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The Budget and FE

The Chancellor's budget speech on 8 July provides an indication of how the government intends to try to bring the public finances into balance by 2020. It also sets out the parameters for the Comprehensive Spending Review (CSR) that will take place in the autumn. The CSR will determine how much funding will be allocated to government departments, including the Department for Education (DfE) and the Department for Business, Innovation and Skills (BIS). The funding these departments receive will be the basis of their allocations to the Education Funding Agency (EFA), the Skills Funding Agency (SFA), which in turn will be the basis of their allocations to colleges for the delivery of FE and skills in England.

In June, the Chancellor announced that a further £900 million of in-year savings would be required jointly from BIS and the DfE in respect of post-16 education and skills spending. Then, shortly after his budget speech in July, he announced that he was seeking cuts to the budgets of all 'non-protected' departments (of which BIS is one) of £20 billion over the next 4 years, and asked ministers to model how they would achieve savings based on cuts of 25% and 40% respectively. Ministers will set out their proposals for cuts in October and the detailed CSR will be published in November.

Because of manifesto pledges made in respect of the NHS, schools, international aid and defence, around £188 billion (or around 60%) of departmental spending is 'protected'. The £49 billion allocated to Scotland, Wales and Northern Ireland is also protected as part of the devolution settlement. The remaining £80 billion of public spending is in respect of unprotected departments. BIS and the DfE spend around £25 billion of this on post-16 provision and achieving savings of up to a further 40% of this will therefore be 'challenging'.

Specific budget announcements affecting FE include the following:

- *Apprenticeship levy*: The Chancellor announced that all large employers would be subject to a levy to help pay for apprenticeships. Further details on the levy (including the rate and method of collection) will be announced as part of the CSR. The funding raised through the levy will be controlled by employers, eventually using the new 'digital apprenticeship vouchers' announced by the government earlier this year. The levy proposal was included in a report by Professor Alison Wolf for the Social Market Foundation, entitled '*Fixing a Broken Training System: The case for an Apprenticeship Levy*', which was published shortly before the budget announcement. The proposal has been generally welcomed by FE college representatives, but *not* by the Confederation of British Industry (CBI). A spokesperson for the CBI said that the levy was a 'blunt tool', and pointed out that although levies already exist in the construction sector, two-thirds of employers were still reporting skills shortages.
- *Higher education maintenance grants to be replaced with student loans in England*: Following on from the abolition of Education Maintenance Allowances (EMAs) for less well off FE students in England, with effect from September 2016, less well off HE students in England will no longer be able to access higher education maintenance grants. Currently, more than half a million students from families with annual incomes of £25,000 or less receive a maintenance grant of up to £3,387 per year. This currently costs the Treasury around £1.57 billion a year, but the abolition of the cap on HE student numbers means that this cost is expected to double to around £3 billion per year. Because of this, instead of being able to apply for a maintenance grant, students will now be expected to take out a maintenance loan of up to £8,200 per year from the SLC. Because loans are accounted for differently, the decision is expected to result in £620 million of 'savings' in the BIS revenue budget in 2016/17, rising to £2.5 billion in 2020. Against this, BIS will be required to outlay an additional £3 billion in student loans on the basis that the loans will be repaid when the income of those students who have taken them out exceeds £21,000 per year (assuming they can be traced). The Institute for Fiscal Studies (IFS) says that the new loans will mean up to £550 more 'cash in pocket' per year for university students in England, but the poorest students will graduate owing up to £53,000 in total, compared with up to £40,500 at present.

- *The national living wage:* The introduction of a national living wage will have an impact on colleges in their role as employers. Colleges set their own pay scales, but because of ongoing cuts, in many colleges the lowest pay band is at the current minimum wage rate. Although the living wage proposal would undoubtedly otherwise be welcomed, the government's plans to increase the new living wage from £7.20 in 2016 to £9 by 2020 will prove to be a financial challenge for many colleges.
- *Pensions:* Colleges employ around 4% of all Local Government Pension Scheme (LGPS) members and, as a result, they have been unilaterally allocated a £2 billion share of the LGPS current deficit by the government. Colleges also pay substantial sums in employers' pension contributions to the Teachers' Pension Scheme (TPS). Employer contributions to the TPS will rise to 16.48% in 2015/6, raising the cost of employing an FE teacher by 5%.
- *The Youth Obligation:* From April 2017, benefits will be taken away from 18-21 year olds who are not 'earning or learning'. Unemployed young people between these ages will be required to '*participate in an intensive regime of support from day 1 of their benefit claim*', and after six months they will be expected to apply for an apprenticeship or traineeship, gain work-based skills, or go on a mandatory work placement to give them the skills they need to move into sustainable employment. Failure to do so will trigger the withdrawal of their benefits. The automatic entitlement to housing benefits for 18-21 year olds has already been withdrawn.

In-year cuts to the non-apprenticeship adult skills budget

Colleges have been anxiously waiting for information from the SFA about how the further in-year cuts of £900 million announced by the Chancellor in June will impact on their previously notified 2015/16 funding allocations. Their wait is now over. The SFA has written to colleges to say that funding for non-apprenticeship adult skills will be reduced by a further 3.9% in the 2015/16 financial year, and that funding for courses in English for speakers of other languages (ESOL) will be withdrawn. The SFA says that it has '*applied the 3.9% reduction to all 2015/16 allocations in order to mitigate any disproportionate impact on individual colleges and other training organisations*'. The SFA has acknowledged that the cuts will be '*difficult to manage*' and colleges have been given until 30 September to submit their updated financial plans. These cuts are the latest addition to the 24% already taken away from the non-apprenticeship adult skills budget. Somewhat worryingly, it has been estimated that the latest cuts will raise £60 million, but this amount is just 13% of the extra savings that BIS needs to make *this year*, meaning that there may be worse to come.

A massive *increase* in government spending on schools is planned (eg new Free Schools, Academies, University Technical Colleges etc, most of which will have small sixth forms). There will also be increased spending on new 'National Colleges', on increasing HE student numbers, and even on encouraging new providers to enter the FE and HE markets. As a result, many now argue that the motives behind the ongoing draconian cuts to FE spending are more socio-political than they are financial and economic.

A copy of the SFA letter to colleges can be accessed via the link below.

<https://www.gov.uk/government/news/changes-to-funding-allocations-for-2015-to-2016>

FE sector financial health is 'declining rapidly'...

A report from the National Audit Office (NAO) says that the financial health of FE colleges is 'rapidly declining'. The report says that '*the number of FE colleges in deficit has more than doubled in two years, from 52 in 2010/11 to 110 in 2013/14*', and it is expected that around 70 FE colleges will be rated as '*financially inadequate*' by the end of this financial year (compared to just 12 in 2010/11). The NAO report says the situation reveals '*fundamental structural problems*' in the sector, which will require '*far reaching decisions at regional or sector-wide level*' and '*better co-ordination between BIS and the DfE if a decision has to be taken to close or merge colleges*'. The NAO report was published on 20 July, the same day as the BIS announced its 'Review of Education and Training Institutions in England' (see below) along with a warning that '*significant reform of post-16 institutions is needed to deal with the financial pressures they face*', and that '*fewer, larger, more resilient and efficient providers*' were needed.

Through a glass, darkly

Those working in colleges in England fear that next autumn's comprehensive spending review and the impending review of post-16 education and training could see the end of FE as we know it. Comments from prominent figures in government and elsewhere would seem to support this pessimistic view.

- The new Public Accounts Committee (PAC) chair, Meg Hillier, said she found the NAO report *'alarming and went on to say 'I do not believe it is any exaggeration to say the future sustainability of the further education sector is at risk of financial meltdown'*.
- Shadow BIS secretary Chuka Umunna said the NAO report above *'further highlights the precarious future which further education colleges face as a result of decisions made by this government'*. He also said that *'the future of further education as we know it hangs in the balance'*, and that *'adult education was at risk of disappearing entirely'*.
- When he was BIS Secretary, Vince Cable said that civil servants in his department advised him *'to axe all further education colleges in England to save money'* because *'nobody will really notice'*. Many of these civil servants will still be in post and will now be advising the new BIS secretary Sajid Javid.
- Skills minister Nick Boles said that *'difficult choices will have to be made about the less productive bits of the FE system'*. Mr Boles said that *'it was necessary to look at the range of institutions that exist within further, technical and professional education and ask ourselves whether the general further education college...is the one that we want for the future'* and warned that *'this was the question being asked extensively in government'*.
- When Sajid Javid was asked in parliament to explain *'what assessment has the Business Secretary undertaken on the risks posed to the sector, and can he now guarantee that no college will close as a result of what he and the Chancellor are going to do?'* he refused to rule out that colleges might close and said there were *'tough decisions' to be made on the future of FE'*.
- Professor Alison Wolf has said that *'the current arrangements for post-19 funding is 'unstable, untenable and unjust'* and has warned that FE could *'vanish into history'*.
- Jonathan Simons, Head of Education at the 'Policy Exchange' think-tank (which Mr Boles helped to set up) says that *'FE is falling over'*, and pointed out that while *'the adult skills budget is being cut by 24%, the HE sector was reporting cash reserves 'equivalent to half of their entire annual income'*.
- Rod Bristow, president of Pearson UK said *'the FE sector...sits on the edge of a funding precipice'*.

Review of post-16 Education and Training in England

BIS has published its proposals for a 'Review of post-16 Education and Training Institutions in England'. The document outlines plans for a nation-wide programme of area-based reviews, with the main institutional focus being on FE and Sixth-Form Colleges (although *'other providers'* could be included in the review *'where they agree to this'*). BIS says that the aim of the review is *'to ensure that we have the right capacity to meet the needs of students and employers in each area, provided by institutions that are financially stable and able to deliver high quality provision'*. BIS says that the current 'policy context' (i.e. spending cuts and austerity) means that a *'major reform of post-16 education and training institutions is now necessary'* and that the *'FE and sixth-form college commissioners have identified significant scope for greater efficiency in the sector'*.

The document refers to the three pilot area reviews in Norfolk and Suffolk, in South London and in Nottingham, initiated and overseen by the FE Commissioner. Outcomes of these reviews thus far include five FE and sixth form colleges in North East Norfolk and North Suffolk *'actively considering collaboration plans'* and an announcement that the two Nottingham Colleges (New College Nottingham and Central Nottingham College) will be merging. BIS says that the area reviews will be carried out *'quickly'* and that guidance on conducting the reviews will be published next month (August). The first wave of reviews will then begin in September, commencing in Birmingham, with five further waves of reviews beginning every three months. The whole review process will be completed by December 2016.

Presumably for the avoidance of doubt about the outcomes required, even before the process has even commenced, BIS says that *'fewer, often larger, more resilient and efficient providers'* and *'greater specialisation'* will be needed, in order to create *'institutions that are genuine centres of expertise'*.

With reference to the scope of the Area Reviews, BIS says:

- *'We expect the reviews to start from an analysis of local economic and educational need in the context of a tight fiscal environment, and then evaluate a range of institutional options to meet that need'. This analysis will look at the implications of each option for delivering effective curricula, including provision for new routes to higher level and specialised skills, local accessibility of the 16-19 offer, and for financial sustainability'.*
- *'We will work with individual institutions and local authorities/combined local authorities and LEAs in defining the areas to be covered by each review and how the review will be carried out'. In some areas there will be natural boundaries (e.g. within individual cities or LEA areas). In others it may be necessary to take a more pragmatic approach to reflect travel routes and local economic regions'.*

There will be a national framework for Area Reviews, which will include:

- *'Local economic priorities and labour market needs, and any local outcome agreements in place'.*
- *'National government policy, including the national expansion of the Apprenticeship Programme, the creation of clear high quality professional and technical routes to employment, the desire for specialisation, and the identification and establishment of centres of excellence such as Institutes of Technology'.*
- *'Access to appropriate good quality provision within reasonable travel distances, particularly for 16-19 year olds, and students with special educational needs and disabilities'.*
- *'The need for 16+ providers to operate as efficiently as possible within a tight fiscal environment'.*
- *'Effective support for the unemployed to return to work'.*
- *'Legal duties relating to the provision of education, including but not limited to section 15A of the Education Act 1996 and section 86 of the Apprenticeships, Skills, Children and Learning Act 2009'.*

Each Area Review will have its own 'Steering Group':

- *'Each review will be led by a steering group composed of a range of stakeholders within the area; likely members include the chairs of governors of each institution (college principals are not mentioned), the FE and Sixth Form College Commissioners, Local Authorities, Local Enterprise Partnerships (LEPs) and Regional Schools Commissioners'.*
- *'The steering group will conduct an analysis and consideration of the range of options. However, it will be for the governing bodies of each individual institution to decide whether to accept the steering group's recommendations, reflecting their status as independent bodies. Governing bodies will therefore be expected to engage actively in the review process'.*
- *The steering group will be asked to consider the establishment of Institutes of Technology (in their area)*

Implementation of Area Review findings:

- *'Governing bodies will be responsible for deciding whether to accept Area Review recommendations relating to their institutions. If recommendations are accepted, individual institutions will be responsible for implementing changes following a period of consultation. It is important that college governors give careful weight to the long-term stability of their institution and to their broader duties'. (Possibly meaning that the review recommendations might constitute an 'offer that can't be refused?').*
- *'We expect institutions to take the right action in light of the findings of a review, to ensure that they are resilient and able to respond to future funding priorities. (Presumably meaning that colleges will generally be expected to comply with the review recommendations).*
- *Ultimately we expect the funding agencies and LEAs to only fund institutions that have taken action to ensure they can provide a good quality offer to learners and employers, which is financially sustainable for the long term'. (Which seems to suggest that if a college decides not to comply with the review recommendations, there will be adverse financial 'consequences').*
- *We will work with relevant organisations to ensure that the right support is available to institutions going through a process of structural change'. (Probably meaning that BIS will be control the whole process).*

A copy of the document can be downloaded via the link below.

<https://www.gov.uk/government/publications/post-16-education-and-training-institutions-review>

Sector leaders send a letter to the BIS Secretary

In what might be regarded as a last ditch effort to alleviate the 'perfect storm' that seems to be approaching the FE sector, the Association of Colleges (AoC), the National Institute of Adult Continuing Education (NIACE), 157 Group, and the Association of Employment and Learning Providers (AELP), along with the Trades Union Congress (TUC), the Local Enterprise Partnership (LEP) Network, representatives of accreditation bodies and Sector Skills Councils and other bodies, have sent a joint letter to the BIS Secretary, Sajid Javid asking for a meeting with him. A spokesperson said that the letter was intended to give Mr Javid a '*positive message*' from the signatories and to assure him that they were prepared '*to take a grown-up approach to managing funding cuts and implementing the government's skills agenda*'.

The letter itself says, '*our aim is not to defend the status quo*' and that there was acceptance that '*radical change is needed to the funding and regulation of the FE system, the way we engage with employers, and the way we offer and manage learning*' (which one observer said sounds almost like an apology for having 'failed'), The letter goes on to say '*we have extensive experience of policy implementation, knowledge of what works in the UK and around the world, and an ability to find ways round potential pitfalls*', and makes an offer to '*collectively help the government*' to achieve its key policy objectives for education and skills.

Some of the organisations that signed the letter receive significant levels of subscription funding from colleges in return for representing, protecting and defending their collective interests. Irrespective of the value for money they offer in providing other services, some might argue that perhaps they have not been all that successful in doing so, since the sector seems to be bearing the brunt of virtually all of the cuts in education spending in England.

FE Principals concentrate their efforts maintaining college financial viability

Research recently commissioned by the British Educational Leadership Management and Administration Society (BELMAS) reveals that FE college principals are now spending most of their time struggling to maintain the financial viability of their colleges. The research says that 94% of principals were spending the majority of their time engaged in activities to safeguard their college's financial viability.

Commenting on the research findings, a spokesperson for the Association of Teachers and Lecturers' (ATL) said that, '*given the scale of the cuts they faced*', he was not surprised by the research findings, and went on to say that if principals '*failed to ensure financial viability, funding agencies and eventually the FE Commissioner would get involved*' and that where this had happened, '*it usually resulted in the departure of the principal*'. He added that because principals now spent less of their time on teaching and learning, there was a risk that this would have a negative impact on their college's future Ofsted inspection results.

Ofsted acknowledges that financial pressures could impact on quality of provision

Ofsted Chief Inspector for England, Sir Michael Wilshaw, has acknowledged that the financial challenges that FE colleges are now facing could be beginning to have an impact on quality. He also acknowledged the additional financial pressures on colleges caused by new government policies (eg the need to provide GCSE English and mathematics tuition to 16-18 year olds who did not hold a pass at Grade C in those subjects), whilst at the same time as managing severe cuts in their funding. Sir Michael has committed himself to joining the first day of an inspection in a college in the new academic year. He says that he is particularly keen to hear the presentation given by the college principal to the Ofsted inspection team at the start of the process. In the meantime, colleges continue to express concerns that some lead inspectors appear to be coming into the first day of an inspection with a pre-determined outcome based wholly on data that then becomes difficult for the college to contest. They argue that it is important to ensure that any hypothesis formed by inspectors prior to inspection is open to further evidence presented by the college during the inspection. Meanwhile, Ofsted has announced that during future inspections of FE colleges, inspectors will be carrying out random checks on the cleanliness of FE lecturers' fingernails and on the state of the underside of college toilet seats. (I think I might have made this last bit up).

Ofsted inspectors will not be allowed to engage in private consultancy work

Around 3,000 additional FE and Skills inspectors are currently contracted through three main inspection service providers. This number is being reduced to around 1,600 through a 'robust assessment process'. Ofsted will directly employ those retained and has announced that its contracted inspectors will no longer be allowed to engage in private consultancy work (such as mock inspections and quality reviews).

Ofsted grades awarded to colleges in 2014/15 compared to 2013/14

Grade	Number of Colleges 2014/15	Number of Colleges 2013/14
1 Outstanding	1 (2%)	7 (8%)
2 Good	24 (39%)	49 (60%)
3 Requires Improvement	28 (46%)	22 (27%)
4 Inadequate	8 (13%)	4 (5%)
Total	61	82

The table above shows that in 2014/15, 59% of colleges were judged as 'requiring improvement' or being 'inadequate'. The significance of this apparent deterioration in quality will probably not be lost on those officials involved in the forthcoming review of post-16 education and training institutions in England

The Treasury publishes its 'Productivity Plan'

The UK economy is amongst the fastest growing of all advanced countries, and is *the* fastest growing G7 economy. However, the UK population is also rising rapidly, and the corresponding increase in the number of people in work has been the main source of UK economic growth measured in terms of Gross Domestic Product (GDP). The GDP per capita has not been rising by the same amount and this is reflected in the low and stagnant levels of pay seen in the UK recent years. UK productivity has persistently lagged behind that of other major international competitors and, as an example of the significance of this, if the UK could match the productivity of the United States, it would raise per capita GDP by 31% part of which employers could potentially use to increase the wage levels of their workers.

The government believes that the UK productivity gap has, amongst other things, been caused by *'failure to grow a serious system of respected employer-led professional and technical qualifications'* and that this failure is *'of such long standing, and such intractability, it can only be addressed by the most radical action'*. In response, the Treasury has published a document entitled *'Fixing the Foundations: Creating a more prosperous nation'*. The document contains chapters on such things as transport, housing, investment and the digital economy, however it also devotes 2 chapters to HE, FE and skills. The first of these is called *'A highly skilled workforce, with employers in the driving seat'*, and the second is called *'World-leading universities, open to all who can benefit'*. The content of these chapters covers the following areas:

Schools reform: In England, the government wants to see:

- A *'broad and rigorous curriculum that builds knowledge and skills'*.
- The introduction of a new initial teacher-training curriculum.
- An additional 17,500 teachers trained in science, technology, engineering and/or mathematics (STEM).
- *'A UTC to be established within reach of every city'*.
- Inadequate schools to be turned into academies, *'with the best academy chains being expanded'*.
- Coasting schools to be targeted for improvement. New legislation will give the DfE powers to intervene where a school is considered to be 'coasting'. The definition of 'coasting' in respect of secondary schools is when fewer than 60% of Year 11 pupils achieve five GCSEs including English and mathematics. There have been strong hints that the 'coasting' concept will eventually be applied to all post-16 education and training, including at some point, HE. (Universities Minister Jo Johnson, recently referred to university students 'coasting to a 2.1', although he may have had his brother Boris in mind).

Apprenticeships: In England, the government wants to see:

- *'3 million starts this Parliament, an increase of over 30% on the achievement of the last five years'*.
- *'A reversal in the trend of employer under-investment in training, which has seen a rapid decline in the amount and quality of training undertaken by employees over the last 20 years' in part due to employer concerns that 'if they invest in training their employees, competing firms will free-ride on their investment'*.
- A new approach that *'puts employers at the heart of paying for and choosing apprenticeship training'*.
- The introduction of a levy on large UK employers to help fund these new apprenticeships.

Professional and technical education: The majority of professional and technical education provision is currently at Level 2 and below. In England, the government wants to see:

- *'A professional and technical education system that has more ambition, and provides individuals with clear, high-quality routes to employment'.*
- The number of qualifications simplified and streamlined *'so that individuals have a clear set of routes which allow for progression to high level skills, rather than thousands of qualifications'.*
- The creation of more National Colleges *'to provide high-level sector-specific training'.*
- High performing colleges converted into elite Institutes of Technology that will work alongside employers and professional bodies in the design and delivery of provision at levels 3, 4 and 5.
- Other colleges to become more specialised.
- Improved destination and earnings data to enable informed choices and the development of online portals to present all post-16 learning options to young people in a user-friendly way.
- Employers taking the lead role in establishing a post-16 skills system that is responsive to local economic priorities.
- A move away from the 'funding per qualification' model for adult learners and, 'the development of alternatives that ensure provision is targeted at training that has the greatest impact'.

Universities: The government says that it is *'committed to maintaining the UK's world class higher education system and making it accessible to all who are qualified and wish to study, particularly students from disadvantaged backgrounds'*. In England it will:

- Remove the student numbers cap so that anyone with the right qualifications can study at university.
- Replacing maintenance grants with loans for new students from 2016/17.
- Introduce a new Teaching Excellence Framework to *'provide an outstanding education to students'*.
- Allow institutions offering high teaching quality to increase tuition fees with inflation, *'to ensure that the universities sector remains well funded to compete internationally'*.
- Open the higher education market to more new entrants *'to stimulate competition and innovation, increase choice for students, and deliver better value for money'*.
- Expand opportunities for postgraduate study and research and introduce loans for taught Masters and PhD students.

A copy of the government's Productivity Plan can be downloaded via the link below.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443898/Productivity_Plan_web.pdf

Consultation on the proposed apprenticeship levy

The government has announced that it will be consulting on its plans to introduce a levy on large businesses to fund further growth in apprenticeships. Initially, it was expected that employers would pay around a third of the costs of apprenticeships on a voluntary basis, but it seems that most have not been prepared to do this. The government says that the levy has therefore become necessary because more funding than was originally anticipated will be needed to pay for 3 million additional apprentices by 2020 pledged in the Conservative Party election manifesto. It has been argued that without this additional funding, the quality of apprenticeships would deteriorate because the average amount of funding per apprentice would fall as the number of apprentices increased. If, for example, the levy were to be set at 0.5% of the payroll of large companies, it would raise around £2 billion per year. The proposed levy will also provide a financial incentive for firms to get the levy back by offering additional apprenticeship places.

UK wide levy on large employers will only support apprenticeships in England

In a response to a written parliamentary question, Skills Minister for England, Nick Boles said although the apprenticeship levy would be UK-wide, funds raised through the levy would be used to 'support post-16 apprenticeships in England'. This appears to have invoked outrage from the devolved governments, presumably because the flow of subsidies is usually the opposite direction. In an attempt to placate critics from other UK countries, a spokesperson for BIS explained that the Barnett formula would mean that any increased spending on apprenticeships in England would, 'in the usual way', be reflected in a corresponding increased funding allocation to the devolved governments. A spokesperson for the Scottish government nevertheless called for 'much more clarity and detail on the potential impact of the levy on Scottish employers and apprentices'.

New 'Trailblazer' apprenticeships launched

Twenty-six new 'Trailblazer' apprenticeship groups were launched this month (July) covering areas such as ceramics, veterinary nursing, and motorcycle manufacturing. The groups will design standards for 39 new industry-led apprenticeship programmes that will be added to the 24 that have already been approved. 350 more are currently being developed by around 140 existing Trailblazer groups. However, provisional data to June 2015 published in the latest Statistical First Release (SFR) reveals that there have been just 300 starts on 'Trailblazer' apprenticeships in the last nine months, with only 100 of these starts occurring since November last year. (The recruitment figures may actually be worse than this because the SFR rounds its data to the nearest 100). The SFR data also shows that:

- There has been an overall growth in apprenticeship starts to 374,200 so far this year (an increase of 59,600 on the provisional data for the same period last year).
- There has been an increase in the number of 25+ apprenticeships, which have increased from 32% of all apprenticeships to 40%. Since the beginning of the year there have been 150,300 25+ apprenticeship starts, up 50,000 on the same time last year.
- There were 101,700 16-19 apprenticeship starts, an increase of 6,500 on the same time last year.
- Traineeship starts have more than doubled since the same time last year, with 15,100 starts compared to 7,400 on the same time last year.

New Apprenticeship Delivery Board established

BIS has announced the establishment of a new Apprenticeship Delivery Board that will provide advice and guidance to the government on how to expand the apprenticeship programme so that the target of 3 million new starts can be achieved. The Board will be co-chaired by Richard Harrington, MP for Watford, and David Meller, who is the chair of the 'National Apprenticeship Ambassadors Network'. Mr Meller is also a non-executive board member for the DfE, and sponsors a number of academies and UTCs through the Meller Educational Trust. BIS says that 'other board members will be announced in due course'.

Joint CBI and Pearson Education and Skills survey published

The CBI and Pearson have published their most recent education and skills survey report. 310 companies collectively employing 1.2 million staff responded to the survey. With reference to apprenticeships:

- 81% of employers said they thought that the planned reforms to apprenticeships were positive.
- 23% thought that the slow pace of implementing the reforms and the apparent reluctance of BIS to relinquish control over apprenticeships was '*a matter of concern*'.
- 38% said that qualifications that were more relevant to businesses '*would help engage more employers*'.
- 34% said that direct employer control of funding would be '*another catalyst for employer engagement*'.
- 30% said that they were concerned about '*levels of bureaucracy and red tape*'.

The report goes on to say that:

- 67% of employers reported that they would need more high-skilled workers in the future.
- 50% said that they are worried that they would not be able to recruit enough high-skilled workers.
- High-growth, high-value sectors such as construction, manufacturing, science, engineering and technology are the areas under most pressure in terms of their ability to recruit skilled workers.
- 50% of firms said they were not satisfied with the careers advice provided for pupils in schools.
- 34% of employers were concerned by the poor literacy and numeracy skills of school leavers.
- 49% had concerns about school leavers' lack of communication skills.
- 33% said that they had arranged remedial classes to help new recruits with basic skills.

Joint AoC and UKCES publish report calling for 'Local Outcome Agreements'

The AoC and UK Commission for Employment and Skills have published a joint report entitled '*Local action, national success: How Outcome Agreements can improve skills delivery*'. The report considers '*how skills needs can be best met in local areas*' and how the sector might move '*from a system of national accountability, with colleges reporting upwards to funding agencies or being reported down on by Ofsted, to something more local and responsive*'. The report argues that the solution is for local partners to '*come*

together to develop local outcome agreements which will better link local skills provision with employer demand', and for the majority of provision delivered at a local level to be the subject of such an agreement.

Membership of the BIS and Education Select Committees is announced

The new membership of the two Parliamentary Select Committees with responsibility for scrutinising education and skills in England is as follows:

BIS Select Committee

- Conservatives: Richard Fuller, Amanda Milling, Amanda Solloway, Kelly Tolhurst, Craig Tracey and Chris White.
- Labour: Iain Wright (Chair), Paul Blomfield, Peter Kyle and Jo Stevens.
- Scottish National Party: Michelle Thompson.

The new BIS Select Committee chair, Iain Wright, says that the government's Productivity Plan (see above) will be the focus of his committee's first inquiry. Mr Wright has also criticised 'success rate cheating' and has claimed that it is 'widespread within the FE sector', suggesting that this topic may be another of the new BIS Select Committee's early inquiries.

Education Select Committee

- Conservatives: Neil Carmichael (Chair), Lucy Allan, Michelle Donelan, Suella Fernandes, Lucy Frazer.
- Labour: Ian Austin, Kate Hollern, Ian Mearns and Kate Osamor.
- Scottish National Party: Marion Fellows.

Interestingly, although SNP members are allowed to vote on education and skills issues in England, they are not allowed to vote on education and skills issues affecting their own parliamentary constituencies in Scotland, since this is the responsibility of members of the Scottish Parliament (MSPs).

Skills Commission publishes its latest report

The Skills Commission, which describes itself as '*an independent group of leading experts and opinion formers from across the education and skills sector*' has launched its latest publication entitled 'Guide to the Skills System'. Co-chairs of the Skills Commission, Barry Sheerman MP and FE Trust for Leadership (FETL) honorary president Dame Ruth Silver said in the report '*we aim to demystify this policy area and help to overcome some of the initial barriers policymakers can face in conceptualising the skills system*'. The guide says that the '*FE and skills is the adaptive layer of the education system*' and that '*policy must be fully evaluated to build on successes and avoid repeating past mistakes*'. The guide goes on to say '*In order for us to build a world class system, we need to fully appreciate the interconnectedness and interdependencies of the skills system, and think strategically about the relationship between its seemingly disparate components*'. That should do the trick.

HEPI and Pearson call for a new FE accreditation and funding body

A report published jointly by the Higher Education Policy Institute (HEPI) and Pearson, entitled '*Raising productivity by improving higher technical education: Tackling the level 4 and level 5 conundrum*', argues for the establishment of a new system for accrediting sub-degree technical education in which '*FE colleges and independent learning providers can design and deliver their own qualifications*'. The report says that '*despite the genuine efforts of recent governments to increase the number of people studying for work-related qualifications at levels 4 and 5, progress has been slow*' and that the '*lack of advanced skills is having a detrimental impact on the British economy*'.

The report says that '*while universities have well-developed and relatively sophisticated systems for developing and validating new degree-level awards, these processes are not well suited to short-cycle technical education*'. The report argues that '*the FE sector is ideally placed to play a larger role in the provision of higher level technical and professional qualifications*', but that '*the current system of qualification design, validation and quality assurance inhibits the development of short-cycle technical qualifications*'. The report says that a '*clear distinction between work-oriented qualifications linked to specific job roles and qualifications leading to first degrees*' was needed and that '*while the latter should remain the responsibility of HEFCE*', the former '*should be accredited and funded by a new body*'.

NIACE to merge with CESI

The National Institute of Adult Continuing Education (NIACE) and the Centre for Economic and Social Inclusion (CESI) have announced that they will merge next year. The two bodies say that the merger will *'create an organisation that will champion employment, skills and learning for everyone, especially for the unemployed and those on low income'*.

Home office visa changes

The Home Office has announced changes to visa and immigration rules that will have far reaching consequences for FE college international student recruitment. The Home Office says that the changes are being introduced because the UK Visas and Immigration Service has detected an increasing number of 'bogus visa applications' as a way of circumventing current immigration restrictions. The main changes are:

- Non EU FE students will no longer be granted work rights. (Currently, they can work for up to 10 hours per week).
- The maximum of 3 years for courses at Level 5 and below, will be reduced to 2 years.
- FE Colleges will no longer be allowed to administer child visas for 16 and 17 year olds. These students now have to go through the Tier 4 (General) route.
- Students will not be allowed to extend their stay in the UK to progress from FE to HE. They will now be required to return home after completing an FE college course and reapply for a UK university course from there.
- The level of personal funds that applicants need to prove they are self-sufficient has been increased.

These restrictions were initially applied to colleges suspected of being 'bogus'. As a result of a clampdown, around 870 of these 'colleges' had their license to sponsor student visas revoked. However, from next month (August) the rules will also apply to any college that is in receipt of SFA and/or EFA funding.

Universities in England say that the limit on tuition fees should be raised above £9,000

'Universities UK' wants the £9,000 cap on university tuition fees in England to be abolished so that *'more funds can be provided to universities'*. Vice-chancellors argue that students are 'more concerned about the lack of support when they are studying than the debt to be repaid later'. With BIS paying tuition fees up front on behalf of students and with no limits imposed on HE student number recruitment, critics of the proposal argue that universities in England have a direct financial interest in driving up fees to as high a level as possible. The Higher Education Minister, Jo Johnson was questioned on this by Labour Shadow Minister, Liam Byrne who asked *'Will tuition fees go up in this Parliament? A simple yes or no will do'*. Mr Johnson would not make any definite commitments. However, he did say that a 'green paper' would be published in autumn on a new 'Teaching Excellence Framework' (TEF) to parallel the current 'Research Excellence Framework', which would 'focus more attention on the quality of higher education teaching'. He went on to say that universities that could demonstrate high quality teaching would be 'rewarded in some way' and that this could include being granted permission to raise tuition fees above £9,000.

Commenting on the prospect of further increases in university tuition fees in England, the President of the National Union of Students (NUS) pointed out that the proportion of graduates unable to pay back student loans was *'increasing at such a rate that the Treasury was approaching the point at which it will get zero financial reward from the earlier tripling of tuition fees'*. Meanwhile, a recent survey of 8,500 university students in England by Unite Students (which provides student accommodation) said that that around 26,400 undergraduates and 5,400 postgraduates now depend on payday lenders to make ends meet.

HEFCE consults on changes to higher education quality assessment

The HEFCE is proposing a move away from cyclical inspections conducted by the Quality Assurance Agency (QAA) towards a system based on 'stronger governance, more robust moderation by staff from other universities and more use of data' (including student destination data). The HEFCE says that its proposals will be piloted during 2016/17, with a view to full implementation in 2017/18. At a time when increasing numbers of university students are complaining about the quality of their courses, the proposal to scale down independent external inspection checks has given rise to expressions of concern.

HE courses in FE colleges 'do not lead to social mobility'

In 2011, the 'Policy Exchange' think tank argued that HE in FE could be an *'engine for widening participation and social mobility'*. However, a recent study conducted by researchers from Huddersfield University entitled *'Widening Participation or Social Mobility? The Case of College-Based Higher Education in England'* suggests that there is *'no evidence that this has been achieved'*. The report says that *'students who have taken HE courses in FE colleges earn less money and are less likely to progress to further study than those who attended universities'*. The report, says that *'although widening participation in HE through FE provision has been a success, it has not led to expected improvements in social mobility'* and that *'HE in FE cannot systematically lessen social or economic disadvantages'*. The report goes on to say that *'the FE sector is always asked to do a great deal with few resources, but asking it to fundamentally improve the inequality of British society is to ask too much'*. The report concluded that FE colleges *'can only reflect, and not transform, unequal societies'*. HEFCE data used in the report includes the following:

- The proportion of graduates from FE colleges employed full-time in professional occupations was 8%, compared with 23% of graduates from universities.
- The mean starting salary for graduates from FE colleges was 16% lower than those from universities.
- Of those in work, 49% of graduates from universities were earning more than £20,000, compared with 28% of graduates from FE colleges.

Meanwhile, in order to *'protect the reputation and integrity of the UK HE sector'*, BIS has suspended the process by which FE colleges can apply for degree-awarding powers, pending the completion of a review. This could suggest that BIS now considers that the benefits of FE institutions offering HE courses might be less clear than was originally thought.

'Prevent' and the implications of the new Counter-Terrorism and Security Act 2015

With effect from the beginning of this month (July), the new Counter-Terrorism and Security Act places local authorities, prisons, NHS trusts, schools, further education colleges and universities under a statutory duty to help prevent extremist radicalisation taking place within their premises. The scope of these new duties is substantial and the duties themselves are potentially intrusive. Government inspectors (including Ofsted) will be required to form a judgment on whether the duty is being met. The overarching strategy is referred to as the 'Prevent' strategy. The new 'Prevent' statutory duties include the following:

- Local councils are required *'to make checks on the use of its public buildings, its internet filters and any unregulated out of school settings, including after-school clubs and groups, supplementary schools and tuition centres that support home education'*.
- Prison governors are expected to introduce *'cell-sharing risk assessments and initial induction interviews to identify any indication that the prisoner endorses extremist ideology or supports terrorism'*.
- FE colleges are expected to *'safeguard students from the risk of being drawn into terrorism (including non-violent extremism)'*. The guidance says that *'schools and colleges should be safe spaces in which children and young people can understand and discuss sensitive topics, including terrorism and the extremist ideas that are part of the terrorist ideology, and learn how to challenge these ideas'*. Colleges are also under a statutory duty to ensure that *'fundamental British values are promoted in the delivery of the curriculum and in extracurricular activities'*.
- University vice-chancellors and college principals have a responsibility *'to ensure external speakers are appropriate'*. When external speakers visit, there should be *'sufficient notice of booking to allow for checks to be made and cancellations to take place if necessary'*. Advance notice of the content of the event, including *'an outline of the topics to be discussed and sight of any presentations and footage to be broadcast'* should be provided. There should be *'a guarantee of an opposing viewpoint in the discussion'*, and *'someone in the audience to monitor the event'*. There should also be *'a mechanism for managing incidents or instances where off-campus events of concern are promoted on campus'*. Staff are required to *'have had sufficient training to enable them to recognise students who are vulnerable to being drawn into terrorism, and be aware of what action to take to take'*.

Commenting on the new statutory duties the General Secretary of the National Union of Teachers (NUT), said *'the jury is out as to whether these extra statutory requirements are the most effective way to help young people stay safe, think critically, or reject engagement with groups who advocate violence'*. The National Union of Students (NUS) has pledged to *'block or cease accepting'* Prevent funding, and has

passed a motion claiming that 'Prevent' had resulted in a *'racist witch-hunt in the tradition of McCarthyism'*. The NUS Black Students' Campaign Group has called on all universities to *'condemn and disassociate'* themselves from 'Prevent', claiming that it *'attempts to demonise Islamic societies'*.

Meanwhile, a report compiled by the Student Rights Group, which is a project run by the Henry Jackson Society (a Westminster based think-tank) says that in 2014, universities organised 123 events at which extremists were the key speakers, and that 145 such events were held in 2013, and 132 in 2012. While far right groups spoke at a *'handful'* of these events, the *'overwhelming majority' involved radical Islamist speakers'*. The report goes on to say that Islamist speakers promoted such things as *'there is a Western war against Islam'* and expressed support for individuals convicted of terrorism offences. There were calls for intolerance towards the 'Kuffar' (non-believers) and homosexuals, opposition to democracy and the replacement of the current legal system with Sharia law. The study also says that in 2014 more than 20 UK university students were convicted of terrorism, including plans to carry out a 'dirty bomb' attack and to blow up a crowded London nightclub. Others students have joined ISIL in Syria. Some have been killed.

National database of school and college governors in England to be created

The Trojan Horse inquiries revealed that governors with a hardline Islamist agenda had interfered in the running of schools and had undermined head teachers. However, because the DfE did not maintain a register of serving governors, it was difficult to identify cases where networks of individuals had become governors in multiple schools in order to promote this Islamist agenda. This led to calls from the Local Government Association (LGA) for more scrutiny of governors to help identify those with 'ill intentions'. In response, the DfE has recently announced its intention to establish a national database of school governors. A DfE spokesperson said that there would be a *'toughening up of requirements on schools to publish the identities of their governors, including details of instances where they serve on governing bodies of other schools'*. A spokesperson for National Governors' Association (NGA) said that the DfE proposals *'do not go far enough'*. This was because the proposed national database relies on information being published on individual school websites, and because there is no specific reference to the Trojan Horse inquiry recommendation, that *'no-one should serve on more than two governing boards unless there are exceptional circumstances'*.

Increasing levels of 'ethnic segregation' in schools in England

Prime Minister David Cameron has called for *'less segregation in society'* and has raised concerns about some faith schools. He went on to say that *'It is right to look again more broadly at how we can move away from segregated schooling in our most divided communities'*. However, recent research conducted by the University of Bristol on behalf of the think tank 'Demos' reveals that schools are becoming even less integrated. The research shows that *'pupils are now much more likely to be taught with pupils from a similar background to their own'* and that, as a result, *'schools have become even more segregated than the localities they are based in'*. The study does not examine why, or how, such segregation takes place, but says that that this is *'not simply a reflection of where people live'*. Research findings in the report include the following:

- Around a third of pupils in primary school in England are now from ethnic minorities.
- The local authorities with the highest levels of ethnic segregation in schools include Blackburn, Birmingham, Bradford, Rochdale, Leicester, Oldham, Manchester, Rotherham and most of the London boroughs.
- Children from the Bangladeshi, Pakistani and black Caribbean communities are disproportionately likely to be at school with children from the same ethnic background.
- In London, although 26% of pupils are white British, there were 7 boroughs with multiple schools where there were no white British pupils.

Trevor Phillips, chairman of the *'Mapping Integration'* Project at Demos and former head of the Commission for Racial Equality (CRE), said this was *'not a story of terrible racial hostility'* but instead *'reflected demographic shifts and a pattern of the individual, localised choices of parents about where they and their children would feel comfortable'*. He went on to say that *'most families unconsciously make a choice which tends to line up with their own racial background'*. However, he warned that this *'tendency towards separation had a negative effect'*, and was *'not preparing children for life in a diverse society'*.

Mr Cameron now says that he intends to *'incentivise schools in our most divided areas to provide a shared*

future for our children, whether by sharing the same site and facilities; by more integrated teaching across sites; or by supporting the creation of new integrated free schools in the most segregated areas'.

And finally...

*There will be no newsletter next month, but normal service will be resumed in September. So in the meantime, on behalf of all at **Click** we would like take this opportunity to wish you and yours a pleasant and restful summer break.*

Alan Birks – July 2015

*As usual, the views and opinions expressed in this newsletter are not necessarily those held by **Click CMS Ltd***

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