

# Click Newsletter



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## FE Sector developments

### Launch of BIS Skills Strategy

On 16 November (coincidentally the first day of the AoC Annual Conference), the Department for Business, Innovation and Skills (BIS) launched two new publications. These were entitled:

- 'Skills for Sustainable Growth', and
- 'Investing in Skills for Sustainable Growth'

The two BIS papers update the previous Labour government's skills strategy which was published around this time last year. Taken together, the two new BIS papers outline the Coalition government's plans for the policy direction of the learning and skills sector. They also provide an indication of how the 25% budget cuts over the period from 2010/11 to 2014/15, announced in the recent Comprehensive Spending Review (CSR), will be implemented.

BIS claims that the underlying principles of the strategy are:

- *Fairness*: Providing help for the most vulnerable, including young people, the unemployed and those without adequate basic skills.
- *Responsibility*: Placing more emphasis on employers and individuals helping meet the cost of their own education and training programmes.
- *Freedom*: Requiring providers to become more accountable to their learners, employers and other stakeholders, rather than to the government.

The main elements of the strategy (and the associated skills investment plan) are:

#### *Funding*

- BIS will continue to fully fund learners who are aged 19-24 and who are taking full qualifications at level 2, level 3 and in basic skills for the first time.
- BIS will only fund learners aged 24+ for basic skills qualifications. However funding rates for all English language courses are scheduled to fall by a half and funding rates for literacy and numeracy courses will fall by one third. Interestingly, the programme weighting uplift for Equine Studies remains at 72% - which I suppose might give an indication of relative government priorities, or then again, might not.
- Level 2 adult apprenticeship programmes will be co-funded by BIS at 50%.

- BIS will 50% co-fund level 2 work-based learning programmes for employees of SME's (defined as small and medium size enterprises with less than 250 staff) who are aged 24+.
- Train to Gain will be abolished
- Educational Maintenance Allowances (EMA's) will be abolished in England and will be replaced, in part, by locally managed discretionary learner support funds. Under authority devolved to the Scottish Parliament and the Welsh Assembly, EMA's will be retained in Scotland and Wales.
- From 2013/14 government backed loans will be made available to those aged 24+ wanting to study for level 3 and level 4 qualifications. Loans will be available for learning programmes delivered both inside and outside the workplace. Education and training will be made free to learners at the point of access, with loan repayments commencing when the annual income of the learner reaches £21,000. This arrangement mirrors the current proposals for financing university tuition fees in England which are set to rise up to a maximum of £9,000 per year. Under authority devolved to the Scottish Parliament and Welsh Assembly, university tuition fees will be retained at the current lower level in Wales, and will continue to be met entirely from the public purse in Scotland.

#### *Simplification and accountability*

- The Skills Funding Agency (SFA) will be reduced in size. The future role of the work of the SFA will focus on the efficient allocation of funding to providers in the learning and skills sector and the sharing of information relevant to these providers and their stakeholders.
- Colleges and other providers will be expected to provide reports on their performance to their learners, customers and other stakeholders and to become more accountable to them.
- From 2011/12, Adult Responsive and Employer Responsive budgets will be merged into a single budget.
- From 2011/12, the recurrent grants for 16-19 provision in FE and training organisations currently accessed through the Young People's Funding Agency (YPLA) will be routed through the SFA. Further consideration will be given to the integration of pre 19 and post 19+ funding streams.
- From 2011/12, all colleges and providers will need to be on the Approved College and Training Organisation Register (ACTOR) in order to remain eligible to receive public funding.
- Other than in situations where specialist provision might be lost, only those providers currently holding an SFA contract valued at £500,000 or above will continue to be allocated SFA contracts. This minimum figure is likely to increase over the period of the spending review. Smaller providers are therefore being strongly encouraged to join local provider consortia. FE colleges are considered to be in a strong position to lead these consortia.

### *Information, Advice and Guidance (IAG)*

- Lifelong Learning Accounts will be made available to all adult learners from 2011/12. These will be internet based and include course advice and guidance, but will be backed by call centre telephone support for adults without internet access.
- A new all-age careers service will be available from September 2011
- The current wide range of skills web sites will be bought together into one 'customer facing' web site. This is likely to be managed by and through Business Link. ([www.businesslink.gov.uk](http://www.businesslink.gov.uk)). Summary information on FE college and other provider quality and outcomes will be published on the web site to help learners and employers with their choice of provider.

### *Employer Engagement*

- BIS has stated that it considers the UK Commission for Employment and Skills (UKCES), Sector Skills Councils (SSC's) and National Skills Academies as essential to the delivery of the strategy. They will therefore be retained. Charlie Mayfield, the Chairman of the John Lewis Partnership, has been appointed to succeed Sir Mike Rake of BT, as chair of UKCES. BIS has given Mr Mayfield the brief to 'slim down, reform and refocus' UKCES. In addition BIS has made it clear that they expect the Skills Academies to focus on becoming 'the employer led delivery arms of the Sector Skills Councils'.
- A new £50 million Growth and Innovation Fund is to be established. This is expected to attract employer co-funding and will be used to pump-prime skills led business growth.
- Colleges are strongly encouraged to work closely with the new Local Enterprise Partnerships (LEPS) announced by BIS on 26 October.
- There will be a continued investment of £21.5 million in Unionlearn. This fund is intended to help promote and support learning in the workplace, and in particular provide support for workers with inadequate levels of basic skills.

### *Apprenticeships*

- An additional 75,000 adult apprenticeships will be made available by 2014/15. This will be funded by an additional investment of £250 million.
- An 'Apprenticeship Brand' will be developed to help Apprenticeship programmes compete in status with A level and degrees programmes. To this end, IBM has just launched a major new apprenticeship scheme for young people with 8 good GCSE's and 2 A levels who do not wish to or perhaps are unable to go on to university.
- Public sector bodies will be encouraged to become fully involved in offering apprenticeships and to use their procurement processes as a method of exerting leverage on private sector employers to increase their level of involvement in apprenticeships.

- Diversity pilots will be established to identify ways of increasing the numbers of apprentices drawn from disadvantaged and under-participating groups.

### *Adult and Community Learning*

- Informal adult learning will continue to be funded at current levels (around £210 million). Alongside this, increased emphasis will be placed on the development of strategies for linking informal learning with more formal learning and qualifications and developing progression routes.

### *Worklessness*

- Funding will continue to be allocated to assist those on benefits obtain the training needed to re-enter work. Jobcentre Plus will have specific responsibility for identifying those who would benefit most from this training
- BIS will only fund English as a Second or Other Language (ESOL) programmes for those on employment related benefits (e.g. Jobseeker's Allowance)
- Job outcome payments of around £80 million will be made available for colleges and other providers who can demonstrate that they can work effectively with unemployed people and are successful in assisting them to obtain permanent jobs.

### *Offenders*

- £133 million will be made available to provide vocational training to help offenders back into work.

### *Quality*

- Funding will be removed from those providers 'failing to reach minimum standards of performance'. BIS will 'act decisively to close failing colleges'. New providers taking over the work of failing colleges could be drawn from employers, from employer consortia, or from high quality independent training providers as well as from existing FE colleges. Further details on all this will be published in the spring of 2011.

### **No safety net for failing colleges**

Following on from this, Geoff Russell, the chief executive of the SFA has suggested that 'failing colleges' should be allowed to go to the wall. Mr Russell says that private sector firms should be positively encouraged to take over failing colleges, which they could then run on a 'for profit' basis, and has claimed that that he knew of firms in the private sector which 'would bite my arm off' for the chance to run one.

However, there are problems associated with this. Not the least of these is how the ownership of public assets with a significant market value could legally be

transferred to a private sector firm or consortia. It would appear that some of the firms expressing an interest in running failing colleges consider such a transfer of assets to be part of the 'price' of riding to the rescue.

In response, Peter Pendle, the general secretary of the Association of College Managers (ACM) has said that he feared that the proposal was yet 'another of Mr Russell's ideas which was doomed to failure'.

### **EDI acquires Sector Training**

Continuing with the topic of private sector takeovers, the awarding body EDI, has recently acquired Sector Training, the professional development services provider, for an undisclosed sum. Sector Training's principal consultant, Beej Kaczmarczyk will continue his current role within EDI and is joined there by former Warwickshire College principal and 157 Group chair, Ioan Morgan, who becomes the 'FE strategy advisor' for EDI.

EDI's end of year results show a profit for the year ended September 2010 of £9.2 million on a turnover of £29.5 million. I don't know of any colleges that are as 'profitable' as this, however if they were allowed to accredit their own courses it may help a bit!

### **College merger plan proposed**

Moving back to the public sector, the governing bodies of Castle College, Nottingham and South Nottingham College have submitted merger proposals to the chief executive of the SFA. The proposed merger date is 1 April 2011.

### **More on alternative HE providers**

New legislation passed by the Welsh Assembly which came into force on 1 October 2010 gives Welsh FE colleges the right to apply to accredit their own foundation degrees. Following on from this, John Hayes, the Minister for FE, Skills and Lifelong Learning, speaking at the recent AoC conference, has reaffirmed the government's commitment to see an expansion of HE provision in England through alternative providers, including FE colleges and, where appropriate, private training providers.

The ubiquitous fast food chain McDonald's has responded swiftly to this opportunity by announcing its intention to seek approval to offer foundation degrees at its 'Hamburger University' (not a joke, honest) training centre in East Finchley. The new McDonald's foundation degrees will supplement the range of NVQ programmes the firm already offers and, unlike most FE colleges, has the approval to accredit. This means that the McDonald's education and training portfolio will include courses ranging from foundation learning to foundation degrees. McDonald's management are apparently referring to their awards as 'burgerlaureates' (also not a joke), but to be fair, Ofsted has judged McDonald's training provision as 'good'.

As an aside, McDonalds are now using these developments as part of their argument to press the Oxford English Dictionary to remove the term 'McJob' as a word meaning 'an unstimulating, low paid job with few prospects'.

### **Launch of 'Studio Schools'**

You can forget about Academies and University Technical Schools. We now have 'Studio Schools', the first of which have recently opened in Kirklees and Luton. Further Studio Schools are scheduled to open in every English Region by the end of 2012.

The Secretary of State for Education, Michel Gove, has said that Studio Schools are 'a vital new option for parents and young people' and that they would 'break new ground in the education system'. Speaking at the official launch of the Studio School initiative in November, the Parliamentary Under Secretary of State for Education, Lord Hill of Oareford, has said that Studio Schools will 'show us how to go beyond so called traditional teaching'. He went on to say that Studio Schools would use 'innovative teaching methods such as personal mentoring and coaching, project based learning' and would be 'rooting lessons in practical, real life situations' – not that anyone working in a college would recognise these approaches!

Whatever will they think of next?

### **Ofsted Annual Report**

Ofsted published its annual report in November. The main findings in relation to the FE sector were as follows:

- Of the 79 colleges inspected since the last report, 44 were judged to be 'good or better'.
- The performance of colleges serving the most disadvantaged communities was judged to be 'strong'. Of the 62 colleges serving disadvantaged communities which were inspected, 44 were judged to be 'good' or 'outstanding' with only 1 judged to be 'inadequate'. The report went on to state that 'this is a similar profile of grades to colleges serving average and advantaged communities'. It will be interesting to see if this comparative grade profile can be retained when EMA's are scrapped in England next year.
- Science and Mathematics was judged to be the worst performing sector subject area.
- Just under half of work based learning providers inspected were judged to be 'good or better' compared with 42% the previous year.
- No Adult and Community Learning (ACL) providers were judged to be 'outstanding', but the 'large majority of teaching' was judged to be good.

## **Study visas for non European Union (EU) students likely to be restricted.**

The coalition government has stated that, 'immigration has enriched our culture and strengthened our economy, but that it must be controlled so that people have confidence in the system.' The coalition government goes on to say that 'to ensure cohesion and protect our public services we need to introduce a cap on immigration and reduce the number on non EU immigrants.

Since around two thirds of non EU migrants now enter the UK via the study route this has become an issue for the university and learning and skills sector.

Immigration Minister Damian Green has reported that a total of 362,015 visas were issued to foreign students and their dependents in the year to June 2010. This represents an increase of 35% on the previous year. 42% of study visas granted were in respect of sub degree level programmes and over 90,000 were issued to foreign students studying courses at private colleges. A Home Office study published in September 2010, indicates that around one fifth of foreign students granted temporary study visas were still in the UK five years later.

BIS has therefore launched a consultation process in respect of proposals to introduce more stringent entry criteria for admitting non EU students into the UK. The consultation process will seek responses to the following proposals:

- The introduction of tougher entry criteria. (Such as the ability to demonstrate competency in spoken and written English)
- Ensuring that students wishing to extend their study visas can show robust evidence of academic progression.
- Placing further limitations on a non EU student's entitlement to work
- Placing further limitations on a non EU student's right to bring his/her spouse and/or other dependents into the country such as requiring competency in spoken and written English.
- Establishing a more rigorous accreditation and inspection process for those providers that recruit non EU students in the attempt to weed out bogus colleges.
- Restricting the issue of non EU study visas to courses with qualification aims above a certain level. This is likely to be at level 4 or above, and even then, may possibly be restricted to level 4 courses offered in universities.

Many of the FE colleges likely to see their international student numbers fall dramatically as a result of these proposed restrictions (along with the level of tuition fee income generated from teaching these students), are reported to be considering plans to open campuses overseas as a way of continuing to meet demand for courses from non EU students.

## **Funding gap between schools and FE colleges to be closed**

Students aged 16-19 currently receive around 15% more funding on a like for like basis than students aged 16-19 in FE colleges. The previous Labour government pledged to reduce this gap to 9.6%. However in the White Paper 'The Importance of Teaching' launched at the end of November, the coalition government has stated its intention to eliminate the funding gap entirely by 2015.

Of course, there are two ways in which the funding playing field can be levelled. One of these is downwards and school sixth forms are already bracing themselves for an initial £120 million cut in their recurrent funding.

The White Paper also contains a commitment that by 2015, inspection and other performance measurement criteria will be established that is common to both schools and colleges. The obvious aim is to enable a fair and objective comparison to be made of the performance of each.

## **The end of 'Aimhigher'**

The Aimhigher programme which has been in existence since 2004, along with the funding associated with the scheme, is ending in July 2011. Sir Alan Langlands, the chief executive of the Higher Education Funding Agency (HEFC) has said that 'Aimhigher has played a pivotal role in brokering effective partnerships between higher education institutions, schools, academies and colleges.'

Alan Birks