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## FE Sector Developments

### Implications of the Comprehensive Spending Review (CSR)

#### *Implications for Further Education*

As part of his speech on the CSR to Parliament, George Osborne has confirmed the abolition of the Train to Gain programme, the abolition of Educational Maintenance Allowances (EMA's) and heavy cuts to the budget of the Department for Business, Innovation and Skills (BIS) over the period to 2014/15.

Against this, funding for the new Adult Apprenticeships will rise by £250 million compared with the previous government's proposed expenditure levels and the feared reduction of the child benefit threshold from 18 years of age down to 16 years of age has not materialised. In addition, there is a promise to replace the £500 million lost through the abolition of EMA's with locally managed funds to target financial support for 16-18 year olds where it is needed. Also, a 'minimum' of 75,000 extra Apprenticeships will be created over the next four years. The Chancellor added that budget cuts will be primarily focussed on areas that do not directly support learners.

The BIS budget will contract from £16.76 billion in 2010/11 to £13.7 billion in 2014/15. The BIS 'resource budget' will be cut by 25%, capital spending will be cut by 44% and the 'administration budget' will cut by 40%. This latter includes savings of £228 million arising from the abolition of the Regional Development Agencies in 2012.

Within this overall reduction, adult education and skills will lose £1.1 billion, contracting from £4.3 billion to £3.2 billion over the next four years, which amounts to a cut of 25%. There will be significant changes to the way in which adult learners are funded. The stated intention is to shift the balance of expenditure 'from the taxpayer towards the individuals and employers who benefit, including the introduction of student loans and exploring mechanisms to increase employer contributions such as voluntary training levies'.

The entitlement to free training for those seeking a first full level 2 qualification for those over the age of 25 will be removed entirely. Also, adult students over the age of 24 studying full or part time for a level 3 qualification will now be expected to pay fees. The impact of this will be ameliorated by the offer of government backed loans where the level of repayments set will be dependant on the learner's income.

Funding for English for Speakers of Other Languages (ESOL) is scheduled for significant cuts, with educational programmes for migrants 'not settled in communities' being ended altogether. Following a successful campaign led by the Women's Institute (WI), the £210 million budget for 'adult learning outside government priorities', which was particularly crucial for the survival of specialist adult education colleges, has been retained. Basic Skills provision will 'continue to be supported at current levels' although funding rates for all types of further education provision including rates for basic skills and learners aged 16-18, will be squeezed.

In response to the CSR, John Hayes, the FE Minister said that 'it was a good settlement for further education, in the context of the pressure for rapid deficit reduction and cuts to university teaching budgets of 40%.

Sally Hunt of the Universities and Colleges Union (UCU) said that the cuts 'targeted the poorest' and they would 'force some colleges to close'. She also drew attention to a report for the former Learning and Skills Council (LSC) that said that up to 50 colleges might have to merge or shut down.

Julian Gravatt of the Association of Colleges (AoC) said that 'while some colleges might merge, as they have in the past, most were able to adapt'. He went on to say, 'there is no escaping that the next few years will be difficult and that there are some real challenges ahead, but colleges are resilient and will find the best ways of making the best possible use of funding available. We don't know whether this will mean fewer or smaller colleges'.

### *Implications for Schools*

The Department for Education (DfE) Schools budget will increase from £35 billion in 2010/11 to £39 billion in 2014/15. However it is expected that within this, the administration costs of the DfE will be reduced by 33%. This includes savings generated from the abolition of five education quangos. Within the overall growth in funding, a new 'pupil premium' will be introduced to target more funding at pupils from deprived backgrounds. Following on from the previous government's proposals, it was also confirmed that the age at which children must attend school or be in an approved training scheme will be raised. Accordingly, the government has committed itself to funding more school and college places for those aged 16-18.

### *Implications for Higher Education*

The overall BIS 'resource budget' for Higher Education will be cut by 40% from £7.1 billion in 2010/11 to £4.2 billion in 2014/15. This will mainly affect university teaching budgets, although BIS will continue to fund university teaching budgets for science, technology, engineering and mathematics at current levels.

The government will bring forward detailed proposals with a view to implementing the recommendations of Lord Browne in his report 'An Independent Review of Higher Education Funding and Student Finance'. The CSR includes proposals that the present cap of £3,290 on fees paid by university students should be lifted and that universities are to be freed to increase fees. Government backed loans will be increased to assist students to meet the extra costs of tuition. The level of earnings at which students will be expected to commence repaying loans will be increased to £21,000 per annum. In addition, by 2014/15 a new £150 million 'Scholarship Fund' will be established to help support students from disadvantaged backgrounds.

### **Abolition/Reform of Quangos**

The government has published a summary of plans to reform a number of non departmental government bodies- known as Quangos- and intends to introduce a Public Bodies Bill to enable these plans to be implemented. There are currently 901 such bodies and the government's proposals affect 481 of them. Of the organisations facing reform 192 would cease to be public bodies, 118 would merge (leaving 57) and 171 would be retained and 'substantially reformed'.

The main bodies affected which are directly or indirectly relevant to the further education sector include the following:

- Construction Industry Training Board – CITB (under consideration)
- Higher Education Funding Council- HEFC (retain)
- Regional Development Agencies- RDA's (abolish)
- Sport England (merge with UK Sport)
- British Educational Communications and Technology Agency- BECTA (abolish)
- General Teaching Council for England- GTC (abolish)
- Ofqual (retain)
- Ofsted (retain)
- Qualifications and Curriculum Development Agency –QCDA (abolish)
- Young People's Learning Agency- YPLA (under consideration- subject to education structural reforms)

The Skills Funding Agency (SFA), which picked up most of the functions of the former LSC, has now been absorbed into BIS and will no doubt be subject to the same levels of administrative cuts as the rest of the department.

### **Reclassification of FE colleges**

The Office for National Statistics has reclassified the legal status of FE colleges. Strange though it may seem, colleges were formerly deemed to be part of the private sector despite their reliance on public funding. However they are now deemed to be part of central government. At the same time, colleges are to be freed from the need

to gain SFA consent before raising funds through borrowing. One concern arising from this is that colleges may be subjected to an even more stringent external audit regime.

## **FE Colleges and the Equality Act 2010**

The new Equality Act came into force on October 1 and incorporates significant changes to the responsibilities of FE colleges towards their staff and students. The point of the act is to combine previous legislation and to theoretically streamline the way in which the legislation is implemented. The measures are, obviously, intended to help minority groups and others who may be subject to discrimination. The act lists 7 potential categories of discrimination. These are:

- *Direct discrimination*- on the grounds of a 'protected characteristic', (e.g. gender, race, disability, age, sexuality etc).
- *Associative discrimination*- where the discrimination occurs because a person is associated with another person with a protected characteristic, (e.g. carers of disabled people or elderly relatives).
- *Indirect discrimination*- where an organisational rule or policy disadvantages a person with a protected characteristic.
- *Harassment*- This is behaviour deemed offensive by the recipient of such behaviour. However now, a member of staff or student can claim that they find something offensive even if it is not directed at them personally.
- *Harassment by a third party*- Colleges are now potentially liable for the harassment of staff and students by people they don't directly employ, e.g. contractors.
- *Victimisation*- This is discrimination against someone because they made a complaint under Equality Act legislation.
- *Discrimination by perception*- This is discrimination against someone because others think they have a protected characteristic (even if they don't).

Some of the implications of the act include the following:

- An employer can no longer ask a prospective employee about their health before offering them work. (An employer can screen an employee once a job offer has been made, but if as a result of the outcome of the screening the job offer is rescinded, the employer runs the risk of being taken to a tribunal on the grounds of disability discrimination).

- An employer can't treat someone unfavourably because of something connected to a disability (e.g. spelling mistakes on an application form caused by dyslexia).
- An employer can't discriminate against someone who has changed their gender.
- A requirement to retire at the age of 65 is likely to be unenforceable.
- Tribunal judges can require changes to the way the college's business is conducted, rather than just the way an employee or student within it is treated.

Colleges will need to assess their existing equality policies and procedures to ensure that they comply with the new legislation.