

SECTOR DEVELOPMENTS...

ESFA POST-16 FUNDING LETTER FOR THE 2019/20 ACADEMIC YEAR PUBLISHED

The Education and Skills Funding Agency (ESFA) has published its post-16 funding letter for the 2019/20 academic year. For the first time, 16-19 and 19+ funding details are included in a single document, rather than in separate letters for each age group. Amongst other things, the letter confirms that the current funding of £4,000 per full time student aged 16 to 17 and £3,300 for 18-year-olds will be maintained for the 2019/20 academic year (as it has for the last 7 years), as will part-time funding rates. This was not entirely unexpected, since the government had already said that it would not consider any increase until next year's spending review. The letter also says that the government 'continues to invest in FE' and is allocating:

- £20 million to March 2020 to help providers *prepare* for the delivery of T-Levels
- £38 million in capital funding for the first providers of T-Levels to fund *equipment and facilities*
- £74 million to help deliver T-Level *industry placements* for students aged 16-19
- £50 million to improve post-16 basic mathematics through new *Mathematics Centres for Excellence*
- £16 million for an *Advanced Mathematics Support* programme
- £170 million to support new *Institutes of Technology* to deliver higher-level technical skills.

In addition, the letter sets out information on how Adult Education Budget (AEB) allocations will change in 2019/20 as a result of devolution and the work being carried out by the ESFA to support colleges in preparation for the launch of the new insolvency regime. A copy of the ESFA letter can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764216/20181212_FINAL_ESFA_funding_letter.pdf

OFSTED 2017/18 ANNUAL REPORT

Ofsted has published its 2017/18 Annual Report. Amongst other things, the report says that:

- There was a reduction in the number of full inspections carried out by Ofsted (329 full and short inspections of FE and skills providers in 2017/18 compared with 392 in 2016/17).
- Ofsted has concerns about the impact of funding cuts on the financial viability of the college sector.
- Colleges may be recruiting students to Level 2 courses for which there are few employment prospects.
- General FE (GFE) college outcomes have improved. Of the 64 GFEs inspected in 2017/18, 69% were rated 'good' or 'outstanding', up from 46% in 2016/17. 28% were graded 'requires improvement', down from 46% in 2016/17 and those rated 'inadequate' fell from 6% to 2%.
- Sixth-form college outcomes have remained the same. 81% of SFCs inspected in 2017/18 were rated 'good' or 'outstanding' in 2017/18, the same as in 2016/17.
- 88% of adult and community learning (ACL) providers inspected in 2017/18 were rated at 'good' or 'outstanding', up from 83% in 2016/17.
- Two thirds of prime providers were managing their subcontractors effectively. Their subcontractors were 'delivering good quality provision'. Student achievement rates were the same as for the main provider.
- The number of independent training providers (ITPs) increased from 490 at the end of 2016/17 to 990 at the end of 2017/18. The proportion of ITPs inspected in 2017/18 that were rated 'good' or 'outstanding' was 78%, down from 81% in 2016/17. Around two-thirds of *new* ITPs inspected for the first time in 2017/18 were judged as 'requires improvement' or 'inadequate'.
- 110 apprenticeship providers were inspected in 2017/18, of which 58% were found to be 'good' or 'outstanding', an increase from 49% in 2016/17. 88 early monitoring visits to *new providers* revealed examples of 'poor governance, low-quality teaching and not enough time for off-the-job training'.
- There were more apprenticeships at higher levels. Ofsted had concerns that many existing employer training and graduate schemes were being rebadged as apprenticeships.

A copy of the 2017/18 Ofsted Annual report can be found at:

<https://www.gov.uk/government/publications/ofsted-annual-report-201718-education-childrens-services-and-skills>

OFSTED TO REINSPECT MORE 'OUTSTANDING' COLLEGES

Under current arrangements, colleges graded as 'outstanding' are not inspected unless concerns are raised about safeguarding or worsening student outcomes. This has resulted in many 'outstanding' colleges not being inspected by Ofsted for ten years or longer. Ofsted wants to scrap the exemption arrangement but this has been resisted by the Department for Education (DfE). However, Schools Minister for England, Nick Gibb, has now written to Amanda Spielman, the Chief Ofsted Inspector for England asking her to ensure that in 2019/20, at least 10% of the colleges (and schools) graded as 'outstanding' are inspected. In his letter, Mr Gibb says that the 10% should include colleges 'where risk assessments have indicated possible concerns', but could also include a selection of institutions 'where best practice is found'. He did not say whether Ofsted would get extra resources to help meet the cost of these additional inspections, but he did confirm that the current general exemption for 'outstanding' colleges will remain in place. A copy of Mr Gibb's letter to Ms Spielman can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/761337/Nick_Gibb_to_Amanda_Spielman_3_Dec.pdf

NEW LEVEL 4 AND 5 TECHNICAL QUALIFICATIONS PROPOSED

The Minister of State for Education in England, Damian Hinds, has announced that a consultation on proposed new vocational qualifications for 18-year-olds will be launched early next year. These have been given the working title of 'Higher T-Levels' and are intended to be an alternative to degrees and higher apprenticeships. The proposed date for the introduction of the new qualifications is 2022, which coincides with the date the first cohort of students are expected to finish their T-Levels. The Higher T-levels will be based partly on existing Level 4 and Level 5 technical qualifications (such as HNC/Ds, HE Diplomas and Foundation Degrees) and partly on new higher qualifications. More information can be found at:

<https://www.gov.uk/government/news/level-4-5-technical-education-to-be-reviewed>

ROLL-OUT OF SECOND WAVE OF T-LEVELS

Mr Hinds has also announced the subjects to be offered in wave two of the government's T-Level roll-out in 2021. These are: Health, Healthcare Science, Science, Onsite Construction, Building Services Engineering, Digital Support and Services, and Digital Business Services. The Institute for Apprenticeships (IfA) has launched a consultation on the draft outline content for five of these: Building Services Engineering, Digital Business Services, Health, Health Science and Science, with responses required by 17 January. The DfE says that it intends to approve a further 50 to 75 providers to deliver the new courses. The full roll-out of T-Levels will be completed in September 2023. Mr Hinds has also announced that T-Levels will be allocated University and College Admissions Service (UCAS) tariff points, with each programme carrying the same points as three GCE A-Levels. The Russell Group of Universities has already announced that they will not accept T-Levels for entry to their degree programmes. Mr Hinds has described this as 'a great error' on their part. More information on wave 2 T-Levels can be found at:

<http://www.instituteforapprenticeships.org/about/t-level-consultation-on-proposed-outline-content/>

DFE PUBLISHES T-LEVEL ACTION PLAN AND EVALUATION OF T-LEVEL INDUSTRIAL PLACEMENT PILOTS

The DfE has published its T-Level Action Plan. The purpose of the Action Plan, says the DfE, is to 'provide an update on how the introduction of T-Levels' is progressing. The DfE says that it intends to publish a new version of the Action Plan and progress made each autumn. The 2018 Action Plan will be reviewed in autumn 2019. A copy of the 2018 plan can be accessed at

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/762137/T_Level_action_plan_2018.pdf

INITIAL EVALUATION OF T-LEVEL 'INDUSTRIAL PLACEMENT AND CAPACITY' PILOT PUBLISHED

The DfE has published its first evaluation of the T-Level 'Industrial Placement and Capacity' pilot. The evaluation aims to 'assess the effectiveness of different placement and support models in different contexts, highlighting lessons for the full national roll-out'. Further details are available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/762138/Evaluation_of_the_Industry_Placements_Pilot_-_Research_report_Dec2018.pdf

A copy of the DfE guidance on the pilot arrangements and the funding available can be found at:

<https://www.gov.uk/guidance/work-placement-capacity-and-delivery-fund-principles-for-high-quality-work-placements>

GRADE INFLATION IN SOME APPLIED GENERAL AND BTEC NATIONAL QUALIFICATIONS

Ofqual has published research that identifies 'evidence of grade inflation' in Level 3 Applied General and BTEC National awards which are, in the main, internally assessed. The research shows that, over time, there has been a significant increase in the number of students securing high grades in these qualifications, which has not been matched by students' prior attainment or their subsequent degree or employment outcomes. Ofqual is now calling on awarding organisations (AOs) to act on the report's findings by addressing the risk of grade inflation in these qualifications and considering how best to strengthen their general controls in respect of the award of qualification grades. The Ofqual research report can be found at:

<https://www.gov.uk/government/publications/strengthening-vocational-and-technical-qualifications>

OFQUAL DATA ON NOVEMBER GCSE MATHS AND ENGLISH RE-SITS

Ofqual has released data on GCSE English and mathematics resit entries. In November 2018 the numbers of resits in these subjects increased to 104,710 from 67,755 in November 2017. The increase in entries was largest among those re-sitting mathematics, where there was a rise of 55,125 (58%), while entries in English language increased to 49,585 (50%). A large proportion of these huge increases are accounted for by the significant rise in the number of people re-sitting mathematics and English GCSE exams in FE colleges after the DfE introduced a funding condition requiring all students under the age of 19 who had achieved a Grade 3 (or D under the old GCSEs) to take the qualification again. This year's summer GCSE results showed that students aged 17 or older obtaining a Grade 4 in mathematics fell by 14.4% and by 2.4% in English language, prompting FE leaders to once again call for a change in DfE policy.

FE COMMISSIONER URGES COLLEGE GOVERNORS TO UNDERTAKE DUE DILIGENCE BEFORE APPOINTING PRINCIPALS

The FE commissioner for England, Richard Atkins, has urged governors to consult with others in the FE sector, (such as the AoC, the ESFA and his own office) before making an offer to candidate for the post of principal. His advice come in the wake of recent principal appointments that, for various reasons, have subsequently been deemed to be unsound. The latest of these involves a principal (who has now resigned) that governors had appointed from another college just a few weeks after the publication of a report on that college by the FE Commissioner that was deeply critical of his leadership. Ironically, in this case the governors had commissioned a well-established FE interim management and recruitment agency to conduct a search for suitable candidates. Mr Atkins' call for caution was prompted by the impending introduction of the new college insolvency regime which, for the first time, will allow colleges to be declared bankrupt. Meanwhile, the DfE has announced that Mr Atkins, along with two of his deputies, Steve Hutchinson and Andrew Tyley, have had their contracts extended for a further two years.

SECOND ALLOCATIONS FROM STRATEGIC COLLEGE IMPROVEMENT FUND (SCIF) ANNOUNCED

Earlier this month it was announce that another 36 colleges from across England will collectively receive £5.5 million from the first full round of the £15 million Strategic College Improvement Fund (SCIF). 14 colleges have already shared £2 million allocated through the SCIF pilot, which has generally been regarded as having been a success. The colleges in receipt of SCIF funds will work with a high performing

partner college to share their knowledge expertise to help them tackle issues such as raising the standard of teaching or improving learner retention. More information on the SCIF is available at:

<https://www.gov.uk/guidance/guidance-for-applicants-to-the-strategic-college-improvement-fund>

DFE PUBLISHES 2017/18 WHOLE YEAR APPRENTICESHIP DATA

DfE whole year apprenticeship data for 2017/18 published earlier this month shows that:

- There were 375,800 apprenticeship starts in 2017/18. This is a decrease of 24% compared with 494,400 starts in 2016/17 and a decrease of 26% compared with 509,400 starts in 2015/16.
- Within the 375,800 starts in 2017/18 there were 163,700 starts on the new apprenticeship standards, up from 24,600 in 2016/17.
- Overall numbers of apprenticeships fell to 814,800 in 2017/18 compared with 899,400 in 2016/17 (a contraction of 10%) and 908,700 in 2015/16.
- However, there were 77,800 starts in quarter 4 of 2017/18 compared to 48,000 starts in quarter 4 of 2016/17 (an increase of 60%). This is the first year-on-year increase since the levy was introduced. Nevertheless, starts in quarter 4 of 2017/18 are still significantly below the 117,800 starts recorded in quarter 4 of 2015/16 (prior to the introduction of the levy) and the 115,300 starts in quarter 4 of 2014/15.

For the first time, the DfE data has been broken down by provider type, and reveals that:

- Colleges have seen the largest fall in their apprenticeship starts from 151,960 in 2016/17 to 99,220 in 2017/18 (a 35% contraction compared with a 24% reduction across the whole of the FE and skills sector). Some of this contraction is explained by changes to rules around subcontracting, which have had an adverse effect on colleges that subcontract much of their provision.
- Colleges' *share* of the apprenticeship market fell from 31% in 2016/17 to 26% in 2017/18.
- Other apprenticeship providers in sectors which are publicly funded (including universities, NHS trusts and local authorities) saw their starts increase from 38,910 in 2016/17 to 45,450 in 2017/18 (an increase of 17%). Their *share* of the apprenticeship market increased from 8% to 12% over the same period. Much of this growth was delivered by providers new to the apprenticeship market, for example universities delivering degree-level apprenticeships for the first time.
- ITPs had 228,090 starts in 2017/18 compared with 300,170 in 2016/17 (a contraction of 24%, the same as the sector average). Their *share* of the apprenticeship market remained at 61% over the two years.

The DfE full year apprenticeship data can be accessed at:

<https://www.gov.uk/government/statistics/further-education-and-skills-november-2018>

DRAMATIC FALL IN THE NUMBER OF LEVEL 2 APPRENTICESHIP STARTS

The DfE data also reveals that there were just 161,400 apprenticeship starts at Level 2 in 2017/18, down from 260,700 in 2016/17. The largest decreases by occupational area were in Business, Administration and Law, Health, Public Services and Care, Retail and Commercial Enterprise and Engineering and Manufacturing Technologies. The DfE has been sufficiently concerned by the reduction in Level 2 starts to commission research to identify the causes and effects of the contraction and to help identify possible policy responses. Further details can be found at:

<https://www.contractsfinder.service.gov.uk/Notice/dad8111a-c4c1-41db-9a6e-4aae8b12b659?p=@UFQxUIRRPT0=NjJNT08=>

AROUND ONE THIRD OF PROVIDERS LISTED ON THE ROATP WERE NOT ACTIVE IN 2017/18.

Figures released by the DfE reveal that 32% of organisations listed on the Register of Apprenticeship Training Providers (RoATP) did not deliver any apprenticeships in 2017/18. Of the 1,787 providers listed on the register in that year, 580 had no starts by the end of the year. Further information on this is available at:

<https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships>

IFA PUBLISHES 2017/18 ANNUAL REPORT AND ACCOUNTS

The IfA has published its first Annual Report and Accounts. The report covers the 2017/18 financial year (April 2017-March 2018) and shows that in this year, the IfA:

- Had a net expenditure of £8.4 million, with 71% of this being accounted for by staff costs.
- Employed 89 full-time, permanent members of staff. Of these, 54 were women and 35 were men.
- The median salary of these employees was £48,600. The current IfA Chief Executive, Sir Gerry Berragan (who did not take up his post until November 2017) was paid between £55,000 and £60,000 in the financial year to 31 March 2018. The highest paid director received £142,500 for the full year.
- Worked with more than 2,500 businesses to design new apprenticeship standards with 100 industry representatives sitting across its 15 sector-specific route panels.
- Expects to have 400 apprenticeship standards approved by the end of the 2018/19 financial year. At the end of the financial year 60% apprenticeship starts were still on the old frameworks, rather than the new employer-designed standards. Nevertheless, this compares relatively favourably with the previous year when 97% of apprenticeship starts were on the old frameworks.

A copy of the IfA Annual Report and Accounts can be accessed at:

https://www.gov.uk/government/publications/institute-for-apprenticeships-annual-report-and-accounts-2017-to-2018?utm_source=8be3c8f9-b55f-49fe-8d92-4ac80a1a9c61&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

APPRENTICESHIP BUDGET LIKELY TO BE OVERSPENT

The IfA has confirmed that the apprenticeships budget for England in 2018/19 is likely to be overspent by £0.5 billion in 2018/9, rising to £1.5 billion by 2021/22. The reason given for this is that despite the contraction in the overall number of starts, apprenticeships attracting higher levels of funding (such as management and degree apprenticeships) comprise a much larger proportion of total starts than was expected. These higher funded apprenticeships are apparently taking up the bulk of the apprenticeship levy, leaving other types of apprenticeships short of funds and providers facing rationing by either number or price or both. Ironically, up until very recently, it was expected that levy funds would be under-spent, rather than over-spent. This is of significance, since the levy system was actually designed on the assumption that levy-paying employers wouldn't use all their funds, and that the funding left over would be used to fund apprenticeships with non-levy paying employers and to cover additional expenditure such as that on English and mathematics qualifications for apprentices aged 16-18, and extra support for apprentices who are care leavers or have special needs. Meanwhile, Anne Milton, the Minister for Apprenticeships and Skills in England has said that she intends to 'look at whether it is right that the government should continue to fund all apprenticeships, particularly for people who are already in work and people taking second degrees'. And Ofsted Chief Inspector for England, Amanda Spielman, has criticised the practice of funding being made available for existing graduate programmes and for firms' existing training that had been rebadged as apprenticeships, 'at the expense of the third of students who leave school without a full Level 2'. Presumably in an attempt to save money, the IfA is now in the process of carrying out a review of funding bands, as a result of which a number of apprenticeships will see their funding reduced.

CHANGES TO APPRENTICESHIP STANDARDS FUNDING BANDS ANNOUNCED

Plans to review the first 31 apprenticeship standards were announced in May 2018. All but two of these reviews have now been completed and Damian Hinds, the Minister for Education in England approved recommendations from the IfA for funding band changes. As a result, 21 standards have had their funding cut, 2 standards have had their funding increased and the funding for the remaining 6 standards stays as it currently is. Funding band *increases* will take effect immediately. Funding band *reductions* will take effect after a 3-month notification period, which will be from either 1 January 2019 or 4 March 2019, depending on when the standard was reviewed. Earlier this month it was announced that a further 30 standards would be reviewed in the period up to the summer of 2019. Further information on the new funding bands and the

dates when funding changes come into effect can be found at:

<https://www.instituteforapprenticeships.org/reviews/funding-review/>

ESFA APPRENTICESHIP COMPLETION PAYMENTS TO BE WITHHELD IF 10% EMPLOYER CONTRIBUTION IS NOT MADE

The ESFA makes monthly payments to apprenticeship providers up to a total of 80% of the agreed amount within the funding band for that standard. When an employer has no access to levy funding, a 'co-investment' of 10% is required from the employer (scheduled in the last budget statement to be reduced to 5%). Assuming the 10% contribution is paid, the ESFA pays the remaining 10% is once the framework has finished or the end point assessment has made. However, where employers have not paid the 10% contribution, the ESFA says that from next January it will withhold the 10% apprenticeship completion payment and that any completion payment already made in the 2018/19 funding year will be clawed back. Once the employer pays the 10% contribution, the completion payment will be released in the next monthly funding cycle. Further information on this is available at:

<https://www.gov.uk/government/publications/sfa-inform/esfa-inform-november-2018>

DFE 2017/18 DATA SHOWS A DECLINE IN PARTICIPATION IN ADULT FE AND SKILLS IN ENGLAND

The DfE has published its final 2017/18 figures for participation in Adult FE and Skills in England. The data shows that government cuts to FE continue to have an adverse effect on adult participation. For example:

- Participation in government-funded adult FE fell from 2,236,800 in 2016/7 to 2,179,100 in 2017/18.
- In 2017/18, 286,100 learners participated in full Level 2 courses, down from 426,700 in 2016/17.
- Participation in adult community learning dropped from 535,800 in 2016/17 to 504,500 in 2017/18.
- The number of participants aged 19+ on full Level 3 courses fell from 454,300 in 2016/17 to 373,500 in 2017/18. Within this, Level 3 participation by adults aged 24+ fell by 14%.
- Overall numbers of learners aged 19+ fell from 119,000 in 2016/17 to 109,000 in 2017/18.
- The number of adults in England aged 24 and above taking out Advanced Learner Loans fell from 98,600 in 2016/17 to 86,500 in 2017/18 (a contraction of 12%).

A copy of the DfE 2017/18 annual Adult FE and Skills data can be accessed at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/761949/FE_and_Skills_commentary_Dec_2018_final_v2.pdf

And more information on the take-up of Advance Learner Loans can be found at:

<https://www.gov.uk/government/statistical-data-sets/fe-data-library-further-education-and-skills>

COLLEGES UNLIKELY TO BE ABLE TO CLAIM ADULT EDUCATION BUDGET FUNDING FOR OUT OF AREA ADULT STUDENTS

From August 2019, more than £600 million of the £1.5 billion AEB will be devolved to the seven new Combined Authorities. These are: Cambridgeshire and Peterborough, Greater Manchester, Liverpool City, Sheffield City, Tees Valley, West Midlands, the West of England and Greater London. However, recently published guidance on AEB devolution confirms that the Combined Authorities will only be able to fund students who reside within their area and *will not* be able to fund students who are required to travel into, or out of, their boundaries to take courses. This is thought likely to have a significant impact on the numbers of students recruited by colleges both inside and outside the area. Colleges will be required to check postcodes at enrolment, and out of area learners are likely to be turned away because they will not be eligible for funding. The new arrangements will particularly affect colleges with multiple campuses offering specialisms that may lie outside of funding area boundaries. More information can be found at:

<https://www.gov.uk/guidance/adult-education-budget-aeb-devolution>

RECENTLY PUBLISHED REPORTS ON FE AND HE INTERNATIONAL STUDENT RECRUITMENT

The AoC has published its '*International Activity in Colleges 2018*' survey', which says that:

- In 2017/18, 82% of the colleges were involved in international work, an increase of 14% on 2016/17. These colleges enrolled an average of 121 non-EU international students a year on Tier 4 study visas.
- Average college income from non-EU international activity was £723,280 and average college income from the EU 27 countries was £105,000. (No data is available on the cost of generating this income).
- Colleges were engaged in over 20 different types of international activity involving students from 66 different countries, ranging from international student recruitment to operating campuses overseas.
- China is the most important international market for colleges. Collectively, the EU 27 countries are the second most important international market for colleges.
- Level 3 is the most popular level of study.
- English language programmes are the most popular subject of study.
- The number of international students recruited by FE institutions has dropped following a tightening of the rules around Tier 4 visas.
- More than a third of colleges experienced visa refusals for prospective students for 'credibility reasons'. Colleges say that their international recruitment is unlikely to grow until there is a student immigration system in place that places more trust in colleges' admissions decisions.
- Colleges want the government to remove international students from net migration targets.

A copy of the AoC report is available at:

https://www.aoc.co.uk/sites/default/files/AoC%20international%20survey%20report%202017_0.pdf

The All-Party Parliamentary Group for International Students (APPGIS) has published a report entitled '*A Sustainable Future for International Students in the UK*'. The report recommends that:

- The government should regard education as an export and as being of economic value at a national, regional and local level, and should include education in their international trade strategy.
- A cross-departmental group should be set up to establish ambitious targets to grow international student numbers. This should be supported by a cross-departmental strategy and a commitment to remove students from the target to reduce net migration.
- Immigration rules should facilitate and encourage international students to study at various levels within the UK education system *including small, specialist, vocational and general further education providers*.
- There should be a Tier 2 visa system which allows students up to engage in up to two years of work experience in the UK on completing their studies.
- The government should pursue an EU deal for unrestricted movement of students and researchers, as part of a close relationship with European universities and colleges post Brexit.
- The Independent Chief Inspector of Borders and Immigration should conduct an independent review of credibility interviews within the student immigration system to ensure the system is fit for purpose.

A copy of the APPG report is available at:

<http://www.exeduk.com/wp-content/uploads/2018/11/APPG-Report-FINAL-WEB-1.pdf>

UK VISA SYSTEM

For information, the UK operates a visa system for people from outside the European Economic Area (which includes the EU) who want to come to the UK to visit, study, work or to remain indefinitely. There are five visa Tiers. FE and HE institutions will probably only be concerned with Tier 4 visas, which are for students aged over 16 who wish to study in the UK. FE colleges might also be involved with providing English language courses for refugees granted the temporary right to remain in the UK while their application for asylum is being considered by the Home Office. The other four Tiers are:

- **Tier 1 visas:** These are intended to encourage wealthy people from outside the EU to invest in the UK. A £2 million investment will buy a Tier 1 visa and holders can apply for 'indefinite leave to remain' after 5 years residency in the UK. The wait can be cut to 2 years for a £10 million investment. It was intended that Tier 1 visa holders would invest in UK capacity building and job creating ventures, but it seems that instead, most have used their funds to invest in (ie buy) property instead, mainly in London. Tier 1 visa issues been temporarily suspended amid concerns that the scheme is being to launder money.
- **Tier 2 visas:** These are visas issued to 'skilled workers' with a job offer in the UK, including workers who are transferred to the UK by an international company, and prominent sportspeople (eg footballers). HE institutions could be involved with Tier 2 visas for certain students for whom work experience is part of their course or who want to remain and work in the UK after completing their post-graduate studies.
- **Tier 3 visas:** These are intended for low-skilled workers filling specific labour shortages.
- **Tier 5 visas:** These are issued to non-EU temporary workers and young people undertaking working holidays through the Youth Mobility Scheme.

There are also three non-Tier visas. These are:

- **Visitor visas:** Short-term visas required for entry the UK as a visitor
- **Family visas:** Required to enable a person with settled status in the UK to bring their spouse and/or dependent family members to join them in the UK, or for individuals to join family members already living in the UK
- **Business visas:** These are medium or longer-term visas for people engaged in business in the UK.

In the period between 2001 and 2011, the UK issued more visas than any other country in the world. Since then obtaining any kind of UK visa has become very much more difficult, including (in most cases) the need to pass far more stringent proficiency in English tests. More information is available at:

<https://www.gov.uk/government/organisations/uk-visas-and-immigration>

NEW MINISTER FOR UNIVERSITIES, SCIENCE, RESEARCH AND INNOVATION APPOINTED

Sam Gyimah has resigned from his post as Science and Universities Minister for England because (he says), as a minister, he could not support the Prime Minister's Brexit deal. He has been replaced by Chris Skidmore, Conservative MP for Kingswood.

HE QUALITY AGENCIES EXAMINE INCREASE IN NUMBERS OF TOP DEGREE GRADES AWARDED

In recent years there has been a significant increase in the number of graduates being awarded first and upper-second class degrees. Concerns have been expressed that this trend is undermining confidence in the value of degrees from UK universities. In response to these concerns, Universities UK (UUK), the Quality Assurance Agency for Higher Education (QAA) and the UK Standing Committee for Quality Assessment (UKSCQA) have jointly commissioned a report into the reasons for the increase. The report identifies a number of possible factors. These include 'additional investment in teaching and learning and heightened student motivation'. Only a brief mention is made of the possible impact of the abolition of the cap on student number recruitment and the tripling of tuition fees paid, and the inducement this might give to universities to award higher grade degrees in order to attract more students and earn more income in fees. Nor is any mention made of the potential effect of the increasing numbers of (as yet, not illegal), commercial 'essay mills', that for a fee will provide students with anything from an assignment essay to a post-graduate dissertation. To be fair, the report does say that:

- The classifications of degrees awarded by universities influences their position in HE league tables and this could give them an incentive to be seen to be performing well.
- Universities should give serious consideration to whether the practices of using 'rounded marks' (ie where the raw mark for a module is rounded to the nearest whole number) and 'discounting modules' (ie ignoring those modules that have been awarded poor marks and just considering performance across other modules with higher marks) should be continued.

- Universities should work with the Higher Education Statistics Agency (HESA) to develop ways to make it easier to compare data on degree results and should publish the evidence criteria on which a student's final degree classification is based

The QAA has launched a consultation on proposals for change in the way degree grades are determined. Responses are required by 8 February 2019. A copy of the report can be accessed at:

<https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2018/degree-classification-academic-standards.pdf>

THE NUMBER OF UNCONDITIONAL OFFERS MADE BY UNIVERSITIES CONTINUES TO RISE

Data released by UCAS in its *2018 End of Cycle Report* published this month shows that 116,945 unconditional offers were handed out to students starting university in 2018. This is almost double the 67,915 unconditional offers that were originally reported by UCAS in July this year. The data reveals that 34% of 18-year-old applicants received at least one unconditional offer and that of these, 23% were given 'conditional unconditional offers' (ie they were told that the GCE A-Level grade entry requirements they were initially given would no longer be required *on the condition* that they made the university their first choice). The growth in the number of unconditional offers has led to concerns that the practice is out of control and is being driven by market forces rather than by educational considerations. The Minister for Education for England, Damian Hinds, has described the UCAS data as 'disturbing'. However, UCAS says that unconditional offers are often made 'to support widening participation', and to 'address the health and wellbeing needs of some students'. Further details can be found at:

<https://www.ucas.com/corporate/news-and-key-documents/news/unconditional-offers-made-third-young-applicants-england-northern-ireland-and-wales>

PROPORTION OF YOUNG PEOPLE ENTERING HE GROWS AS GRADES FOR ENTRY FALL

The UCAS report also shows that the proportion of young people entering HE from most regions of the UK continues to increase. Only the East of England, North East, and Yorkshire and Humberside saw small decreases compared to last year. The report also reveals that the number of students being accepted with lower GCE A-Level grades continues to grow, with 80% of applicants accepted in 2018 holding DDD (or equivalent). This pattern of acceptance at lower grades is also reflected in BTEC students, where acceptance rates for PPP applicants increased from 50% in 2017 to 70% in 2018. A copy of the UCAS *2018 End of Cycle Report* can be obtained at:

<https://www.ucas.com/data-and-analysis/undergraduate-statistics-and-reports/ucas-undergraduate-end-cycle-reports/2018-end-cycle-report>

ONS RULES HALF OF STUDENT LOAN DEBT *SHOULD* BE ADDED TO PUBLIC SECTOR DEFICIT

Each year, more than £16 billion is loaned by the government (and, ultimately, taxpayers) to students to fund their tuition fees. The student loan system has grown rapidly in a very short space of time and the value of outstanding student loans at the end of March 2018 stood at £105 billion (and likely to reach £500 billion by 2040). At present, student loans are classed as government lending. However, because at least 45% of the lending is not expected to be repaid and will be written off by the government, parliament has asked whether student loans should be treated as government spending rather than government lending. As a result the Office for National Statistics (ONS) was tasked to look at how student loans should be treated in government finances. The ONS has now arrived at a ruling, which is that there should be a split between loans that *are* expected to be repaid (which should be treated as government *lending*) and loans that *are not* expected to be repaid (which should be treated as government *spending*). The Office for Budget Responsibility (OBR) has estimated that the new approach will lead to the 2017/18 deficit being increased by around £12 billion for 2017/18 (from £25.5 billion to £37.5 billion) which is more than DfE currently spends on colleges and school sixth forms, apprenticeships and adult education combined. The government is now facing a large hole in the government finances that will only get bigger, and if it wishes to reduce a rising level of deficit, it may well have to reduce the financial burden of the current student loan

system. The change is also expected to have a significant impact on the Auger Review of Post-18 Education in England (which will look at both HE and FE) and which will be published in the new year.

STUDENTS ACHIEVING 3 A-LEVEL GRADE Ds OR LESS MAY BE DENIED ACCESS TO HE LOANS

Meanwhile, the Sunday Times has reported an alleged leak from the Auger Review of post-18 education and funding in England that apparently includes a proposal to deny access to student loans to fund university tuition fees for students who achieve fewer than three Ds in their GCE A-Levels. Instead, according to the leak, these students will be offered loans to fund cheaper technical or vocational courses in FE colleges. The alleged leak also says that the review will recommend that university tuition fees are cut from £9,250 per year to between £6,500 and £7,500 and that there should be a cap on the currently unlimited numbers of students that can be recruited by universities.

<https://www.thetimes.co.uk/edition/news/poor-a-level-grades-to-cost-pupils-degree-place-9n9npzbql>

THE ECONOMIC RETURNS OF UNIVERSITY DEGREES

University tuition fees in England are amongst the highest in the world. Possibly seeking to justify the eye-watering amounts students are required to pay, the DfE has carried out research to produce an estimate of the economic value of holding a university degree. The methodology used primarily involves comparing the earnings of graduates at age 29 with that of non-graduates at age 29. The findings have been published in a report entitled '*The Impact of Undergraduate Degrees on Early-career Earnings*', which says that:

- At age 29 a male graduate earns *on average* around 25% more than a male non-graduate (although a third of male graduates will leave university with no extra advantage in earnings). For female graduates the *average* earnings gap compared to female non-graduates increases to more than 50%.
- A large proportion of this difference in earnings can be explained by differences in pre-university characteristics. For example, a graduate is more likely to have had a higher level of attainment on leaving school and to come from a wealthier family than someone who does not go to university. They would be therefore be expected to earn more, even had they not gone to university. When differences in pre-university characteristics are factored in, the average impact on earnings at age 29 is plus 8% for male graduates rising to plus 28% for female graduates.
- A graduate aged 29 is likely to be at a relatively early stage in his or her career and there is strong evidence that, *on average*, the earnings of graduates continue to grow faster after age 30 than the earnings of non-graduates. The evidence for male graduates earning more at a later age is stronger than that for female graduates, for whom the divergent trends in earnings after age 30 are less clear.
- Subject choice appears to be an important determinant of returns. For men, studying creative arts, English or philosophy actually results in lower earnings on average at age 29 than people with similar background characteristics who did not go to university. By contrast, studying medicine or economics appears to increase earnings by more than 20%. For women, there are no subjects that have negative average returns, and studying economics or medicine increases their age 29 earnings by around 60%.
- There is a considerable variation in returns for graduates depending on the university they attended (eg graduates in a subject from a Russell Group university will earn significantly more than a graduate in the same subject who attended a 'newer' university).

A copy of the DfE report is available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/759278/The_impact_of_undergraduate_degrees_on_early-career_earnings.pdf

HEPI PROPOSES THAT BUSINESSES SHOULD PAY MORE TOWARDS COST OF UNIVERSITY FEES

The Higher Education Policy Institute (HEPI) has produced a report which recommends that the loan repayments students in England face on graduation should be met by their employers. The report says that this should be done via an employer 'graduate levy', the main argument for which is that employers are beneficiaries of the university system. However, HEPI argues that loan repayments should be paid to the university where the graduate studied to provide them with an incentive to ensure their courses lead to

jobs, rather than to the government to help reduce the balance of outstanding loan debt. The report has not gone down well with employers. They argue that it is graduates who are the primary beneficiaries of going to university, and that they should be the ones to pay for it. But if the Auger Review recommends that annual university tuition fees in England are cut to £6,500-£7,500, this will leave a funding gap, and the idea of businesses that employ graduates making up the might prove to be an attractive proposition for a cash-strapped government. A copy of the report can be found at:

<https://www.hepi.ac.uk/wp-content/uploads/2018/11/Policy-Note-10-Paper-November-2018-Fairer-funding-the-case-for-a-graduate-levy.pdf>

INQUIRY INTO RACIAL HARASSMENT IN HE INSTITUTIONS

The Equality and Human Rights Commission (EHRC) has launched an investigation into the what they say is the 'growing body of evidence' that black, Asian and minority ethnic (BAME) university students are subjected to racism. The investigation will also explore a possible link between racism in HE and the lower qualifications achieved by some BAME students, despite the increasing numbers entering HE. To help with compiling the report, the EHRC is encouraging students and staff to report their experiences as observers or victims of racism and universities are to be required to provide details of how they have responded to the instances of racism reported to them. All responses are required by 15 February next year. More information can be found at:

<https://www.equalityhumanrights.com/en/inquiries-and-investigations/racial-harassment-higher-education-our-inquiry>

AND NEARLY FINALLY...

It was Christmas Eve and a lecturer at an FE college in central London lay on his death bed in Guy's and St Thomas's Hospital, surrounded by his wife and three sons. He knew he did not have long left to live so, speaking to his sons in turn, he said 'Tom, I leave you the houses numbered 3-45 and 51-73 in Regent Street', 'Dick, to you I leave the houses numbered 12-36, plus 42, 44 and 50-54 in Sloane Square', 'Harry, I leave you the Porsche, Aston Martin, Bentley, Ferrari, Lamborghini and Jaguar garages in Park Lane', at which point he shuffled off the mortal coil. 'Crikey', said Tom, 'How could he afford all of that? He was only a main grade lecturer and on a zero-hours contract at that. I know for certain that he hadn't had any pay increase for the last ten years'. 'Well', said Dick, 'I did know that, as well as teaching at the college, he was running a business on the side. But he was always very secretive about it. I just thought he was doing whatever it was he did to make ends meet. I had no idea that so much property was involved'. Turning to his mother, Harry asked, 'What exactly was his business Mom, and what did he do?', to which his mother replied, 'He was a window cleaner'.

AND FINALLY...

From all of us at **Click** we would like to wish you and yours a very merry Christmas and a happy and prosperous New Year

And over Christmas, spare a thought (and maybe a few quid?) for those less fortunate than ourselves.

https://england.shelter.org.uk/donate?reserved_appeal_code=20180401-DF-11&utm_source=bing&utm_medium=cpc&qclid=CLjZmrOyot8CFYS6Gwodhm0JEA&qclsrc=ds

Alan Birks – December 2018

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