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ABSTRACT

This booklet presents basic information about the Further Education Funding Council, which was established in 1992 to ensure the sufficiency and adequacy of further education facilities throughout England. Discussed first are the council's main responsibilities: ensuring sufficient further education opportunities for young people and adults throughout England; ensuring that the needs of students with learning difficulties/disabilities are met; and making arrangements to assess the quality of further education funded by the council. Examined next are the council's activities in the following areas: funding further education; meeting the need for further education; assessing the quality of further education; and providing information about further education. Other topics discussed are as follows: the council's formal status and accountability; its relationship with further education colleges; its regional structure; its operation in advisory, developmental, and regulatory capacities; and its budget. Appended are lists of the following: council aims; the council's legal duties; institutions that the council may fund; courses that the council may fund; council funding arrangements; membership of the council; chairmen of the regional committees; management group and senior staff; council regional offices; and council publications. Also included is a council regional map.  
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# Introduction to the Council



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*Introduction  
to the Council*

# Contents



	<i>page</i>
■ Responsibilities	1
■ What the Council Does	1
■ Accountability	2
■ Relationship with Colleges	3
■ Regional Structure	4
■ How the Council Operates	4
■ The Council's Budget	5

## Annexes

<i>The Council's aims</i>	8
<i>The Council's legal duties</i>	9
<i>Institutions which the Council may fund</i>	10
<i>Courses which the Council may fund</i>	11
<i>The Council's funding arrangements</i>	13
<i>Membership of the Council</i>	23
<i>Chairmen of regional committees</i>	25
<i>Management group and senior staff</i>	26
<i>Council regional offices</i>	29
<i>Council regional map</i>	31
<i>Council publications</i>	32

# *The Further Education Funding Council for England*

The Further Education Funding Council (the Council) was set up under the *Further and Higher Education Act 1992* (the Act) to ensure that there are sufficient and adequate further education facilities throughout England. It does so mainly by funding further education institutions. It allocates funds mainly to the further education and sixth form colleges which make up the English further education sector. It also funds universities and other institutions outside the sector which provide further education. The range and type of institutions and courses which the Council may fund are limited to those defined in the Act. These are set out on pages 10 to 12.

## **RESPONSIBILITIES**

The Council has a number of specific legal duties. In summary, these are: to ensure that there are sufficient further education opportunities for young people and adults in every part of England; to ensure that the needs of students with learning difficulties and/or disabilities are met; and to make arrangements to assess the quality of further education funded by the Council.

## **WHAT THE COUNCIL DOES**

### **Funding Further Education**

- the Council advises the secretary of state for education on the financial needs of the further education sector in England
- it decides how recurrent and capital funds will be allocated to colleges and others
- it allocates and pays funds
- it monitors the use to which funds are put
- it monitors the financial health of individual colleges.

### **Meeting the Need for Further Education**

- the Council advises the secretary of state for education on proposals to merge colleges, reorganise schools or make other changes in local provision which might affect further education opportunities



- it monitors the availability of further education opportunities by analysing college strategic plans
- it liaises with colleges, local education authorities, the Department for Education and Employment, training and enterprise councils and others to ensure that local needs are met
- it pays for the further education of individual students with learning difficulties or disabilities when it is advised by the student's local authority that their needs cannot be met by a local college.

**Assessing the Quality of Further Education**

- the Council employs its own inspectors and it inspects and reports publicly on each college every four years
- it reports on a national basis on specific curriculum areas and qualifications
- it advises on good practice based on inspection evidence
- it monitors implementation of the *Charter for Further Education*.

**Providing Information about Further Education**

- the Council gathers and publishes information about further education funding, student enrolments, staff numbers, the financial position of the further education sector and the quality of further education in England
- it has developed performance indicators for further education sector colleges and in due course will publish performance information about each of them.

**ACCOUNTABILITY**

The formal status of the Council is that of a non-departmental public body. Its members are appointed by the secretary of state for education and it is directly responsible to Parliament for the use of the public funds allocated to it. The members of the Council are listed on pages 23 and 24.









### **Regulatory**

- the Council declares a policy and requires institutions to comply with it by attaching conditions to the use of funds.

The Council also adheres to the following principles:

- it has regard to any advice given to it by the secretary of state
- it respects the independence and diversity of colleges within the sector
- wherever possible, it consults those within the sector and others with an interest in further education
- it adopts working methods which are open and readily understood
- it seeks to ensure that the funds it allocates are used properly and efficiently
- it upholds the aims and objectives of the *Charter for Further Education*.

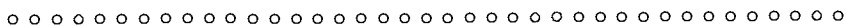
### **THE COUNCIL'S BUDGET**

The Council receives funds on an annual basis from the Department for Education and Employment as part of the public expenditure settlement agreed by Parliament.

For 1995-96, the Council's revenue allocation was £2.8 billion. Its capital allocation was £159 million. Its own running costs were £24.2 million.

## *Annexes*

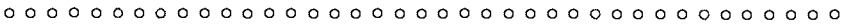
## *The Council's Aims*



The Council's aims are:

- to secure throughout England sufficient and adequate facilities for further education to meet the needs of students, including those with learning difficulties and/or disabilities, and the communities in which they live
- to contribute to the development of a highly-skilled and competitive workforce, particularly as envisaged in the national targets for education and training
- to promote access to further education for people who do not participate in education and training but who could benefit from it
- to promote improvements in the quality of further education
- to ensure that the achievements, contribution and potential of the sector and its financial needs are properly represented at national level
- to secure value for money for the funds employed by the Council.

# *The Council's Legal Duties*



The Council's principal legal duties under the *Further and Higher Education Act 1992* are:

- to secure the provision of sufficient full-time further education facilities suitable to the requirements of 16 to 18 year olds
- to secure adequate further education facilities for all other students, including part-time facilities for 16 to 18 year olds
- to have regard to the requirements of students with learning difficulties and/or disabilities
- to make the most effective use of resources and, in particular, to avoid disproportionate costs
- to ensure that the quality of further education is assessed.

The Council's duties extend only to England.

# *Institutions Which the Council May Fund*



The Council may fund only the following institutions:

- the further education and sixth form colleges included in the English further education sector under the *Further and Higher Education Act 1992*
- institutions outside the further education sector whose funding applications are sponsored under section 6(5) of the Act by one of the sector colleges
- higher education institutions.

The Council may also pay for individual students with learning difficulties or disabilities to attend specialist further education institutions if local colleges cannot meet their needs.











- reflect the inherent costs of different kinds of further education provision
- gradually reduce inherited disparities in funding levels at different colleges
- support government growth targets and cost-efficient expansion
- create incentives to encourage colleges to improve student retention and completion rates
- make colleges more responsive to the needs of students and employers.

### **COLLEGE RECURRENT ALLOCATIONS**

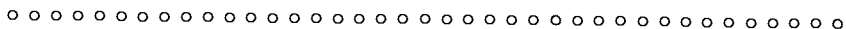
Each college forwards its strategic plan to the Council annually. The plan sets out the college's objectives and how it proposes to achieve them. Objectives include any plans for growth or changes in the balance of the curriculum. Funds are allocated to support the plan as follows:

- all institutions funded by the Council automatically receive a percentage of their previous year's funding; this is called the 'core' funding. At present the core is 90 per cent of the previous year's allocation. The size of the core is reviewed annually
- institutions then apply to the Council for funding above the core
- they do so by applying for additional 'funding units'.

### **Funding Units**

To provide a common measure for funding purposes, the Council has adopted the concept of funding units as these reflect more accurately than student enrolments the actual costs of different types of courses:

- each student enrolled attracts a number of units for the college



- the precise number of units will depend on the specific course being followed by the individual student, the student's progress, and their eventual achievement
- the number of units generated by a student on a specific course is determined by a tariff which is reviewed by the Council each year after it has consulted the sector
- each college also earns units for providing appropriate pre-enrolment guidance and for making a learning agreement with each student which sets out the education, training and support the college will provide
- colleges can earn units for providing additional support to students with learning difficulties or disabilities and for waiving fees for younger students and for adults on low incomes.

The provision of an average size college amounts to around 400,000 funding units. The smallest college has 20,000 units. The largest has 1.6 million units.

On average, 10 per cent of college funds is paid for pre-enrolment guidance and developing learning agreements. Around 5 per cent is linked to student success. The remainder is paid for the cost of delivering courses and for any additional student support costs and fee waivers (see page 19).

### **Main Allocation**

The Council's annual recurrent funding allocation to each college has two strands: the main allocation and the demand-led element. This is illustrated in figure 1 on page 17. Each college's main allocation is a specified fixed sum which the Council pays in return for the college providing an agreed number of target funding units. The allocation consists of:

- the college's guaranteed 'core' funding allocated in return for an associated number of core units
- funding for additional units above the core for which colleges apply.

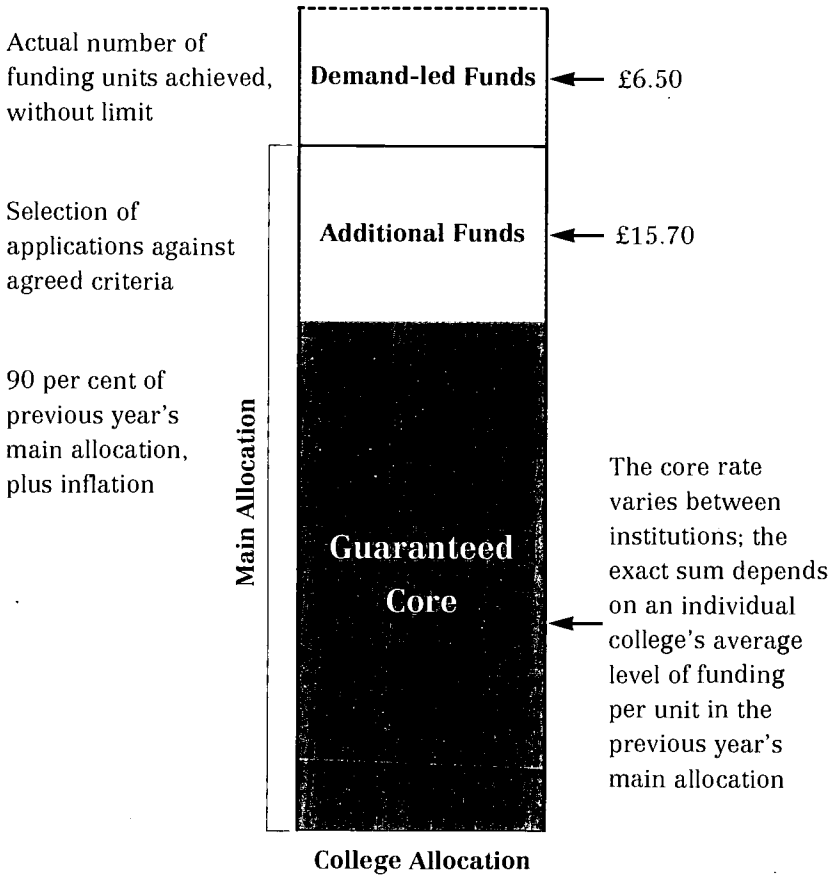




**Figure 1. The three elements of college recurrent funding allocations**

**Allocation method**

**Rate of funding per unit in 1995-96**





- the rate is currently about one third of the average level of funding per unit in the sector
- all additional units generated by a college qualify, including those for initial guidance and counselling, fee remission, additional support and for students succeeding in their qualification aims
- there is no limit to the amount of extra funding an institution can earn through this mechanism.

**AUDIT**

Each institution funded by the Council is audited at the end of the teaching year by the institution’s external auditors. Adjustments to the main allocation and the final payment of demand-led funds are based on audited figures.

**CONVERGING AVERAGE LEVELS OF COLLEGE FUNDING**

The Council is using its funding methodology to reduce gradually the widely varying levels of funding at different colleges inherited from former local authority funding arrangements.

The disparities in funding levels inherited by the Council were so wide (from £7.44 per unit to £47.48 per unit) that it decided it could not align them straight away. To have done so would have meant large funding reductions for many colleges. These colleges would have become financially unstable as a result. Instead, the Council set itself the objective of converging the range of college funding levels to an acceptable range within three years.

This objective is being met by the application of the Council’s methodology. Because the price paid for additional units above the 90 per cent core allocation is below the average for the sector, the funding level per unit at colleges with relatively high levels of funding is decreasing. At colleges where the inherited average level of funding is low, it is gradually increasing.



The process gives colleges with relatively high funding levels time to adjust their operations, either by reducing costs or by growth, and to bring their unit costs in line with other colleges.

### **ADVANTAGES OF THE NEW SYSTEM**

- the tariff is sensitive to the costs of different types of courses
- it can be adjusted by the Council to reflect any priority which it may wish to give to a specific curriculum area
- it can encourage colleges and others to recruit specific categories of students – for instance, the tariff currently compensates colleges which waive fees for students who are receiving means-tested state benefits
- by attaching funding units to student counselling and guidance at the beginning of the college programme and to students' success at the end of the programme, the system provides a powerful incentive to colleges to help students complete their studies successfully
- it recognises the additional costs incurred by colleges enrolling students with learning difficulties or disabilities
- it encourages colleges to deliver courses in ways which best suit students because, for most courses, it does not distinguish between full- and part-time modes of attendance
- through the monetary value which it attaches each year to additional funding units, the Council can encourage increased efficiency and reduce differences in funding levels between colleges at whatever rate it considers desirable
- the system requires colleges to have a detailed understanding of their enrolments, course profile, student retention and success rates, and it places a new emphasis on effective college management information systems
- the allocation method gives each institution adequate financial and planning stability







By linking allocations for general capital purposes to the number of funding units allocated to a college, the Council can ensure that it takes account of the size of the college, the type of courses it runs and the equipment costs associated with different types of programme and with the support needs of students with learning difficulties and/or disabilities.

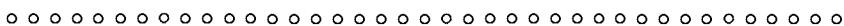
**Major Capital**

From 1996-97, colleges undertaking a major capital project which has been approved by the Council for funding support will receive additional Council funds towards the costs of the project. The level of Council support will be between 10 and 75 per cent of total project costs. The precise amount will depend on a college's average level of funding per unit at the time when the project is agreed. The lower a college's average level of funding, the higher the level of support.

Project support from the Council will normally be in the form of an annual contribution to the costs of loan finance taken out by the college. Exceptionally, the Council will consider making a grant for direct capital expenditure.

The Council considers applications for support towards the costs of major capital projects against published criteria. These are set out in Council Circular 95/25.

The first group of major capital projects approved for Council financial support were agreed in January 1996. Before this date, the Council channelled all its capital funding into capital equipment and a large-scale minor works programme designed to improve the poor state of college buildings. Under this programme, the amount of funds colleges received for minor repairs varied according to the findings of an independent, nationwide survey of all buildings in the sector which was commissioned by the Council.



### **Borrowing**

Colleges are free to borrow money to fund capital works. Under the terms of the *Further and Higher Education Act 1992*, all college borrowing must be approved by the Council.

### **Private Finance Initiative**

The Council is promoting the government's private finance initiative within the further education sector. The initiative encourages public sector bodies, including colleges, to work in partnership with the private sector in the financing, project management and subsequent management of capital developments.

### **Funds Available**

The capital funds available to the Council in 1998-99 are set out in table 2.

**Table 2. Capital funds available to the Council, 1995-96 to 1998-99**

	<b>95-96</b>	<b>96-97</b>	<b>97-98</b>	<b>98-99</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Capital	159.3	110.3	92.3	59.3
Change (%)	1.4	(30.8)	(16.3)	(35.8)





# *Chairmen of Regional Committees*



## **Northern Region**

### **Mr Haydn Biddle**

Chief executive, Bateman's Brewery; director of Tyne and Wear Enterprise Trust

## **North West**

### **Vacant**

## **Yorkshire and Humberside**

### **Vacant**

## **West Midlands**

### **Mr Charles Darby**

Former chairman, Bass Taverns and a former director of Bass plc; former chairman of Birmingham TEC

## **East Midlands**

### **Dr Eric Cliffe**

Chairman, Nottingham Development Enterprise; chairman of Business Link, Greater Nottingham; director, Nottingham City Challenge Partnership Ltd

## **Eastern Region**

### **Councillor Paul White**

Deputy lieutenant of the County of Essex

## **South West**

### **David Fryer**

Chairman, Truro College; former chief education officer, Cornwall County Council

## **South East**

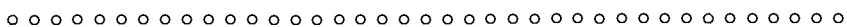
### **Vacant**

## **Greater London**

### **Mr Trevor Thomas CBE**

Former director of Unilever UK; chairman of the RSA examinations board

# *Management Group and Senior Staff*



## **Management Group**

Chief Executive	David Melville
Chief Inspector	Terry Melia
Director of Education Programmes	Geoff Hall
Director of Finance	Roger McClure
Secretary	Mike Wardle

## **Senior Staff**

Assistant Director, Education Programmes	Elizabeth Maddison
Assistant Director, Education Programmes	Emily Thrane
Assistant Director, Finance (Funding)	Tony Holloway
Assistant Director, Finance (Payments)	Richard Allanach
Chief Auditor	Pauline Tiller
Head of Communications	Patricia Stubbs
Head of Information Systems	Keith Duckitt
Head of Personnel and Staff Development	Di Newton
Head of Property Services	Phil Head
Head of Research and Statistics	Michael Stock



### **Heads of Regional Offices**

East Midlands	Christine Anderson Frost
Eastern Region	Martin Lamb
Greater London	Celia Cohen
North West	Maureen Trayers
Northern Region	Susan Bickerton (Acting Head)
South East	Vacant <i>from 1 Sep 1996</i>
South West	Catherine Christie (Acting Head)
West Midlands	Geoff Daniels
Yorkshire & Humberside	Julia Lacey <i>from 1 Sep 1996</i>









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Telephone 01203 863000  
Fax 01203 863358

**Head of Region:**  
**Geoff Daniels**

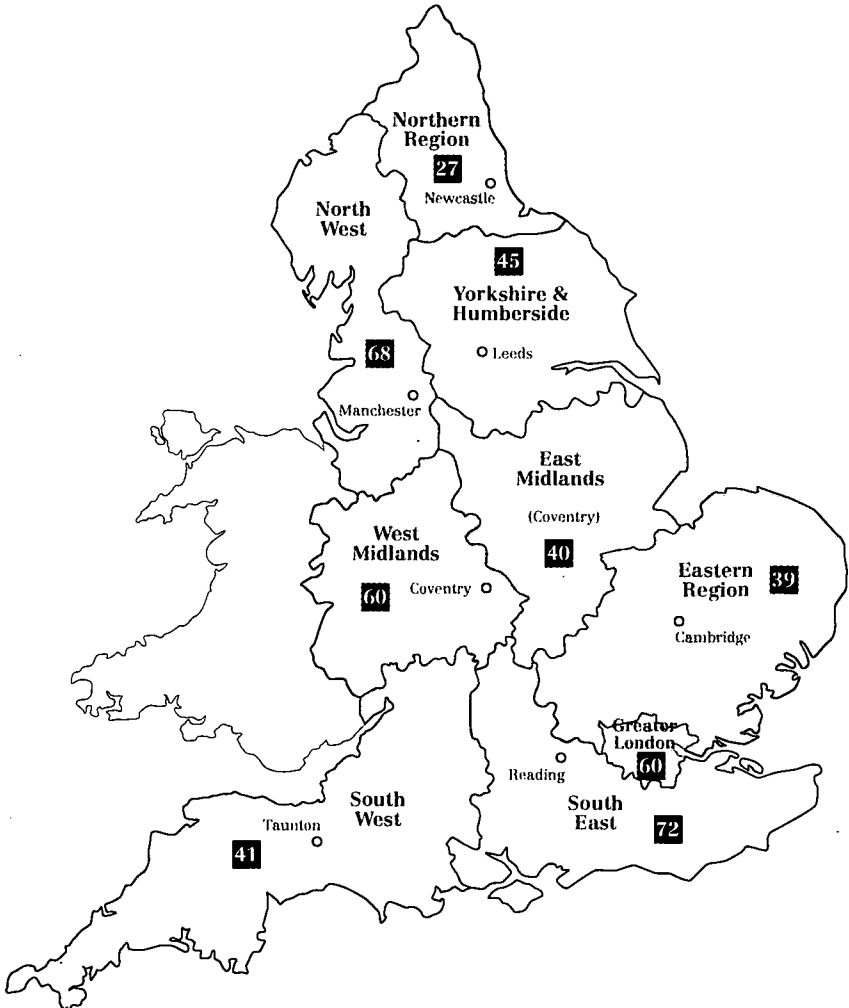
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Fax 0113 245 2477

**Head of Region:**  
*from 1 Sep 1996*  
**Julia Lacey**

# Council Regional Map

The map shows the Council regions, the number of colleges in each region as at February 1996 and the location of regional offices.



Total Council sector colleges at February 1996, 452

# *Council Publications*



## **Circulars**

A regular series of circulars giving advice and information to colleges and other institutions which the Council funds.

## **Quality Reports**

Reports on individual colleges, an annual report on quality and standards in further education in England, and occasional reports on specific curriculum areas or qualifications and on further education in other countries.

## **Council News and Regional Committee News**

Reports on the decisions of Council and the main items of business considered by its regional committees.

## **Major Publications**

- *Funding Allocations*
- *Annual Report*
- *Directory of Colleges in the Further Education Sector in England* (Jul 1996)
- *Guide for College Governors* (May 1994)
- *College Governance: A Guide for Clerks* (Mar 1996)
- *Estate Management in Further Education Colleges — A Good Practice Guide* (Sep 1995)

The Council also publishes statistical information on student enrolments, college staff, students and finance in further education, as well as providing guidance on aspects of college management in a series of good practice guides.

Further information on Council publications is available from the Communications Team, The Further Education Funding Council, Cheylesmore House, Quinton Road, Coventry CV1 2WT.

For further information, please contact:  
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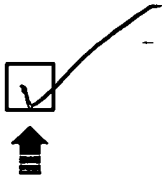
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