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SFA to become lead funding body for general further education (GFE) colleges

The Skills Funding Agency (SFA) and Young People's Learning Agency (YPLA) have now reached an agreement on which organisation should be the lead body for general further education (GFE) colleges. The SFA will now become the lead body for funding and quality assuring both 16-18 and 19+ provision in GFE colleges. The SFA will also be the lead body for post 16 specialist art and design and land based colleges. In addition, the SFA will be responsible for the initiation of any intervention required in GFE colleges or specialist colleges in respect of quality standards or financial viability. The YPLA will perform a similar lead body function in relation to sixth form colleges.

The YPLA and SFA will continue to be responsible for their own funding methodology and for disseminating their own information and briefings. In addition, the SFA will continue to issue indicative allocations and final funding allocations for all 19+ provision and apprenticeships (16-18 and 19+), while the YPLA will continue to issue learner number and final allocation statements for all 16-18 and 19+ LLDD provision. GFE colleges will therefore continue to receive funding based on two different funding methodologies. However, GFE colleges will be paid through the SFA as a 'shared service' between the two agencies, with one payment on the 15th of each month from the SFA and one payment on 20th of each month from the YPLA. That should make things much simpler then.

In the meantime, and assuming that the new Education Bill passes through Parliament, the YPLA is scheduled to be abolished in April 2012 and replaced by the new Education Funding Agency (EFA). The EFA will assume the functions of the YPLA along with the £4 billion capital funding brief of Partnership for Schools (PFS) which, contrary to the recommendations of the recent James Review, is also to be abolished. Peter Lauener is to be re-incarnated as the chief executive of the new EFA. Many in the FE sector would have liked to have seen the roles of the SFA and YPLA merged to form a Further Education Funding Agency (FEFA), but I guess the acronym might sound a bit too much like FIFA.

SFA data on 2010/11 provider performance as at period 9 (end of the third quarter 2010/11)

With effect from commencement of the 2011/12 academic and financial year, the SFA has collected detailed in-year data on a quarterly basis in respect of the performance of providers against their minimum contract value (MCV). This data collection process is intended to allow the SFA to engage in in-year adjustments to provider allocations, including the in-year re-allocation of funds between providers where this is thought to be necessary and justified. As at the end of the third quarter of 2010/11, SFA data apparently shows that 73% of providers are currently delivering at a level that is projected to be below 95% of their MCV, which implies that the sector as a whole may be under-performing against contract. Action taken by the SFA thus far includes the following:

- £45 million has been recovered from providers in respect of underperformance in 16-18 apprenticeship provision, but only £17 million has been redistributed to other providers.
- £37 million has been recovered from providers in respect of underperformance in 19+ provision, but only £18 million has been redistributed to other providers.

With reference to the difference between funding recovered and funding redistributed:

- The SFA believes that at present there is sufficient funding in the system to meet the current level of demand for adult apprenticeships and therefore is not allocating any further funds for growth.
- No decision has as yet been made in respect of allocating additional funding to providers in respect of extra provision for those aged 16-24 who are not in employment, education or training (NEET)
- Any unspent SFA funds as at September 2011 will (subject to government approval) be carried over into 2011/12.

FE sector back in financial surplus

Dire predictions in respect of the financial health of colleges made earlier this year, were partially confounded when, much to the surprise of external analysts, the FE sector as a whole returned a collective financial surplus after two years of returning an overall deficit. An analysis of the latest published college accounts (2009/10) has been carried out by the consultancy firm 'W3 Advisory' on behalf of the TES FE Focus. The W3 report reveals that the sector returned an average operating surplus of around £300,000 per college, with many of the larger colleges returning multi-million pound surpluses. This improvement in college finances was in spite of the sector seeing lowest rate of income growth for five years. In addition, college cash balances increased by 30% to an average of around £3.4 million, also the highest seen in five years. However, a significant proportion of this increase in college liquidity was explained by an inflow of cash generated through ongoing capital developments, including the sale of premises, the receipt of SFA grants and the call down of commercial loans.

W3 director David Williams, in commenting on the report, admitted that the overall financial health of the sector was 'better than expected'. He went on to say that this was partially explained by the fact that 'colleges appear to have taken early measures to position themselves to deal with funding reductions'. An example he gave of this was the reduction in staff pay as a percentage of total income. This fell from 65.7% in 2008/09 to 63.9% in 2009/10, collectively saving colleges around £140 million. Based on published SFA and YPLA budgets and college surveys, W3 is predicting that the sector will continue to improve its financial position in 2010/11 and will return an estimated collective surplus of around £103 million. However, W3 also predicts that unless colleges can reduce costs by a further 3%, the sector will return a collective deficit of around £114 million in 2011/12, and that because of further planned cuts in government funding, the overall financial health of the sector will continue to deteriorate thereafter.

Youth unemployment

Figures recently released by the Office of National Statistics (ONS) show that for the 3 month period to the end of May 2011 there were 848,000 unemployed 16-24 year olds. This constituted a significant reduction of around 88,000 compared to the previous quarter. However, many observers fear that youth unemployment trends may reverse in autumn 2011, as more full time school, college and university students come to the end of their courses and are unable to find work.

The ONS has also conducted interviews involving a sample of 2,311 16-24 year-olds. Based on an analysis of responses given, the ONS has warned of an 'aspiration gap' developing amongst young people from less well off families. The ONS survey suggests that many young people in this category display a serious lack of confidence, with respondents from less well off backgrounds saying that 'people like us from poorer homes, don't succeed in life'. Of those interviewed by ONS, 26% of young people from disadvantaged backgrounds said that they believed that 'few' or 'none' of their career aspirations were achievable, compared with just 7% of young people from more affluent backgrounds.

In response to this, the government has published a document entitled 'Supporting Youth Employment', which launches a new £60 million package of measures designed to tackle youth employment and to address the long term structural barriers stopping some young people (and in particular those from poorer families) from getting a job and starting a career. Measures included in the new package include the following:

- Providing more 'Work Programme places for vulnerable young adults who are struggling to make the transition into work'.
- Increasing the capacity of Job Centre Plus to 'support 16 and 17 year olds who are not in employment, education or training (NEET)'.
- Increasing opportunities for young people access to work experience and 'work clubs'.
- Establishing a new £10 million 'Innovation Fund' to help organisations involved with young people (and particularly those organisations in the voluntary sector) to develop new ways of helping those who are classified as NEET.

The government's has also launched its new Pathway Programme, designed to encourage more young people age 16-24 to take up apprenticeships. There will be 10,000 places available on the new Pathway Programme, which replaces the previous Programme Led Apprenticeship (PLA) scheme.

Government response to the Wolf Review

The government has now responded to the recommendations put forward in Professor Alison Wolf's Review of Vocational Education for 14-19 year olds in England. Key issues considered in the review included the following:

- Current institutional arrangements for providing vocational education, including the role of employers, private training firms and the voluntary sector.
- Current levels of progression from vocational education to work.
- Ease of access from vocational education to higher education and higher level training.
- Existing funding mechanisms.
- Awarding bodies.
- The cost of qualifications and the accreditation processes leading to them, and the current situation in respect of who bears the cost of this and in what proportion.

The government's formal response to the findings in the Wolf review will not be published until December of this year, but virtually all of the recommendations arising from the review have been accepted, including the following:

- All 14-16 year olds will be encouraged to 'take the most valuable qualifications at age 16' and 'incentives to take large numbers of vocational qualifications at the expense of core academic studies will be removed'.
- Schools and colleges will be encouraged to provide 'coherent and cohesive programmes of study rather than those which simply accumulate qualifications'.
- Schools, colleges, universities, Ofqual and 'other experts' will be consulted in order to 'define the criteria that the best qualifications must meet'. The government will also consult with sector skills councils and other employer representatives to ascertain how best to ensure that qualifications meet the needs of employers.
- Qualifications for under 19's will no longer be required to be Qualifications and Credit Framework (QCF) compliant and some qualifications that have disappeared as a result of the introduction of the QCF will be reinstated
- In addition to following a broad programme of study, all young people will be required to study English and Mathematics up to age 18, or 'until they get a good qualification in those subjects'. Funding will be made available to help those 19-24 year olds without these qualifications, to obtain full level 2 qualifications in English and Mathematics.
- New measures will be introduced to assess the performance of both higher and lower attaining students in order 'to ensure that schools and colleges do not focus only on students at the C/D grade borderline'.
- All 16-18 programmes will be required to include work experience (although work experience will no longer be compulsory for 14-16 year olds).
- The development of University Technical Colleges and Studio Schools will continue to be encouraged and it will 'be made easier to offer support to 14-16 year olds enrolling in FE colleges 'if they offered a better learning option for them'.
- The regulatory burden on schools and colleges will be reduced; however the government is keen to encourage schools and colleges to publish more information about their own performance.
- League tables will be changed in order to 'remove the perverse incentives that have devalued vocational education'
- Funding formulae will be changed from one that is currently based on funding qualifications to one that is based on funding learners.
- An examination will be undertaken into 'what the post 16 equivalent of the pupil premium might look like'.
- Consideration will be given to adapting or supplementing Apprenticeship frameworks for 16-18 year olds 'in order to reflect the increased importance of broader programmes of study'.
- Apprenticeship frameworks and contracting arrangements will be simplified 'to ensure more money is spent on front line teaching'.
- Key skills will be phased out, leaving Functional Skills and GCSE's as the only way to achieve the compulsory English and Mathematics elements of an Apprenticeship framework.
- Bodies other than the Sector Skills Councils (SSCs) will be encouraged to develop new apprenticeship frameworks, while 'the role of SSCs as issuing bodies will be reviewed'.
- Training will be offered to mathematics teachers 'so that they continue improving and learning once qualified'.
- The DfE will recognise Qualified Teacher Learning and Skills (QTLS) status as satisfying the necessary requirements for FE lecturers to teach in schools. This will require a change in current legislation.

The Wolf Review also drew attention to successful apprenticeship schemes in other countries, in which companies are given financial incentives to hire apprentices. The government's response has been to consider this seriously as an option. However, whilst agreeing that 'payments to employers can be an effective way to encourage them to take on apprentices', in any scheme introduced involving payments to employers, 'it would be important to ensure that any such scheme will deliver the outcomes wanted, as well as offering value for money'.

World Skills London 2011

This year's World Skills event will take place at the ExCel Centre in London from 5 October until 8 October. 110 contestants from FE colleges and private training providers have been chosen to join 'Team UK' and represent the United Kingdom in the 45 skill competitions. Dubbed the 'World Skills Olympics', around 150,000 visitors from around the world are expected to attend the event. However, tickets are expected to be considerably easier to come by than that other Olympic event in 2012.

Institute for Learning (IfL) to take over functions and responsibilities of Life Long Learning UK (LLUK) and Standards Verification UK (SVUK)

Following the closure of LLUK, the Sector Skills Council for FE and its subsidiary company SVUK on 31 March this year, the responsibilities and functions of these bodies have been transferred to the IfL. These include:

- Maintenance of a register of approved FE and skills related teaching qualifications in England.
- Managing the quality assurance arrangements for these qualifications.
- Mapping SVUK 'tariff of qualifications against other FE and skills teaching and training qualifications awarded in England',
- Ensuring that candidates who are in the final stages of the SVUK's General Professional Recognition Learning and Skills (GPRLS) scheme are not disadvantaged by the closure of LLUK and SVUK, and can 'progress through alternative experiential routes' to achieve Qualified Teacher Learning and Skills (QTLS) status.

Meanwhile, college lecturers have continued to express their outrage at the proposed 120% increase in annual IfL membership fees (which are compulsory for those teaching in the FE sector), at a time when the equivalent body for school teachers was being scrapped. In response, college unions called for a substantial reduction in the fees proposed and a fundamental reorientation of the IfL so that its function became 'more relevant to the work of FE'. Unions also recommend that their members should boycott paying their IfL fees until these issues had been resolved.

In an attempt to settle the continuing dispute, talks between the college unions, the Association of Colleges (AoC) and the IfL Board were initiated by the FE minister, John Hayes. During the ensuing negotiations, the IfL referred to their survey of IfL members that, they claimed, demonstrated support for the IfL. The University and College's Union (UCU) countered this by drawing attention to their own survey that suggested that UCU members view the IfL as being of very little relevance to the work of ordinary lecturers. At the conclusion of talks, IfL issued a statement giving, amongst other things, details of proposed amendments to its fees and concessions for 2011/12 and 2012/13. These include the following:

- For members who have already paid the increased £68 fee, there will be an extension of the period covered by the fee up to 31 March 2013
- Members who have not yet paid will be given an opportunity to pay an annualised fee of £38 for 2011/12 and £38 for 2012/13
- There will be a new reduced fee level for those earning above the current annual tax threshold of £7,474 but below £16,000
- Those teaching no more than 28 hours per year may join IfL voluntarily, but will not be required to do so.

Alternatives to merger encouraged

Those who have been in FE for a long time will know that the thinking of various governments and funding bodies on college mergers has fluctuated between one where they were thought to be such a good thing that a college would be actively encouraged to merge another local college or two, or with a local university, (or possibly even with their local branch of 'Poundland'), through to one where mergers were thought to be such a bad thing that it seemed they would never be approved under any circumstances.

The Department for Business, Innovation and Skills (BIS), aided by representatives of the AoC and colleges (collectively referred to as the 'New Horizons Advisory Group') have been considering the question of college re-organisations, however, there are no plans to issue an updated policy statement to replace the 2008 'Models for Success' document. Nevertheless, the current thinking appears to be that colleges should be steered towards 'alternative business models', such as 'hard federations'. An example of a hard federation would be one where the governing bodies of two (or more) would be retained to provide local accountability, but only one principal and senior leadership team will be appointed to run the both (or all) colleges in the federation. Any differences of opinion between the different governing bodies within the federation would apparently be settled by the casting vote of the principal of the federated colleges.

In spite of this 'policy steer', the SFA has nevertheless approved 5 new mergers in recent months and proposals for new mergers continue to be made, with the proposed merger of Newcastle College and Northumberland College being the latest to go out to consultation. A cautionary note on college mergers comes in the form of an analysis of 9 mergers in recent years by the consultancy firm W3 Advisory. This is the firm that conducted the recent analysis of college accounts referred to above. The W3 analysis shows that in the 12 months following merger, although 5 colleges improved their financial position, 4 saw a worsening of their financial position. In 4 out of 9 cases pay costs actually increased post merger rather than fell. None of the colleges involved in mergers returned to the same level of financial strength as they had enjoyed in the period 2 years prior to merger.

In the meantime, a recent survey of colleges by the further and higher education division of Capita showed that just 27% of respondents intended to engage in shared services as a method of reducing costs in the wake of government cuts. This was lower than Capita had expected and perhaps indicates that the potential market for shared services consultancy work might be lower than anticipated. Presumably in order to encourage more colleges to consider this option, the SFA has issued cash grants to both the AoC and the 157 Group of Colleges to support the implementation of shared services, which member colleges will be invited to bid for. Hopefully, the level of savings that the sector derives from implementing shared services will be greater than the cost of the grants.

Changes to the Independent Safeguarding Authority (ISA), the Vetting and Barring Scheme (VBS) and Criminal Records Bureau (CRB)

Major changes to the ISA, the VBS and the CRB are being introduced in order to 'reduce bureaucracy whilst ensuring adequate protection for vulnerable groups'. The main reforms are expected to be implemented in early 2012 and include the following:

- The ISA, which administers the Adult Barred List (ABL) and Children's' Barred List (CBL), will be merged with the CRB, and the requirement for people working with children and vulnerable adults to register with the ISA will be abolished.
- There will be a restriction on the definition of 'regulated activity' so that fewer people will be barred from working with children and vulnerable adults in cases where employees or volunteers would be constantly supervised.
- Employers will be able to use (for a fee) a CRB updating service, thereby enabling the 'portability' of CRB checks.
- As part of the new Protection of Freedoms Bill, CRB certificates will only be sent to individuals and not to employers. This is to enable the individual to check the accuracy of the CRB report before passing it on to the employer. If, however, a prospective employee chooses not to pass the CRB certificate to the employer, the employer is entitled to withdraw or not confirm an employment offer.

Specific implications for colleges include the following:

- The requirement to implement 'safer recruitment' procedures, including enhanced CRB checks for all new entrants to their workforce, will be retained.
- Undertaking voluntary work in a college will no longer be a 'regulated activity' provided that it is constantly supervised. Colleges will need to ensure that their supervision arrangements are robust and that they operate rigorous risk assessments in relation to arrangements for volunteers.

HE developments

Thus far, more than half of Welsh universities declaring their fee proposals have opted to charge annual tuition fees of £9,000. The Welsh Assembly has already agreed to pay the difference in fees to universities on behalf of Welsh students, however as has been the case in England, it was not anticipated that so many universities would opt to charge fees at this level. The result is that the Welsh Assembly is being required to review its budgets, since it will need to spend a much higher proportion of its annual budget in paying additional HE tuition fees on behalf of students, than was initially anticipated. Since fees are paid to universities in advance, and are not collected from students until they have graduated and are earning £21,000 or more, it is probable that similar financial pressures will be exerted on BIS budgets in respect of meeting up-front fees for English university students.

Meanwhile a group of professors, including the celebrated Anthony Grayling and Richard Dawkins, have established a private HE institution, initially to be called 'the New College of the Humanities' (NCH). NCH is proposing to charge annual tuition fees of £18,000 and will offer degrees validated by London University. Representatives of NCH claim that it has the legal right to call itself a university, however, a representative of BIS has said that NCH is not currently a university college, nor has it applied yet to BIS to use this title. Given the alleged left wing leanings of Professors Grayling and Dawkins, some observers have concluded that they might just be 'having a bit of a laugh'.

On the other hand, there are those who have argued that parents, who have previously paid annual fees of £20,000 or more for their children to attend top private schools, might perhaps regard paying £9,000 in annual fees to a Russell Group university as actually being a bit of a bargain. Some observers have commented that this may point the way forward. If all the top universities were to be privatised, they would presumably be able to charge whatever undergraduate fees they liked since they would not receive any direct state funding. This would theoretically leave more public funding available to support universities catering for the children of the less well off, including the possibility of purchasing state scholarships at top universities for poorer students. Of course, all of this might make it a bit more difficult to argue that the class system is dead.

Training Quality Standard (TQS) abandoned

The TQS award was introduced by the LSC in England in 2007. Achievement of the award was to become a requirement for any provider seeking to be awarded an LSC contract. With the passing of the LSC and the subsequent withdrawal of funding for the scheme, the TQS has now been scrapped. A spokesperson for BIS said that the decision to cease funding the TQS was taken in order to 'give greater autonomy to providers, with less direction and prescription from government'. The move has angered some colleges who feel that they have wasted significant funds and effort in acquiring the TQS award, with some achieving the award just in time to see it scrapped. Other colleges have expressed relief that requirement for TQS accreditation has now gone.

Future of the Qualifications and Credit Framework (QCF) thrown into doubt

Carrying on with the theme of initiatives that come and then go, the future of the QCF now also appears to have become a little uncertain. The aim of the QCF was to enable all qualifications, from pre GCSE to PhD, to be mapped to a single qualifications and credit framework. However, the QCF has been the subject of a recent Ofqual report which is very critical of the QCF in its current format. Whilst recognising the potential benefits of a qualifications and credit framework, the Ofqual report says that 'there is no significant demand for the flexible transfer of credits' and adds that 'many key stakeholders appeared to be largely unaware of the QCF'. The Ofqual report goes on to say that 'strict QCF regulation has stifled innovation'. It also expresses concern that 'awarding bodies were being compelled to use units that they did not consider to be fully fit for purpose'. In addition, the report states that 'many awarding bodies had expressed concern at the substantial costs they had incurred as a result of modifying their accreditation to fit the QCF', and that they 'did not know whether their investment in redesigning their qualifications in line with the QCF would prove to be worthwhile'.

Me? Putting the QCF to one side for a moment, I'm still confused as to what happened to qualifications such as AVCEs, GNVQs, and a host of other qualifications which seemed to rapidly come and then just as rapidly go. And while we're on the subject, any bets on how long the new Diplomas will last? You can't help feeling sorry for the students who studied so hard for those vocational qualifications which are now defunct, and for the staff who put so much effort into getting these qualifications (and various other short lived initiatives imposed on the sector), up and running.

An awful lot of money goes out of college budgets and into the coffers of private sector accreditation bodies. One estimate puts the figure at around £250 million per year. This is roughly equivalent to sum of the gross annual budgets of 10 medium sized GFE colleges. The HE sector is allowed to accredit its own courses, and so is McDonalds for that matter. How hard could it be for the FE sector to develop an effective, coherent, flexible and responsive vocational accreditation system of its own?

And finally...

During a recent inspection of catering provision at an FE college, an Ofsted inspector was apparently carrying out an observation of a cookery class involving the preparation of Chinese cuisine. Shortly after the lesson commenced the inspector glanced at a saucepan on nearby a hob and was startled to notice the lid rise. He was even more startled when he saw a pair of eyes looking at him over the saucepan rim. When he looked back, the saucepan lid was lowered again and, at first, the inspector thought that he had been seeing things. However, after a while, the saucepan lid lifted again, and again, the inspector saw the eyes looking at him. This raising and lowering of the saucepan lid continued throughout the lesson. Whenever the inspector saw that the saucepan lid was raised, the eyes stared back at him. The whole experience, unsurprisingly, left the inspector somewhat un-nerved. While giving feedback to the lecturer, the inspector took the opportunity to ask what on earth was in the saucepan. The lecturer responded by explaining that it was a Peking duck.

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