

# Circular 01/01

For action: response date 30 September 2001

## Planning

### Strategic Plans, Including Financial Forecasts and Accommodation Data

#### Summary

This circular sets out guidance to all providers funded by the Learning and Skills Council. It also sets out some initial proposals on how the Council intends to take forward the strategic planning framework for all funded providers in 2002 and beyond.

The circular details the strategic planning information that the Council wishes to receive from further education colleges, higher education institutions and external institutions by 30 September 2001. This will include projected learner numbers and textual information. In addition, further education colleges are also required to provide three-year financial forecasts and accommodation data.

#### Supplements

- A. Notes and Guidance on the Financial Returns 2000/04.
- B. Financial Returns 2001/02 Proforma.





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## Supplements

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| A. Notes and guidance on the financial returns 2000/04 | 00 |
| B. Financial returns 2001/02 pro forma                 | 00 |

## **Further information**

For further information, please contact the appropriate Learning and Skills Council local office, or write to:

The Learning and Skills Council  
Cheylesmore House  
Quinton Road  
Coventry CV1 2WT

## **Responses**

Responses are requested by 30 September 2001

# Summary

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This circular sets out guidance to all further education providers funded by the Learning and Skills Council. It also sets out some initial proposals on how the Council intends to take forward the strategic planning framework for **all funded providers** in 2002 and beyond.

The circular details the strategic planning information that the Council wishes to receive from further education colleges, higher education institutions, and external institutions by **30 September 2001**. This will include projected learner numbers and textual information. In addition, **further education colleges are also required to** provide three-year financial forecasts and accommodation data.



# Strategic plans, including financial forecasts and accommodation data

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## Introduction

1 The Learning and Skills Council (the Council, or LSC) wishes to develop a cohesive planning framework for 2002/03 and beyond. Paragraphs 3 to 4 set out some initial proposals on the processes that are likely to change from 2002/03 onwards. These changes will reflect the fact that the Council has a responsibility for funding providers formerly funded by the Further Education Funding Council (FEFC), training and enterprise councils (TECs) and local education authorities.

2 The circular also details the information required by the Council from further education (FE) colleges, higher education institutions (HEIs) and external institutions (EIs) on the strategic planning information that the Council wishes to receive by 30 September 2001. This will include an update on learner numbers and strategic planning textual information. FE colleges are also requested to provide three-year financial forecasts and accommodation data.

## Planning 2002/03 and beyond

3 The planning processes for 2002/03 onwards will need to have a different timeframe and format from existing arrangements. Information will have to be gathered, as part of a common planning

framework, from providers formerly funded by the FEFC at the same time as information is received from adult and community learning and private training providers. This process will have to fit into the national and local Council planning process.

4 Details of the content and format of a common planning framework for future returns are currently being drafted. Relevant sector groups will be consulted on the content before the final document is produced. Every attempt will be made to ensure that there is no unnecessary duplication of information. However, the format of information on student numbers will change because of external requirements as well as the need to have consistent definitions across all post-16 sectors which are funded by the Council.

## Programme areas 2002/03

5 Discussions are currently taking place between Adult Learning Inspectorate (ALI) and Office for Standards in Education (OFSTED), with DfEE involvement, on moving to 14 'areas of learning'<sup>1</sup> from the previous FEFC system. The Council is in discussion with ALI and OFSTED about the possibility of adopting the same approach. This will have implications for providers on the format of data collected in future strategic plans.

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1 For additional information, visit [www.ali.gov.uk](http://www.ali.gov.uk)

## Background

6 In 2000, the FEFC requested that its funded providers return projected learner numbers information and a strategic plan textual update. In addition, FE colleges were also requested to provide a three-year financial forecast and accommodation data. Adult and community learning providers were asked to submit an action plan detailing how they would manage changes to their financial situation as a result of convergence.

7 In the FEFC Circular 00/18 *Strategic plans, including financial forecasts and accommodation data*, FEFC-funded providers were consulted on the removal of learner numbers information from the confidentiality guidelines, so that learner numbers could be published on an individual institution basis. The results of this consultation were not conclusive

and therefore the FEFC did not remove learner number information from the confidentiality policy. The Council will wish to address this issue as part of the new returns process.

## Information requested in September 2001

8 Two copies of all information should be returned to the executive director at the Council's appropriate local office no later than **30 September 2001**. A summary of the information requested is provided in Table 1. All providers indicated should complete and return a signed (by the principal or head of centre) copy of the strategic planning cover sheet provided at annex A. Providers that require guidance on any aspect of the return should contact the Council's local office. A full list of contact details is available on the Council's website ([www.lsc.gov.uk](http://www.lsc.gov.uk)).

**Table 1. Summary of information requested in September 2001**

|                                     | FE colleges | Higher education institutions | External Institutions |
|-------------------------------------|-------------|-------------------------------|-----------------------|
| <b>Strategic Planning</b>           |             |                               |                       |
| Textual information                 | ✓           | ✓                             | ✓                     |
| Projected learner numbers           | ✓           | ✓                             | ✓                     |
| Learner number disk                 | ✓           | ✓                             | ✓                     |
| Withdrawal of provision             | ✓           | ✓                             | ✓                     |
| <b>Provider Financial Forecasts</b> |             |                               |                       |
| Three-year forecast                 | ✓           | Not applicable                | Not applicable        |
| Principal's certificate             | ✓           | Not applicable                | Not applicable        |
| Disk                                | ✓           | Not applicable                | Not applicable        |
| Commentary                          | ✓           | Not applicable                | Not applicable        |
| Risk management plan                | ✓           | Not applicable                | Not applicable        |
| <b>Accommodation</b>                |             |                               |                       |
| Accommodation data                  | ✓           | Not applicable                | Not applicable        |



9 A downloadable template for all strategic planning components is available on the Council's website ([www.lsc.gov.uk](http://www.lsc.gov.uk)).

10 Further detail on the information requested in September 2001 is outlined below.

## Strategic planning

### Textual information

11 The Council wishes to receive strategic planning textual information for this year's return. The textual information is required from all FE colleges, HEIs and EIs. Guidance on the information required within the textual update is provided at annex B. Two paper copies of the textual information should be returned to the Executive Director at the Council's local office no later than **30 September 2001**.

12 FE colleges are reminded that the governing body should approve strategic plans. EIs are asked to provide a short review of the achievement of objectives and targets as set out in the convergence action plan.

13 In their planning processes, providers should consider the Council's aim to raise standards in the post-16 sector. The Council is therefore taking forward the FEFC's regional review process and will be introducing provider quality reviews. Strategic planning information (learner numbers information, financial forecasts and accommodation data) will form part of these reviews.

### Response to LSC interim targets to 2004

14 This section should be completed in response to the *Learning and Skills Council's Strategic Framework to 2004: Draft Corporate Plan – for Consultation* dated March 2001. This document sets out the Council's five key outcomes that will be delivered in partnership with the further education sector and other constituent bodies. These are:

- a. to raise achievement of young people aged 19, measured by the proportion attaining a Level 2 qualification, and to reduce the proportion lacking the basic skills of literacy and numeracy (current performance: 75.3% to Level 2, an estimated 15% lacking basic skills);
- b. to raise achievement of young people aged 21, measured by the proportion attaining a Level 3 qualification, and to reduce the proportion lacking the basic skills of literacy and numeracy (current performance: 53.7% to Level 3, an estimated 15% lacking basic skills);
- c. to raise achievement of the entire adult population measured by the proportion attaining a Level 3 qualification, and to reduce the proportion lacking the basic skills of literacy and numeracy (current performance: 47.2% to Level 3, an estimated 20% lacking basic skills);
- d. to raise post-16 participation measured by the proportion of 16–18 year olds engaged in education and training (current performance: 75% of 16–18 year olds);

- e. to raise the quality and effectiveness of the education and training we support, measured by external inspection grades and by structured feedback from learners, employers and training providers (baseline data to be developed).

15 Providers should give a general overview and summary of how they intend to support each of these outcomes in section 1 of the strategic plan textual update. In other parts of the textual update, providers can make reference to specific proposals which will support these outcomes. For example, in the quality improvement section (annex B, paragraph 15) references should be given to procedures used to obtain feedback that the provider has found effective in helping to plan future provision. In addition, in the basic skills section (annex B, paragraph 20) reference should be made to existing or proposed strategies to increase participation in basic skills programmes.

### Learner numbers information

16 All FE colleges, HEIs and EIs are requested to return projected learner numbers information and, if appropriate, information on the withdrawal of provision. The statistical forms, together with guidance, are at annex C. The information requested is:

- a. actual learner numbers 2000/01, plus projected numbers 2001/02 to 2003/04 for:
  - further education learners – (form **SP01 NUM FE (SEPT) Learner Numbers: Further Education** at Appendix 1 to annex C)
  - higher education learners – (form **SP01 NUM HE (SEPT) Learner Numbers: Higher Education** at Appendix 2 to annex C) to be completed by FE colleges; and
- b. planned withdrawal of provision (form **SP01 CHG (SEPT) Withdrawal of Provision** at Appendix 3 to annex C).

17 The statistical forms are available to download as Excel workbooks from the Council's website. Providers are requested to return two paper copies and one further copy of the statistical forms saved to a disk. Disks will not be sent out to providers unless specifically requested. These should be returned to the Executive Director at the Council's local office no later than **30 September 2001**.

### Financial forecasts (FE colleges only)

#### Forecasting assumptions 2001/02 to 2003/04

18 FE colleges should make forecasts on the basis of the information contained in annex D.

19 The Council expects forecasts to be prepared on a realistic basis, taking account of the forecasting assumptions suggested in annex D, although colleges will, no doubt, wish to consider their forecasts on a worst-case scenario. The worst-case scenario should be considered in the sensitivity analysis, an example of which is set out in annex C of Supplement A for guidance. The sensitivity analysis should also address more favourable outcomes than those included in the forecast, where appropriate. The college's sensitivity analysis is expected to form an integral element of the college's risk management plan.

### Three-year financial forecast

20 The three-year financial forecast is an integral part of each college's strategic plan as it expresses in financial terms the cost of implementing the strategic plan and shows the income and expenditure associated with the projected levels of activity. The financial forecast is intended to help each college's governing body and the Council assess the financial effect of a provider's strategic plan. It is important to include in the forecast the costs of implementing the college's accommodation strategy for the forecast period.

### Format

21 The pro formas will be made available on the Council's website ([www.lsc.gov.uk](http://www.lsc.gov.uk)) as Excel workbooks. Disks will not be sent out to colleges unless specifically requested. A separate application will not be needed to access the pro formas.

### Guidance

22 Colleges that require further clarification, or for whatever reason cannot provide the information by 30 September 2001, should contact their local office at the earliest opportunity. For advice on how to complete the financial forecast returns disk, please contact the Council's local office.

### Commentary

23 A framework for the textual commentary to support the financial forecasts is set out in Supplement A. In addition, colleges should include a risk management plan within the commentary.

24 Colleges' risk management plans should cover areas such as:

- a. Learning and Skills Council funded provision;
- b. European structural funds;
- c. links with other bodies;
- d. financial issues;
- e. inspection issues; and
- f. HE funds.

25 Colleges' financial returns should be returned to the Executive Director at the Councils' local office no later than **30 September 2001**. This should include:

- a. a three-year financial forecast (two paper copies and one copy on disk);
- b. the Principal's certificate (two originals) – form 5 of the financial forecast pro forma; and
- c. a financial commentary, including the risk management plan (two paper copies).

26 The National Audit Office report *Managing Finances in English Further Education Providers* highlighted some important issues. In response to this, colleges are requested to use the pro forma in annex A to Supplement A to self-assess in the financial forecast commentary what systems the provider has in place to address these issues.

## Accommodation strategy (FE colleges only)

27 In September 2001 colleges are requested to complete the form SP01 Acc-Dat (SEPT) Accommodation Data attached at annex F and return this, together with all other strategic planning information, to the Council. The form enables colleges to summarise key changes to their estates within the twelve-month period since July 2000. Two paper copies of the college accommodation data should be returned to the executive director at the Council's local office no later than **30 September 2001**.

## All returns

28 Two copies of the strategic planning information, financial forecasts and accommodation data should be sent to the executive director at the Council's appropriate local office no later than **30 September 2001**. This should be accompanied by a signed copy of the strategic planning cover sheet (annex A).

29 Providers that require further clarification, or are unable, for whatever reason, to share the above information with the Council by 30 September 2001, should contact their local office at the earliest possible opportunity.

30 A template for providers' textual updates, three-year financial forecasts, risk management plan and the forms for learner number projections and accommodation data, are available as downloadable Microsoft Word and Excel documents on the Council's website. Disks will not be sent unless specifically requested.

## Information requested beyond September 2001

### Provider financial mid-year update (February)

31 Where the Council wishes to receive a mid-year update, it will be requested by the appropriate local office. This will generally be for those colleges falling into financial health Group C (as assessed by the Council). In any event, those colleges from whom a return is required will be notified by 11 January 2002. The software application for returning this information has been included on the Council's website. Guidance on the completion of the mid-year update can be found at section 4 to Supplement A.

### Finance record (FE colleges only)

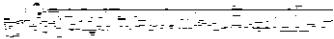
32 The finance record shows actual figures for income and expenditure, cashflow and the balance sheet. This data will be in a format similar to the three-year financial forecast. The financial position shown in the finance record should be the same as in the audited accounts. If there are any material differences between the actual figures for the financial year and the estimate of the figures provided at the end of the year in the three-year financial forecast, colleges are asked to provide a brief commentary explaining the difference.

33 A software application for the finance record can be found on the Council's website. Colleges are asked to return the finance record data with the audited accounts by **31 December 2001**. The return should be sent to the executive director at the appropriate local Council office.

34 Data published by the Council, for example in the annual college accounts circular, will be taken from the finance record and not from the hard copy audited accounts.

### **Significant departures**

35 Colleges are reminded that they should notify the Council of any significant departures from their strategic plans at any other time throughout the year. Examples of significant departures can be found in the FEFC's Circular 98/16 *Strategic Plans, Including Financial Forecasts*.



# Annexes

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Annex A Cover sheet for return of strategic plans, financial forecasts and accommodation data: September 2001

Annex B Framework for textual information – September 2001

Annex C Strategic planning statistical forms and guidance

Annex D Forecasting assumptions 2001/02 to 2003/04

Annex E Risk management plan (FE colleges)

Annex F Form SP01 Acc-Dat (SEPT) accommodation data

# Cover sheet for return of strategic plans, financial forecasts and accommodation data: September 2001

Cheylesmore House  
Quinton Road  
Coventry CV1 2WT  
T 024 7658 2761  
F 024 7658 2738

www.lsc.gov.uk  
info@lsc.gov.uk

(Reference Circular 01/01)

This cover sheet must be completed by all providers. Please photocopy (or download from the Council's website), **complete and return it to the executive director at the Council's local office** by 30 September 2001.

|  |
|--|
| Name of provider <i>(please print)</i> |
| Code                                   |
| Contact for financial forecast queries |
| Telephone no.                          |
| Fax no.                                |
| E-mail address                         |



**Learning+Skills Council**

Returns enclosed *(please tick)*

|  | FE Colleges   | HE institutions   | Els   |
|--|---|---|---|
| Strategic plan textual update                  | <input type="checkbox"/>                                | <input type="checkbox"/>  | <input type="checkbox"/>  |
| Projected learner numbers                      | <input type="checkbox"/> FE <input type="checkbox"/> HE | <input type="checkbox"/> FE   | <input type="checkbox"/> FE <input type="checkbox"/> HE                     |
|  | <input type="checkbox"/> Disk                           | <input type="checkbox"/> Disk   | <input type="checkbox"/> Disk   |
| Withdrawal of provision information (optional) | <input type="checkbox"/> <input type="checkbox"/>       | optional or nil return<br><input type="checkbox"/> <input type="checkbox"/> | optional or nil return<br><input type="checkbox"/> <input type="checkbox"/> |
|  | <b>Financial forecast</b>                               | n/a   | n/a   |
| three-year forecast                            | <input type="checkbox"/>                                |   |   |
| principal's certificate                        | <input type="checkbox"/>                                |   |   |
| disk   | <input type="checkbox"/>                                |   |   |
| commentary/risk management plan                | <input type="checkbox"/>                                |   |   |
| Accommodation data                             | <input type="checkbox"/>                                | n/a   | n/a   |

**Declaration** I confirm that the figures provided on the accompanying SP forms are to the best of my knowledge a reasonable projection of future provision

|  |
|--|
| Signature                              |
| Principal/head of provider institution |
| Name (please print)                    |
| Date                                   |

# Annex B: Framework for textual information – September 2001

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## **Mission (section 1)**

1 Providers should include a concise statement about their overall purpose. This should include information relating to their key aims, for example the nature of provision and the range of client groups served at their location. Providers should indicate any changes they have made to their mission in the light of the new post-16 arrangements, for example how in the new, more diverse sector they are working towards a focused reputation for excellence. Providers should also consider the Council's interim targets to 2004 and should, in this section, provide a summary of how they intend to support each of the outcomes.

## **Variation from 1999/2000 learner number projections (section 2)**

2 Providers are invited to comment on any significant changes that have occurred between the most recent overall projection of learner numbers (provided to the Council on strategic planning forms in September 2001), the reasons for them and the current situation at the provider. The difference may result, in whole or in part, from inaccurate information supplied to the FEFC in 2000. Where differences are identified, it would be helpful if providers highlighted this and confirmed that the data now provided forms an accurate response.

3 Providers are asked to give a brief assessment of the impact of any variations described above on the achievement of their strategic objectives. In addition, providers that have recently been inspected may wish to comment on progress towards achieving the action plan prepared in response to the inspection report. Similarly, those providers with recovery plans may wish to comment on their progress towards achieving their objectives.

## **Review of needs analysis (section 3)**

4 The projected learner numbers and planned withdrawals of provision are underpinned by the provider's assessment of the need for further education in its locality. The textual update should enable the Council to understand how any significant changes to the provider's assessment of need have influenced the projections. For this reason, providers are asked to outline briefly any changes to the full needs analysis last provided to the FEFC in their three-year strategic plan (July 1997 for providers and higher education providers and July 1998 for EIs). Changes are likely to have been identified through regular contacts with major bodies in the provider's locality, the local Council office, and raised with the relevant learning partnership(s) for the area served by the provider. Specific reference to identification of skills needs of local employers should be included.



## **Demand-side information**

5 Prior to April 2001 providers were required, as part of their planning, to consult with their local regional development agency (RDA), TEC and relevant employer groups to ensure that the provision on offer was responsive to local skills needs. This section should include a summary of those discussions and information regarding reciprocal sharing of information up to that date. This base of information will assist local Council offices in developing their local plans and ensure that they are responsive to local needs.

## **Partnerships and collaborative activity (section 4)**

6 The Secretary of State has made clear the expectation that providers should operate on the basis of collaboration, both with other sector providers and with other education and training providers outside the sector. The Secretary of State also expects providers to work closely with LSC local offices, learning partnerships, employers and RDAs to identify their potential contribution to the national skills agenda and the regional economic strategies and skills action plans. The FEFC has emphasised in previous strategic planning circulars, the need for providers to consult Local Education Authorities (LEAs) in assessing local needs.

7 From April 2002, LEAs will receive school sixth form funds from the LSC, rather than through the local government finance system. Individual schools will continue to receive funds for their sixth forms from their LEA. Consultation with LEAs will become essential to the success of the new arrangements. Providers should ensure that they have access to up-to-date information from LEAs on sixth

form student numbers in the areas they serve. This should be used to inform their planning processes, in particular where there is an intention to mount new provision or withdraw existing provision. This information should be summarised in this section of the textual update.

8 If not covered in the needs analysis and strategic objectives sections, collaborative activity with local employers should be included in this section.

## **Strategic objectives (section 5)**

9 Providers should indicate any significant changes to their strategic objectives as set out in the latest strategic planning information provided for the Council. Providers should supply information on any factors that may have influenced these objectives. Such factors may include, for example, the availability of learner finance or changes in the circumstances of major employers. Providers are asked to identify the factors that pose the greatest risk to the achievement of their objectives, and indicate their impact on projected learner numbers or pattern of provision.

## **Centres of Vocational Excellence (COVEs) (section 5a)**

10 The Learning and Skills Council is responsible for implementing this new initiative, first announced by the Secretary of State for Education and Employment in November 2000. FE colleges were encouraged to make a full response to the joint Council/DfEE consultation document *Centres of Vocational Excellence: Heralding a new era for Further Education*. In addition, colleges are asked to set out their strategy for their involvement in the COVE initiative between

now and 2003/04, by which time there is an expectation that 50% of FE colleges will have at least one COVE.

### **Provision development (section 5b)**

11 Providers are requested to supply an outline of their planned provision and, in particular, comments on any new provision where this involves a new or significant extension to a curriculum area, qualification aim or level of qualification. Providers should also supply information on 16-18 and adult provision and information on short courses, in line with FEFC Circular 00/11 *Funding: new arrangements for adult learners*. Providers are reminded to notify the Council of any planned withdrawals of provision, using form SP01 CHG (SEPT).

### **Franchised provision (section 5c)**

12 Providers involved in franchising are asked to outline broadly their plans for franchised provision with other organisations including:

- a. the rationale for franchised provision with other providers and how this contributes to the achievement of the provider's mission and strategic objectives;
- b. identification of any marked change in the level of franchised activity from the information given about 2000/01 on the ADD-CP return (provided for the FEFC in December 2000);
- c. identification of the level of risk which franchise provision poses to the achievement of the provider's strategic objectives, particularly where such provision is a significant proportion of the

provider's total provision and/or is delivered by one large partner provider; and

- d. details of any franchise arrangements under which a provider wishes to transfer Council funds from the institution to employers, including through third parties. Providers will be notified whether the Council accepts that funds may be transferred.

13 In all franchise arrangements, the Council expects providers to comply with the requirements set out in FEFC Circulars 96/06 *Franchising* and 99/37 *Franchising and Fees* and any other relevant circulars. The Council does not normally expect providers to develop any new franchise outside their local recruitment area unless providers are involved in Council approved pilots.

### **Human resources (section 5d)**

14 This section should identify the main objectives of providers' human resources strategy. This should include details of the proportion of full-time and part-time staff, levels of recruitment and retention, and any skills shortages experienced. Providers need not give details of planned staff development, as the continuing professional development plan, supported as part of the standards fund, should cover this.

### **Quality improvement (section 5e)**

15 In this section, providers should outline their overall strategy for raising standards and, in particular, address issues identified by the National Audit Office in its report *Improving Learner Performance: How English further education providers can improve learner*

*retention and achievement*.<sup>2</sup> This section should summarise progress towards achieving national and provider targets, and give details of plans for monitoring performance. In addition, this section should include a summary of the provider's approach to inclusive learning. Information on how any quality initiative funding has been used, and plans for incorporating inclusive learning into the provider's self-assessment, should also be included. It is anticipated that this summary will be complemented by the development plan which the Council will request from providers by March 2002.

### Further education standards fund (section 5f)

16 FE colleges and EIs are requested to outline how, if applicable, standards funding was used for 2000/01. Providers should also submit brief details of any planned applications to the Standards Fund in 2001/02.

### Charters and disability statements (section 6)

17 The Special Educational Needs and Disability Bill places new duties on education providers and local education authorities in respect of adult education, community education and youth services provision secured by them. The new duties will place anti-discrimination responsibilities on the main providers of post-16 education and training. This will mean that providers:

- a. will not be able to treat learners with disabilities less favourably, without justification, than learners who are not disabled; and

- b. will have to make reasonable adjustments to ensure that people who are disabled are not put at a substantial disadvantage to people who are not disabled in accessing post-16 education.

18 The duties are anticipatory and the Bill will make it unlawful for education providers to discriminate against people with disabilities, not only to carry out their main business – the provision of education – but also in admissions arrangements and in the wider services they provide for learners.

19 Until these new powers are brought into force, the Council continues to require providers to produce annual disability statements.

### Basic skills (section 7)

20 In the light of the Moser report *Literacy and numeracy: a fresh start*, providers were asked to include details of their basic skills and ESOL provision. As part of this section, providers are requested to give an outline of their overall strategy for basic skills and ESOL. This may include details of planned developments in basic skills provision for 2001/02, such as: work-based initiatives; basic skills in local communities projects and/or provision that is innovative in terms of location, focus or delivery; and links with University for Industry (Ufi) centres. Providers should supply details of how they plan to increase the number of basic skills and ESOL learners, in line with the Government's national strategy for basic skills, as outlined in *Skills for Life* DFEE.

<sup>2</sup> National Audit Office, *Improving Learner Performance: How English further education providers can improve learner retention and achievement*, HC276 Session 2000–2001: March 2001, Stationery Office

# Annex C: Strategic planning statistical forms and guidance

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1 This annex supersedes the guidance provided in the FEFC's Circular 98/18 on how to complete the SP NUM FE/HE and SP CHG forms, which the Council is continuing to collect as part of the September 2001 returns.

2 The guidance is largely unchanged from 98/16, but has been included for completeness to assist those who are new to completing the strategic planning forms or have questions about the way they have completed them in the past.

3 If you require any further help in completing these forms, please contact the Council's local office.

## Uses of strategic planning data

4 Strategic planning information is requested from all Council-funded providers (formerly funded by the FEFC) to enable data to be aggregated for local, regional and national analysis. Information on projected learner numbers is essential for monitoring emerging trends in further education provision.

### Individual provider level

5 At an individual provider level, strategic planning information is used in considering:

a. applications for growth funding;

b. whether the Council should attach a funding condition to an individual provider for the delivery of particular programmes in the light of its duty to secure proper and reasonable facilities for the education and training it funds;

c. financial forecasts, accommodation strategies, applications for capital funding; and

d. provider quality reviews and merger proposals.

### Local level

6 In the past, the FEFC has considered the aggregation of learner numbers information at a regional level, taking a view of sufficiency and adequacy of provision (based on the *Further and Higher Education Act 1992*).

7 The Council has a duty under the *Learning and Skills Act 2000* to secure proper and reasonable facilities. In doing so, it will aggregate learner numbers information at a local level and will consider this when producing its local plans, on which it will consult.

### National level

8 A national analysis of strategic plans data will be provided to the Council each year and considered alongside the advice from local Councils on proper and reasonable facilities.

The national analysis will also be used to inform the annual advice that the Council provides to the Secretary of State for Education and Skills on the funding needs of the sector in the comprehensive spending review.

9 The local and national analyses of the strategic plans data are likely to be published by the Council.

## General guidance on all strategic planning forms

10 The three strategic planning forms (SP01 NUM FE, SP01 NUM HE and SP01 CHG) provide a picture of further education and, in some cases, higher education provision for the current year and for a three-year projection period.

11 In all cases, the forms deal with learner numbers, not enrolments, and there are consistency checks that can be made by a provider to compare its strategic planning data with that submitted on the Individualised Student Record (ISR).

### Key definitions

**Learner coverage** – the number of learners enrolled by a provider during the 2000/01 teaching year, should include:

- a. learners who enrolled on or after 1 August 2000 whose programme of study ended as intended before 1 November 2000;
- b. learners enrolled on 1 November 2000; and
- c. learners who enrolled after 1 November 2000 in the remainder of the teaching year.

12 Learners who have withdrawn from a programme before the census date of the start period of their learning programme should not be recorded on the return. The start period for a learner is defined according to the dates on which the learner's learning programme begins and ends. The number of learners planned for the projection period 2001/02 to 2003/04 should be recorded on a similar basis.

13 For providers only, learner number information requested on the SP forms should relate to all provision expected to be made during the teaching year. This should be consistent with the coverage of the provider's ISR return and should include any learners recorded on the ISR aggregate return, but exclude learners enrolled on inward collaborative arrangements with other providers.

**Learner numbers** – each learner only counts once in any teaching year, regardless of the number of qualifications a learner is studying for. Examples of how to place learners falling into more than one programme area are given in the following text.

**Full-time and part-time** – a learner is classed as full-time (for the purpose of this return) if the total guided learning hours (glh) for the teaching year for all qualifications being studied comes to 450 hours or more. If the total is fewer than 450, then for the purpose of this return, the learner is considered to be part-time.

**Outward collaborative provision (franchised provision)** – outward collaborative provision includes only those qualifications aims where more than 50% of the guided learning hours in the teaching year will be delivered by another organisation through an outward collaborative (franchise) agreement, as recorded on the ISR.

**Council programme areas** – each qualification aim is assigned to one of the Council's ten programme areas and learner numbers should be apportioned across these areas according to the proportion of guided learning hours for the teaching year in each programme area. Programme areas for individual qualification aims can be obtained from the Council's qualification database.

**Further education and higher education** – schedule 6 of the *Education Reform Act 1988* defines courses of higher education as:

- a. *a course for the further training of teachers or youth and community workers;*
- b. *a post-graduate course (including a higher degree course);*
- c. *a first degree course;*
- d. *a course for the Diploma of Higher Education;*
- e. *a course for the Higher National Diploma or Higher National Certificate of the Business and Technician Education Council, or the Diploma in Management Studies;*
- f. *a course for the Certificate in Education;*
- g. *a course in preparation for a professional examination at a higher level;*
- h. *a course providing education at a higher level (whether or not in preparation for an examination).*

14 For the purpose of paragraph (g) above, a professional examination is at higher level if its standard is higher than the standard of examinations at advanced level for the General

Certificate of Education or the examination for the National Certificate or the National Diploma of the Business and Technician Education Council.

15 For the purpose of paragraph (h) above, a course is to be regarded as providing education at a higher level if its standard is higher than the standard of courses providing education in preparation for any of the examinations mentioned above.

**Funding source** – for consistency with the way in which the ISR is analysed, learners should be assigned to the category 'wholly or partly funded by the Council' if the majority of their guided learning hours in the teaching year are wholly or partly funded by the Council. In other words, each learner is classified according to the source of funding of the majority of the guided learning hours. They are not apportioned across funding sources in the same way as they can be across the Council's programme areas.

## Guidance

16 One of the main areas in which providers have sought clarification in the past has been about the issue of where to place a learner on the form who is studying more than one qualification in different programme areas. Such a learner should be apportioned to the appropriate programme areas, but can only ever total one learner (irrespective of whether they are part-time or full-time). The following examples are intended to illustrate this:

- a. A learner studying one course only – enter the learner as one whole learner in the appropriate programme area as either a full-time or part-time learner, depending on the number of guided learning hours

involved in their qualification in the teaching year.

- b. A full-time learner studying three A-level courses: one in French; one in business studies; and one in mathematics – this learner would be represented by 0.33 in full-time humanities; 0.33 in full-time business; and 0.33 in full-time sciences. The overall mode of attendance of the learner determines the mode against which they are recorded in each programme area.
- c. A part-time learner studying for two qualifications, one of which is a 60-hour bookkeeping course and the other a 90-hour foreign language course – this learner is studying for a total of 150 guided learning hours in the teaching year and should be entered as 0.4 for part-time business (60 hours out of 150) and 0.6 for part-time humanities (90 hours out of 150).

17 A provider would not be expected to submit totals on the SP forms incorporating part learners. In other words, when all learners have been apportioned to the programme areas concerned, providers should round the total figures to the nearest whole number.

## SP01 NUM FE

18 The left-hand side of the form (for provision funded wholly or partly by the Council) should be completed by all providers. The right-hand side of the form, should be used to record data on learners funded from sources other than the Council.

**Council-funded** – on the SP NUM forms, a learner is counted as being Council-funded if the majority of the guided learning hours in

the teaching year are wholly or partly funded by the Council. New Deal learners for example, where the Council makes no contribution to the cost of the provision, would be classed as being funded from sources other than the Council.

## Guidance

19 Providers should ensure that learners are assigned to the correct programme areas (using apportionment where necessary) and placed accurately, according to whether they are full-time or part-time.

20 Higher education institutions and ACL providers should not record on this form learners who are wholly or partly funded by sources other than the Council.

21 All learners should be included on the SP NUM forms regardless of whether they are on direct or outward collaborative provision (learners studying on provision delivered by the provider under inward collaborative arrangements with other providers, as recorded on the ISR form ISRCOLLPIN, should not be included on the SP NUM forms). This applies to all three years of the projection period.

## SP01 NUM HE

22 This form is similar to the SP NUM FE form and should be completed in the same way. The form should be completed by FE colleges and EIs only, but can be returned as a nil return.

**The Council** – providers are reminded when completing this form that 'the Council' refers to the Learning and Skills Council only, and does not include the Higher Education Funding Council for England (HEFCE). A course which is

wholly or partly funded by HEFCE would be classed on this form as being funded by sources other than the Council.

### Guidance

23 As with the SP NUM FE form, all learners should be included, whether they are on direct or outward collaborative provision (learners studying on provision delivered by the provider under inward collaborative arrangements with other providers, as recorded on the ISR form ISRCOLLPIN, should not be included on the SP NUM forms). This applies to all three years of the projection period.

### SP CHG

24 In order to assess whether the Council has secured proper and reasonable provision, it is essential that the Council has accurate knowledge of actual and planned withdrawals of provision if no replacement provision is made by the provider. All providers are asked to complete this form, but ACL providers and HE institutions should only inform the Council of withdrawals of Council-funded provision. Withdrawn provision that is being replaced by equivalent provision does not need to be recorded on this form.

**Expected last year of provision** – this is the teaching year in which the last intake of learners is expected for the withdrawn qualification, for example if a provider is withdrawing a qualification in September 2001 and the last year of provision would be 2000/01.

### Nearest provider making equivalent

**provision** – this is the nearest provider (as measured by the time taken to travel by public transport or by car) delivering either the same qualification or a similar qualification at the same level, allowing similar progression to the qualification being withdrawn. The nearest provider might be a college, school, ACL provider, HE institution or private training provider.

### Guidance

25 All provision planned for withdrawal after 1 August 2000 should be indicated, unless it has been previously notified to the FEFC in the September 2000 return.

26 It is important to give the qualification code for the withdrawal (this can be found on the Council's qualification database), the number of learners participating in the course during the last year of provision and mode of attendance for the qualification.

27 For each qualification being withdrawn, providers are asked to identify where the nearest provider is for the qualification (or equivalent) and tick the appropriate boxes to indicate the type of provider and the travelling time from their provider to the suggested alternative provider.

28 Form SP01 CHG should be completed; it may be photocopied if there is insufficient space to record the information.



# SP01 NUM FE (SEPT) Learner Numbers: Further Education

Cheylesmore House  
Quinton Road  
Coventry CV1 2WT  
T 024 7658 2761  
F 024 7658 2738

www.lsc.gov.uk  
info@lsc.gov.uk

(Reference Circular 01/01)

Please photocopy (or download from the Council's website), **complete and return it to the executive director at the Council's local office** by 30 September 2001.

|  |
|--|
| Name of provider ( <i>please print</i> ) |
| Code                                     |
| Contact for financial forecast queries   |
| Telephone no.                            |
| Fax no.                                  |
| E-mail address                           |



**Learning+Skills Council**

**Note: This form covers further education learners. Include learners on franchised FE provision. Learners on HNC and HND provision should be recorded on SP01 NUM HE (SEPT).**

| <i>Learner numbers where provision is funded</i> |      |  |         |         |         |   |         |         |         |
|--|------|--|---------|---------|---------|---|---------|---------|---------|
| Programme area                                   | Mode | <i>wholly or partly by the Council</i> |         |         |         | <i>by sources other than the Council<br/>(to be completed by colleges only)</i> |         |         |         |
|  |      | 2000/01                                | 2001/02 | 2002/03 | 2003/04 | 2000/01   | 2001/02 | 2002/03 | 2003/04 |
| 1 Sciences                                       | FT   |  |         |         |         |   |         |         |         |
|  | PT   |  |         |         |         |   |         |         |         |
| 2 Agriculture                                    | FT   |  |         |         |         |   |         |         |         |
|  | PT   |  |         |         |         |   |         |         |         |
| 3 Construction                                   | FT   |  |         |         |         |   |         |         |         |
|  | PT   |  |         |         |         |   |         |         |         |
| 4 Engineering                                    | FT   |  |         |         |         |   |         |         |         |
|  | PT   |  |         |         |         |   |         |         |         |
| 5 Business                                       | FT   |  |         |         |         |   |         |         |         |
|  | PT   |  |         |         |         |   |         |         |         |
| 6 Hotel & Catering                               | FT   |  |         |         |         |   |         |         |         |
|  | PT   |  |         |         |         |   |         |         |         |
| 7 Health & Community Care                        | FT   |  |         |         |         |   |         |         |         |
|  | PT   |  |         |         |         |   |         |         |         |
| 8 Art & Design                                   | FT   |  |         |         |         |   |         |         |         |
|  | PT   |  |         |         |         |   |         |         |         |
| 9 Humanities                                     | FT   |  |         |         |         |   |         |         |         |
|  | PT   |  |         |         |         |   |         |         |         |
| 10 Basic Education                               | FT   |  |         |         |         |   |         |         |         |
|  | PT   |  |         |         |         |   |         |         |         |
| TOTAL  | FT   |  |         |         |         |   |         |         |         |
|  | PT   |  |         |         |         |   |         |         |         |

Please contact your local office if you need help in completing this form.

# SP01 NUM HE (SEPT) Learner Numbers: Higher Education

Cheylesmore House  
Quinton Road  
Coventry CV1 2WT  
T 024 7658 2761  
F 024 7658 2738

www.lsc.gov.uk  
info@lsc.gov.uk

(Reference Circular 01/01)

Please photocopy (or download from the Council's website), **complete and return it to the executive director at the Council's local office** by 30 September 2001.

|  |
|--|
| Name of provider <i>(please print)</i> |
| Code                                   |
| Contact for financial forecast queries |
| Telephone no.                          |
| Fax no.                                |
| E-mail address                         |



**Learning+Skills Council**

**Note: This form covers higher education learners, but should not be completed by HE institutions. Learners recorded on SP NUM FE (SEPT) should not be included, but learners on franchised-out HE provision should be recorded. Learners on HNC and HND provision should also be recorded.**

| <i>Learner numbers where provision is funded</i> |      |  |         |         |         |  |         |         |         |
|--|------|--|---------|---------|---------|--|---------|---------|---------|
|  |      | <i>wholly or partly by the Council</i> |         |         |         | <i>by sources other than the Council</i> |         |         |         |
| Programme area                                   | Mode | 2000/01                                | 2001/02 | 2002/03 | 2003/04 | 2000/01                                  | 2001/02 | 2002/03 | 2003/04 |
| 1 Sciences                                       | FT   |  |         |         |         |  |         |         |         |
|  | PT   |  |         |         |         |  |         |         |         |
| 2 Agriculture                                    | FT   |  |         |         |         |  |         |         |         |
|  | PT   |  |         |         |         |  |         |         |         |
| 3 Construction                                   | FT   |  |         |         |         |  |         |         |         |
|  | PT   |  |         |         |         |  |         |         |         |
| 4 Engineering                                    | FT   |  |         |         |         |  |         |         |         |
|  | PT   |  |         |         |         |  |         |         |         |
| 5 Business                                       | FT   |  |         |         |         |  |         |         |         |
|  | PT   |  |         |         |         |  |         |         |         |
| 6 Hotel & Catering                               | FT   |  |         |         |         |  |         |         |         |
|  | PT   |  |         |         |         |  |         |         |         |
| 7 Health & Community Care                        | FT   |  |         |         |         |  |         |         |         |
|  | PT   |  |         |         |         |  |         |         |         |
| 8 Art & Design                                   | FT   |  |         |         |         |  |         |         |         |
|  | PT   |  |         |         |         |  |         |         |         |
| 9 Humanities                                     | FT   |  |         |         |         |  |         |         |         |
|  | PT   |  |         |         |         |  |         |         |         |
| 10 Basic Education                               | FT   |  |         |         |         |  |         |         |         |
|  | PT   |  |         |         |         |  |         |         |         |
| TOTAL  | FT   |  |         |         |         |  |         |         |         |
|  | PT   |  |         |         |         |  |         |         |         |

Please contact your local office if you need help in completing this form.

# SP01 CHG (SEPT) Withdrawal of Provision

Cheylesmore House  
Quinton Road  
Coventry CV1 2WT  
T 024 7658 2761  
F 024 7658 2738

www.lsc.gov.uk  
info@lsc.gov.uk

(Reference Circular 01/01)

Please photocopy (or download from the Council's website), **complete and return it to the executive director at the Council's local office** by 30 September 2001.

|  |
|--|
| Name of provider ( <i>please print</i> ) |
| Code                                     |
| Contact for financial forecast queries   |
| Telephone no.                            |
| Fax no.                                  |
| E-mail address                           |



**Learning+Skills Council**

**Withdrawn provision that is being replaced by equivalent provision should not be recorded.**

*Please contact your local office if you need help in completing this form.*

|   |                               |
|---|-------------------------------|
| Qualification aim code from version 13.3 of the qualification database (eg. 00100486) |                               |
| Qualification title   |                               |
| Last year of provision (eg. 1999/2000)  | No of learners (in last year) |

**Mode of attendance**  full-time  part-time  both

**Is the withdrawn provision delivered through franchised arrangements?** (*please tick*)  yes  no

**Nearest provider making equivalent provision** (*please tick or specify under 'other'*)

school

college

adult and community learning provider

higher education institution

private provider

other \_\_\_\_\_

|                  |
|------------------|
| Name of provider |
|------------------|

**Approximate travelling time from provider** (*please tick*)

less than 30 minutes

30 minutes to one hour

more than one hour

**Reason for withdrawal** (*please tick or specify under 'other'*)

decline in learner numbers

other \_\_\_\_\_

# Annex D: Forecasting assumptions 2001/02 to 2003/04

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1 The Council's funding methodology will not be fully implemented until 2002/03.

Consequently, funding year 2001/02 may be regarded as a transitional year. Until further information is available, providers may wish to assume that funds for further education available in 2002/03 will be broadly similar to 2001/02.

2 It is suggested that providers should plan on the basis that funds for further education available in 2003/04 will be at least the same in real terms as in 2002/03 and will continue to be targeted at specific areas of activity.

3 When considering the level of Council income to include in financial forecasts, providers should consider the outcome of the comprehensive spending review as set out in the Secretary of State's letter of 4 December 2000.

4 In addition to preparing their forecasts on the steady state basis suggested, providers should review the issues raised in annex E on risk management. It is expected that all providers will wish to prepare a risk management plan. Providers may also wish to prepare and share with the Council a second financial forecast demonstrating the provider's financial position if changes are implemented more rapidly or if the risks are realised.

## **Employers' fees**

5 The Secretary of State has set a target for the sector to generate employer contributions to fees of £60 million in 2001/02. Employers should be expected to pay 25% of the cost of employer-led provision and at least 50% of dedicated provision.

## **Participation (main and growth allocation)**

6 The guidance in FEFC Circular 01/05, *Guidance on Funding Allocations 2001-02*, should be followed in forecasting the main and growth allocations. The key points to consider are set out in paragraphs 10 to 31 of that circular.

## **Convergence for providers**

7 The Council has set the average level of funding (ALF) for 2001/02 at £17.22. The only exception to this policy is where a provider is on an individual convergence track, to offer them support in dealing with financial difficulties through a special agreement with the Council.

8 For forecasting purposes colleges should assume an average level of funding (ALF) of £17.22 in 2001/02, rising to £17.50 and £17.75 in 2002/03 and 2003/04 respectively. Please note that these are only indicative funding levels and will be subject to confirmation or

amendment in the light of the new funding arrangements to be introduced next year. In this context colleges should ensure that they cover the possibility of a range of different funding levels within their sensitivity analyses. Colleges in financial health category C, however, are asked to share with the Council at the end of July their then current management accounts.

9 A few colleges have unique funding arrangements that will have already been the subject of discussion with the Council and they should agree the funding assumptions to be used with their local Learning and Skills Councils.

## Franchising

10 The Council does not expect any new contracts or any increases in learner numbers associated with distance franchises.

11 In forecasting the contribution to units of activity from franchised provision the discount factor of 0.67 should be applied, other than for provision:

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

12 Providers are referred to FEFC Circular 99/37, *Franchising and Fees*, for further guidance on community-based provision.

13 Franchising will continue under the Council, but all training providers will eventually be able to access Council funds directly, subject to meeting threshold standards in relation to quality, data management and financial viability. This issue is considered further in annex E on risk management.

## Targeted growth

14 As part of the participation allocation funds will be available for 2001/02 for the following purposes:

- a. additional 16–18 year old full-time full-year learners;
- b. to support the additional costs of implementing curriculum 2000;
- c. additional growth for adults of which 65% will be for widening participation and 35% for increasing participation;
- d. additional funding for basic skills provision for learners aged over 18 years; and
- e. additional learners enrolled on the University for Industry/learnirect provision.

## Growth allocation 16–18 year old full-time full-year learners

15 The Council wants to encourage providers to increase the number of 16–18 year old full-time learners, particularly in those groups that have not traditionally taken part in further education. Providers should take account of the work of their local learning partnerships' local learning plans, or similar projects, to make sure that there is no wasteful competition.

16 Growth for 16–18 year olds will be in three parts:

- a. a fixed percentage growth in the units related to 16–18 year olds;
- b. growth based on local demographic growth and the provider's recruitment of 16–18 year olds in 2000/01; and

- c. a variable percentage linked to the participation rate in the provider's local area.

17 If the growth in numbers of learners in the first-year intake has been funded in 2000/01, then providers may assume that they will receive funding for the second year of the learner programmes.

### **Curriculum 2000**

18 Providers have received a provisional allocation of units to support the further costs of curriculum 2000. The Council has set aside a further sum of £10 million in order for additional bids for curriculum 2000 to be made by providers in response to their provisional allocations.

### **Adult**

19 The growth funding available for adults is in two parts: increasing participation and widening participation. The first part will be based on the provider's existing number of units associated with provision for adults. This is intended to increase participation in the population as a whole. The second part will also take into account each provider's widening participation factor.

20 Providers should note the expectation that 65% of the growth in adults will be through widening participation. Providers may assume consolidation of 2001/02 growth.

21 There is also growth funding for additional basic skills provision. These funds have been allocated based on a calculation of two elements: the number of adult learners enrolled at the provider and the number of enrolments on basic skills courses. Providers may assume consolidation of 2001/02 growth funds in their allocations for 2002/03.

### **Area cost factor**

22 Weightings for 2001/02 are set out in FEFC Circular 01/05, *Guidance on Funding Allocations 2001/02*. The Council will review the present area cost factors. However, for planning purposes, providers should assume that existing area cost factors will continue for 2002/03 and later years.

### **Specialist providers factor**

23 A specialist provider institutional factor was introduced for those providers with a high dependency on provision in the higher cost-weighting factors. A factor of 5% was applied in 2000/01. A factor of 10% will be applied in 2001/02.

### **Widening participation**

24 For 2001/02 the factor for widening participation has increased from 8% to 10%. The groups of learners eligible for widening participation uplift are set out in FEFC's *Guidance on Further Education Funding Eligibility and Rates 2001/02*.

25 Most providers will have received their provisional allocation for 2001/02. For forecasting purposes providers should assume consolidation of the 2001/02 growth and, as a maximum, an equivalent level of growth in 2002/03, and 2003/04. Where providers consider that the local market indicates that they will achieve a lower level, then forecasts should be based on that lower level.

### **Recovery of funds and tolerance account**

26 The FEFC published arrangements for monitoring growth in 1999/2000 (Circular 00/16). For 2000/01 similar arrangements will apply.

27 Providers should expect the system of tolerance for over- or underachievement to end in July 2002, along with the funding system brought forward from the FEFC, and should plan accordingly. Any negative balance will be recovered in the spring term 2003. No additional payments will be made for a positive balance.

## Arrangements to support further education learners

### Revenue funds

28 These funds are transferred from the DfEE to the Council on a financial-year basis. However, they are for use by providers on an academic-year basis. The funds available for the academic years 2000/01 to 2001/02, and provisional figures for 2000/03 are:

29 From 2002/03 access funds for young people include £10 million for school sixth forms. For 2001/02 the DfEE is allocating £10 million of funds direct to local education authorities.

### Future years

30 There are no figures available for learner support funds beyond 2002/03. It is suggested that providers plan on the basis that these allocations may roll forward.

### Infrastructure funds (childcare places)

31 A total of £19 million for the financial years 2001/02 to 2003/04 will be available for the creation of new childcare places. The provisional funding profile is £7 million, £7 million, and £5 million.

|                          | 2000/01   | 2001/02   | 2002/03   |
|--------------------------|-----------|-----------|-----------|
|                          | £ million | £ million | £ million |
| Access fund (FE)         |           |           |           |
| young people             | 22        | 23        | 33        |
| adults                   | 32        | 39        | 48        |
| Childcare (FE)           |           |           |           |
| young people             | 2         | 2         | 2         |
| adults                   | 23        | 28        | 34        |
| Residential bursary (FE) | 10        | 11        | 11        |
| Total FE learner support | 89        | 103       | 128       |
| HE learner support       | 3         | 5         | 5         |
| Total learner support    | 92        | 108       | 133       |
| Memo (FE only)           |           |           |           |
| total young people       | 34        | 36        | 46        |
| total adults             | 55        | 67        | 82        |

32 From 2000/01 there is a new learner support fund which simplifies and rationalises the current arrangements. The fund contains:

- a. a general access fund;
- b. a ring-fenced childcare support fund; and
- c. a ring-fenced residential bursary fund.

### **Access fund**

33 The sum allocated for the access fund for the period 2001/02 is £67 million, excluding £5 million transferred from the Higher Education Funding Council for England (HEFCE) for higher education (HE) learners in further education (FE) providers. This is an increase of £12 million from the £55 million allocation in 2000/01 (again excluding HE funds of £3 million).

### **Childcare support**

34 The sum allocated for the new childcare support fund for the period 2001/02 is £30 million. This is an increase of £5 million from the funds available in 2000/01.

### **Residential bursaries**

35 For 2001/02 £11 million will be available for residential bursaries in order to fund the second cohort of learners. This is an increase of £1 million from the funds available in 2000/01.

### **Ethnic Minority Student Achievement Grant (former section 11)**

36 In 2001/02 £5 million will be available. The Council is awaiting the outcome of a review of existing projects and will consult on

possible changes to the use of these funds from September 2001. The funds available to support projects have increased from £2 million in 2000/01.

### **Standards Fund**

37 A Standards Fund has been established for further education, with £98 million available for distribution in 2001/02 rising to £160 million in 2002/03. The Council proposes that funding for 2001/02 will be distributed within six categories:

- a. dissemination of good practice;
- b. institution improvement;
- c. improving teaching and learning;
- d. training and development for principals and senior management team;
- e. the good governance programme; and
- f. the achievement fund.

38 Arrangements for the allocation of Standards Fund money are due to be published.

### **Information technology**

39 FEFC Circular 99/45, *ILT Implementation Plan*, outlines the sums available to the sector for information learning technology (ILT).

40 Providers may wish to make assumptions about receipt of funds for information technology. In the sensitivity analysis they should consider the potential consequences of not receiving these funds.



## Capital

41 For the year commencing 1 April 2001 the Council has adopted most of the capital project grant support criteria and procedures previously operated by the FEFC. These will, however, be modified to reflect the new and additional priorities, announced by the Secretary of State in his statement '*Colleges for Excellence and Innovation*'<sup>3</sup>, to which it is expected capital funds will be increasingly be directed over the next two years. A new circular, *Capital Project Grant Support: Transitional and Interim Arrangements 2001/02*, will be issued shortly, but in the meantime the main changes for planning purposes are summarised below.

42 The arrangements set out in the FEFC Circular 99/26 *Capital Project Support Arrangements 1999–02* will continue to apply, subject to the following additions and amendments:

- a. for the year commencing 1 April 2001 all applications for capital project grant support, disability access grants and feasibility study funding should be made to the local Learning and Skills Council (local Council) with responsibility for the college making the application;
- b. applications previously determined on an in-principle basis by the FEFC will be considered against, and determined under, the previous FEFC capital projects arrangements and, in particular, the criteria as set out at annex C to FEFC Circular 99/26 but should be received by the Council by 30 December 2001 if previous budget allocations are to be taken into account;
- c. applications will continue to be considered in 2001/02 against similar capital projects criteria to those used in the FEFC Circular 99/26. The Council has, however, introduced some changes and additions that address the following points:
  - reinforcing the requirement for colleges to have properly consulted all appropriate and interested parties, including other adult and 16–19 learning providers
  - ensuring that new applications consider and address, as appropriate, the priorities identified in the statement '*Colleges for Excellence and Innovation*'
  - in all future new capital applications colleges are asked to confirm the extent to which their applications arise from, or address, the above priorities. The Council will give priority to applications that clearly address these priorities and, in the case of projects which address the rationalisation of 16–19 provision following area reviews and inspections, may exceptionally consider granting additional support on affordability grounds; and
- d. for all new applications, including those following previous FEFC in-principle determinations, the grant of 35% of eligible project costs will usually be regarded as a maximum and applications for any particular level of grant support will need to be justified on affordability grounds. A smaller grant may be offered by the LSC if it considers this to be appropriate.

<sup>3</sup> '*Colleges for Excellence and Innovation*' – November 2000 DfEE web site

43 The Council will meet previous FEFC capital grant payment commitments. All grant claims should continue to be sent to the Council's property services team in Coventry.

## Rationalisation

44 The priority of the rationalisation fund during 1999/2002 is to support projects aimed at increasing the cost effectiveness of provision and value for money within the FE sector. For 2000/01 and 2001/02 a total of £7.01 million and £7.7 million respectively has been made available.

45 In 2001/02 funds are available for category 1 applications (merger proposals) only. Applications eligible for support under this category involve projects intended to lead to a merger.

46 The Council will be considering what arrangements to make in order to support reorganisations from 2002/03 onwards and will consult interested parties.

47 The Council Circular '*Further Education Reorganisations and Rationalisation Fund Support*' will be published shortly.

## Previous non-schedule 2 provision

48 The Learning and Skills Act 2000 has removed the previous distinction between schedule 2 and non-schedule 2 provision. Guidance on this form of provision is included in FEFC Circular 01/05, *Guidance on Funding Allocations 2001/02*, and in *Guidance on Further Education Funding Eligibility and Rates 2001/02*.

## University for Industry

49 The Council is currently finalising arrangements with the University for Industry (Ufi) regarding the method of allocating funds set aside for learners recruited by UFI learning hubs and centres in 2001/02. Allocations are expected to be made at the same time as the final allocations.

## Individual learning accounts

50 In advance of further guidance, providers may wish to assume that these incentives will continue.

51 The Council is not running any more individual learning account pilots. Responsibility for the national framework lies with the DfEE and its customer service provider, Capita.

## Inflation

52 Her Majesty's Treasury has estimated that the gross domestic product (GDP) deflator, a measure of inflation, over the years 2001 to 2004 will be 2.5% each year. Providers should use this estimate in calculating movements in the cost of non-staff items unless they have better information about the specific price changes that will affect them. In determining the funds available to the sector in 2001/02 an efficiency gain of 1% has been assumed.

## Pay costs

53 Providers should continue to make their own decisions on pay awards, based on the institution's individual circumstances.

54 Funding related to staff performance will be made available in 2001/02. The arrangements for this funding are currently being finalised.

55 Providers should ensure that their financial forecasts, for both income and expenditure, reflect their latest notification for this source of funding.

## **European funding**

56 Initial guidance on European Social Fund (ESF) funding is available within FEFC Circular 01/05, *Guidance on Funding Allocations 2001/02*. Providers forecasting a higher level of funding than currently received should address in their sensitivity analysis the effect of not achieving the funding.

## **Work-based learning**

57 Funding for work-based learning in 2001/02 will be on the basis of the new national rates. Providers should assume for forecasting purposes that these rates will remain constant in future years. Any forecast increase in levels of activity should be addressed within the provider's sensitivity analysis.

# Annex E: Risk management plan (FE colleges)

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1 In the past, FE colleges have been asked to carry out a risk analysis on the achievement of their strategic plans. This request is made again in FEFC Circular 01/05, *Guidance on Funding Allocation 2001–02*. In conjunction with this request, colleges have been asked to carry out a sensitivity analysis as part of their financial forecast and to prepare contingency plans to address those sensitivities. In reviewing college financial forecasts the FEFC's regional finance directors considered the adequacy of the sensitivity analysis and contingency plans. In 2000 they concluded that 84% of colleges prepared an adequate sensitivity analysis. However, 16% of colleges did not have adequate plans. It is imperative that colleges have robust risk management plans. The Council suggests colleges give this element of the strategic plan greater importance, in particular where they have provision which may be most vulnerable to change.

2 The college's risk management plan should include:

- a. the college's disaster planning arrangements;
- b. other business risks as indicated in, but not limited to, the checklist in paragraphs 13 to 46; and
- c. the college's sensitivity analysis and contingency planning arrangements (as included in annex C to Supplement A of this circular).

3 The last element of the risk management plan has previously been requested as part of the commentary for the financial forecast. Its inclusion within the risk management plan should ensure logical consistency throughout the college's strategic and risk management documents and thereby assist colleges in their completion.

4 Colleges are asked to share their risk management plan with the Council and to confirm (as part of the principal's certification on the financial forecast) that it has been approved by the board of governors.

5 The self-assessment checklist at Supplement B to FEFC Circular 99/43, *Audit of 1999–2000 Final Funding Claim*, and of the FEFC's *1999–2000 Individualised Learner Record Data* is a good starting point for a college's risk assessment.

## Disaster planning

6 In addition to the identification and evaluation of the potential financial impact of risks, colleges are recommended to undertake a more wide-ranging review of activities. Such factors could include, for example, the impact of reduced credibility, should an adverse inspection report be received, loss of customer goodwill, effects on supplier confidence, potential loss of key staff, and changes to operational patterns.

7 A structured approach to these eventualities should consider the following:

- a. the 'cost' of accepting the risk;
- b. actions required to avoid the risk;
- c. potential to reduce the risk;
- d. actions to contain the risk; and
- e. ability to transfer the risk (for example, insurance).

8 Colleges are expected to have in place contingency plans that would be required in the event of major disaster affecting day-to-day operations.

9 In addition to the usual risks of fire, flood or other 'acts-of-God', colleges should consider the effects of events such as failure of information technology services, corruption of essential data (either maliciously or accidentally), loss of key staff, or default of major suppliers.

10 Of major concern should be the identification of the potential severity of the event:

- a. Does it have an impact on the college's survival?
- b. Does it have an impact on the college's finances?
- c. Does it have an impact on the college's image?
- d. Is it time-critical?
- e. Does it have an impact immediately?

f. Can the college cope without?  
(For how long?)

g. What alternatives are possible?

11 Colleges are recommended to establish a formal process to define and allocate responsibilities for action to be taken in the event of any major risk occurrence. This process should, as a minimum, identify a key manager who will take on the role of business continuity management. This position would take control of the implementation plan and identify such support as necessary. The main initial aspects of this role would be to:

- a. implement immediate emergency reaction;
- b. notify and mobilise support services;
- c. control central co-ordination;
- d. assess actual and potential damage;
- e. communicate clear instructions and guidance; and
- f. restore essential functions.

12 Colleges should be clear in establishing contingency plans of the need for regular review and assessment of the plans' functionality. Regular testing, monitoring and feedback should ensure the need for updating is considered. Accountabilities within the plans should be reviewed and authority for the implementation of changes should be clear.

## Checklist

### Learning and Skills Council funded provision

#### Growth in units

13 Experience has demonstrated that some colleges with a rapid growth in units have had difficulty in establishing quality assurance and management controls over the provision, particularly that delivered through franchising or distance learning. In a small number of cases, significant tranches of provision have later been determined as ineligible for Council funding, leading to expenditure having been incurred without income to support it. Where colleges have concerns about the potential eligibility of any provision, they should allow for possible recovery of funds.

14 While targets for the sector have always been described in terms of learner numbers, the emphasis for colleges has been in generating units of activity as this has been the unit of payment. Learner numbers, particularly for full-time 16–18 year olds, are now being explicitly monitored and a shortfall against a target number of learners may lead to a recovery of funds even if the unit allocation has been achieved.

15 In assessing risk, governors should ask:

- a. How is the growth in units to be achieved?
- b. Is the growth forecast outside the parameters set out in the forecasting assumptions?
- c. Is the college monitoring learner numbers [achieved] as well as units?
- d. How likely is it that learner number targets will be achieved?

#### Franchised provision and distance learning

16 High increases in unit delivery have often been achieved through franchised provision, often at a distance from the college's traditional catchment area, or through distance and open learning. These methods of delivery are more difficult to control. Colleges have been encouraged to withdraw from distant provision and concentrate on the priorities of the local area.

17 Many colleges have been able to generate a significant contribution to overheads from franchised activity. The contribution from this activity is recorded on schedule 14B, line 1(h) of the financial forecast.

18 As noted at paragraph 13 of annex D, many private colleges may be able to access funding direct from the Council.

19 In assessing risk, governors should ask:

- a. What percentage of units is franchised to other colleges?
- b. What percentage of franchised activity is subject to the discount factor?
- c. What contribution to overheads is generated from this activity?
- d. What percentage of learners is recruited from outside the college's wider (and local) recruitment area? A percentage of greater than 10% of learners should be regarded as a risk.
- e. What percentage of provision is undertaken via open and distance learning?
- f. What level of provision may be a risk should the Council choose not to contract for franchise provision?

#### **Load-banded qualifications**

20 Where a college delivers a load-banded qualification, the amount of funding it can claim is dependent on the number of guided learning hours it records. Variations are found between colleges for the same qualifications. Those colleges delivering the qualification in a number of guided learning hours close to the boundary of a load band may find that their auditors challenge the classification.

21 In assessing risk, governors should ask:

- a. What percentage of enrolments on qualifications is delivered via load-banded qualifications?

#### **National Vocational Qualifications (NVQs)**

22 NVQs are competence-based and assessment has to be undertaken in a work-based environment. Consequently, the application of the Council's guided learning hour definition can be problematic. Colleges that deliver more than 25% of total guided learning hours as NVQs should consider this to be a potential risk.

23 In assessing risk, governors should ask:

- a. What percentage of provision is measured in guided learning hours delivered as NVQs?

#### **Non-English postcodes**

24 Colleges should have in place a system for monitoring the number of Scottish, Welsh and Northern Irish learners that are not normally eligible for Council funding. Those colleges on the borders which have a tradition of recruiting across the border are able to continue this practice, but should not actively seek to increase the proportion of learners with non-English postcodes. Where a college is a specialist college and there is not comparable provision in the home country, provision may be eligible.

25 In assessing risk, governors should ask:

- a. What is the total number of learners with non-English postcodes?
- b. Can it be demonstrated that there is not comparable provision in the home country?

## European structural funds

26 Colleges will seek to generate funds from European Community structural funds for a number of reasons. These may include: meeting an identified need in the local area; infill on courses funded from other sources; as a means of introducing learners to the college who may then go on to other courses; generating funds which cannot be generated in any other way; as a means of accessing benefits for learners. Council funds may be used as matched funding for these funds.

27 The majority of courses funded in this way are unlikely to generate high contributions to overheads.

28 The audit requirements for this funding stream are stringent and a small number of colleges have been required to pay back significant sums following audit.

29 These funds are allocated on a calendar-year basis and often after the start of the funding year in question. On occasions, receipt of funding has been delayed and this has led to severe cashflow difficulties for the colleges concerned.

30 In assessing risk, governors should ask:

- a. What proportion of income is received from European structural funds?
- b. What contribution to overheads is generated from this activity?
- c. Where is the college's matched funding coming from?
- d. What is the impact on the college's cashflow forecast?

31 In their risk management plan, colleges should set out the initiatives under which bids have been made, the funding expected under each bid, any associated Council funding, and the margin expected. Colleges should ensure that their contingency plans cover unsuccessful funding bids, or programmes being discontinued or becoming ineligible.

## Links with other bodies

32 Colleges are increasingly entering a variety of partnership/joint venture arrangements with other bodies. Work with those colleges in difficulty has indicated that governors are not always aware of the potential liability of their college in these ventures, that it is not always clear that public funds are being used appropriately, that the activities of these bodies may be *ultra vires* and that appropriate disclosure of the activities may not be provided.

33 In assessing risk, governors should ask:

- a. The number of partnership or joint arrangements that the college is a member of and the level of any potential liability.
- b. The number of joint ventures that the college is a member of and the level of any potential liability.
- c. The number of subsidiary companies the college has, and their activities.
- d. Whether the college has reviewed FEFC Circular 99/14 and is satisfied that it has appropriate control over the activities of subsidiary companies and that those activities are not *ultra vires*?
- e. What investment has been made in these ventures and does this comply with regulations regarding use of public funds?



### Other providers

34 Colleges are encouraged to enter into partnerships with other bodies where these may enhance the educational opportunities for learners within the local area. Increasingly, planning of provision will be at a local area level. Colleges may be required to seek approval of their strategic plan by the local Learning Partnership.

35 In assessing risks, governors should consider the implications of:

- a. sharing information with other providers;
- b. the impact of the activities of other post-16 providers;
- c. any proposals for new sixth forms, including the possibility of local authorities setting up sixth form centres; and
- d. planned mergers of FE colleges or of other local providers.

### Financial issues

36 While the financial health of the sector has improved, a significant proportion of colleges still fall within financial health Group C. With the increased emphasis on targeted funding, colleges are likely to face increased financial risks if they do not achieve targets in specific areas.

37 Experience has indicated that those colleges implementing major capital projects are more likely to experience difficulties in financial management as management resources are stretched.

38 The National Audit Office (NAO) has issued a report on *Managing Finances in English Further Education Providers*.<sup>4</sup> Colleges have been requested to assess their current position in light of the NAO's recommendations within the commentary to support the financial forecast. Any areas where weakness exists should also be included within the college's risk assessment. This report includes recommendations for improving colleges' financial health and is commended to colleges.

39 In assessing risks, governors should consider:

- a. Whether the financial health of the colleges brings it within Group C, and/or is declining?
- b. Whether the college has an ongoing major capital project?
- c. Any qualified audit opinions from internal or external auditors.
- d. The opinion of the FEFC's audit service or the Council's provider assurance service on financial management.
- e. Whether the college is forecasting a shortfall against its unit allocation and has made appropriate provision for recovery of funds?
- f. Whether they are receiving regular and prompt management information?
- g. The procedures for monitoring expenditure commitments.
- h. Benchmarking of the college's activity with that of others.
- i. Whether the college has assessed the contribution to be made from any new venture as well as the income?

<sup>4</sup> National Audit Office, *Managing Finances in English Further Education Providers*, HC 454 Session 1999–2000, May 2000, Stationery Office

## **Other inspection issues**

40 Colleges may face many issues arising from inspections and the ensuing publicity. These can be so severe as to affect the continued viability of the college.

41 In assessing risk, governors should consider:

- a. curriculum grade 4 or 5s for inspection;
- b. cross-college grade 4 or 5s for inspection;
- c. other inspection issues;
- d. retention rates below median;
- e. achievement rates below median; and
- f. attendance rates below median.

## **Systems**

42 Colleges can be exposed to changes in key personnel and systems. History has indicated that those colleges with a pattern of late data returns ultimately experience difficulties in that the real position may not be as was perceived. Under the financial memorandum between the Council and colleges, colleges are required to inform the Council of changes in key personnel.

43 In assessing risk, governors should consider:

- a. changes in senior management;
- b. changes in college systems;
- c. whether any such changes require notification to the Council in accordance with the financial memorandum; and
- d. a history of late data returns.

## **Higher education**

44 In 1999/2000 the funding responsibility for HNCs and HNDs passed to the Higher Education Funding Council for England (HEFCE). A number of colleges have a changed relationship with HEFCE in that they now receive a greater proportion of direct funding. There has been some encouragement for colleges to work in consortia with universities in seeking HE funding. An increasing number of colleges may be subjected to inspections by the Quality Assurance Agency (QAA).

45 The framework for foundation degrees is being developed. Colleges will need to consider the likely impact of this initiative.

46 In assessing risks, governors should consider:

- a. the alliances that the college has with universities and how consortia arrangements might respond to the different needs of their learners;
- b. the proportion of income received from HE;
- c. the implications of QAA audit; and
- d. the potential impact of foundation degrees.

# Form SP01 Acc-Dat (SEPT) Accommodation Data

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(Reference Circular 01/01)

Please photocopy (or download from the Council's website), **complete and return it to the executive director at the Council's local office** by 30 September 2001.

|  |
|--|
| Name of provider ( <i>please print</i> ) |
| Code                                     |
| Contact for financial forecast queries   |
| Telephone no.                            |
| Fax no.                                  |
| E-mail address                           |



**Learning+Skills Council**

All information relates to the 12-month period since July 2000

|  |                      |
|--|----------------------|
| <b>Gross Internal Floor Area of the college as at (date)</b> | <b>m<sup>2</sup></b> |
|--|----------------------|

#### Land & Building Purchases

| Land/building name & description | Location | Building gross internal floor area (m <sup>2</sup> ) |
|----------------------------------|----------|--|
|                                  |          |  |

#### Land & Building Sales

| Land/building name & description | Location | Building gross internal floor area (m <sup>2</sup> ) |
|----------------------------------|----------|--|
|                                  |          |  |

#### Leased Buildings – rented by the college from others

| Land/building name & description | Location | Building gross internal floor area (m <sup>2</sup> ) |
|----------------------------------|----------|--|
|                                  |          |  |

#### New Buildings or extensions to existing buildings constructed by or on behalf of the college

| Land/building name & description | Location | Building gross internal floor area (m <sup>2</sup> ) |
|----------------------------------|----------|--|
|                                  |          |  |

|  |                |
|--|----------------|
| Total college gross internal area as at (date) | m <sup>2</sup> |
|--|----------------|

|   |                |
|---|----------------|
| Area of the college accessible to learners with learning difficulties and disabilities as at (date) | m <sup>2</sup> |
|---|----------------|

|  |                |
|--|----------------|
| Update of area of the college made accessible for learners with learning difficulties and disabilities | m <sup>2</sup> |
|--|----------------|

|  |                |
|--|----------------|
| Major changes in the location of curriculum activity and additional activity secured ( <i>please specify</i> ) | m <sup>2</sup> |
|--|----------------|

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|---|
| Confirmation of improvements made in 2001/01 and outline of proposed improvements (if any) relating to the implications of the Disability Discrimination Act 1995 for 2001/02 |
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# Notes

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## **LSC 2001**

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