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SECTOR DEVELOPMENTS…

CHANCELLOR'S SPRING STATEMENT

Earlier this month, the Chancellor of the Exchequer, Philip Hammond, delivered his Spring Statement to MPs in the House of Commons. Items of relevance to the FE sector include the following:

- *The 10% contribution that small businesses pay when they take on apprentices will be reduced to 5% on 1 April:* The Chancellor announced the cut in his budget speech last October, but did not say when it would be implemented. This led to concerns that small businesses would put be off taking on apprentices until after clarification of when the change would be made. The Treasury predicts that the cost of the cut will be around £70 million a year.
- *Free sanitary products for all students in colleges and secondary schools in England will be made available from September 2019:* A University and College Union (UCU) survey in 2017 revealed that some girls were missing attendance at school and college because they were unable to afford sanitary products. UCU research findings showed that of the young women aged 14-21 surveyed:
  - 10% had been unable to afford sanitary products
  - 12% had been forced to improvise sanitary wear
  - 20% had used a less suitable sanitary product because it was cheaper.

  In response, the Chancellor announced measures to help tackle what he called 'period poverty' and said that the government will fully fund the provision of free sanitary products in secondary schools and colleges in England from the start of the 2019/20 academic year.
- *Knife crime:* The Chancellor announced that an immediate £100 million would be made available for police to help tackle the surge in knife crime. (At the time of writing, there have been 42 fatal stabbings in England and Wales thus far in 2019 and the House of Commons Education Select Committee is to hold a one-off evidence session discuss the crisis and to explore such things as whether there is a link between the rise in school and college exclusions and the increase in knife crime).
- *Apprenticeship levy transfers:* In April 2018, it became possible for levy-paying firms to transfer up to 10% of the funds deposited in their digital apprenticeship service (DAS) account each year to other organisations in their supply chains. Only 200 such levy transfers have been made since then, with one of the reasons being given that the 10% restriction meant that the amounts were too small to be worth transferring. To address this, the Chancellor announced that, from 1 April, the maximum amount that levy-paying employers can transfer to firms in their supply chains will increase from 10% to 25%.

More information on the Chancellor's Spring Statement can be accessed at:

https://www.gov.uk/government/news/spring-statement-2019-what-you-need-to-know

DEPARTMENT FOR EDUCATION (DFE) PUBLISHES UPDATE AND FURTHER GUIDANCE ON APPRENTICESHIP FUNDING

In the wake of the Chancellor's announcements on changes in levy funding transfers and small business contributions to apprenticeship costs, the DfE has published an update and further guidance on apprenticeship funding in England with effect from 1 April 2019, a copy of which can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/785717/Apprenticeship_funding_in_England_from_April_2019.pdf

LATEST DfE FIGURES REVEAL AN INCREASE IN APPRENTICESHIP STARTS

The latest figures published by the DfE show that apprenticeship starts in the period August to December 2018 increased by 10% compared to the same period in 2017 (up from 175,100 to 192,100). However, they remain 24% down compared with the same period in 2016, when there were 230,400 starts. This was the year *before* the apprenticeship levy was introduced in April 2017. The figures also show that of the 192,100 apprenticeship starts reported so far in 2018/19, 113,500 (59%) were on the new apprenticeship standards. A copy of the data can be accessed at:

https://www.gov.uk/government/statistics/apprenticeship-and-levy-statistics-february-2019

NATIONAL AUDIT OFFICE PUBLISHES LATEST APPRENTICESHIP VALUE FOR MONEY REPORT

Earlier this month (March), the NAO published its latest report on whether the apprenticeships programme is delivering value for money. The findings in the report include the following:

- The Education and Skills Funding Agency (ESFA) has been given only 'limited assurance' that the off-the-job-training rule (i.e. the requirement that apprentices should spend at least 20% of their time in off-the-job-training) is being complied with. This, says the report, is because the ESFA 'does not yet have an effective way of identifying when apprentices are routinely receiving less training than they should'.
- Apprenticeship numbers have fallen substantially. There were 375,800 starts in 2017/18, which was 26% less than in 2015/16 before the levy was introduced. As a result, says the NAO, the target of 3 million apprenticeship starts by March 2020 is unlikely to be achieved.
- The introduction of new apprenticeship standards has led to a disproportionate increase in the number of higher-level apprenticeships. The report says that in 2017/18, 12.8% of apprenticeship starts were at Level 4 or above, compared with 5.3% in 2015/16, and that this trend that looks set to continue. The report also refers to examples of some levy-paying employers are simply replacing their own professional development programmes with apprenticeships. (Ofsted has found examples of employers *forcing* employees onto apprenticeship programmes).
- In 2017/18, levy-paying employers used just £170 million of the £2.2 billion (9%) available to support the take-up of new apprentices. This means that the DfE is currently spending less on the programme than was budgeted for. However, the report warns that because of the disproportionate number of apprentices on higher-level programmes, the *average* cost of training an apprentice is double what the government predicted and that this could lead to future budgets coming under pressure.
- The apprenticeship programme lacks an effective productivity measure. The report says that although the DfE has improved the way it measures apprenticeship performance (such as the impact on earnings of successfully completing an apprenticeship), it has failed to effectively demonstrate the impact of the programme on national economic productivity.
- The report expresses concerns about the quality of apprenticeship training. In 2017/18, 42% of apprentices were trained by providers rated by Ofsted as 'requires improvement' or 'inadequate'. An additional concern was that these providers were those with the largest number of apprentices. Adding to concerns are the findings of Ofsted's monitoring visits to *new* apprenticeship providers in 2018, which found that more than a fifth were making 'insufficient progress' in at least one of the areas examined.
- Assessment arrangements are incomplete for some standards. The report says that this 'increases the risk that people with 'inadequate skill levels may pass their apprenticeship'.
- The DfE's targets for under-represented groups entering apprenticeships 'lack ambition'. Although the DfE is 'on track' to meet two of its diversity targets (the numbers of starts by black, Asian and minority ethnic apprentices and apprentices with a learning difficulty, disability or health problem), these targets, says the NAO, are not sufficiently 'stretching'.

The NAO report concludes that the DfE 'still has some way to go before it can demonstrate that the programme is achieving value for money'. A copy of the report is available at:

https://www.nao.org.uk/report/the-apprenticeships-programme/

SENIOR EDUCATION OFFICIALS TO ANSWER QUESTIONS ON THE NAO REPORT FROM MEMBERS OF THE PAC

On 25 March, senior education officials were questioned on the NAO report's findings by the House of Commons Public Accounts Committee (PAC). These officials included the DfE's Permanent Secretary Jonathan Slater, the ESFA's Chief Executive, Eileen Milner, the ESFA's Director of Apprenticeships, Keith Smith, and the Chief Executive of the Institute for Apprenticeships and Technical Education (IfATE), Sir Gerry Berragan. At the meeting, Jonathan Slater told PAC members that although there were likely to be underspends in 2018/19 and 2019/20, this would not be the case in 2020/21 when it was likely that the continued growth in higher-level high-cost apprenticeships would mean that there would be insufficient cash to fund all apprenticeships. He said the government had three options: the levy rate could be increased, the extra cost could be met from general taxation, or choices could be made as to which apprenticeships would continue to be funded (for example, a choice between funding Level 2 apprenticeships or Level 6 apprenticeships, or continuing to provide funding apprenticeships in particular vocational areas). The Chief Executive of the ESFA, Eileen Milner was asked by PAC members if she was concerned at the increase in the number of levy funded MBAs for workers who were already well qualified and highly paid at the same time as the number of starts on Level 2 apprenticeships continued to fall. She was also questioned about whether it was a good use of public money to fund training that an employer might in the past already have funded but which was now re-badged as an apprenticeship for the purposes of accessing public funding. Ms Milner replied that the ESFA intended to introduce new audits for providers of management apprenticeships to ensure that they were 'additive'.

INCREASE IN HMRC INVESTIGATIONS INTO UNDERPAYMENT OF APPRENTICESHIP LEVY

The apprenticeship levy was introduced in April 2017, and requires any firm with an annual payroll of more than £3 million to pay an amount equivalent to 0.5% of its total payroll into a fund, which it can then draw on to help fund the training of any apprentices it employs. Research carried out by the accountancy firm UHY Hacker Young has revealed that in 2018/19, Her Majesty's Revenue and Customs (HMRC) carried out 84 investigations into the underpayment of apprenticeship levy contributions by large firms. This compares to 33 such investigations in 2017/18. As a result of their investigations, HMRC has collected an additional £6.2 million in levy funding 2018/19 and £5.2 million more in 2017/18 (although HMRC says that it 'suspects' that the actual level of levy underpayment is considerably more). The levy has proved controversial, with some employers complaining that it too complex and just another tax on business. Others say that they have been unable to identify apprenticeship programmes that meet their own business requirements. As of last November, more than £3 billion paid through the levy had yet to be drawn by businesses to fund apprenticeship programmes.

ESFA PUBLISHES UPDATED GUIDANCE ON APPRENTICESHIP OFF-THE-JOB-TRAINING

The ESFA has published updated guidance for employers and training providers on apprenticeship off-the-job training requirements. The update provides some best-practice examples off-the-job training and there is also 'commitment statement' template produced in response to requests from a number of training providers, particularly those that are new to delivering apprenticeships. The updated guidance can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/788771/OTJ_training_guidancev2.pdf

There is also a flowchart intended to help apprenticeship training providers determine whether a particular activity counts as off-the-job-training. This can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/769721/Off-the-job_training_FLOWCHART.pdf

In addition, there is an updated off-the-job-training 'myth versus fact' information sheet, which is available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/769720/Off-the-job_training_TOP_5_MYTHS.pdf

CALLS FOR A MORE ROBUST APPLICATION PROCESS FOR LISTING ON THE REPAO

There are 215 organisations currently listed on the ESFA's Register of End-Point Assessment Organisations (REPAO). The ESFA has overall responsibility for maintaining the register, although many have argued this role should really be the responsibility of Ofqual. Following the discovery that some of the organisations listed on the REPAO have no prior experience of carrying out end-point assessments (EPAs), the Institute for Apprenticeships and Technical Education (IfATE) has called on the ESFA to make sure that all of the EPAOs included on the register are 'fit for purpose'. In cases where they are found not to be, IfATE recommend that they be removed from the register. IfATE is concerned that, as was the case when Register of Apprenticeship Providers (RoATP) was first launched, the REPAO approvals process has not been sufficiently robust to ensure that applicants are sufficiently experienced and competent to perform the EPA duties required of them. IfATE has therefore requested the ESFA to develop a more robust application process. IfATE has also announced its intention to publish a more detailed external quality assurance (EQA) framework for those organisations approved to deliver EPAs. And if you can keep up with all these acronyms, well done you!

CALL FOR OFQUAL TO BECOME THE SOLE PROVIDER OF EQA ASSESSMENT SERVICES

In order to ensure that apprenticeship EPAs are 'robust, fair and consistent', apprenticeship training providers are themselves required to undergo an external quality assurance process. This is carried out by one of 18 (at present) approved EQA assessment bodies. These bodies are allowed to charge for their services providing they do so on a cost-recovery basis, with the amount charged being deducted from the public funding received by the training providers delivering the apprenticeship. Amongst the bodies approved to offer EQA services are IfATE and Ofqual. Neither of these currently charge for providing EQA assessment services, but some other EQA assessment organisations charge up to £179 per apprentice. This has caused many apprenticeship training providers to complain of the 'ridiculous variability' in EQA assessment costs. IfATE has now said that it intends to begin charging for the EQA assessment services it provides from May, but that will no longer be providing these services directly. Instead, IfATE has launched a tender seeking an organisation to provide EQA assessment services on its behalf for the period until the end of March 2021. The contract is expected to be worth around £500,000 with the fees charged for providing the service being used to cover this cost. Ofqual is currently the largest EQA assessment provider. It does not charge for the service and says that it does not intend to. Sector leaders have strongly argued that Ofqual should assume responsibility for *all* EQA assessment. Ofqual appears to be up for this and, at a recent meeting of the House of Commons Education Select Committee, Ofqual Chief Executive, Sally Collier told members that if Ofqual took on the role, it would 'bring some clarity to the process'. She went on to say, 'As the independent regulator and having end-point assessments independently regulated in the same way that other types of qualifications are would, I think, help build public trust and confidence in the system'. The proposal seems to have received support from Robert Halfon, the committee chair and from other committee members, however, Ms Collier warned that if Ofqual were to expand its EQA role, it 'would need more people and more resource'.

IfATE LAUNCHES NEW QUALITY STRATEGY

IfATE has launched a new quality strategy which aims to set out best practice in apprenticeships. The strategy has been developed by the various bodies tasked with assuring apprenticeship quality that have come together to create a 'Quality Alliance', **chaired by IfATE. Membership of the alliance includes:**

- The ESFA
- Ofsted
- Ofqual
- Quality Assurance Agency for Higher Education (QAA)
- The Office for Students (OfS).

Representatives of the Association of Employment and Learning Providers (AELP), the Association of Colleges (AoC), the Federation of Awarding Bodies (FAB) and Universities UK (UUK) will attend the meetings of the alliance as observers. IfATE says that the quality strategy is 'intended to help ensure the highest quality in the design and delivery of apprenticeships' and to 'guarantee the highest possible standards'. More information is at:

https://www.instituteforapprenticeships.org/about/news-events/quality-strategy-sets-out-best-practice-benchmarks-for-apprenticeships/

DfE PUBLISHES 'LEARNERS AND APPRENTICES STUDY: REASONS FOR NON-COMPLETION'

The DfE has commissioned research into the reasons why FE learners and apprentices dropped out of their courses in 2017/18 academic year. The research is based on a survey of 12,872 learners and provides an insight into the types of learner and types of learning that are most at risk of non-completion. The research findings revealed (amongst other things) that:

- Non-completion was more prevalent amongst those on lower levels of learning and those who held lower levels of qualification prior to starting their learning. This was largely associated with Entry Level FE learners (25% were yet to complete, compared with 16% of Level 1+ FE learners) and Level 2 apprentices (38% were yet to complete their training, compared with 28% of Level 3+ apprentices).
- FE learners and apprentices with disabilities were more likely to have withdrawn from their learning. (10% of FE learners with disabilities and 13% of apprentices with disabilities had withdrawn compared with 8% of FE learners and 10% of apprentices with no disability).
- FE learners living in deprived areas as measured by the Index of Multiple Deprivation (IMD) and those from lower income families were more likely to have failed to complete their course. 10% of FE learners living in the most deprived IMD quintile (10%) had withdrawn from their learning, compared with 5% of those living in the least deprived IMD quintile.

A copy of the report can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/757506/Learners_and_Apprentices_Survey_2018_-_Main_Report.pdf

SLIGHT INCREASE IN YOUNG PEOPLE CLASSIFIED AS NEET

The number of young people not in education, employment or training (NEET) has increased slightly over the last year. Labour Force Survey estimates for the period from October to December 2018 says that:

- 11.3% of 16-24-year-olds were NEET, a slight increase of 0.2% from quarter 4 of 2017.
- 4.2% of 16-17-year-olds were NEET, an increase of 0.6% on quarter 4 of 2017.
- 13.1% of 18-24-year-olds were NEET, a slight increase by 0.2% on quarter 4 of 2017.

Young care leavers were at particular risk of becoming NEET, with one in five becoming so at some point. More information is available at:

https://www.gov.uk/government/statistics/neet-statistics-annual-brief-2018

CBI DIRECTOR-GENERAL CALLS FOR YOUNG ADULTS IN ENGLAND TO BE GIVEN AN EXTRA YEAR OF EDUCATION

The Director-General of the Confederation of British Industry (CBI), Carolyn Fairbairn has urged the government to end the political neglect and underfunding of England's FE system. However, she also called on the Government to maintain the level England's university funding ahead of the publication of the Auger Review since, she said, to do otherwise would be 'robbing Peter to pay Paul'. She also encouraged the government to give young people a new entitlement to an extra year's study beyond the age of 18. This, she said, would enable them to obtain a qualification 'between an A-Level and a university degree', which could be achieved through an apprenticeship, a technical course based at an FE college or a foundation year at university. Ms Fairbairn made the comments in a speech she delivered at Cambridge Regional College, which can be seen on YouTube at:

https://www.youtube.com/watch?v=M4MD_QIyXmc

STUDENTS WILL ABLE TO APPLY FOR DEGREE APPRENTICESHIPS THROUGH UCAS 'WITHIN TWO TO THREE YEARS'

At present, students can only use the University and Colleges Admissions Service (UCAS) to apply for a place on degree programmes. However, UCAS Chief Executive Clare Marchant said that UCAS was 'building the technology' which, 'within two to three years', would enable students to apply for places on degree apprenticeships alongside their five university choices. The idea of a UCAS style portal for *all* apprenticeships was included in the 2017 Conservative manifesto and UCAS has confirmed that it would like to run a central application portal for all apprentices, but would need more funding to be able do so.

DfE FUNDING CONSULTATION RAISES DOUBTS ABOUT THE FUTURE OF APPLIED GENERAL QUALIFICATIONS

In May 2017 the government announced that, as part of its response to the consultation on T-Levels, it intended to carry out a review of post-16 qualifications at Level 3 and below in England. There are more than 13,000 such courses currently on offer, many of which are in the same subject areas. Some of these courses have been described as being of 'poor quality' and 'offering little value to students or employers'. Earlier this month, the DfE announced that it intended to commence the review and has launched a two-part consultation. The first part of the consultation invites stakeholders to submit their views on which Level 3 and below qualifications *should* continue to receive public funding. The second part of the consultation will be held later in the year and will seek stakeholders' views on which of these qualifications should cease to receive public funding. GCE A Levels, T-Levels and apprenticeships are excluded from the consultation, but all other qualifications (except GCSEs) will be in the scope of the review. These qualifications include applied general qualifications such as BTECs and CTECs (Cambridge Technical Extended Certificate). Some concerned observers have pointed out that these qualifications are currently being studied by around 200,000 students, with some of these following a course with a 'blended' combination of A-Levels and applied general qualifications. Ofqual has also warned of the potential for confusion between 'legacy' BTECs (with no external assessment) and new versions of the qualifications that include external examinations. Launching the consultation, Education secretary for England, Damian Hinds said 'We can't legislate for parity of esteem between academic and technical routes post-16. But we can improve the quality of the options out there and by raising quality, more students and parents will trust these routes'. A copy of the consultation document can be found at:

https://consult.education.gov.uk/post-16-qualifications-review-team/post-16-level-3-and-below-qualifications-review/

DfE PUBLISHES RESEARCH FINDINGS ON LEVEL 4 AND 5 QUALIFICATIONS

In a speech he made last December, Education Secretary Damian Hinds said that 'a new suite of Level 4 and 5 qualifications was needed to help fill the nation's skills gaps'. However, at present, very few learners study on Level 4 and 5 qualifications (e.g. HNC/Ds and Foundation Degrees) compared with the qualifications both below and above these levels. To help find out why this is, the DfE commissioned a firm called 'ICF Consulting' to carry out research into 'the functioning and effectiveness of the Level 4 and 5 qualification and provider market'. The DfE says that the aim of the research is to providing data and information to support the DFE's review of Level 4 and 5 qualifications. The scope of the research draws on data for publicly funded Level 4 and 5 qualifications in 2016/17 and covers areas such as:

- The factors that influence the design and development of Level 4 and 5 qualifications by awarding organisations (AOs).
- The factors that influence the provision of Level 4 and 5 qualifications by HE providers (including universities, colleges and alternative HE providers) and FE providers (including colleges, private training providers and community learning providers).
- The identification of any barriers that may inhibit them, such as any unintended consequences arising from government policy and funding arrangements.

Level 4 and 5 programmes that were delivered as part of an apprenticeship framework or standard were not included in the study and, for reasons best known to the DfE, the study only focused on the 'supply side' of the Level 4 and 5 qualifications market. It did *not* explicitly explore the 'demand-side' (e.g. the reasons *why* learners choose or do not choose to undertake Level 4 and 5 programmes, and employer and learner perceptions of Level 4 and 5 qualifications). This means that the study did not address those factors that are inhibiting the take-up of Level 4 and 5 qualifications. The DfE has now published a report of the findings of the research, which include the following:

- The Level 4 and 5 market is diverse. 3,368 different Level 4 and 5 qualifications were available in 2016/17. 735 of these were developed by a total of 154 AOs and 2,633 were developed by a total of 98 HEIs.
- The size of the Level 4 and 5 market is relatively small. In 2016/17, there were 111,420 learners that studied an AO accredited Level 4 and 5 qualification (which comprises only 2% of all vocational qualifications they awarded), and there were 75,632 learners that undertook an HEI accredited Level 4 and 5 (which accounts for less than 3% of all HEI learners).
- There are two distinct segments of the Level 4 and 5 qualification market. There is an employer focused market which provides continuous professional development (CPD) to help employees undertake their current job or progress to a new role, and a learner focused market that supports individuals to enter an occupational sector, either directly, or by supporting progression to more advanced learning.
- Level 4 and 5 programmes that *are not* delivered through apprenticeships are most commonly found in health, public services and care (composing 23% of all learners); business administration and law (17%); and engineering and manufacturing technologies (12%).
- Nearly all FE colleges (97%) and most universities (88%) deliver some Level 4 and 5 qualifications.
- Nearly 200 private and adult community learning providers also deliver Level 4 and 5 qualifications.
- In 2016/17, tuition fees for Level 4 and 5 courses were estimated to be in the region of £800 million.
- Most level 4 and 5 course tuition fees are paid by learners themselves and/or their employers, either directly or through loans. Successive reductions to the FE Adult Skills Budget has meant that hardly any Level 4 and 5 programmes are fully subsidised.

The report recommends that the DfE should *continue to*:

- Enable access to government loans for learners on Level 4 and 5 courses.
- Allow access of new providers and AOs to the market, to encourages competition and innovation.
- Allow FE colleges that can demonstrate they meet the required standards to obtain degree awarding status in their own right to help to accelerate the development of existing and new foundation degrees.
- Encourage FE and HE providers to enhance their facilities and expand their range and scale of provision of Level 4 and 5 qualifications.

The DfE and should *start to*:

- Work with the FE and HE sectors and with professional bodies to support the development of Level 4 and 5 qualifications that provide direct entry to the labour market, through these qualifications becoming accepted as actual, or de facto, licences to practise.
- Incentivise universities to recognise Level 4 and 5 qualifications as providing exemptions from the first, or the first *and* the second year of a degree programme and to encourage the harmonisation of the content of Level 4 and 5 study programmes with that of degrees.
- Identify branding that can promote the variety of Level 4 and 5 qualifications and challenge full-time degrees as the main option for Level 3 learners wishing to enter higher education.
- Make the continued availability of public funding for Level 4 and 5 qualifications dependent on their continued labour market relevance and support from employers. Those qualifications that have had no learner take-up in the last few years should cease to be eligible for public funding.
- Conduct more research on learner and employer perceptions of Level 4 and 5 qualifications in specific sectors, including how they are considered in employer recruitment decisions, what factors affect learner decisions to study or not study Level 4 and 5 programmes, and the information, advice and

guidance they receive on their availability and content. (This is the first, and only mention, of the demand side of the Level 4 and 5 qualification market).

A copy of the report can be obtained at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4-5_market_study.pdf

ESFA PUBLISHES ITS ADVANCED LEARNER LOANS FUNDING RULES FOR 2019/20

People aged 19+ resident in England who wish to take courses leading to general or technical qualifications at Levels 3 to 6 and who need financial assistance with meeting the cost of fees are required to take out an Advanced Learner Loan. The ESFA now has published its Advanced Learner Loans funding rules for 2019/20. The rules cover such things as learner eligibility, provider eligibility, loan amounts and financial contributions, qualifications designated for loans and details of the loans bursary fund. A copy of the rules can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/784085/Draft_loans_rules_final_version_6_March.docx.pdf

ESFA PUBLISHES 2019/20 ADULT EDUCATION BUDGET (AEB) FUNDING RULES

The ESFA has published its AEB funding rules for 2019/20. The document provides information about the devolution of the AEB to the new combined authorities from 1 August 2019, and how provision for those living outside these areas will be funded. It also provides details of eligibility for funding for students aged 19+ resident in England who are not British citizens, such as asylum seekers, those from outside the European Economic Area (EEA) and the family members of EU and EEA citizens and persons granted 'stateless leave'. A copy of the AEB funding rules can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/785725/AEB_2019-20_rules_13_March_final.pdf

ESFA EXTENDS ITS AEB LOW WAGE TRIAL

The current AEB fee remission rules focus on providing full funding for people aged 19 to 23 with skills below level 2, and those aged 19 and over without English and mathematics up to Level 2. Currently individuals who do not fall into one of these categories may have to contribute 50% towards the cost of their learning. This is referred to as 'co-funding'. The ESFA has now announced that the AEB low-wage trial, which started in 2018/19, will continue in 2019/20. The 2019/20 eligibility requirements for learners to receive full funding for their courses during the trial are that they must be eligible for co-funding for provision up to and including Level 2, and be earning less than £16,009.50 in annual gross salary. Because of the devolution of the AEB to the new combined authorities in 2019/20 these rules only apply to eligible learners living outside of the combined authority areas. The combined authorities are expected to publish their own rules on AEB fee remission in due course. Further details of the low wage trial are given in the 2019/20 ESFA AEB Funding Rules referred to in the section above.

POLICY EXCHANGE PUBLISHES REPORT AND RECOMMENDATIONS FOR FURTHER TECHNICAL EDUCATION REFORM

The 'Policy Exchange' think-tank has published a report entitled '*A Qualified Success: An investigation into T Levels and the wider vocational system'. The report* warns that the mistakes of the past must be learned if T-Levels are not suffer the same fate as numerous other attempts at technical qualification reform (such as GNVQs in the 1990s and Diplomas in the 2000s). The report's recommendations include the following:

- Three qualification pathways should be established to reflect the different purposes and forms of assessment for qualifications at 16-19. These pathways should be called
    - 'Academic'- courses in specific subjects assessed by examinations.
    - 'Applied'- courses covering broad areas of employment assessed by a mixture of coursework and examinations.

  - 'Technical'- courses designed to train individuals in a specific trade or profession assessed through different methods, including competence assessment, coursework and examinations.
- The full range of 16-19 qualifications should be rationalised so that each subject, discipline or profession only appears in one of these three pathways. For example, mathematics should be classed as 'Academic', sport should be classed as 'Applied' and training to be a plumbing technician should be classed as 'Technical'.
- T-Levels and apprenticeships should be designed as 'parallel' qualifications that consist of the same standard of training, curriculum content and final assessment for each occupation.
- Ofqual should approve and monitor *all* final assessments for technical education courses, and no awarding organisation (AO) should be involved in the technical education system unless they are regulated and approved to do so by Ofqual.
- Existing Trailblazer groups of employers should be merged with the employer panels designing T-level content to create a single 'Technical Education Council' for all 15 occupational routes.
- The 'single awarding body' model for T-Levels should be replaced with a 'single assessment' model (one assessment, multiple providers) to help align T-Levels with apprenticeships.
- Levy-paying employers should be allowed to transfer up to £50,000 of their levy contributions to fund the TEC in their industry sector and should also be allowed to draw down £1,500 of their levy contributions to fund each T-Level work placement.

A copy of the report can be found at:

https://policyexchange.org.uk/wp-content/uploads/2019/02/A-Qualified-Success.pdf

SECOND ROUND SCIF FUNDING ALLOCATIONS ANNOUNCED

The DfE has announced that a further £1.8 million is to be shared between the 13 colleges that submitted successful applications for support from the second round of the Strategic College Improvement Fund (SCIF). The SCIF was launched in June 2018 and the total amount of funding available is £15 million. Thus far, 63 colleges across England have been allocated funding from the SCIF to enable them to work with a high-performing partnering college and to draw on their knowledge and expertise to help them tackle issues such as raising the standard of teaching or improving the level learner attendance and retention. More information is available at:

https://www.gov.uk/government/news/colleges-to-receive-18m-to-boost-to-help-raise-standards

ESFA PUBLISHES 2018/19 'COLLEGE ACCOUNTS DIRECTION'

The DfE has published a 'college accounts direction' for 2018/19, which includes substantial updates and statements that corporations are required to include when submitting their 2018/19 financial reports and accounts. Of the numerous statements that now need to be included, one deals specifically with executive pay. In the introduction to this section (section D) the DfE says that 'Corporations receive significant investment from public funds and they therefore need to demonstrate to stakeholders that the decisions they make on executive pay are evidence-based, proportionate and represent value for money'. Corporations are also expected to declare whether they have adopted AoC's Governor's Council's 'Senior Staff Remuneration Code' published in December**.** The AoC code encompasses three core principles, which are 'fairness, independence and transparency'. Amongst many other things, the AoC code says that senior managers should only receive a pay rise if all staff other also receive a rise, that principals should not be members of remuneration committees, and that principal salaries should be published separately and not hidden within the data on other senior staff salaries. The 2018/19 Accounts Direction also warns that colleges risk intervention from the ESFA if they do not submit their audited accounts, along with the required statements for 2018/19 by 31 December 2019 and that colleges and their auditors should be mindful of the new insolvency regime in preparing their accounts. More information can be found at:

https://www.gov.uk/government/publications/college-accounts-direction/college-accounts-direction-2018-to-2019#annexD

And a copy of the AoC's Governor's Council's 'Senior Staff Remuneration Code' is available at:

https://www.aoc.co.uk/sites/default/files/Colleges%20Senior%20Staff%20Remuneration%20Code.pdf

OFSTED PUBLISHES LATEST SUITE OF FURTHER EDUCATION AND SKILLS DATA REPORTS

Ofsted has recently published its latest suite of reports on the Further Education and Skills sector. The reports provide data on inspection outcomes and other management information covering the period from 1 September 2018 to 28 February 2019. The reports can be accessed at:

https://www.gov.uk/government/statistical-data-sets/further-education-and-skills-inspections-and-outcomes-management-information-from-september-2018-to-august-2019

UNIVERSITY TECHNICAL COLLEGE (UTCS) URGED TO JOIN MULTI-ACADEMY TRUSTS (MATS) IN POLICY U-TURN

Of the 50 UTCs still open, 20 have already joined a MAT and now, in what is being regarded as being a spectacular reversal of policy, Lord Baker and Academies Minister for England, Lord Agnew have written to the principals and chairs of UTCs urging those that have not already done so to join a MAT. The letter says that they now believe that membership of a MAT is an important way to 'help to ensure that a UTC has a strong educational offer, and to aid recruitment and financial stability'. This time last year, Lord Baker was urging UTC principals and chairs to resist joining MATs because it would result in UTCs being 'watered down'. UTCs have been plagued by recruitment, financial and quality problems since their inception in 2010 and some observers say that the about-turn is a 'desperate measure' aimed at salvaging the whole UTC project. Meanwhile, the Chief Executive of 'Forum Strategy', the group which represents MATs, said it was vital for any trust considering taking on a UTC to engage in extensive prior due diligence, to be clear about how the UTC will fit with the vision of their MAT and to understand the implications in terms of the immediate and longer-term impact on their own finances and future viability. More than £63 million is reported to been spent on the UTCs that have closed or announced their closure since 2010.

NEW REPORT QUESTIONS THE 'EDU-BUSINESS' MOTIVES OF PHILANTHROPIC EDUCATION ORGANISATIONS

A new report has been published by Education International (EI), the global education trade union confederation. The report is highly critical of the activities of so-called 'philanthropic' education organisations and of their involvement in government education policy making, the real motive for which, says the report, can be to provide 'a cover for promoting the commercialisation, marketisation and privatisation of education'. The EI report, entitled *'Under the sheep skin: philanthropy and the privatisation of the so-called democratic state',* examines the activities of what it refers to as 'edu-businesses' and gives as one example of this, the global activities of the UK registered charity 'Ark' (Absolute Return for Kids), an academy sponsor which runs 38 schools in Birmingham, Hastings, London and Portsmouth. However, in addition to this, Ark is also active in education systems around the world and, says the report, is involved in such things as the direct provision of education, curriculum and qualification development, teacher training, and school and college governance in various countries often, the report claims, without scrutiny and accountability that elected officials and public employees are subjected to. The report also alleges that Ark engages in substantial networking with the governments in these countries in order to promote and implement its own policy ideas and commercial interests. For example, it has advised both the Liberian and Ghanaian governments on the development of controversial public private partnerships (PPPs). These, says the report, have subsequently been shown to be not cost effective and to have had negative consequences for other local schools.. The report concludes that such organisations can often just be 'privateers, hiding beneath the cloak of philanthropy' and that for them, education is 'a multi-billion-pound business opportunity from which they are looking to make a profit'. A copy of the EI report can be found at:

https://issuu.com/educationinternational/docs/2019_ei_research_philanthropy_priva?e=3689445/68427459

GOVERNMENT PUBLISHES NEW STRATEGY FOR INCREASING INTERNATIONAL STUDENT RECRUITMENT

The UK currently hosts around 460,000 international HE students and the sector is thought to generate approximately £20 billion per year through education exports and transnational activity. These exports include income from international students, English language training, education providers setting up sites overseas, and education technology solutions being sold worldwide. Given the importance of this, the government has published a new policy document entitled *'International Education Strategy: global potential, global growth'*, which outlines plans to increase student numbers and income generated from international education. The document sets a target for increasing the number of international students studying in the UK by more than 30% and says that this will help boost the income generated through UK education exports to more than £35 billion. The strategy focuses on not only retaining existing markets such as those in Europe, but also raising the profile of the education sector in other global markets such as Asia, Africa and Latin America. International students arriving in the UK to study are currently included in immigration statistics, but there is no mention of the implications of this for the government's immigration targets. Also, no specific mention is made of the role of FE colleges in delivering the strategy and it still remains extremely difficult for international students to obtain study visas to attend sub-degree level FE courses such as A-Levels. A copy of the strategy document can be found at:

https://www.gov.uk/government/publications/international-education-strategy-global-potential-global-growth/international-education-strategy-global-potential-global-growth

FE COMMISSIONER WARNS OF THREAT OF COLLEGE BANKRUPTCIES

The number of colleges entering intervention has increased from three last year to seven in the current year to date. Of these, six were due to financial problems, prompting the FE Commissioner, Richard Atkins, to warn that there was a high risk of a college being declared bankrupt within the next 12 months. Mr Atkins agreed that the level of FE funding was a challenge for colleges, but said that many of the financial problems that some colleges were facing could have been avoided by more prudent leadership, careful risk-assessment, more caution in setting of estimates, targets and forecasts, and better governance. This has led some college leaders to express concerns that, at a time when they are being encouraged to reduce their reliance on public funding and diversify their income streams, if they become be excessively risk-averse, this could result in an FE sector which was not only still under financial pressure, but which had also become moribund and was failing to meet the needs of learners and employers.

CLAIMS ARE EMERGING THAT SOME UNIVERSITIES ARE FACING SERIOUS FINANCIAL DIFFICULTIES

Despite receiving £9,250 per year per student paid 'up-front', irrespective of student retention and achievement, several universities are apparently in dire financial difficulty. Nick Hillman, the Director of the Higher Education Policy Institute (HEPI) claims that universities in England are now 'facing deeper financial problems than at any point in living memory' and that those finding themselves in financial difficulty need to develop a strategy for reporting this, since if a university admitted to having financial problems it would find it more difficult to recruit students and as a result, its financial position would deteriorate still further. Nicola Dandridge, the Chief Executive of the Office for Students (OfS), the new regulator for HE, has said that all universities registered with the OfS are required to demonstrate that they are financially viable and if there were to be concerns about the financial sustainability of a university, the OfS would respond by imposing a 'condition to their registration'. The OfS would also, where necessary, intervene in order to 'prevent a disorderly financial failure' and 'to protect the interests of students'. However, she went on to say that none of the universities registered with the OfS have thus far been issued with such a condition or have been subject to intervention. The rumours that some un-named universities are on the verge of financial collapse appear to have emerged at the same time as rumours that the Auger Review might suggest substantial cuts in the level university tuition fees, but this is probably coincidental.

AND FINALLY…

Memo to: All Staff

From: Principal

You will be aware that the college has been in financial difficulties for some time now. The college has been issued with its second ESFA notice of concern about our financial health and we are facing multiple law suits from unpaid creditors. To make things worse, earlier this week we received a visit from the FE Commissioner, who warned us that the state of our finances is such that we are now facing the prospect of the college being declared bankrupt under the new college insolvency rules. I know that this is a real worry for us all, so I thought I would write to let you know how we are intending to address matters. The Commissioner has informed us that we can expect no further exceptional support funding from the ESFA, and our own bank says that it is unable to help us further because we have already substantially exceeded our agreed overdraft and we are in breach of numerous loan covenants. So, this afternoon I, along with our Finance Director, Mr. Simpson and our Head of Estates, Mr. Jones, will be visiting another bank to meet with the manager and with a view to obtaining a considerable amount of additional funding. If things work out as we hope, we are confident that our financial position will be much improved. To help us make a more robust case for funds during our meeting, Mr. Simpson will be taking a sawn-off shotgun that he has somehow managed to obtain from the internet, while I am intending to take my garden axe (although we may need to purchase some larger stockings, since the ones we borrowed from our Head of Art, Mrs. Stevens, proved to be a little difficult to get over our heads). Mr. Jones has also provided us with a large lump-hammer and copious amounts of gaffer tape from his stores and will be driving what I believe is referred to as 'the get-away vehicle'. I will write again later to let you know how our meeting went.

Alan Birks – March 2019