to be recalibrated each year; ii. The same scoring system applies to all providers.	

UoR4

Definition

277 For colleges, this measure is the 'provider-level unit cost', obtained by dividing a college's total operating cost by a WSLN.

278 The weights are college-level factors that are regarded as representing the additional costs that a provider incurs in delivering an SLN, relative to other providers. The factors are the provider's funding factors for that type of provision: area cost, programme weighting, disadvantage factor, short-course modifier and long-term residential factor. While UoR4 has currently been developed for colleges, its applicability to non-college providers is being tested for possible inclusion in the Framework in 2009/10.

279 Recognition is given to the costs that a college incurs in servicing other income and funding by assigning a level of additional WSLN to this other income or source of funding, as follows:

$$\frac{\text{other income}}{\text{college's weighted average national funding rate per SLN, where the weights are the provider's SLN in each funding stream.}}$$

280 The LSC is considering an exercise to establish a unit cost measure for those providers in the Pilot that meet the Financial Health inclusion criteria.

Data Definition and Source

281 'Total operating cost' comprises staffing costs and other operating expenses. 'Other income' is other funding and other income, less any capital grants. Account is also taken of SLNs, area costs, programme weighting, disadvantage factor, long-term residential and short-programme modifier, by provider and by funding stream (16–18, adult learner-responsive fully funded and co-funded, and employer-responsive fully funded and co-funded).

282 Cost and income data are obtained from the Finance Record. SLNs are obtained for FE and WBL from the 2007/08 ILR (F05) and demand-led funding models.

Data-submission Requirements

283 There are no new requirements: the data will be collected through LSC existing systems and spreadsheets.

Assessment Criteria

284 The assessment criteria for UoR4 are set out in Table 24.

285 This measure applies to the total population of colleges, and the same assessment criteria are applied to all types of provision within a provider.

Table 24: Assessment Criteria for UoR4: Comparative Cost – Operating Costs per WSLN.

Points	Operating costs per WSLN less than or equal to:
100	£2,075
95	£2,334
90	£2,438
85	£2,490
80	£2,521
75	£2,594
70	£2,646
65	£2,697
60	£2,749
55	£2,775
50	£2,800
45	£2,853
40	£2,905
35	£2,957
30	£3,009
25	£3,112
20	£3,216
15	£3,361
10	£3,631
5	£7,262
0	£17,637
NOTE: These criteria are based on 2007/08 funding rates – the criteria will need to be recalibrated each year.	

286 For UoR4, lower operating costs per WSLN indicate better performance through more efficient use of resources. While provision-specific criteria were considered, the more robust assessment came from using a college's overall performance, taken across all activities.

287 Performance in terms of the national unit funding rate is used to differentiate 'good' from 'satisfactory' performance, on the rationale that providers whose

unit operating costs are substantially higher than the unit funding rates are not demonstrating efficient use of resources, given that the measure takes account of the additional relative cost of the college's provision.

288 Any college with average unit operating costs that are 10 per cent or more below the national unit funding rate is awarded points for a high level of performance. Equally, colleges whose costs are 20 per cent or more above the national unit funding rate are assessed as not making efficient use of resources.

289 A worked example of a UoR4 calculation is given at Annex B.

Weighting

290 Resource Efficiency (UoR3 and UoR4 combined) represents a third of the Use of Resources KPA (Table 18).

Performance Indicator 3: Capital

Applicability

291 The Skills Prospectus is due to be published during autumn 2008. This will introduce the opportunity for certain non-college providers to apply for capital grant funding.

292 In light of this, the Pilot will include an opportunity for relevant providers to consider whether, and if so how, the capital PI could be extended to cover such grants.

UoR5

Definition

293 The Capital PI (UoR5) consists of two measures relating to the college or provider estate:

- condition; and
- renewal.

294 **'Condition'** is defined as the current condition of the college's or provider's building stock. The regional property advisors (RPAs) assess the proportion of the total gross internal area (GIA) of each college in each of the following Royal Institution of Chartered Surveyors (RICS) categories:

- as new;
- sound;
- operational;
- inoperable.

295 Their assessment draws on data from the e-mandate returns and a number of other sources. For scoring, the different categories are given different points and a weighted average, calculated for each provider by GIA. The e-mandate data reflect colleges' own self-assessment of the condition of their estate.

296 **‘Renewal’** is defined as the progress a college is making in renewing its building stock. Renewal is based on the current capital application approvals, which go through three main stages:

- stage 2 fee support (submissions);
- approval in principle (AIP); and
- detailed.

297 Applications may concern all or part of the college’s total GIA. If part, there may be several applications for the same provider, at different stages. The applications may involve new build and/or demolition, so the total GIA after completion may differ from that at the start. For scoring, the different stages are given different points and a weighted average calculated for each provider by final GIA.

298 A renewal factor that takes into account the current condition (that is, the base from which the renewal is taking place), is used to adjust the renewal measure.

299 The condition and adjusted renewal measures are added, and a scoring grid is used to set the UoR5 grade.

Data Source

300 The data sources are:

- the e-mandate return;
- data obtained from condition-assessment spreadsheets supplied to the LSC National Office’s infrastructure and property services team by the RPAs;
- other condition data contained within property strategies, feasibility studies and capital applications; and
- approval record spreadsheets held by the LSC National Office’s infrastructure and property services team.

301 The data are moderated by the RPAs’ professional assessment.

Data-submission Requirements

302 There are no new requirements: the LSC will collect data from the data sources listed above.

Assessment Criteria and Calculating the Score

303 The Capital PI is calculated as set out in the following paragraphs.

304 **Step 1:** First, the RPAs provide a condition assessment of the GIA of each college in each of the categories set out in Table 25.

Table 25: Condition Assessment – Categories and Points

Category	Points
As new	100
Sound	50
Operational	20
Inoperable	0

305 The condition measure then multiplies the proportion of the total area in each category shown in Table 25 to give a score (rounded to the nearest whole number) from zero to 100 for each college. For example, a newly rebuilt college scores 100, and a college that is 50 per cent 'sound' and 50 per cent 'operational' scores 35 [(50% x 50) + (50% x 20)].

306 **Step 2:** Capital applications progress through the main levels of approval set out in Table 26.

Table 26: Renewal Assessment – Categories and Points

Approval Level	Points
Stage 2	10
AIP	25
Detailed	50

307 The renewal element multiplies the proportion of the (final) total area of a college being improved at the furthest level reached by each project as shown in Table 26, to give a score (rounded to the nearest whole number) from zero to 50 for each college.

308 For example, a college with an AIP to improve 100 per cent of its final area scores 25, and a college with detailed approval to improve 50 per cent of its final area also scores 25 (50% x 50). A college with no approved plans scores zero on this element.

309 **Step 3:** The renewal element is then adjusted by a renewal factor that takes into account the current condition (that is, the base from which the renewal is taking place).

310 This is to distinguish, for example, a college whose current condition is 100 per cent 'operational' from another whose condition is predominantly 'inoperable', where both have plans at a similar stage to improve 100 per cent of their final area and therefore have a similar renewal score.

311 The renewal factor is calculated from the condition measure, by dividing by 100 and rounding to one decimal place.

312 Continuing the example above, a college condition measure of 35 will have a renewal factor of 0.4 (35/100, rounded to one decimal place).

313 **Step 4:** The overall capital score for each college is calculated as follows.

Capital score = condition measure + renewal measure x renewal factor (rounded to the nearest whole number)

314 **Step 5:** The Capital PI is then determined using Table 27. In the example, the score of 45 would be graded under the Framework for Excellence Capital PI as 'satisfactory'.

Table 27: Capital Assessment Criteria

Score	Grade
80 -100	Outstanding
50 - 79	Good
20 - 49	Satisfactory
0 - 19	Inadequate

Weighting

315 UoR5 represents a third of the Use of Resources KPA.

Rationale for UoR5 Capital Assessment Criteria

316 The UoR5 Capital PI comprises two elements for condition and renewal, and these will distinguish between colleges whose buildings are:

- as new;
- currently in a poorer state, but with approved plans to renew them.

317 They will also distinguish between colleges whose buildings are:

- 100 per cent 'sound' (the second category of condition);
- currently 'inoperable' (the last category of condition), but with approved plans to renew them.

318 Equally, it would be difficult to grade a college:

- as 'good' or above where the buildings were at best 'sound' and there were no approved plans to renew any part;
- as 'satisfactory' or above where the buildings were at best 'operational' and there were no approved plans to renew any part.

319 Assessment criteria have been selected to award grades as set out in Table 28.

Table 28: Assessment Criteria for UoR5 (Capital)

Outstanding (80 to 100)	• Over 80 per cent 'as new', with no plans to renew • At least 55 per cent 'as new', with final-stage plans to renew the rest.
Good (50 to 79)	• Over 50 per cent 'as new', with no plans to renew • At least 30 per cent 'as new', with final-stage plans to renew the rest.
Satisfactory (20 to 49)	• Over 40 per cent at least 'sound', with no plans to renew • A mix of 'operational' and 'inoperable', with final-stage plans to renew.
Inadequate (0 to 19)	• A substantial proportion of the estate is classified as 'inoperable' and the rest only as 'operational' • A mix of 'operational' and 'inoperable', with no plans to renew.

320 A worked example of the UoR5 calculation is given at Annex B.

New Performance Indicators

Proposal

321 Two new PIs have been agreed for inclusion in Phase 2 of the Framework:

- achievement of qualifications equivalent to full Level 2 and full Level 3;
- an indicator of successful outcomes for learning aims that do not contribute to QSRs.

322 Proposals on whether, and if so how, the concept of MLP should be included in the Framework will be included in a future edition of this Pilotguide.

Achievement of Qualifications Equivalent to Full Level 2 and Full Level 3

Concept

323 Major Government targets are based on research that demonstrates that young people who do not achieve qualifications equivalent to full Level 2 or full Level 3 by age 19, are seriously disadvantaged in the labour market. The new performance measure (or possibly two separate measures) is based on this concept.

324 Some individual qualifications, for example National Vocational Qualifications (NVQs) are full Level 2 or full Level 3 qualifications in their own right. Others are only qualifications at Level 2 (for example, GCSEs at grades C and above), or at Level 3 (for example, GCSE A-levels at grades C and above). For learners to be counted as having a full Level 2 qualification equivalent based on GCSE qualifications, they need to gain five GCSEs at grade C or higher. Similarly, for learners to be counted as having a full Level 3 qualification equivalent based on A-levels, they need to gain either four AS-level qualifications at grades C and above, or two A2 qualifications at grades C and above. For other qualification types, there are various combinations that together constitute the equivalent of a full Level-2 or a full Level 3 qualification.

325 Because a full Level 2 or full Level 3 qualification can be obtained from the aggregation of a number of qualifications achieved over more than one year, any performance measure based on the achievement of qualifications equivalent to a full Level 2 or full Level 3 must be based on the prior attainment of learners, as well as the attainment in the year being assessed. For 16-19 year olds, prior attainment data will be collected through existing data-matching systems.

326 The indicators also require information on the combinations of qualifications that are equivalent to a full Level 2 or full Level 3 qualification. The responsibility for providing this information lies with the Qualifications and Curriculum Authority (QCA). As this is outside the control of the LSC, it represents a high risk to the development of these indicators.

Proposed Definition

327 The performance measure which is proposed has two elements:

- the proportion of learners enrolling in an academic year that gain a full Level 2 qualification or equivalent during that year;
- the proportion of learners enrolling in an academic year that gain a full Level 3 qualification or equivalent during that year.

328 The LSC is preparing more detailed definitions, which will be included in a future edition of this Pilot Guide.

Data Source

329 The data would come from three sources:

- the LSC's ILR data;
- the matched awarding body data set compiled for use in the LSC's LAT value-added and distance-travelled measures;
- the combinations of qualifications that are equivalent to full Level 2 and full Level 3 qualifications to be agreed by the QCA.

Data Collection

330 The LSC collects ILR and awarding body data annually for use in its business processes.

331 The data from QCA is a one-off compilation, which may already exist. If not, then the QCA will have to be commissioned to provide it.

Proposed Approach

332 The LSC is establishing a Development Group comprising a number of colleges and providers in the Pilot: Phase 2 to support the development of this indicator. The target date for firm proposals on the form of this indicator is to be put to the Framework's Policy Committee in early December 2008. Progress towards this could be reported at each meeting of the Committee.

An Indicator of Successful Outcomes for Learning Aims that are not included in QSRs

Concept

333 The outcomes from a significant volume of provision funded by the LSC are not included in QSRs. This excluded provision includes those qualifications that are not nationally recognised by the QCA (they are not included in the National Qualifications Framework), as well as provision whose main learning aim is not a qualification of any type. At present, the outcomes from this excluded provision are not included in the Framework.

334 A new PI is needed within the Quality of Outcomes KPA to rectify this deficiency.

Proposed Definition

335 The LSC is preparing a detailed definition, which will be included in a future edition of this Pilot Guide.

Other Aspects of the Pilot: Phase 2 Framework

Assessment Criteria

336 The Framework assessment criteria are specified standards for performance in relation to each PI. They apply across all provision and provider types and have been defined at levels to ensure that Framework ratings and results are broadly consistent with inspection assessments across the sector. The assessment criteria have been developed in a way that gives all providers the opportunity to achieve a ‘good’ or ‘outstanding’ rating.

337 The assessment criteria for all performance indicators in 2008/09 are provisional and have been set taking into account:

- evidence from the Pilot: Phase 1;
- available inspection grades;
- views of a wide group of stakeholders;
- the distribution of inspection grades and self-assessment grades across all providers, where appropriate;
- the sensitivity of the PI grade to the assessment criteria; and
- the discrimination offered by the assessment criteria.

338 Assessment criteria for the new performance indicators will be set as part of the development, testing and piloting process.

339 The LSC will review and confirm the assessment criteria in spring 2009, when the data is available for all PIs for those providers in scope for 2008/09. The criteria will then be specified for a three-year period covering the years 2009/12, rather than 2008/12, as previously proposed.

Mergers and Acquisitions

340 Should any of the Pilot: Phase 2 colleges or providers become engaged in an institutional merger or acquisition during the Pilot, the LSC will adopt a pragmatic approach and act on the wishes of the organisation as to whether, under these circumstances, they wish to continue to be involved in the Pilot.

341 It is recognised that, should a provider wish to continue in the Pilot, there may be gaps in the data that prevent all of the dimensions from having grades assigned to them; the LSC will derive grades for as many parts of the Pilot Framework as seems sensible.

Consortia

342 Provision delivered by a Train to Gain consortium or a Diploma consortium is treated as belonging to the contract-holder or to the learner's home institution, respectively. Thus 'lead' providers must ensure that they have sufficient confidence in the providers to whom they subcontract and with whom they work in partnership.

343 In the Pilot: Phase 2, the LSC will be exploring:

- the possibility of developing data systems so that different elements of a Train to Gain contract can be attributed to the delivery institution for Framework purposes; and
- ways in which a component of a Diploma delivered in a second institution could properly be attributed to the second institution, while overall progress remains the responsibility of the home institution.

Contextual Factors

344 Several performance indicators incorporate elements of contextualisation: for example, QSRs take account of the very different success rates on short courses, Apprenticeships, A-levels and other long courses.

345 Analysis suggests that the LSC has probably taken sufficient account of contextual factors. However, the LSC will review the position early in 2009, when full data will be available for colleges and other providers both from Phase 1 of the Framework and from the Pilot: Phase 2. The full report of the research undertaken following the Pilot: Phase 1 in 2007/08 is in the report *Testing the Case for Contextualisation (August 2008)* on the Framework for Excellence website.

346 The LSC will carry out further work in 2008/09 to test the influence of external factors on the outcomes of the Framework, for example in relation to the Learner Destinations performance indicator, and on any new measures introduced into the Framework as a result of the Pilot: Phase 2 .

Splitting Performance Data

347 No outcomes from the Framework will be disaggregated by age, ethnicity, gender or other learner characteristics in 2008/09. However, the LSC recognises that it may be desirable to split some performance data in future, for example with QSRs, and will therefore explore this issue for the future.

Confidentiality and Data Protection

348 The LSC will ensure that it collects and holds any and all personal data in accordance with the requirements of the Data Protection Act (1998) and the LSC's own data-security protocols and systems. It should be noted that the LSC comes within the scope of the Freedom of Information Act (2000).

Data Queries

349 In due course, the FE Data Service will perform national data-collection operations. The LSC will check the data and raise any issues with providers, after which the usual procedures for data validation and moderation will apply. The validated set of data will then form the basis for all subsequent analyses, including the calculation of Framework for Excellence scores.

350 National data-collection processes and data content are subject to approval by the Information Authority. The Framework has been considered by the Information Authority and the Bureaucracy Reduction Group on several occasions over the past 18 months. The 2008/09 arrangements for Phase 1 and the Pilot: Phase 2 take account of their views and suggestions.

351 Each college and provider is responsible for ensuring that data used for the Framework are complete, accurate and available by the required date (including the ILR and financial returns). A more detailed discussion of missing data is given later in the next section.

352 Pilot institutions that want to query their Framework result or data should email the Framework's Pilot mailbox at ffepilot@lsc.gov.uk.

353 Pilot institutions that believe the LSC has not applied the Pilot: Phase 2 process appropriately to their provision, or that have any other reason for complaint that has not been resolved to their satisfaction by their LSC partnership manager or the LSC's Framework team can complain in accordance with the Complaints Procedure section of the LSC's website, details of which can be found at: http://www.lsc.gov.uk/ComplaintsProcedure.htm.

Late, Missing, or Inadequate Data

354 High-quality Framework information will be of benefit to colleges and providers themselves, their learners and other users. Colleges and providers should therefore ensure that their data for the Pilot: Phase 2are accurate, complete and provided on time. If a college or provider fails to supply the required data, or prevents the LSC or its contractors from collecting them, the LSC will note the absence of the data in the Framework report that is sent to the provider.

355 For the Pilot: Phase 2, three of the PIs will be calculated from data returned prior to 31 July 2008. The LSC acknowledges that colleges and providers are unable to influence the completeness of these data in any way that could impact on their Framework outcomes; therefore, where data are missing for one of these PIs, the LSC will regard the provider as exempt from that PI for the Pilot.

356 Inspection grades will be published by Ofsted and so do not require a separate provider return. The data for the Success Rate and Amount of Training PIs are returned routinely through the ILR, and therefore it is not expected that for these PIs there will be any missing data as a result of inappropriate provider actions.

357 For 2008/09, there are three new performance indicators: Employer Views; Learner Views; and Financial Management and Control. If data for one or more of these measures are not supplied by a college or provider that is not specifically exempted from them, then no score will be calculated for that college or provider, and the lack of submitted data will be highlighted in any Framework reports.

358 Data for the new PIs introduced into the Pilot will come from existing LSC sources and will not require additional data collection by the Pilot colleges and providers.

359 As part of the Pilot: Phase 2 in 2008/09, and throughout the year, the LSC will explore ways in which to maximise data returns for each PI. On the whole, this will focus on ways in which to raise awareness more effectively of the benefits of fully engaging with the Framework.

Timetable of Activities and Reporting

	New or existing data collection	Data source	Data for 2008/09 relates to year…	Deadline for data submission/collection	Action required
Responsiveness to Learners					
Learner Views	**New**, web-based	Learner Views survey (mandatory for those providers that chose not to take part in the voluntary survey, or that participated but did not deliver statistically robust results)	2008/09	13 February 2009	Administer the web-based Learner Views survey
Learner Destinations	**New**	Dataset-matching and Learner Destinations questionnaire	2007/08	Learner Destinations telephone survey November 2008; Dataset-matching February 2009	Ensure that learners have the opportunity to participate in the Learner Destinations questionnaire
Responsiveness to Employers					
Employer Views	**New**, web- or paper-based	New survey of employers who have used FE	Grade given in spring 2009 will be based on the views of employers using FE in 2007/08	December 2008	Ensure the LSC's list of all the employers worked with in the past 12 months is correct Distribute survey to all employers on this list
Amount of Training	Existing data, new report	ILR	Grades given in spring 2009 will be based on growth between 2006/07 and 2007/08	December 2008 for April 2009 grades	Complete relevant ILR fields
Quality of Outcomes					
QSR	Existing Existing	FE ILR WBL ILR	2007/08	Date set by LSC for final ILR returns	Complete relevant ILR fields
Value-added	Existing	LAT value-added final	2007/08	Date set by LSC for final ILR returns	Nothing new

		New or existing data collection	Data source	Data for 2008/09 relates to year…	Deadline for data submission/collection	Action required
Full Level 2 and Full Level 3 progression and achievement		Existing	Young Persons Matched Dataset	2007/08	Data set of Matched Administrative data by Fisher Family Trust	Nothing new
Successful outcomes		TBC	TBC	TBC	TBC	TBC
Quality of Provision						
Inspection Grade		Existing	Ofsted	Year of inspection	None	Nothing new
Financial Health						
Financial Health		Existing Existing	Finance Record 2007/08 – colleges Latest financial statements for other providers	Colleges: Year ended 31 July 2008 Varies for other providers	31 December 2008 Various	Nothing new
Financial Management and Control						
Financial Management and Control		New format of existing data collections	FMCE	Year ended 31 July 2008	12 December 2008	FMCE forms completed and submitted to LSC
Use of Resources						
Funding economy	UoR1	Existing	FE and WBL ILR Planning and contracting systems 2009/10 planning data	2007/08 2009/10 planning data	Date set by the LSC for final ILR returns Date as set by LSC planning and contracting process	Complete relevant ILR fields
	UoR2	Existing	AMPs and FE and WBL ILR	2007/08	Date set by the LSC for final ILR returns.	Complete relevant ILR fields
Resource Efficiency	UoR3	Existing	FE and WBL ILR, DLF AMPs	2007/08	Date set by the LSC for final ILR returns	Complete relevant ILR fields

		New or existing data collection	Data source	Data for 2008/09 relates to year…	Deadline for data submission/collection	Action required
	UoR4	Existing	DLF AMPs, Finance Record	2007/08 Colleges: Year ended 31 July 2008	Date set by the LSC for final ILR returns 31 December 2008	Complete relevant ILR fields
Capital	UoR5	Existing	e-mandate Approval system	Year ended 31 July 2008	December 2008 Ongoing	Nothing new

Annex A: Definitions of Financial Health Elements for 2008/09

Ratio	Definition
Solvency	**For colleges**: The adjusted current ratio is defined as: current assets* current liabilities, where current assets are listed in the Finance Record 2007/08, Table 2, section 3, and current liabilities are listed in the Finance Record 2007/08, Table 2, section 4. The components of current assets and current liabilities reported by colleges are as follows: Current assets: • stocks and stores in hand; • trade debtors; • fixed assets held for resale; • other debtors; • other short-term investments and cash. *Fixed assets held for resale (Table 2, section 3a(i)) and restricted cash from disposal of fixed assets and held for future fixed asset acquisitions (Table 2, section 3c(i)) will be excluded from the current fixed assets figure. Current liabilities (creditors: amounts falling due within one year): • overdrafts; • loans; • local education authority deficit loan; • capital element of finance leases; • trade creditors; • tax and pension contributions; • payments on account; • fixed asset creditors; • other. **For work-based learning and all other providers:** The current ratio is defined as: current assets current liabilities

Sustainability	**For colleges:** Operating position after tax as a percentage of income is defined as: Adjusted operating position after tax Income used in ratio analysis (as listed in the Finance Record 2007/08, Table 4, line 1) Where the adjusted operating position after tax comprises: • operating position after tax* (Finance Record 2007/08, Table 1, line 12b) **less:** • exceptional support income (Finance Record 2007/08, schedule 1c, line 1) • pension finance income (Finance Record 2007/08, schedule 1a, line 5c) **add:** • FRS 17 adjustments (Finance Record 2007/08, schedule 1d, line 12 + schedule 1e, line 12b) * FE corporations are exempt from most taxation. **For all work-based learning and other providers**: Net profit after tax Turnover
Status	**For colleges:** Total borrowing as a percentage of reserves and debt (as listed in Finance Record 2007/08, Table 4, line 4e). **For all work-based learning and other providers:** The figure is the total debt as a percentage of reserves* and debt. * Reserves are defined for this purpose as shareholders' funds less intangible assets.

NOTE: The calculation of Financial Health will be revised to reflect changes in the classification of assets**.**

Annex B: Worked Example of UoR Calculation

In this example, the provider has an overall UoR grade of 2.

The example uses 2006/07 data, and therefore 2006/07 funding rates.

	PI Score	**Scores out of 100**
Funding Economy	63	
UoR1: Proportion of LSC funding applied to priority provision		68
UoR2: Delivery as a percentage of funding allocation or contract value		58
Resource Efficiency	67.5	
UoR3: LSC funding per successful outcome		70
UoR4: Unit operating cost per weighted SLN		65
Capital	26	26

NOTE: The figures shown in these examples do not always combine to the totals indicated. This is because the rounding of the figures shown means that the figures may differ from those used in the actual calculation.

UoR1 Example Calculation

For UoR1 there is an overall score of 68 points.

For FE 16–18 there are 80 points because there are some non-accredited aims.
For adult FE there are 45 points because of the level of non-priority provision.
For WBL there are 70 points because of the level of non-priority provision.
Details of the calculation are as follows:

UoR1 **2006/07 data**	16–18	Adult learner responsive (LR)	Adult employer responsive (ER)	**Overall**	**Total**
Total LSC funding	£8,275,169	£7,551,821	£65,361		
Funding of priority provision	£8,231,306	£4,908,495	£63,981		
Priority funding as a percentage of total funding	99.47%	65.00%	97.89%		
Proportion of total funding	0.5207	0.4752	0.0041		
Points	80	45	70		
Average points weighted by total funding	41.7	21.4	0.3		63
2006/07 planned percentage of priority provision				55%	
2007/08 planned percentage of priority provision				71%	
Difference (rounded)				16%	
Points for increase in priority provision				**5**	
2006/07 planned overall provision				12,138	
2007/08 planned overall provision				11,782	
If difference in learner numbers >25% remove planning points					
Revised priority planning points				**5**	
Total points					**68**

UoR2 Example Calculation

For UoR2 there is an overall score of 58 points.

For FE 16–18 there are 100 points because there was greater than 105 per cent delivery against the allocation.

For adult FE there are 10 points because there was less than 90 per cent delivery against the allocation.

For WBL there are 65 points because there was less than 97 per cent delivery against the allocation

Details of the calculation are as follows:

UoR2 2006/07 data	16–18	Adult learner responsive (LR)	Employer responsive (ER)	**Rounded total**
Allocation/contract amount	£9,376,900	£8,560,644	£3,459,215	
Claim	£10,052,096	£7,646,182	£3,299.599	
Claim as percentage of allocation/contract	107.20%	89.32%	95.39%	
Proportion of total allocation/contract	0.44	0.40	0.16	
Points	100	10	65	
Weighted points	43.8	4.0	10.5	**58**

UoR3 Example Calculation

For UoR3 there is an overall score of 70 points.

There are 70 points because the funding used for each successful outcome is nearly equal to the average national funding rate, having taken into account the resources used in providers' programmes and the disadvantage of their learners.

Details of the calculation are as follows:

UoR3 **2006/07 calculation factors**	**FE 16–18**	**FE adult LR fully funded**	**FE adult LR co-funded**	**FE adult ER fully funded**	**FE adult ER co-funded**	**FE overall**	**ER 16–18**	**ER adult fully funded**	**ER adult co-funded**	**Entry to employment (16–18)**	**ER overall**	**FE and FE overall**
Funding rate (FR)	£2,701	£2,667	£1,922	£2,667	£2,001		£2,746	£2,734	£2,734	£2,733		
Co-funded factor (CFR)									0.61			
SLN	3,419	1,029	989	211	547	6,196	582	14	126	278	1,001	7,196
Success rate (SR = [success factor-0.5] x 2)	0.66	0.69	0.69									
Retention/achievement rate (R/AR)				0.83	0.88		0.88	1.00	0.95	0.68		
Programme weighting factor (PWF)	1.20	1.21	1.21	1.18	1.18		1.15	1.12	1.12	1.30		
Disadvantage factor (DF)	1.10	1.10	1.10	1.10	1.10		1.07	1.07	1.07	1.11		
Weighting factor (WF = [SR or R/AR] x PWF x DF)	0.87	0.91	0.91	1.08	1.15		1.08	1.20	1.14	0.98		
Adjusted national funding rate (FR/WF)	£3,102	£2,931	£2,114	£2,474	£1,742		£2,546	£2,280	£1,462	£2,794		
Adjusted funding rate weighted by SLN proportion within funding stream (FE or WBL)	£1,712	£487	£337	£84	£154	£2,775	£1,481	£33	£184	£777	£2,475	
Adjusted funding rate of stream weighted by proportion of total SLN						£2,389					£344	£2,733
Total points												**70**

UOR4 Example Calculation

For UOR4 there is an overall score of 65 points

There are 65 points because the provider's cost per SLN is less than the maximum national funding rate, having taken into account all the weighting factors applicable to that provider.

Details of the calculation are as follows:

UOR4 **2006-07 data**	**FE 16–18**	**FE adult LR fully funded**	**FE adult LR co-funded**	**FE adult ER fully funded**	**FE adult ER co-funded**	**FE overall**	**ER 16–18**	**ER adult fully funded**	**ER adult co-funded**	**Entry to employment (16–18)**	**ER overall**	**FE and ER overall**
Calculate WSLN (Funded by LSC)												
SLN	3,419	1,029	989	211	547	6,196	582	14	126	278	1,001	7,196
SLN adjusted for co-funding			668		370	5,696			78		953	
Provider factor (all provider factors excluding Success Rate)	1.317	1.380	1.301	1.380	1.301		1.230	1.199	1.199	1.447		
WSLN (SLN x provider factor)	4,504	1,420	921	275	481	7,601	716	17	94	403	1,230	8,830
Calculate additional WSLN due To other income												
Proportion of SLN within funding stream	0.60	0.18	0.12	0.04	0.06	1.00	0.61	0.02	0.08	0.29	1.00	
Funding rate	£2,701	£2,667	£2,667	£2,667	£2,667		£2,746	£2,734	£2,734	£2,733		
		£482	£313	£99	£173	£2,687	£1,677	£41	£225	£798	£2,741	
Adjusted funding rate of funding stream weighted by proportion of total SLN						£2,302					£393	£2,695
Other revenue income												£9,101,000
Additional WSLN (other revenue income/average funding rate												3,377
Calculate unit costs												
Total WSLN (WSLN +Additional WSLN)												12,207
Total operating cost												
Unit operating cost (total												£2,593

operating cost/WSLN)												
Points												**65**

UoR5 Example Calculation

The Capital grade is 3, from a UoR5 with an overall score of 26 points.

This is because a substantial proportion of the provider's estate is either 'operational' or 'inoperable'.
There are plans for renewal.

Details of the calculation are as follows:

Condition (RICS category)	A – As new	B – Sound	C – Operational	D – Inoperable	Total
Calculate Condition Measure					
Moderated condition points	100	50	20	0	
Moderated condition assessment (sq. m.)	5,370	5,165	19,520	21,463	51,518
Proportion of estate	0.10	0.10	0.38	0.42	
Condition measure (points x proportions, out of 100)	**10**	**5**	**8**	**0**	**23**
Calculate Renewal Measures					
	Detail	**AIP**	**Stage 2**	**Planned final GIA total**	
New or refurbished areas (sq. m.)	1,711	24,501		41,360	
Proportion of new or refurbished area	0.04	0.59			
Renewal points	50	25	10		
Renewal measure	2	15			17
Renewal factor (condition measure/100, rounded to one decimal place)					0.2
Adjusted renewal measure (rounded to a whole number)					**3**
Capital score/condition measure + adjusted renewal score					**26**
Grade					**3**

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