Click Newsletter

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Sector Developments

2011/12 16-18 Enrolment

49% of colleges in England are reporting reductions in the level of 16-18 enrolments, with the scrapping of Education Maintenance Allowances (EMAs) and cuts to local authority transport services being cited as the main causes. Against this, 42% of colleges are reporting increases in 16-18 enrolment and 9% are reporting a static 16-18 enrolment. Also, demographic data shows that the numbers of 16-18 year olds fell by 40,000 compared with the previous year, the first decrease in this age range in over a decade.

Bursary funding insufficient to maintain student financial support at the same level as EMAs

Although they have been retained in Scotland, Wales and Northern Ireland, EMAs for 16-18 year olds in full time education in England were withdrawn in March of this year. The loss of funding associated with the withdrawal of EMAs in England was replaced with a new £180 million bursary. Of this, a guaranteed payment of £1,200 was earmarked for up to 12,000 vulnerable young people, including children in care and teenagers living independently. The rest was allocated to colleges for them to disburse at their discretion to young people deemed to be in need of assistance with meeting the cost of such things as books, transport, materials and equipment.

The government has argued that the new bursary funding should be sufficient to offer around £800 to every student eligible to receive free school meals. However, a recent Times Educational Supplement (TES) survey has revealed that very few colleges can afford to offer bursaries at this level. Payments of between £200 and £400 are more common and even at these levels it has been necessary to raid other college budgets. Meanwhile, TUC General Secretary, Brendan Barber, has claimed that the withdrawal of EMAs, although not the primary cause of the riots in August, was nevertheless a ‘contributory factor’.

Association of Colleges (AoC) research on pupil awareness of post-GCSE education choices

Numerous initiatives have been launched to try to raise the status of vocational education and training. However, recent research commissioned by the AoC into the levels of awareness of school pupils about the range of post-GCSE options available to them, appears to suggest that they have had very little impact. The main research findings suggest that:

- 69% of pupil felt they had enough information to make appropriate post GCSE choices, and
- 89% of pupils felt they chosen the right combination of GCSEs to achieve their post GCSE goals,

However, their actual awareness of the post-GCSE options available to them, show that:

- 63% knew about A levels
- 26% knew about NVQ awards
- 19% knew about BTEC awards
- 9% knew about Diplomas
- 7% knew about Apprenticeships
- 3% knew about Foundation Learning courses

Perceptions of vocational education and careers guidance

The research findings above are corroborated by another survey recently commissioned by the City & Guilds Centre for Skills Development (CSD). The main findings of this research indicate that parents, and more surprisingly, school teachers have very little knowledge of what FE and Sixth Form colleges actually do and the range of qualifications they offer. The research goes on to suggest that, because of this, the advice received by young people about the range of post-GCSE options available to them may not be sufficiently comprehensive. The research also found that the availability of advice on college options is deteriorating because schools are becoming increasingly reluctant to allow FE and Sixth Form colleges to gain access to promote their qualifications and courses. Schools with sixth forms are proving to be the most difficult for colleges to access. Perhaps unsurprisingly, the exception to this is in respect of recruitment of 'less able' pupils to college based pre-16 vocational link courses.

With reference to the availability of advice on careers and vocational options, the research indicated that:

- 42% of young people said that they found it easy to access careers advice.
- 29% of young people said that they found it difficult to access careers advice.
- When asked about the sources of careers advice they found most useful, 33% said their parents, 25% said careers teachers, 21% said careers advisors, and 7% said the Connexions service.
- Of parents surveyed, 60% said that they felt confident in giving their children advice on education and employment in general, however only 37% said that they were confident about giving their children advice on vocational courses and qualifications.

Not so new apprenticeships

The Mail on Sunday has recently published an article which is very critical of the way in which the growth in apprenticeships is being achieved. The article claims that many of the new apprenticeships being created are in fact not new, and states that, 'Many schemes are existing programmes launched under new names and which are then subsidised by the taxpayer'. Some major supermarkets have been singled out for particular criticism and the article asserts that, 'Amongst those collecting millions in taxpayers' money are supermarket giants Morrison's and Asda, which between them claim to be creating more than 40,000 apprenticeships over the coming year. While a few hundred will be trained as expert butchers, bakers or other technical staff, most will in practice be manning checkouts and stacking shelves'.

When questioned about this, Asda apparently admitted that 'not one of its 25,000 new apprenticeships amounted to a new job'. Asda is part of the hugely profitable American conglomerate Wal-Mart, which has an annual turnover of $422 billion. This has prompted some observers to question why the firm should be eligible for such significant levels of public subsidy towards its training programmes, particularly when funding for other areas of provision, and for arguably more needy students, is being so severely cut back.

Additional HE places

An announcement from BIS is anticipated shortly, which is expected to say that up to 20,000 additional HE places are to be made available. These places will be the subject of competition between providers, including FE colleges, which can demonstrate that they can deliver high quality HE programmes for less than £7,500 per student per year.

FE teaching qualifications to be accepted in schools

The DfE has launched a consultation exercise on changes to qualification requirements for teachers in England. The changes are scheduled to come into effect in 2012 and the consultation period closes on 16 December 2011. With specific reference to FE teachers, the proposed changes include the following:

- Teachers from FE with Qualified Teacher Learning and Skills Status (QTLS) will be deemed to have Qualified Teacher Status (QTS) and will be able to teach in schools as qualified teachers.
- Pending the outcomes of the review initiated by John Hayes, the Minister for Further Education, teachers with QTLS status will still be required to hold membership of the Institute for Learning (IfL).
- Teachers with QTLS status will not be required to complete a statutory induction period in schools.

Ofsted publishes inspection data for the period April-June 2011

Ofsted has published data on inspections carried out in the quarter April-June 2011.

- Of the FE and Sixth Form colleges inspected, 5 were judged to be outstanding, 34 were judged to be good, 41 were judged to be satisfactory and 4 were judged as being inadequate.
- Of the private training providers inspected,16 were judged to be outstanding, 73 were judged to be good, 60 were judged to be satisfactory and 10 were judged as being inadequate
- Of the Adult and Community Learning (ACL) providers inspected, 1 was judged to be outstanding, 33 were judged to be good, 13 were judged as being satisfactory and none were judged as being inadequate.

New Ofsted Chief Inspector appointed

Subject to meeting the requirements of the code of practice for public appointments, Sir Michael Wilshaw has been chosen by Michel Gove, the Minister for Education, to succeed Ms Christine Gilbert as Her Majesty's Chief Inspector (HCMI). Ms Gilbert's duties as HCMI are currently being performed on an interim basis by Ms Miriam Rosen and Sir Michael is expected to take up his new post in January 2012. Commenting on his appointment, Ofsted has said that 'Sir Michael is a successful head teacher who has a record turning around several failing schools in some of the poorest areas of London'.

SFA funding for Adult and Community Learning (ACL) projects

The SFA has allocated a further £900,000 for the delivery of ACL projects in order to 'help make the Big Society a reality'. This is the latest SFA allocation to the new Adult and Community Learning Fund which is managed by the National Institute for Adult and Continuing Education (NIACE). Thus far, NIACE has used the fund to distribute around £2.25 million to 59 organisations involved in delivering ACL programmes. This latest allocation will enable funds to be distributed to a further 27 organisations.

Skills Funding Agency (SFA) survey

The SFA chief executive, Geoff Russell, has said that the SFA should become a 'market driven, customer driven system, where the Agency gets out of the way of providers'. A survey to ascertain the extent to which providers feel that progress is being made by the SFA in meeting this objective has recently been carried out. 267 providers responded to the survey, part of the content of which consisted of eliciting the extent to which providers agreed, or disagreed, with various statements, including those listed below:

- *'The SFA is effective in its role as a funding and regulatory body':* 63% of providers agreed or strongly agreed with this statement. 37% disagreed or strongly disagreed.
- *'The freedoms and flexibilities introduced have enabled colleges and training organisations to manage their available funding more effectively'*: 61% of providers agreed or strongly agreed with this statement. 39% disagreed or strongly disagreed.
- *'The SFA has provided the data and information required by colleges and training organisations to enable them to make effective business decisions':* 47% of providers agreed or strongly agreed with this statement. 53% disagreed or strongly disagreed.
- *'The SFA has made good progress in reducing the bureaucratic burden on the sector':* 41% of providers agreed or strongly agreed with this statement. 59% disagreed or strongly disagreed.

SFA delays introduction of 'simplified funding system'

The SFA have decided to delay the introduction of their new 'simplified funding system' for post 19 provision until 2013/14. The existing adult funding methodology was scheduled to be replaced next year with a single adult skills budget for all colleges and training providers, and a single mechanism for the payment of funds. Simplified data returns based on the delivery of learning programmes contained in individualised learner record (ILR) returns were also proposed. Claims that the introduction of a more simplified funding methodology has been delayed because the SFA was having too much fun watching colleges trying to cope with the complexities of the existing system, have proved to be groundless.

No change to Minimum Level of Performance (MLP) requirements

The MLP is the minimum level of performance expected of providers in respect of the success rates achieved by their students. If a provider's performance falls below the MLP, the continued allocation of public funds to that provider is placed at risk and, if there is no improvement, the provider's funding can be terminated. Different types of provision have different MLPs. Funding bodies have tended to increase the MLP year on year in order to incentivise providers to continuously raise student success rates, but for this year (2011/12), both the SFA and the Young Peoples' Learning Agency (YPLA) have announced that there will be no change to the current MLP requirements.

New Agency Workers Regulations (AWR)

New Agency Workers Regulations came into force on 1 October 2011. The primary purpose of the AWR is to ensure that temporary agency workers are treated equally to those who are employed directly and who are doing the same job. Agency workers are now entitled to the same pay (including bonuses and sick pay), the same basic working conditions (including hours of work and rest periods) and the same employment rights (including holiday pay and parental leave) as directly employed workers performing comparable duties. One of the main reasons for introducing the new regulations is to prevent the unfair treatment of temporary staff employed through agencies, and in particular lower paid agency workers such as cleaning and catering staff, and workers in care homes. In the past, some unscrupulous employers have employed such staff through agencies as a method of avoiding paying the national minimum wage and to evade fulfilling their other employer responsibilities.

Under the AWR, an agency worker is defined as an individual who is:

- 'Supplied by a temporary work agency or other intermediary, to work temporarily under the supervision and direction of the hirer'.
- 'Has a contract with the temporary work agency which is either a contract of employment with the agency, or any other contract to perform work or services in a personal capacity'.

The qualifying period needed before an agency worker acquires new rights under the AWR is 12 weeks continuous employment in the same job. Where there is a break in service of 6 weeks or more, or the agency worker undertakes a fundamentally different role or assignment with the same employer, a new qualifying period commences.

The AWR applies to temporary teachers provided through agencies in the same way as it does to temporary support staff. However, the Department for Business, Innovation and Skills (BIS) has confirmed that higher level, interim managers and executives who are classified as being self employed will be out of scope of the AWR. Therefore, a college interim manager sourced through an agency and who has been assessed for tax purposes as being genuinely self-employed, will exempt from the new regulations.

Interim managers are dedicated professionals with extensive college management experience. They have taken the decision to become self employed because they prefer the flexibility and variety that interim management work offers and, in the vast majority of cases, they are not actively seeking a full time management post. It is true to say that interim managers in colleges do not receive the holiday pay, sickness pay, pension contributions and other benefits enjoyed by managers who are directly employed. However, they do receive fees on a daily rate which, when aggregated on a yearly basis, usually exceeds the salary of a manager who is directly employed in an equivalent post.

Fall in graduate pay premium

Statistics recently released by the Office for National Statistics (ONS) reveal that around 25% of university students graduating in 2010, who are now in work, are earning less than those who left school after completing A levels (or their equivalent). Overall, university graduates still have higher average levels of pay, with 2010 graduates earning £16.10 per hour compared with an average of £10.00 per hour for those who left school or college with A levels (or equivalent) and £8.68 per hour for those who left with 5 or more GCSEs at grade A-C. Part of the reduced gap between graduate and non graduate pay may be explained by the fact that many 2010 graduates commenced their working life via internships, of which 43% were unpaid. The type of job being done by graduates has also changed. The number of graduates in higher skilled jobs has fallen from 68% to 57%, although this could be explained, in part, by the fact that the proportion of new entrants to the workforce who are graduates has risen by more than 25%.

UK unemployment reaches a 17 year high

UK unemployment rose by 114,000 between June and August and now stands at 2.57 million (8.1%), which is the highest level for 17 years. The jobless total for 16-24 year olds hit a record high of 991,000 (21.3%). Overall percentage levels of unemployment in the UK are lower than the European average, but percentage levels of youth unemployment are higher than the European average.

Lifelong Learning Account on-line systems launched

The government has already launched new Lifelong Learning Accounts. These are defined as 'A free personalised on-line service for adults that allows them to take greater control of their working and learning life'.   A new web site and on-line system has now been launched to help individuals to set up a Lifelong Learning Account. This web site can be found at www.direct.gov.uk/lifelonglearningaccount.

In addition to opening an account, the web site can also be used to help account holders to:

- Identify their entitlement to funding and loans for courses.
- Track their progress on the courses they have chosen to take.
- Access careers advice.
- Build up their curriculum vitae on line.

John Hayes, the FE minister has said, 'Lifelong Learning Accounts will encourage people to learn, and keep on learning'. However, this is the second attempt to introduce learning accounts. The first attempt was in 2000, when Individual Learning Accounts (ILAs) were introduced. Some observers have suggested that it might be a good idea to revisit the lessons learned from the previous ILA scheme, since audit activity in respect of how ILA funding was being claimed revealed that fraud was rife. According to the National Audit Office (NAO), this fraud potentially cost the taxpayer up to £100 million and in 2002 the scheme was withdrawn. Numerous arrests were made, but the vast majority of the funding lost went unrecovered.

More on 'New Business Models'

Earlier this year Vince Cable, the BIS Secretary of State, announced that an extra £15 million of funding would be made available to enable the development of 'an innovative suite of shared services solutions'. He called on the SFA, the AoC and representatives of the colleges sector to work together in order to develop ways in which providers could 'pool their resources and work together more efficiently'. The additional £15 million was allocated to the SFA, which then handed over the task of disbursing the funds to the AoC and the 157 Group. The AoC had initially allocated £2 million for 21 projects through an 'Efficiency and Innovation Fund', but since then has made an additional £2 million available for a further 20 projects.

Following on from this, the 157 Group, in partnership with the AoC, assumed responsibility for the disbursement of a 'Collaboration and Shared Services Grant'. The main aim of the grant is defined as being 'to develop and implement significant and fundamental changes to the business model within the colleges sector to drive innovation and secure significant efficiency savings'. Bids for funds from the 'Collaboration and Shared Services Grant' were invited from consortia of colleges. This resulted in 69 applications for funding being submitted with a total value of £20 million.

Bids were evaluated, against pre-determined bid criteria, by a panel consisting of representatives from the 157 Group, the SFA, the AoC, the Learning and Skills Improvement Service (LSIS) and independent evaluators. As a result, four projects have thus far been awarded funding. Two of these involve consortia of colleges sharing 'back office' services and one involves a consortium of colleges engaged in 'collaborative curriculum development and delivery'. The panel has also awarded funds to the 'Third Sector National Learning Alliance'. This is a consortium of third sector providers that are 'seeking to engage in collaboration and shared services'. The total funding allocated thus far amounts to £4.6 million. A further FE college consortium based project is currently under discussion.

WorldSkills London 2011

Team UK, comprising of young people drawn from FE colleges and private training providers across the UK, won 4 gold medals, 2 silver medals and 6 bronze medals at the recent WorldSkills London 2011 event. A further gold medal was won for stonemasonry; but curiously, officials would not add this medal to the Team UK total since judges deemed that there were too few participants taking part in the stonemasonry contest. Nevertheless, the overall medal tally was a great achievement for all the young people involved. Team UK achieved fifth place in the medals table and this constituted the best UK performance to date. Korea, Japan, Switzerland and Brazil took the top four places, in that order.

WorldSkills was held earlier this month at the ExCel Centre in London Docklands and was the first event to use the whole of the centre's 100 acre site. The competition, regarded by many as being the equivalent of the 'Skills Olympics', has provided an opportunity to bring together at least 25 UK individual industry specific contests, such as the construction industry's SkillBuild. The event was jointly organised by the SFA and the National Apprentice Service (NAS) and cost around £40 million to stage, with around half of this expenditure being recouped from private sector sponsorship. Over 1000 competitors from more than 50 countries competed in the 46 individual skills contests, and it is estimated that more than 140,000 people have visited the event. Visitors included David Cameron, Nick Clegg and Princess Anne.

London 2011 was the 41st international skills competition to be held and it is the third time the event has been held in the UK. The last WorldSkills competition was held in Calgary, Canada in 2009 when the UK came sixth in world ranking by total medals won. The next event will be held in Leipzig, Germany in 2013.

Coordinated careers advice for the jobless

John Hayes, the Minister for Further Education and Chris Grayling, the Minister for Employment, have announced a joint pilot scheme to increase the number of careers advisors providing services in Jobcentres. The aim is to provide claimants with full time access to careers advice and support and to help job seekers access the training required for them to acquire the skills needed to obtain a job. The pilots will take place in 22 Jobcentres around the country and it is hoped that the findings from the pilots will help shape the new National Careers Service that will replace existing careers advisory bodies in April 2012.

University for Industry Ltd sold to Lloyds TSB Development Capital (LDC)

The University for Industry (UfI) was established in 1998 as an alternative method of delivering vocational courses. UfI programmes were intended to be predominantly delivered via on line learning and through UfI 'hubs', which were local learning centres. UfI later became a limited company that was overseen by a charitable trust. When UfI was first established, some cynics argued that it was neither a university, nor was it particularly aimed at meeting the needs of industry; however, it eventually became more recognisable to the general public when it rebranded itself as 'Learndirect'. UfI Ltd has now been sold for £40 million to the private equity house LDC (which is part of the Lloyds Banking Group). LDC has announced that the name 'UfI' will be dropped and the company will henceforth trade under the 'Learndirect' brand name.

And finally…..

The development of 'new business models' seems to be high on the colleges' sector agenda, and has the apparent encouragement of both the government and the SFA. 'Hard' and 'soft' federations are being developed, some colleges are engaging in commercial activity which is not necessarily further education related, other colleges have replaced the term 'college' with 'college group' and apparently, one college is even proposing to drop the term 'college' from its name altogether.

Call me a dinosaur if you will, but I've never quite understood the rationale for 'shared services'. Mind you, there are lots of other things I don't understand (such as inviting colleges to compete with each other for collaborative funds). To my mind (or what's left of it), colleges have always operated in a very competitive environment, and I'm unclear as to why a multi million pound organisation, with hundreds of employees and a gross annual turnover considerably larger than many firms, would need, want, or even be able, to share crucial support services with other colleges, particularly if those other colleges might be potential competitors.

Of course, if sharing services is just about saving money by reducing the numbers of support staff performing 'back office' functions, there may be a case to be made, although you wouldn't necessarily expect those faced with losing their jobs to agree with it. However, if 'shared services' does result in reduced levels of college 'back office' staff, then surely there can be no guarantee that those staff surviving the cull will have either the capacity, or the impartiality, needed to deliver the same volume and quality of service to two or more colleges. Unison has already complained that that there has been insufficient consultation on potential job losses, but the AoC has responded by arguing that shared services are 'as much about saving jobs as they are about reducing costs'. Nevertheless, those colleges that have successfully bid for 'Collaboration and Shared Services' grant funding are bound to be under some pressure to generate savings through staff reductions, if only to justify the award of the grant in the first place.

Private sector firms now manage Ofsted inspections, sponsor academies and run 'failing' local education authorities and it has been argued that they should be allowed to run 'failing' colleges too. Private sector firms supply new school buildings via the Private Finance Initiative (PFI) and retain ownership of the buildings whilst generating revenue from leases and lucrative contracts for supplying facilities management and other services. Private sector firms run the Teachers' Pension Scheme and now run Learndirect. And no doubt there will be firms lurking in the background, keen to win contracts from individual colleges and college consortia to supply their 'back office' services as well. Of course, I could be missing the point completely, and all of this might actually be a good thing. But sometimes, I can't help thinking that providing more opportunities for the private sector to get involved in the delivery of FE and Sixth Form college services is what the whole 'new business model' thing is really all about. On the other hand, it might be that I'm just a grumpy old git.