

PLANNING AND FUNDING CYCLES FOR THE FURTHER EDUCATION SECTOR



Final Report

November 2009

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Planning and Funding Cycles for the Further Education Sector

The New Engineering Foundation (NEF) is an independent and strategically focused charity (registered in England number 1112354) that works with key partners and stakeholders to support the advancement of education for the benefit of the public. It was established in 2004 as a grant awarding charity and a think-tank that supports vocational Further Education in Applied Science, Engineering and Technology through:

- Research, Policy and Advocacy;
- Programmes and Resources; and
- Knowledge and Technology Transfer.

Our mission is to achieve measurable and visible improvement through collaboration and partnership by providing a shared vision which:

- Engages all the key national and regional stakeholders;
- Enriches teaching and learning professionalism;
- Enhances and develops the capability of individuals , providers and industry; and
- Empowers change in individuals (teachers, trainers and tutors), providers and industry.



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FOREWORD



Stephen Williams MP

Liberal Democrat Shadow Secretary of State
for Innovation, Universities and Skills

Stephen Williams MP

In the current economic downturn, investment in education and skills has never been more important if the UK's businesses and citizens are to prosper and flourish. The Further Education sector has, and will, continue to be a central component of efforts to strengthen the UK's economic performance and transform individuals' life chances.

We therefore welcome efforts to streamline the skills system as part of the Machinery of Government changes, and the renewed emphasis which has been placed on the valuable role that FE plays in the economy. But a note of caution should be sounded, too, as these changes – through the creation of new agencies and bodies, and the realignment of old ones – could merely add to the complexity, leading to more planning interventions, and hence reinforcing the perception of Further Education being a 'compensatory system'.

This report, which summarises the output of two national 'think tanks' led by the New Engineering Foundation, provides a timely input into the implementation plans which are being taken forward by the new Department for Business, Innovation & Skills, and the Department for Children, Schools & Families. This report builds on findings from the Foundation's two previous studies – *Knowledge & Technology Transfer in Further Education* and *Preparing for the Future* – and sits alongside a current study on *Emerging Technologies: Emerging Markets*.

ACKNOWLEDGEMENTS

We acknowledge with gratitude the support received from the Gatsby Charitable Foundation.

We are very grateful for the invaluable contributions and feedback received from Further Education College Principals and Senior Managers as well as from senior representatives from:

- Business and industry;
- Regional Development Agencies;
- Government Departments and Agencies;
- Higher Education Institutions;
- Learning and Skills Councils (national and local);
- Sector Skills Councils;
- National Skills Academies; and
- Professional networks.

We would particularly like to thank Iain Nixon from The KSA Partnership for his invaluable contributions.

Finally, we would also like to thank all the members of Planning and Funding Cycle Think Tank and the Horizon Scanning Think Tank (full list is shown in Annex 2) and the New Engineering Foundation Advisory Panel¹ for their continued enthusiasm and effective involvement.

¹ The New Engineering Advisory Panel consists of representatives from the following organisations: Association of Colleges; Barnet College; BASF; BBC; Bournemouth University; CBI; Cogent, Sector Skills Council; Continuing Education in Electronic Systems Integration - CEESI; East of England Development Agency; Engineering Employers Federation; Foundation Degree Forward; Gatsby Charitable Foundation; Higher Education Academy - Engineering Subject Centre; Higher Education Academy - Physical Sciences Subject Centre; Institute of Directors Learning & Skills Improvement Service; London Development Agency National Physical Laboratory; National Skills Academy, Process Industries Newcastle College; North West Development Agency; OFSTED; PriceWaterhouseCoopers; Proctor and Gamble; QCA; Royal Academy of Engineering; Royal Society; Royal Society of Chemistry; SEMTA, Sector Skills Council; Skills for Justice, Sector Skills Council; and South West Regional Development Agency.



1. INTRODUCTION



The further education (FE) sector is increasingly being seen as the ‘power-house’ for skills of economic value.

The sector comprises demand-led organisations – colleges and work-based learning providers – which are operating individually and collectively in delivering high quality, responsive provision to meet the needs of learners, employers and communities. The ability of the sector to act responsively is influenced by the extent to which planning, commissioning and funding cycles of Government departments and funding bodies create the ‘right’ conditions for providers. There is also a dependency on the degree to which individual providers have embedded an exceptional approach to strategy and planning that enables them to better align supply with demand.

The environment within which providers operate is, however, in a state of perpetual evolution. The tendency though has been to build complexity into the system which works against the efficient and effective operation of the FE sector. Recently, the Government’s ‘Raising Expectations’ White Paper (March 2008) has put in place plans to streamline the adult skills system and give local authorities a greater say over the education of young people. These changes will mean that FE colleges, in particular, will be responding to the priorities of at least two Government departments, working with multiple planning and funding bodies (some of which will be new) at a regional and local level, and engaging with an ever increasing range of employer representative bodies, support agencies and provider networks. Only time will tell if these changes really help to extend choice to learners and employers, increase competition

between providers and so, incentivise providers to be increasingly responsive to existing and emerging skills needs.

It is therefore an opportune time to be thinking about what could be done to ensure that the planning, commissioning and funding of provision effectively supports the FE sector in meeting the needs of industry as well as individual learners. With this in mind the New Engineering Foundation (NEF) is working with the FE sector and its stakeholders to explore the opportunity for and implications of changing the planning and funding cycle.

This report summarises the outcomes of two national 'think tanks' facilitated by NEF in May and June 2009 – one focused on planning and funding, the other on horizon scanning – both involving college Principals, Assistant Principals and Strategic Development & Funding Managers, as well as heads of academic faculties. A total of 30 senior managers from colleges were involved. The horizon scanning think tank also involved representatives from the Sector Skills Councils and National Skills Academies. The report also draws on the outcomes of a seminar on 'Achieving Excellence, Fulfilling Potential' organised by NEF and held in April 2009. Again this seminar was well attended by college principals.

Focus of the think tanks

The purpose of the 'Planning and Funding Cycles for the FE Sector' think tank was to:

- clarify how and in what ways the strategic planning and funding environment for learning and skills is changing, and explore the implications of these changes for the FE sector;

- establish the features and principles of an effective planning and funding cycle that best supports the FE sector in going about its business; and

- identify what Government departments and funding agencies, the FE sector and other stakeholders need to do more of, start doing or stop doing in moving towards a more effective planning and funding cycle for the FE sector.

The 'Horizon Scanning for the FE Sector' think tank then considered how colleges and the sector more broadly could make more effective use of horizon scanning as an integral part of the planning cycle. More specifically, it explored the extent to which horizon scanning is being used by colleges, how they do it and what interventions are needed for colleges and the sector to get better at it.

*Professor Sa'ad Medhat
Chief Executive
New Engineering Foundation*

2. A CHANGING PLANNING, COMMISSIONING AND FUNDING LANDSCAPE

In this section we briefly review the current situation in relation to the planning, commissioning and funding of provision in the FE sector, how this is changing through the 'Machinery of Government' reforms, and what the implications are for the sector and the internal planning mechanisms adopted by colleges.

2.1 Current situation

Skills commissioning

The Learning & Skills Council (LSC), established in 2001, is responsible for planning and funding high quality further education and training for young people and adults in England. The current powers held by LSC are, however, in a period of transition and the LSC will cease to exist in 2010 (see section on 'College planning', below).

In brief the national LSC produces a five year strategic plan and annual statements of priorities which are then translated into local area statements of need and regional commissioning statements by the regional LSCs. Negotiations are then held with providers on the LSC's Qualified Provider Framework, and annual contracts and funding formulas are produced.

Performance of providers has been measured against these contracts – the emphasis being placed on the delivery of volume targets (e.g. qualification success rates). Furthermore, as part of the formal accountabilities that the LSC requires of colleges, three year financial and risk management plans are produced, which are reviewed annually.

Planning and Funding Cycles for the Further Education Sector

The funding provided by the LSC has been targeted at 14-19 year olds, adults and employers and supports a range of initiatives (e.g. Apprenticeships, Train to Gain). The LSC also administers the capital programme of investment to fund the delivery of 'world class build-ings' within the FE sector. Alongside the LSC funding, some colleges – depending on their curriculum offer – will draw-down funding from the Higher Education Funding Council for England (HEFCE), directly or indirectly through franchise arrangements with partner universities. While the delivery of HE in FE provision is not the focus of this study, the funding arrangements increase the planning complexities for FE colleges.

College planning

Internal college planning mechanisms are heavily influenced by the requirements of the sector's primary funding body, the LSC. In other words their behaviour is conditioned by the way in which funding flows into and through the FE system and how performance is measured. Colleges react to these external drivers in a way that negates against longer-term planning and innovation, and instead encourages a strategy of 'following the money'. For example, the current funding regime (see above) leads to colleges planning provision on an annual basis and very few look beyond this horizon.

Consequently the extent to which the FE sector undertakes horizon scanning and translates this intelligence into five to ten year business plans varies from college to college. While all colleges do horizon scan, they do it to different degrees and to differing levels of success. The more successful colleges manage to break out of the 'here and now' to think about and plan for the future, and articulate a longer-term aspiration





for their business which motivates and aligns efforts. These colleges also tend to be ones that systematically examine potential threats, opportunities and likely future developments, including (but not restricted to) those at the margins of current thinking and planning. Put another way they make good use of robust market intelligence and horizon scanning in determining their strategic and operational priorities.

The FE sector is therefore characterised by strong operational rather than strategic leadership.

2.2 An evolving situation

The FE system is going through a period of great change – the LSC agenda for change, the Foster review, the Leitch report, the skills White Paper, the Framework for Excellence, self-regulation, FE and Training Act, and the Instrument and Articles of Government for FE college-corporations have all influenced the shape of the sector. The central tenet of these policy interventions are driving the FE sector to become more demand led, engaged with employers and locally integrated in 14-19 delivery. Central Government in March 2008 announced further changes – under the Machinery of Government Changes – to the skills planning, commissioning and funding landscape.

The key dimensions of the planned changes include:

- **Out with the 'old', in with the 'new'**

Transfer of the LSC's responsibilities for the funding of education and training for young people to local authorities, supported by the Young Peoples Learning Agency, and for adults to the new Skills Funding Agency.

- **Devolved responsibility to a local level, with a sub-regional and regional take**

Recognising the important role of local authorities and Regional Development Agencies (RDAs).

- **Strengthened role for some**

Planning will be held at a local level for 16-19 year olds through the 14-19 Partnerships and Children's Trusts, moderated at regional and national levels, and the development of post-19 learning will be led by the UK Employment & Skills Commission (UKCES), in close co-operation with the SSCs (representing employers) and Ofqual.

- The Skills Funding Agency will award delivery contracts and control the application of funding, with a national and regional dimension

- **More of a 'voice' for employers**

Through a strengthened role for SSCs in articulating appropriate qualifications.

- **Putting the FE sector more at the heart of things**

Colleges are clearly identified as 'priority partners' in the planning and commissioning process.

- **An ongoing and continuous dialogue**

Planning timeframes for skills training commissioning is over a 17 month period (April to following September), yet the system allows for dialogue on an ongoing and continuous basis.

- **Evidence based decision making**

Identification of need will be based on local and regional conditions.

- **Increased funding**

Funding for post-19 training, through the Train

to Gain programme, is set to significantly increase and capital funding will be identified for colleges looking to improve the physical environment.

- **Greater flexibility to divert funds as conditions change**

Funding to be applied more flexibly (as part of a 'funding envelope') allowing colleges room for diverting funds as the local conditions change, driven by learner demand and the employer/businesses need.

In parallel, changes to the qualifications and examination system are also taking place. The introduction of the Qualifications & Credit Framework (QCF) intends to provide a new way of recognising achievement through the award of credit for units and qualifications. Alongside providing benefits to learners and employers, the QCF should enable providers to design more flexible programmes in a responsive manner by shortening the cycle involved in introducing new qualifications.

Implications for the FE sector

The changes in the 'skills landscape' present many challenges and opportunities for the FE sector. The intent behind all of these changes is to streamline the skills system; however, experience would suggest that the tendency has been to build complexity on to itself through constantly developing mechanisms to support an ever changing array of bodies and agencies that deliver a wide range of funded programmes and initiatives.

A perceived risk is that the fundamental issues affecting the efficient and effective operation of the FE system are not addressed. The impact of



restraining forces – application of volume targets, short-term funding mechanisms and entitlements, inspections focused on processes not outcomes – is not reduced. There is failure to rationalise the range of organisations operating in the skills system. A recent publication² states that ‘working away in the skills system’ are four planning and funding bodies, four regulatory/inspection agencies, five government departments, nine bodies supporting or representing providers, 10 support agencies, 12 strategic bodies and 16 separate support mechanisms.

If these concerns – expressed by college principals and other senior managers – are fulfilled then the system within which the FE sector operates could become more restrictive. That said, if the FE sector is to become a trusted and respected partner, senior managers must recognise the need to get their heads around the changing landscape, position their college to effectively engage and influence the new/realigned set of agencies, and gear up to taking a longer-term view of the ‘business’.

The key elements of success include:

- improving the robustness and timing of the FE sector’s internal strategy and planning cycles;
- making better and more coherent use of available intelligence to inform strategic and operational priorities;
- reducing unnecessary bureaucracy to achieve internal efficiencies and improve responsiveness; and
- enhancing capacity and capability to sustain quality in learning and teaching.

² Edexcel, Policy Watch: *Who does what in the skills system*, November 2008



3. FEATURES OF AN EFFECTIVE PLANNING AND FUNDING CYCLE



In this section we explore what an effective planning and funding cycle for the FE sector might look like and the features of an exceptional approach to strategy and planning in colleges. We also examine the different dimensions and approaches to horizon scanning which can help colleges in determining their strategic and operational priorities.

3.1 An effective planning and funding cycle for the sector

The way in which the FE sector is funded and measured has increasingly, as noted in section 2.1, provided cause for concern. The environment that has been created is not believed to be conducive, not least because the direct link between supply (the FE colleges and other providers) and demand (the learners and employers) has been weakened through an over-emphasis on being 'planner-captured' brought about by the increased the involvement of bodies like the LSC, UKCES, SSCs, RDAs, local authorities, Ofqual and Ofsted in the skills system.

In view of this situation, and accepting that changes are currently underway (see section 2.2), College principals and other senior managers feel the planning, commissioning and funding environment for the FE sector needs to be revised to ensure it is fit for purpose.

They felt that an effective planning and funding

cycle for the FE sector would have the following characteristics:

- **Increasingly demand-led**

Maximising the direct purchasing of provision from FE colleges and other providers by learners and employers so that the planning side of the system does not overly dictate and due recognition is given to competition and collaboration being part a healthy market place.

- **Learner centred**

Funding follows the learner and extends personal choice to ensure equality of opportunity with no artificial boundaries created by age (i.e. funding supports lifelong learning).

- **Unitised funding**

Funding should be deployed in a way that recognises and supports the delivery of what the market wants and this isn't necessarily a full qualification.

- **Strategically weighted**

Provision that addresses the skills needs of sectors identified as being strategically important for the economy are weighted accordingly.

- **Commissioning approach**

Commissioning provision that addresses the skills needs of strategically important sectors as means by which to encourage differentiation in providers' offers and enable colleges to create niche local, regional and national markets.

- **Plans-led funding**

The deployment of funding should be aligned to providers' strategic and operational plans but with reasonable flexibility to vire resource to areas most in need, i.e. to be responsive to new and emergent opportunities.

- **Evidence based**

Plans to address skills needs/gaps should be informed by robust intelligence of demand, particularly for those sectors identified as having future comparative advantage.

- **Longer funding timeframes**

Supporting a three year planning and funding cycle in line with the Government's three year spending cycle.

- **Self regulation**

Based on increased confidence and trust in the FE sector's ability to manage its own affairs, with reduced levels of external regulation and bureaucracy.

- **Performance measured on achievement of 'outcomes'**

The focus should be on measuring what is valued most and on providing additionality, and less emphasis placed on satisfying volume targets.

- **Streamlined**

A rationalisation of the number of agencies and bodies that have a say over the 'skills system' and thereby can influence what the FE sector does and how, alongside a clearer demarcation of roles and contribution to make it easier for FE colleges and other providers to engage.

3.2 Features of an exceptional approach to strategy and planning

Having created an environment in which policy-makers set the intended 'outcomes' informed by socio-economic needs, providers should then have the autonomy to decide which outcomes they respond to in line with their mission and through discussion at a local and regional level.



Providers, particularly colleges, recognise that they then have a responsibility to take a longer term view of their business by extending their horizons beyond the 'here and now' (see section 3.3) with a view to clarifying their market position and growth strategy. Having determined their own market position and brand reputation, it then makes it easier for colleges to identify opportunities to grow and establish strategic partnering relationships with other FE colleges, independent training providers and universities that will add value.

Moreover, College principals and other senior managers acknowledge that they need to break out of the 'chasing the funding' mentality that currently prevails and become more strategic in their interactions with a wide range of external stakeholders, including the FE sector's mainstream funding bodies. The features of an exceptional approach to strategy and planning in a college would therefore include:

- Having a 10 year vision and a unified five year corporate (or strategic) plan.
- Using the five year corporate plan as the basis for discussions with strategic and funding partners at a local and regional level.
- Having a Master plan for capital investment over at least a 10 year period.
- Utilising robust market intelligence and horizon scanning in determining their strategic and operational priorities.
- Ensuring that Boards of Governors understand the investment strategy and are clear about the return on investment required for the strategic growth of the college.

- Adopting a three year planning cycle which accommodates external funding cycles and detailed operational planning requirements.
- Establishing strategic commissioning relationships with each of the mainstream funding bodies.
- Putting in place mechanisms to ensure commercial activity is profit generating.

Adopting such an approach will better enable colleges to determine their strategic direction and align investment to focus on the needs of their local communities, encourage innovation and revolutionise the approach to learning.

3.3 Utilising robust market intelligence and horizon scanning

More so than ever before in the current economic climate, it is an imperative for colleges to 'think globally' and 'act locally'. College principals accept that developments globally are increasingly impacting on their business. Hence, it is not only important to extend their horizons from one, to three, to ten years but also to extend them geographically. However, horizon scanning techniques have yet to be used extensively in the FE sector.³

In thinking about the future, senior managers in the FE sector have identified that the following dimensions need to be taken into account:

- Attitudes to education and work (the public, prospective learners and existing learners).

³ Horizon scanning is defined by the Government Office for Science as the systematic examination of potential threats, opportunities and likely future developments, including (but not restricted to) those at the margins of current thinking and planning

- Socio-economic factors that affect the labour market and market trends.
- Sectoral developments (e.g. the decline of existing sectors, the rationalisation of existing sectors and the emergence of new sectors such as renewables).
- Changes in the workplace and workplace practices.
- Technological developments (changes in technologies, the emergence of new technologies, and the application of technology in supporting learning and teaching).
- Funding priorities and opportunities.
- UK political agenda and policy imperatives (e.g. the emphasis on intermediate and higher level skills, investment in low carbon technologies).
- European Union policy.
- Internationalisation or globalisation including developments in emerging economies.
- Positioning and competitive advantage including internal capacity and capability to respond to new opportunities.

A wide range of approaches can then be deployed in analysing the collated data. These include PESTLE, scenario planning, casual layered analysis, trend spotting, forecasting, back-casting, Delphi and futures wheel. A brief description of each is provided in annex 1. A dependency with all these techniques is that the quality of the input affects the quality of the output. As such the robustness of internal management information as well as external labour

market intelligence needs to be improved.

Successful providers will therefore be those that strengthen their horizon scanning capability and are better able to identify emerging opportunities and threats, convert this intelligence into practical solutions through their internal planning mechanisms, and align new developments to the wider economic agenda and Government policy. Horizon scanning as a result has the potential to be a significant and valuable tool in supporting the FE sector in the continually evolving 'skills system'.

4. MOVING FORWARD

In this section we identify a set of recommendations for Government departments to consider in moving towards a planning and funding cycle for the FE sector that is 'fit for purpose' and for the FE sector and colleges to consider in ensuring their approach to strategy and planning is exceptional.

For Government departments

Recommendation 1

The Department for Children, Schools & Families and Department for Business, Innovation & Skills should work with the Minister for Further Education to establish and promote a clear and shared perspective on what is expected of the FE sector in contributing to the economic and skills priorities of the country.

Recommendation 2

The DCSF and DBIS working with the Minister for Further Education should establish mechanisms for a regular and ongoing strategic dialogue with representatives of the FE sector.

Recommendation 3

The DCSF and DBIS should work with the new Skills Funding Agency, local authorities and the FE sector to ensure capacity and capability exists internally to generate high quality market intelligence from a wide range of national, regional and local data sources (UKCES, Alliance of Sector Skills Councils, RDAs, etc.) to inform the strategic commissioning process – at a national level consideration should be given to establishing a 'research observatory' for the FE sector.

Recommendation 4

The DCSF and DBIS (building on work undertaken by the then Department for Innovation, Universities & Skills) working with the FE sector should agree and work to a common planning, commissioning and funding cycle for the FE sector to maximise the sector's strategic contribution to society and the economy – the cycle should accommodate the philosophy of 'every person matters' and be underpinned by a clearly defined set of principles including:

- facilitating longer term strategic planning;
- sustaining a demand-led approach;
- bringing about local and regional integration;
- ensuring transparency in the commissioning and contracting process;
- securing competitive neutrality between providers;
- providing reasonable flexibility within a larger funding 'envelope';
- achieving high performance;
- measuring performance on realising sustained impacts; and
- realising continuous improvement through self regulation.

Recommendation 5

The DCSF and DBIS (building on work undertaken by DIUS) should include within the common planning, commissioning and funding cycle an agreed framework of performance measures for the FE sector that are based on realising sustained strate-

gic impact and learner entitlements – this will require working with the FE sector to review and renew PSA targets as part of a move from simple definitions of 'outputs' and volume targets to more sophisticated ones encompassing 'outcomes' that describe the intended benefits.

Recommendation 6

The DCSF and DBIS should establish mechanisms to reduce levels of external regulation as part of a shift towards a FE sector that is characterised by 'self regulation' – this will necessitate working with the FE sector to determine the minimum level of bureaucracy required for audit and inspections, and ensure alignment of criteria used in existing performance and quality standards (the Training Quality Standard, Ofsted) within the Framework for Excellence.

Recommendation 7

The DCSF and DBIS should grant greater awarding powers to FE colleges and undertake a review with a view to rationalising the number of awarding bodies and other bodies (e.g. SSCs) that influence the curriculum as a means by which to improve the responsiveness of the sector in meeting the needs of learners and employers.

For the FE sector

Recommendation 8

The FE sector working through 'The Single Voice' should develop a clearer 'vision' about how it sees the sector maximising its contribution to meeting the economic, social and skills priorities of the country – this 'vision' should then be used as a basis for ongoing dialogue with the FE Minister and Government departments, funding bodies and other stakeholders to ensure the FE sector is positioned as an integral and highly valued part of education system.



Recommendation 9

The FE sector should work with the Skills Funding Agency at a national and regional level and local authorities to put in place effective mechanisms through which to disseminate intelligence (labour market trends, sectoral developments, changes in work practices, etc.) in an accessible and useable format to colleges and other providers to better support their strategic planning processes.

For FE colleges

In line with current best practice in the sector, FE colleges should consider the following recommendations.

Recommendation 10

FE colleges should set out a long term strategy for their business based on a clear mission and market positioning, and use this to prepare and implement plans for growth, performance improvement, curriculum development and organisation development – minimising the tendency to react to external drivers (e.g. funding, accountability, qualifications).

Recommendation 11

FE colleges should strengthen their internal capability to horizon scan to 'future proof' strategic and operational plans – this will require establishing mechanisms to systematically analyse data to generate well-researched market intelligence on current and future trends, business threats and opportunities, and the implications of likely future developments.

Recommendation 12

FE colleges, individually and collectively, should establish mechanisms for effective dialogue with strategic agencies and funding bodies at a

local and regional level so that the sector is well positioned to contribute to local economic and skills priorities.

Recommendation 13

FE colleges should look to create headroom for reinvestment by increasing income from employer facing services and other commercial activities.

Recommendation 14

FE colleges should include a developmental component as an integral part of their operational and financial plans as a means by which to support research and development, and demonstrate the sector's ability to innovate and improve.

Recommendation 15

FE colleges should embrace a robust approach to self evaluation which drives a culture of performance and accountability centred on an agreed set of strategic outcome targets, realigning market position to meet the needs of learners and employers and strengthening capacity for self-regulation.

Recommendation 16

FE colleges should ensure that their Board of Governors has the expertise, and the necessary capacity and capability, to effectively support and challenge strategy formulation and implementation.

ANNEX 1 – Horizon scanning techniques explained

A brief description of a number of horizon scanning techniques is provided below. Further information on these techniques and others is available from the websites listed at the end of the annex.

The NEF will also be producing a 'how to' guide for colleges in the use of these techniques. However, colleges may benefit from involving external expertise in facilitating the strategy and planning process and applying these horizon scanning techniques in practice.

PESTLE Analysis

PESTLE is a useful tool for understanding the environment in which a college is operating. It explores the following factors – political, economic, sociological, technological, legal, and environment. The process involves auditing the college's 'environmental' influences and then using this intelligence to guide strategic decision-making. The assumption is that if a college is able to audit its current environment and assess potential changes, it will be better placed than its competitors to respond to changes. It is often used to understand risks associated with market growth or decline, and as such the position, potential and direction for a college.

Scenario planning

Scenario planning is a strategic planning tool used to make flexible long-term plans. It is a list of participating organisations and representatives for learning about the future by understanding the nature and impact of the most uncertain and important driving forces affecting the environment in which a college operates.

The technique assumes that the future can differ greatly from what we know today. The process involves crafting a number of diverging stories by extrapolating uncertain and heavily influencing driving forces. The stories can be generated from a combination of known factors

(e.g. demographics), plausible alternative trends (based on a PESTLE analysis, for instance) and anticipatory thinking (e.g. new regulations or inventions, subjective interpretations)

The stories (or scenarios) increase knowledge of the environment in which a college operates and widen perceptions of possible future events. For each of the scenarios, appropriate actions in response to a likely future position can then be considered.

Causal layered analysis

Causal layered analysis (CLA) helps in creating the 'space' for the formation of alternative futures by opening up the present and past. It is used in developing more effective – deeper, inclusive, longer term – policy and strategy. In contrast to techniques such as scenario planning and backcasting, it focuses layers of analysis – the litany (the 'unquestioned view of reality'), social causes (the systematic questioning and explanation of the reality), discourse (the 'unconsciously held worldview') and myth/metaphor (the 'unconscious emotive dimensions of an issue'). The process involves conducting research across all of these layers.

Forecasting

Forecasting is used to predict the future based on current trend analysis. The technique helps to identify existing trends and emerging developments which can then be used to inform thinking about future possibilities that result from the unfolding of these trends. The process can involve scanning a wide range of data/information, identifying and forecasting key forces, and considering 'wildcards' or high impact, low probability events.

As a technique it draws on historic data and extrapolates existing trends in the data. A variety of techniques are used to extrapolate the trends including Box-

Jenkins models, Delphi method, exponential smoothing, moving averages, regression analysis and trend projection. The validity of the technique increases in extremely stable environments, over shorter timescales and when caveats and treatment of uncertainty is visible.

Delphi

The Delphi method is a systematic, interactive forecasting technique which relies on input from independent experts. The process involves successive rounds of consensus building where 'forecasts' converge.

Backcasting

Backcasting is used to identify the actions a college would need to take to get to a certain goal. It involves defining and envisioning a desirable future that is not limited by existing conditions. The future state (or 'vision') is then used to work backwards to identify steps that will attain those conditions and identify how key processes, structures or cultures need to change.

Futures wheel

The futures wheel method is used to draw out opinions and ideas in order to depict the interrelationships between primary, secondary and tertiary consequences of trends and events. It uses a 'ripple effect' in working out from a trend or event to identify the implications or impacts that the event can have.

Websites for further information

- Wikipedia at <http://en.wikipedia.org> search on 'futures techniques'
- JISC tools and techniques at www.jiscinfonet.ac.uk/tools/
- Scenarios for Sustainability at www.scenariosforsustainability.org/
- Foresight's Horizon Scanning Centre at <http://hsc toolkit.tribalctad.co.uk/>
- Metafutures at www.metafuture.org

ANNEX 2 - List of participating organisations and representatives

Planning & funding cycles think tank meeting

14 May 2009

Institute of Directors, Pall Mall, London SW1Y 5ED

Ms Joannie Andrews	Hackney College	Principal
Dr Philippa Bell	New Engineering Foundation	Director of Policy & Research
Mr Mick Brophy	Gateshead College	Assistant Principal
Mr Keith Hegarty	Macclesfield College	Head of Engineering
Mr Henry Hui	The Sheffield College	Strategic Dev & Funding Manager
Mr Phillip Hurrell	South Cheshire College	Head of Engineering
Prof Sa'ad Medhat	New Engineering Foundation	Chief Executive
Mr Iain Nixon	KSA Partnership	Facilitator
Ms Pauline Odulinski	Aylesbury College	Principal
Ms Liz Ogilvie	New Engineering Foundation	Senior Exec, Programme Management
Mr Garry Phillips	Burton on Trent College	Asst Principal Standard & Development
Mr Derek Puddick	City & Islington College	Director of Centre for Applied Science
Mr Stephen Sheedy	Queen Mary's Basingstoke	Principal

Horizon scanning think tank meeting

8 June 2009

Institute of Directors, Pall Mall, London SW1Y 5ED

Participants

Dr Phillipa Bell	New Engineering Foundation	Director of Policy & Research
Mr Jev Bhalla	Walsall College	Vice Principal, Curriculum & Quality
Mr Andrew Callard	Hartpury College	Business Development Director
Dr Mohan Chana	Sussex Coast College Hastings	Assistant Principal, Technology
Mr Clive Coker	CQ Consulting	Consultant
Mr Keith Elliott	City of Bristol College	Principal & Chief Executive
Mr Roland Fletcher	National Skills Academy Nuclear	Apprenticeships Manager
Mr Robin Gadd	Brockenhurst College	Head of Information Services
Mr Paul Gotts	North East Process Industry Cluster	Consultant
Ms Marilyn Hawkins	Barnet College	Principal
Mr Hashim Hashim	Bradford College	Director – WOW Innovation Centre
Ms Asha Khemka	West Nottinghamshire College	Principal (between 10 – 12)
Mr Vasu Krishnaswamy	Stanmore College	Head of Dept , Science, Tech & Maths
Ms Elaine McMahon	Hull College	Chief Executive & Principal
Prof Sa'ad Medhat	New Engineering Foundation	Chief Executive
Mr Iain Nixon	KSA Partnership	Facilitator
Ms Angela O'Donoghue	City of Sunderland College	Principal
Ms Sharon Pickering	Regional Work & Skills Partnership	Director
Mr Michael Rennie	Richmond College	Vice Principal Curriculum & Quality
Mr John Rook	Farnborough College	Director of Education
Mr Stephen Scarborough	Barking College	Senior CTL
Mr Stephen Sheedy	Queen Mary's College Basingstoke	Principal
Mr Andrew Thomson	Former QIA	CEO

Mr Adam Ward	Colchester Institute	Head of Centre for Engineering
Ms Ann Williams	West Suffolk College	Principal

Consultation

Mrs Cathy Walsh	Barking College	Principal
Ms Lynne Kirkwood	Barnsley College	Head of Communications and Marketing
Mr Kurt Taylor	Barnsley College	Quality Manager
Mr Colin Booth	Barnsley College	Principal
Mrs Wynne Handley	Basingstoke College of Technology	Head of Quality
Ms Judith Armstrong	Basingstoke College of Technology	Principal
Ms Penny Morgan	Bexley College	Vice Principal (Curriculum & Quality)
Mr David Gleed	Bexley College	Principal
Mr James Taylor	Bracknell & Wokingham College	Director of Quality & Standards
Mr Howard Keeffe	Bracknell and Wokingham College	Principal
Ms Jayne Garner	Brooklands College	Assistant Principal (Performance & Excellence)
Mr Colin Staff	Brooklands College	Principal
Ms Lynda Sinkinson	Bury College	Director of Quality
Ms Laurant Chatburn	Bury College	Principal
Mr Robin Greenaway	Carshalton College	Vice Principal (Quality)
Mr Alan Buckley	CATCH	Solutions Manager
Mr Derek Puddick	City & Islington College	Director of Centre for Applied Science
Ms Carol Tidball	City College Birmingham	Head of Quality & Standards
Mr Everton Burke	City College Birmingham	Vice Principal (Curriculum Development)
Ms Indira Krishnamma	City of Bath College	Quality Improvement Manager
Mr Matt Atkinson	City of Bath College	Principal
Ms Alison Andreas	Colchester Institute	Director of Quality & Operations (East)
Ms Caroline Fritz	Colchester Institute	Quality Manager
Mr Danny Clough	Colchester Institute	Principal
Mr Gerard McAlea	DCSF	16-19 Transfer Team
Ihsan Al-Zanki	Doncaster Group Ltd	Group Technology Director
Ms Paula Whittle	Ealing, Hammersmith & West London College	Principal
Mr Alan Hall	EEF Yorkshire & Humberside	Regional Director
Mr Richard Layburn	Exeter College	Business Development Manager
Mr Rob Bosworth	Exeter College	
Ms Christine Davis	Farnborough College of Technology	Principal
Ms Lesley Walker	Greenwich Community College	Director of Quality & Standards
Mr Geof Pine	Greenwich Community College	Principal
Mr Mick Lochran	Grimsby Institute of Further & Higher Education	
Ms Jeannie Cohen	Harrow College	Director of Business Development
Mr Chris Faux	Harrow College	Director of Quality
Mr Mike Cargill	Humberside Engineering Training Association	
Mr Eric Collis	Humberside Engineering Training Association	General Manager
Mr Mark Jones	Lewisham College	Director of Business Development
Mr Peter Tudor	Matthew Boulton College	Director of Technology, IT and Business Development

Planning and Funding Cycles for the Further Education Sector

Dr Eleanor Merson	National Metals Technology Centre	
Mr Mike Smith	Nelson & Colne College	Director of Curriculum
Ms Julie Hughes	Nelson & Colne College	Director of Quality
Mr Bryan Davis	New College Swindon	
Mr Peter Charalambous	Richmond-Upon-Thames College	Principal
Mr Brian Fowler	Semta	
Mr Henry Hui	Sheffield College	
Ms Linzi Johnstone	Solihull College	Quality Manager
Ms Brenda Sheils	Solihull College	Principal
Mr Tony Dick	South Thames College	Head of Business Development Unit
Ms Janet Smith	South Thames College	Head of Quality
Ms Sue Rimmer	South Thames College	Principal
Mr Kit Davies	Southgate College	Quality Manager
Mr David Byrne	Southgate College	Principal
Ms Mary McHugh	Stanmore College	Head of Curriculum
Ms Vicky Taylor	Stanmore College	Head of Quality
Ms Laraine Smith	Uxbridge College	Principal
Ms Barbara Worms	Uxbridge College	Academic Standards & Quality Manager
Mr Iain Elliott	Waltham Forest College	Director of Business Development
Ms Helen Kinghorn	Warwickshire College	Head of Quality
Mr Paul Lewis	Westminster Kingsway College	Business Development Manager
Mr Stan Bishop	Yeovil College	Head of Quality & Improvement
Mr James Hampton	Yeovil College	Principal
Mr Tony Jowitt	Yorkshire Forward	
Ms Teresa Kelly	Abingdon & Whitney	Principal
Ms Pauline Odulinski	Aylesbury College	Principal
Mr Peter Birkett	Barnfield	Principal
Mr Derek Branton	East Riding	Principal
Ms Marilyn Hawkins	Barnet College	Principal
