

# Click Newsletter

Issue 7, January/February 2011

Happy New Year!



## FE Developments

Quite a few things have happened in the wider FE sector since the last **Click** newsletter was circulated. These are some of them.

### **16-19 funding: Young People's Learning Agency (YPLA) 2011/12 'Funding Statement'.**

The Young People's Learning Agency (YPLA) has published its 2011/12 funding statement. The funding statement outlines YPLA funding policies and planned levels of expenditure in respect of education and training for 16-19 year old students in England. Spending plans are predicated on an expectation that 98% of 16 year olds and 96% of 17 year olds will be in full time education or training in 2011/12, and that there will be full participation in education and training for all 16 and 17 year olds by 2015.

A total budget of £7.6 billion has been set. Planned expenditure includes the following:

- £800 million for Apprenticeships.
- £310 million for young people with learning difficulties and/or disabilities (LDD)
- £150 million specifically to support disadvantaged young people. This funding has been identified from savings made in the delivery of Curriculum 2000. However, in order to achieve these savings, the entitlement curriculum has been dramatically reduced from the current 114 guided learner hours per year, down to just 30.

The funding statement also refers to a planned 2% annual reduction in the national funding rate for Department for Education (DfE) sponsored Apprenticeships, reflecting a requirement to secure efficiency savings in Apprenticeship delivery costs.

### **YPLA/SFA funding co-ordination**

SFA allocations to sixth form colleges in 2011/12 will include funding to cover the costs of 16-18 year olds turning 19, and all other 19+ provision delivered in sixth form colleges.

The SFA is working with the YPLA to agree a transitional period over which this funding will be transferred to the YPLA, so that sixth form colleges will eventually have a single funding provider. Given the fact that the 2011 Education Bill contains proposals to abolish the YPLA it will be interesting to see how this works in practice.

### **19+ funding: Skills Funding Agency (SFA) 2011/12 'Funding Guidance Note'.**

The SFA has published its 2011/12 'funding guidance note' in respect of 19+ education and training in England. Some of the key elements contained in the funding guidance note include the following:

**Adult Skills:** The Adult Skills Budget for 2011/12 will be £2.4 billion. The indicative allocation to each individual provider will reflect value of their existing Adult Learner Responsive, Train to Gain, and Apprenticeship allocations. This figure will then be adjusted to reflect the provider's actual level of delivery in 2009/10 and 2010/11. Post 19 funding rates in 2011/12 will reduce by 4.3% compared with 2010/11. The national base rate funding per Standard Learner Number (SLN) for post 19 adult skills provision will be £2,615. The base rate funding rate for 25+ Apprenticeships will be £2,092.

**Job Outcome Incentive Payments:** It is intended that eventually, around 2.5% of each provider's 2011/12 allocation will be held back. This funding will be released as 'Job Outcome Incentive Payments' (i.e. will be released conditional on a provider's success in helping students into work). By the end of March 2011, the SFA hopes to have consulted

with sector representatives on the details of how, when and under what circumstances, the funding held back for Job Outcome Incentive Payments will be released back to providers. The SFA will commence pilot arrangements shortly after.

**Minimum Contract Levels:** The SFA Minimum Contract Level (MCL) threshold for 2011/12 has been confirmed at £500,000. However, General FE (GFE) colleges, specialist colleges (e.g. of Art and Design), sixth form colleges, higher education institutions and large employers currently contracted to the National Employer Service, will be exempt from this. Providers which currently have contract values below this threshold are encouraged to join consortia.

**Changes in programme weighting:** The programme weighting for Adult Skills for Life and Functional Skills for post 19 learners will be reduced to 1.0. This includes ESOL, and numeracy and literacy courses. However, the current programme weighting of 1.4 for courses leading to numeracy qualifications at entry level will be retained.

**Changes in fee remission entitlement:** The guidance note also contains details of changes to fee remission entitlement for *new learners* with effect from 1 August 2011.

The following categories of learner will remain eligible for full fee remission:

- Learners of all ages studying for their first full level 2 qualification.
- Learners in receipt of Job Seekers' Allowance (JSA) or Employment Support Allowance (ESA).
- Those studying for Adult Skills for Life qualifications and Functional Skills qualifications in literacy and numeracy. (But *not* ESOL, unless the learner is in receipt of JSA or ESA).

However the following categories of learner will *no longer* be eligible for full fee remission:

- Those in receipt of Council Tax benefit
- Those in receipt of Housing benefit
- Those in receipt of Income Support
- Those in receipt of *contribution based* ESA
- Learners on ESOL programmes delivered in the workplace.
- The unwaged dependents of all those listed above

**Increase in FE sector floor targets:** The funding guidance note confirms that minimum levels of performance (MLP's) for FE qualifications in 2011/12 will be increased. After having remained the same for the last 2 years, the increase in MLP's apparently reflects '*Ministers' desire to continue to drive out poor provision*'.

The new MLP success rate targets for 2011/12 are as follows:

- FE long qualifications at levels 1 to 3 - 63%
- FE long qualifications at level 4 or higher - 61%
- A levels – 75%
- FE short qualifications (up to 24 weeks) at all levels - 65%
- Apprenticeships (full framework) - 53%
- Train to Gain – 68%

Commenting on the increase, Joy Mercer, the AoC Director of Education Policy has pointed out that, '*These minimum levels do not impact on school sixth forms and so they are unfair floor targets for colleges*'. She went on to suggest that '*the increase has led to fears that some colleges may struggle to meet next year's new targets at such short notice*'. However, Lorna FitzJohn, Ofsted's Divisional Officer for Learning and Skills, has responded by asserting that the new floor targets were still set at levels which were below national averages. Ms FitzJohn went on to say that the new floor targets were part of a '*drive to improve performance*' and suggested that colleges failing to meet the new thresholds would '*flag up in the Ofsted risk assessment process*' and that Ofsted '*will look in a bit more detail*'

*at that college and see whether an inspection is necessary'. A spokeswoman for the SFA reinforced Ofsted's position by adding that 'the new floor targets represented an absolute minimum level of success rate performance and that providers were expected to exceed them'.*

**Fee sanctions to be imposed for failure to collect fees:** The funding guidance note states that during 2011/12, providers will be required to increase the level of fee income they raise. There is a general assumption that the contribution of individuals and employers towards the cost of courses provided for their benefit should be 50%. (Expected employer contributions towards Key Skills and Functional Skills delivered within an Apprenticeship framework remains at 17.5%). The SFA has indicated that they may invoke sanctions should a provider fail to increase the levels of fee income to the level expected. These sanctions might involve reducing future funding allocations to reflect the shortfall in fees collected by the provider. The SFA will consult with the sector by the end of January 2011 in order to determine when and how such intervention might be invoked.

### **Higher education funding: HEFCE 2011/12 grant letter**

The government has published its 2011/12 annual grant letter to the Higher Education Funding Council for England (HEFCE). The letter comes jointly from BIS Secretary of State, Vince Cable and Universities Minister, David Willetts and sets out the government's expectations of HEFCE's priorities when allocating higher education budgets to universities and other HE providers in England. Elements of the grant letter which may be of interest to further education colleges include the following:

**Impact of admissions policies and increases in tuition fees:** 'Social mobility, fair access and widening participation' are expected to remain as key strategic objectives for HE providers. The HEFCE is therefore expected to require that all HE providers produce a 'Widening Participation Strategic Assessment' (WPSA) as a condition of receiving HEFCE funding. The HE provider's WPSA is primarily required to provide an assessment of the impact of the provider's tuition fee and admission policies on young people from low income backgrounds. Each HE provider is also required to assess the impact of its admissions and fee policies on ethnic minority students, part-time and mature students and students with disabilities. HEFCE is required to work closely with the Office for Fair Access (OFA) to ensure that WPSA and access agreements are as integrated as possible. New guidance is being issued by OFA, setting out tough conditions for those institutions wishing to set tuition fees above £6,000 from autumn 2012 onwards

**Alternative providers encouraged to enter the HE market:** The grant letter confirms that alternative providers of HE are to be encouraged to enter the HE market. Ministers state that, *'We expect new providers to enter the HE sector, provided they can offer cost-effective teaching to the high standards students will want. Similarly, we see potential for further education colleges to contribute to the diverse provision of cost-effective, locally accessible programmes'*.

**Alternative methods of delivering degrees to be encouraged:** The letter goes on to say that, *'Two year degrees, other intensive forms of degrees and the development of HE qualifications in the work place should be pursued'*, and that *'Universities will want to reflect the importance of enhancing progression opportunities for learners within the FE sector, or in employment as Apprentices or otherwise'*.

### **Scottish universities enrol more non UK European Union (EU) students**

Scottish education minister, Michael Russell has reported that the number of Scottish students enrolling at Scottish universities in 2009/10 increased by 3% (38,740 up to 40,045) on the previous year, whereas the number of non UK EU students enrolling at Scottish universities rose by 17 per cent (13,585 up to 15,930). This means that in 2009/10, more than one third of new enrolments in Scottish universities were students from non UK EU countries.

The increase in non UK EU students at Scottish universities is perhaps explained by the fact that, because Scottish students do not pay university tuition fees, European law obliges the Scottish government to also provide free university tuition for students from EU countries. The curious exception to this arrangement is that the Scottish Government is not obliged to provide free university tuition for students from the rest of the UK.

Students from England studying at Scottish universities have always been required to pay tuition fees, however, given the impending dramatic increase in university tuition fees in England, the Scottish education minister has expressed his concerns about the possible effects of '*an influx of tuition fee refugees from England*'. In response to this concern, the Scottish National Party (SNP) has said that if it maintains or increases its share of the vote in the forthcoming Scottish parliamentary elections, the Scottish government will raise the level of tuition fees for students from England studying at Scottish Universities to £6,500.

### **Trainee FE teachers likely to have to pay full tuition fees**

The tuition fees for trainee FE teachers in England are at present largely paid by HEFCE. However, as a result of recommendations made in the recent Browne review of Higher Education funding, it is proposed that in future, trainee FE teachers meet the full cost of their tuition themselves. Tuition fees for a one year full time teacher training course are likely to be set at around £6,000, whilst tuition fees for a two year part time in service (INSET) course for serving teachers are likely to rise to around £8,000. Serving teachers on an INSET course currently pay around £1,500, with a proportion, or sometimes all, of this fee being met by their college.

FE teacher unions and institutions providing FE teacher training are concerned that these tuition fee increases, combined with the acute financial pressure most colleges are currently under, could lead to a collapse in FE teacher training provision.

### **Appointment of 'Advocate for Access to Further and Higher Education'**

The prime minister and deputy prime minister have appointed Simon Hughes MP, the deputy leader of the Liberal Democrat Party, to undertake the role of 'Advocate for Access to Further and Higher Education'. Mr Hughes will work with government officials to ensure that the coalition government's policy goal of increasing participation in higher education by those from the most disadvantaged backgrounds is being met.

The terms of reference for Mr Hughes' new role include the following:

- Developing a communications strategy to ensure that information on the new student finance arrangements reaches all secondary school students and particularly those from disadvantaged backgrounds.
- Ensuring that the views of young people are duly taken account of in the policy development work on access to education currently being undertaken by the DfE, BIS and the Sutton Trust.
- Ensuring that the government's proposals for replacing Education Maintenance Allowances (EMA's) with Discretionary Support Funds (DSF's) work effectively encourage students in England from poorer socio-economic backgrounds to continue to participate in post-16 education.

Given the fact that the government is withdrawing the £560 million currently being spent on EMA's for some 630,000 teenage students in England, and is replacing it with discretionary support funds of significantly less than this, the latter task may prove to be somewhat challenging.

### **Labour forces debate on EMAs**

Labour MPs forced a debate on the abolition of EMAs for full time 16-19 year old students in England. In spite of fears that the Liberal Democrats would vote with the opposition, the

coalition government won the vote by a majority of 59. EMAs will therefore be replaced by a much lower level of locally managed Discretionary Support Funds (DSFs).

The newly appointed Advocate for Access to Further and Higher Education, Simon Hughes MP, faced 'booing' from 'Save EMA' campaigners. However, he admitted to them, that in the wake of the withdrawal of EMAs, he was worried about the ability of some students to meet the travel, subsistence, materials, equipment and other costs associated with their course. He also agreed that cutting off the EMA allowance for students who were mid way through a 2 year course was unfair. With reference to this, advice recently taken by the National Union of Students (NUS) suggests that because students signed an EMA contract, those who are half way through a 2 year course could be entitled to mount a legal challenge to get their EMA restored for the remainder of their course. Nevertheless, Mr Hughes told 'Save EMAs', campaigners that the current cost of EMAs *'was unsustainable'*. By this, he presumably means that meeting the cost of EMAs *in England* is unsustainable, since the devolved governments in Scotland, Wales and Northern Ireland have resolved to retain them.

In the meantime, a survey carried out by the University and College Lecturers' Union (UCU) of 700 FE students currently in receipt of EMAs, indicates that 38% of those questioned would not have started their course had they known that EMAs would be withdrawn, and as many as 70% are now considering dropping out of their course.

### **SFA response to the Wolf Review**

The SFA, as part of its response to the Wolf Review of 14-19 education, has argued that vocational qualifications are often seen as inferior academic qualifications because there is *'a lack of clear pre and post 16 progression'*. The SFA goes on to say that FE has been blighted by *'wasteful, bureaucratic and inefficient systems, wracked by confusion caused by excessive government meddling'* and that FE suffers from organisational and funding arrangements which are *'incoherent and complex'*.

The last bit is perhaps a little surprising, because many in the FE sector have tended to get the impression that both the SFA (and the LSC before them) were partial to a bit of 'meddling' themselves. And when it comes to 'wasteful, bureaucratic and inefficient systems' some might argue that you need look no further.

### **The 2011 Education Bill**

The Education Bill has now had its first reading at the House of Commons. Elements of the Bill include the following:

**Post-16 education and training:** The Bill contains proposals to abolish the Young People's Learning Agency for England (YPLA) and for the relevant functions of the YPLA to be transferred to the Secretary of State. Under Transfer of Undertakings and Employment Protection (TUPE) legislation, responsibility for ex YPLA staff also passes to the Secretary of State.

**Raising the participation age:** Proposals are included for raising the participation age to 17 in 2013 and to 18 in 2015.

**Student finance:** The Bill makes no direct reference to the hike in HE tuition fees, other than to state that measures specified in the Bill will need to be in place before the introduction of the new higher fee rates. However the Bill does contain proposals to extend the cap on tuition fees for full time courses to part time courses on a pro rata basis. The Bill also contains proposals to increase the cap on interest rates charged for new student loans. (For example, from 2012 graduates who earn £41,000 or more can be charged an interest rate equivalent to the rate of inflation plus 3%)

**Behaviour:** Schools and colleges are to be given increased powers to search students for objects which are dangerous and could cause harm or anything they have had good reason to ban. The need for schools to give 24 hours notice of detention has been scrapped. The

Bill also proposes restrictions on the public reporting of allegations made against teachers (e.g. a right to anonymity for teachers where students have lodged false allegations against them).

**Academies and Free Schools:** The Bill proposes the removal of the current requirement for Academies to have a specialism. The Bill also proposes increased powers for ministers to make land available for 'Free Schools'.

### **Qualifications and Curriculum:**

In addition to the abolition of the YPLA, the Bill also contains proposals for the abolition of the following:

- The Qualifications and Curriculum Development Agency (QCDA)
- The General Teaching Council for England (GTCE)
- The Training and Development Agency for Schools (TDA)

The Bill provides for the functions of the QCDA, the GTCE and the TDA, and responsibility for the staff of these organisations, to be transferred to the Secretary of State. The Bill also contains proposals to amend the governance structure of the Office of Qualifications and Examinations Regulation (Ofqual) and revises its terms of reference objective to include comparisons of the standard of UK qualifications with international equivalents. In addition, the Bill proposes amendments to legislation relating to provision of careers education and guidance and repeals the duty on local authorities, schools and governing bodies to provide access to the diploma entitlement for 16 to 18 year olds and Key Stage 4 pupils.

### **Work Programme to be used to pilot coalition government's new public sector 'payment by results' policy**

The government has launched the 'Work Programme', its latest initiative to help people back into work. The Work Programme targets those who are currently in receipt of incapacity benefit, including claimants who have subsequently been deemed to be fit to work through the new Work Capability Assessment (WCA) arrangements. The aim is that by 2014, around 1.6 million people should have been taken off incapacity benefit and helped into work. Much of the cost of the new programme is intended to be recovered from the savings in benefit payments.

The Work Programme will also be the first major policy initiative of the coalition government involving its preferred method of payment for providers of public sector services. This method is 'payment by results', which the coalition government has stated that it eventually wants to replicate as the method of payment for all other commissioned public service provision.

Tenders for contracts to deliver the Work Programme are currently being invited and, in spite of the cash flow challenges arising from 'payment by results' funding, there appears to be no shortage of takers. The 'results' paid for in this particular case refer to success not only in helping unemployed people to find jobs, but also to keep them.

It will be interesting to see whether 'payment by results' becomes the preferred method of remunerating ministers, senior civil servants and heads of quangos.

### **Default retirement age to be phased out**

The government has completed an 'impact assessment' of the proposals to phase out the default retirement age (DRA) of 65, which apparently show that the net financial benefit to the economy (both direct and indirect) of the removal of the DRA is around £340 million per year. It is therefore intended that the DRA be phased out. Transitional arrangements will apply to retirements that have been notified prior to 6 April 2011 and where the date for retirement falls before 1 October 2011. After this date the DRA will, in effect, be abolished.

Retirement procedures will need to be revised to take account of this. For example employers will not be able to impose a default retirement age without good reason and employees will normally have the right to work beyond the age of 65 as long as they continue to be able to perform the duties associated with their post.

Currently, college employees are normally contractually required to retire not later than the end of the term in which they reach the age of 65. However, from April 2011 onwards, it will be likely that such a contractual term will become unenforceable.

### **Merger of Northumberland College and Newcastle College**

Northumberland College is set to merge with Newcastle College. Having previously taken over Skelmersdale and Ormskirk College, and also having absorbed the remains of the failed Carter and Carter training operation, the proposed merger with Northumberland College will see Newcastle College's annual turnover rise to around £180 million.

### **New service provider for Matrix**

Following the recent tender process BIS has awarded the contract for the management of the Matrix assessment and accreditation process to EMQC Ltd.

### **New chair of the Information Authority appointed**

BIS has appointed Geoff Hall, principal of New College Nottingham, as the new chair of the Information Authority.

### **Capital funding package for sixth-form colleges**

Schools minister, Lord Hill, has announced that sixth-form colleges in England will receive '*much needed investment*' through a £90 million package of capital funding. The funding has been designed to enable sixth-form colleges to make improvements to their buildings and to help sixth-form colleges, and schools and academies with sixth forms, to meet the anticipated future demand for additional 16-19 student places.

The capital funding package for 2011/12 includes £57.4 million to address '*priority building condition needs*' and £30 million to help with meeting the extra accommodation needed for the anticipated additional 16-19 student places needed.

### **Ofsted publishes report on Science Education.**

Ofsted has published its report, 'Successful Science' which evaluates the strengths and weaknesses found in the teaching and learning of science subjects. The report covers inspectors' findings in the primary schools, secondary schools and colleges which were inspected between June 2007 and March 2010.

With specific reference to the 31 further education colleges where science was inspected, the key findings of the report include the following:

- Science was judged good or outstanding in 15 colleges.
- Science was judged satisfactory in 11 colleges.
- Science was judged inadequate in 5 colleges.
- Of all the subjects inspected in colleges over the same period, science had the highest proportion of provision judged to be unsatisfactory.

### **Barnfield College to open a 'Studio School'**

We already have a number of FE colleges which are sponsors for Academies, and now Barnfield College has been allocated £5.3 million of DfE funding to establish a 300 place 14-19 'Studio School'. The school will specialise in 'Enterprise'. Pupils will be allocated a 'personal coach' (not the sort with wheels) and be given their own net book. They will undertake work placements and have the opportunity to gain experience of running their own businesses.