Click Newsletter

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Sector Developments

Ofsted announces changes to the Common Inspection Framework (CIF)

Ofsted has announced changes to the way in which it inspects schools, further education and skills providers, and initial teacher education. The changes will come into effect from 1 September 2012, and reflects responses to the Ofsted consultation document ‘A Good Education for All’. The main characteristics of the new inspection regime in respect of the FE sector are as follows:

- Inspectors' evaluation of the progress made by students will be central to their judgment on whether a college or other provider is providing a good education. This means if students are making good progress, a college can be found good, or better, even where overall success rates are below benchmark at the time of the inspection.
- Ofsted will no longer describe further education and skills providers as ‘satisfactory' where they are not providing a ‘good’ or better level of education. From September 2012, the ‘satisfactory' grade will be replaced with ‘requires improvement'.
- Ofsted will re-inspect those colleges and other providers found to 'require improvement' sooner than under current inspection arrangements and will carry out a full re-inspection within 12 to 18 months.
- From September 2012, Ofsted will work with colleges and other providers found to ‘require improvement' in much the same way as it does with those found to be inadequate. This will include, for example, checking post inspection action plans. Ofsted will also regularly monitor the progress of providers in securing required improvements. This is intended to help address issues in coasting colleges that have remained ‘stubbornly satisfactory' in previous inspections.
- If a college or other provider has been judged to require improvement at two consecutive inspections, and is still not providing a ‘good’ education at the third, Ofsted is likely to judge the provider as being ‘inadequate’. This means it will be placed in ‘special measures' as described above. Ofsted will therefore expect ‘satisfactory’ providers to improve to ‘good' within a maximum of four years.
- Inspectors will continue to focus on the quality of teaching but will not expect to see a particular teaching methodology.
- From September 2012, only further education providers with outstanding teaching will be judged as ‘outstanding' grade. This does not mean that every lesson seen during an inspection needs to be outstanding. It does, however mean that, over time, teaching enables almost all students to make ‘rapid and sustained progress’.
- Inspectors will evaluate the robustness of teacher performance management arrangements and consider whether ‘there is a correlation between the quality of teaching and salary progression’.
- Ofsted has also announced further reductions to the notice of inspections. Currently further education and skills providers can receive up to three weeks' notice of an inspection. From September, the notice period for both further education and skills providers will be reduced to two working days. (This is a retrenchment from the previous no-notice inspection proposals).

Inspection grades take a dip

Since Sir Michael’s appointment as chief inspector around two thirds of general FE colleges inspected have been downgraded, with 6 dropping down at least two grades and one college that was previously judged as being ‘outstanding’ being downgraded to ‘inadequate’ all in one go. Sir Michael has now also recommended changes to the guidelines for inspection to prevent colleges being judged as being overall ‘outstanding’ unless the quality of its teaching and learning is also judged to be ‘outstanding’.

Interestingly however, there seems to be a degree of ‘back-pedalling’ in respect of ‘no-notice’ inspections. At the recent National Association of Head Teachers’ (NAHT) conference, Michael Gove, the Secretary of State for Education, apparently responded to criticisms from those present by suggesting that Ofsted might be dropping its plans for no-notice inspections. Whether Mr Gove had actually consulted with Sir Michael before making the announcement is a matter for conjecture.

FE loans given a name

After what must have been months of careful deliberation, the Department for Business, Innovation and Skills (BIS) has announced that the new FE loans, scheduled to be introduced in England next year, will be called ‘24+ Advanced Learning Loans’. One unsubstantiated rumour suggests that FE loans were initially going to be called ‘BIS Advanced Learning Loans’, right up to the point when somebody at the ministry drew attention to the potential for the name to be abbreviated to embarrassing acronym.

The choice of 24+ Advanced Learning Loans is apparently intended to reflect the fact that the loans will be restricted to FE students aged 24+, who are borrowing money to pay fees charged for courses at level 3 and above. A spokesperson from BIS, no doubt anxious to justify the rationale for choice of name said that it ‘reflected the type of learners and learning that it will apply to’. Also, presumably with the intention of swiftly side-stepping the need to explain why FE loans were being introduced in the first place, the BIS spokesperson quickly added that ‘the vast majority of public funding for further education will still continue to be grant funded’ and that loans would represent no more than ‘between 10-15 per cent of the total FE budget’.

The Student Loans Company will administer 24+ Advanced Learning Loans. Given the government’s predilection to outsource public services to private sector firms, and the fact that current head of the student loans company is under a bit of scrutiny for trying to avoid tax by being paid his wages through a business he owns, maybe a pay day loan firm, such as ‘Wonga’ should have been given a chance to run the scheme instead; in which case FE loans would probably have been given a more snappy name, such as, ‘FEdosh4U’.

New research indicates a probability of low take up of 24+ Advanced Learning Loans

Meanwhile, BIS has commissioned consultants TNS-BMRB (I have no idea what this acronym stands for) to carry out research into the likely future take-up of ‘24+ Advanced Learning Loans’. The survey sample consisted of 405 students aged between 23 and 64, who had completed a full level 2 course in the 2010/11 academic year.

In analysing responses to the survey questions, TNS-BMRB researchers said that ‘it was common for respondents to feel that the emotional and financial costs of a loan would outweigh the uncertain and, in all likelihood, deferred benefits of FE’, and suggested that they might have ‘to reconsider taking a course’. Of those students who said that it was likely that they would be progressing to a level 3 course ‘in the next two or three years’, only 12% said they would ‘definitely’ take out a loan, while a further 21% said that they ‘probably’ would. This would seem to suggest that the remaining two thirds ‘probably’ won’t be bothering with FE loans at all, no matter what they are called.

Commission on Teaching Standards in Further Education

These days, nobody could complain that the FE sector isn’t sufficiently researched, investigated, analysed, reviewed, inspected, evaluated, inquired into, and reported on. For example, apprenticeships have been given a right good seeing to, and probably with some justification. At one point, there were at least 5 separate official inquiries, reviews and investigations into apprenticeships taking place all at the same time (not to mention on-going police investigations). Research companies must be rubbing their hands at the prospect of seemingly endless lucrative research contracts being handed out just by BIS alone.

The most recent example of what some believe to have become a ‘review feeding frenzy’ is the newly established ‘Commission on Teaching Standards in Further Education’ that was launched earlier this month (May 2012). The Commission begins its work in the wake of criticism of standards of teaching in further education expressed by the new Ofsted chief inspector, Sir Michael Wilshaw. Sir Michael has told members of the Education Select Committee that he finds FE ‘worrying’ and that he is ‘very concerned about the quality of provision in the learning and skills sector’. He has also said that he thinks that colleges are, ‘using the complexity of FE as a cover for not doing what they should be doing, which is monitoring the quality of teaching’. In addition, Sir Michael has also expressed concerns at the length of time that teachers in further education can remain in post without holding a teaching qualification. Sir Michael’s view on this particular issue puts him potentially at odds with a recommendation made in yet another recent FE review, the Interim Report on Professionalism in FE’, in which it is recommended that the professional qualifications required of teachers in FE should primarily be a matter for their employers to determine.

HE in FE

Currently, there are over 170,000 students in England who are studying HE courses in English FE colleges. This is equivalent to around 7.7% of the total number of HE students in England.

BIS has now created 20,000 so-called ‘core and margin’ HE places for 2012/13. These are existing HE places rather than new ones and the intention is that they are allocated to providers on the basis of a competitive bidding process. The aim is to transfer at least some HE provision from those universities that charge high tuition fees to other providers that can deliver HE programmes of a similar quality, but with lower tuition fees. In introducing the ‘core and margin’ scheme, BIS minister, Vince Cable, has said that he considers that FE colleges in England have a major role to play in delivering HE, and in support of this view, around half of the 20,000 HE places referred to above have been awarded to FE colleges. The recent announcement that the number of places offered through the ‘core and margin’ scheme is to be increased by a further 5,000 in 2013/14 means that the opportunities for FE colleges to enter the HE market, or to increase their existing HE numbers, should theoretically be even greater in the future.

However, the reality is that the pace of overall expansion of HE in FE has been much slower than was expected. The lower than hoped for growth has its origins in the fact that, currently, over half of FE colleges offering HE courses receive HE funding indirectly through partner universities. FE colleges are, in effect, delivering HE programmes on behalf of partner universities, with these universities passing on to the college a proportion of their own HE student number allocation, along with a proportion of the HE funding associated with these places. The increase in the level of competition between FE colleges and universities for ‘core and margin’ places’ is causing tension and has resulted in around 14% of FE colleges being told by partner universities that their student numbers will be cut this year. Alongside this, around 30% of colleges have been told that their partnership arrangements will end completely by 2013. The expansion of directly funded HE places in FE is therefore being offset by a corresponding reduction in indirectly funded HE places in FE.

It seems that ministers have only recently been made aware of this situation and it is unclear at present what action BIS will be taking to redress this. Given the political unpopularity of the huge increase in tuition fees for university students in England, some observers have gone so far as to suggest that the introduction by BIS of the new ‘core and margin’ process is somewhat less to do with encouraging the expansion HE in FE and more to do with using the threat of competition from the FE sector to put pressure on universities to reduce the level of their tuition fees.

Numbers of AAB students exceeds government expectations

The continuing improvement in the grades achieved by GCE A Level students has apparently resulted in the government making a serious miscalculation about the number of students with qualifications exceeding the AAB threshold for uncapped university places. The initial estimate of 65,000 achieving these top grades has now been revised upwards to 85,000. This increase in numbers could expose BIS to unanticipated additional costs of in excess of £100 million.

Grade inflation may not be restricted to GCSE's and A Levels

(My thanks to Andrew Addy, Director of Quality at Bury College, for his help with the statistical sources for this section - any irreverent comments are entirely my own).

Those in government circles appear to be confused as to whether the year on year improvement in GCSE and GCE A Level grades is as a result of rising standards, and is therefore a 'good thing' or is a result of falling rigour in the standard of assessment, and is therefore a 'bad thing'. No doubt worried by suspicions that continuous improvements in A Level grades awarded may actually be a 'bad thing', Michael Gove has written a letter to the exams regulator Ofqual, in which he suggests that universities would do a better job of resisting 'grade inflation' than the A Level examination boards, and that therefore, universities should have greater involvement in the A Level grading process. The positive response from Ofqual officials would seem to indicate that they largely agree with Mr Gove and they have now commenced discussions with representatives of the university sector on how the minister's proposal can be implemented.

However, data on the classification of university degrees awarded, recently published by the Higher Education Statistics Agency (HESA) would seem to suggest that the HE sector may not be immune from engaging in a bit of 'grade inflation' itself. At the end of the 2010/11 academic year, around 16% of final year undergraduates were awarded first class honours degrees, with around 66% of final year undergraduates being awarded either a first or an upper second class honours degree. The increase in the number of first class honours degrees awarded in 2010/11 was itself 14% higher compared with 2009/10. This figure was, in turn, 45% higher than in 2005/06, 125% higher than in 2000/01 and 217% higher than in 1995/96. The numbers of third-class honours or unclassified degrees awarded by universities has decreased by similar percentages over the same period.

The growth in the number of first class and upper second honours degrees being awarded has therefore vastly exceeded the growth in the number of university students over the same period. This has led to some observers suggesting that university lecturers are increasingly under pressure to give higher grades to their students in order to boost their own university's position in national league tables. The vice chancellor of the privately funded University of Buckingham has gone so far as to call for the introduction of the equivalent of 'first class star*' and 'first class star-star**' grades in order to allow employers and other interested parties 'to make an evaluation of the relative quality of first class degrees awarded by different universities'.

Michael Gove might be perturbed by what he perceives to be the upward drift of grades awarded at A Level, but at least a B grade A Level in Maths achieved by a student at Scumbag College of Further Education is the same as a B grade A Level in Maths achieved by an aspirant debutant at Cheltenham Ladies' College. This, apparently, is somewhat more than you can say for the same classification of degree awarded by different universities.

Short apprenticeships 'offer little or no benefit to learners or employers'

The recent report of the Public Accounts Committee (PAC) investigation into apprenticeships has concluded that short apprenticeships of 6 months or less (currently around 20% of all apprenticeships) 'offer little or no benefit to learners and employers'. As a result, the Chair of the PAC, Margaret Hodge MP, has welcomed recent ministerial announcements that all apprenticeships (including adult apprenticeships) should normally be of at least 12 months duration.

Concern was also expressed at the way in which apprenticeships are administered and funded by the National Apprenticeship Service (NAS) and the Skills Funding Agency (SFA). Criticisms made in the report included the following:

- There is evidence to suggest that NAS may be overpaying private training providers due to the use of 'out-of-date' funding rates.

- The NAS does not know what level of profits providers are making on different types of apprenticeships and does not know whether it is subsidising some apprenticeships more than others.
- The NAS needs to understand better which apprenticeships, and in which sectors, the best value for public money is delivered.
- There is evidence to suggest some apprenticeships are being funded and delivered without receiving the expected contribution from employers towards the cost.
- The administrative relationship between the NAS and SFA remains unclear. There should be a structural review of the NAS and SFA to ensure there is 'minimal duplication in their respective responsibilities' in respect of apprenticeships.

New research on public subsidies for private sector training

New research commissioned by BIS and carried out by the consultancy firm London Economics (not to be confused with the London School of Economics) has revealed that a significant amount of training that has been subsidised by public funding would still have been delivered if public subsidies had not been available. Although researchers warned that the data they had collected was limited, they felt sufficiently confident to conclude that employers would have wholly paid for around:

- 16% of training provided for employees aged 16-18
- 28% of training provided for employees aged 19-24
- 44% of training provided for employees aged 25 and over.

The research particularly appears to call into question the value for money of public expenditure incurred in paying for the rapid growth in adult apprenticeships (the largest overall growth area for apprenticeships). The findings also suggest that because businesses appear to be less willing to invest in training for inexperienced younger staff, there is a strong case for 16-18 apprenticeships to be funded at a higher rate.

Decline in participation in Adult Education

The annual National Institute of Adult Continuing Education (NIACE) survey of adults in learning has revealed that participation in adult education has fallen. The survey found that only 38% of survey respondents had participated in learning in the past three years. This is a fall of 5% since the previous year's survey.

The research, which surveyed 5,237 adults aged 18 and over, also provides an analysis in respect of the relative participation rate of adults in work, adults who are unemployed and are looking for work, and adults who are retired. The research findings included the following:

- More than 40% of respondents who were in full and part time employment participated in some kind of learning in the last three years, compared to only 14% of retired people.
- Adults who stayed on in full time education beyond the compulsory school leaving age were much more likely to participate in learning as adults than those who left school at the earliest opportunity.
- The number of people in the top socio-economic groups who participated in some form of education fell by more than 2% in the past year, although they were still twice as likely to be engaged in learning as were unskilled workers.

The Queen's Speech

You might think that the Queen's Speech was just an old lady wearing a £1 million hat, talking about the need for austerity. However, she was actually opening a new session of Parliament and outlining the coalition government's proposals for legislation over this parliamentary session. The speech contained references to bills that will be of significance to FE colleges. These included the Children and Families Bill, containing proposals for reforms to provision for young people and adults with special education needs (SEN) and the Public Sector Pension Bill, which contains proposals to put career average pensions in place by 2015 (including the introduction of career average pensions for college staff).

The Queen's Speech also gave notice of the steps that BIS will be taking to abolish the post of Chief Executive of Skills Funding. It seems that this change is being introduced so that the SFA 'can be converted into an Executive Agency'. I'm not sure what this actually means and neither, I suspect, do the BIS officials who are apparently tasked with finding ways in which the proposal can be fully implemented within the maximum 12 month time frame allowed for doing so.

Government immigration policy is damaging international student recruitment

The left-leaning Institute for Public Policy Research (IPPR) has recently produced a report that argues that the way in which international students are counted within national immigration figures is damaging the ability of FE colleges and universities to recruit overseas students. This is because student migrants (and any dependents who accompany them to the UK) are apparently treated as permanent settlers. The IPPR argues that the government should seek to replicate the policy of other English speaking countries that are the UK's main competitors for international students, such as Australia, Canada and the US. The system used in these countries apparently assumes that only 15 per cent of foreign students will remain permanently after their studies are completed. This, in turn, means that only 15% of student migrants are counted as being part of net immigration statistics.

The right-leaning coalition government has responded to IPPR's criticism by asserting that the current arrangements comply with 'standards set by the International Labour Organization'. However, the IPPR has asserted that the current restrictions on recruiting international students are more to do with achieving the political aim of significantly reducing levels of net migration to the UK in 2013 and 2014.

Ironically, the government also appears to be seeking ways to encourage more UK students to study abroad and has commissioned a report from Professor Colin Riordan, chair of the UK HE International Unit on how this can be achieved. After giving due consideration to this challenge, Professor Riordan's recommends that a 'national strategy for encouraging an increase in outward student mobility' should be developed. His report also examines how the obstacles to UK students studying abroad can be overcome.

If you ask me, I would have thought that the high tuition fees charged by universities in England compared to those charged elsewhere in Europe (such as Holland and Belgium, where many degrees are taught in English) already provides a pretty good incentive for English students to undertake their degree studies abroad.

Probe fails to identify guilty parties

The UK Statistics Authority (UKSA) has now conducted an investigation into how 2,700 'unauthorised changes' to data published on the 'FE Choices' website came to be made. The FE Choices website is managed by the Data Service, which is part of the Skills Funding Agency. The unauthorised changes to the data affected the 'learner satisfaction' grades given to 442 providers. The subsequent UKSA investigation has identified several 'process failures', but to date, has failed to identify exactly who it was that made the unauthorised adjustments and uploaded the revised data files to the website. This is because around 45 different staff 'had access to the site used to feed the updates to the external web manager' and apparently none of them have been sporting enough to own up to having done the deed.

The unauthorised changes were initially reported by a 'former SFA contingent worker' in February of this year in a 'whistle blowing' letter sent to John Hayes, the minister for Further Education, Skills and Lifelong Learning, with a copy also being sent to none other than the 'National Statistician'.

Who is the National Statistician?

For those of you who, like me, had never heard of the ‘National Statistician’, this person is head of the Government Statistical Service (GSS). The National Statistician is also a member of the board of the United Kingdom Statistical Authority (UKSA) and is the principal adviser to the government and UKSA on official statistics. The role of the National Statistician is ‘to safeguard the production and publication of high quality official statistics by all government departments, agencies and institutions within the UK’. I initially thought that (a bit like the Head of the Secret Service in James Bond books) the identity of the National Statistician would be kept a secret, or that they would be referred to by a vague acronym, such a ‘NS’. However the National Statistician is in fact Ms Jill Matheson, who took up her post in September 2009.

If, like me, you are a bit confused by what all the various statistical bodies do and how they relate to the FE sector and to each other, I would like to offer the following attempt at an explanation. The Office for National Statistics (ONS) is the executive office of UKSA, whereas the Data Service is part of the SFA. The Data Service collects data from all organisations in the FE sector and is accountable to the Information Authority. The Information Authority is an independent body established to set and regulate data and collection standards in further education and training. The GSS, on the other hand, consists of all the statistical staff working in the ONS, in central government departments and the in devolved administrations in Scotland and Wales, but not in Northern Ireland. The HESA has nothing to do with any of these, except for possibly the GSS.

Thanks to the coalition government taking an axe to the number of ‘quangos’ and other similar bodies, this is now much less complicated than it used to be (which is just as well, if you ask me).

SFA allocates providers an additional quarter of a billion pounds

Recently released data shows that during the current year (2011/12) the SFA has given out an extra £240 million to providers. This increases total SFA allocations to the sector to well in excess of £4 billion. The additional allocations, along with the extra £23m in Discretionary Learner Support (DLS) funding colleges received earlier this year, and the change in the payment profile that gave colleges a much larger than expected tranche of funds in April (before the end of the SFA’s financial year), has caused some observers to speculate that the SFA may possibly have got its sums wrong at the start of the year.

The extra allocations have been distributed mostly through the Adult Skills Budget (ASB), which has risen by 7% to £2.6 billion and through 7% of additional funding (£54 million) for 16-18 apprenticeships. The largest recipient of the additional in year allocations, at an extra £9.6 million, was HIT Training Ltd, which delivers training, not (as you might expect from the name) for night club bouncers, but for the hotel and catering industry. This extra funding is an 87% increase on their initial 2011/12 allocation. Meanwhile, UfI Limited, which was sold by the UfI Charitable Trust to Lloyds TSB Development Capital Ltd for £40 million, last October, received an additional allocation of £8.5 million. This increases UfI’s total SFA allocation to in excess of £130 million. Elmfield Training Limited also saw its SFA allocation increasing to more than £41 million, with a £2 million reduction in 16-18 apprenticeship funding being more than offset by a £5.8 million increase in funding for adult learners. Two general FE colleges also saw their SFA allocations increase by in excess of £4 million.

Against this, ESG (Skills) Limited, a supplier of welfare to work and vocational skills training, has been subject to the largest in year reduction in funding, with around £4 million (or 78%) of their initial funding allocation being clawed back by the SFA. This was mainly as a result of the firm’s under delivery of its 16-18 apprenticeship contract.

Criticism of use of social media for allocating funds to ‘sub-contractors’

The chief executive of the Association of Employment and Learning Providers (AELP) has written to John Hayes, calling for a ‘full and urgent investigation into current sub-contracting arrangements’. The AELP’s request is a consequence of an offer of ‘significant and immediately available’ SFA funding that was advertised to training sub-contractors through the social networking site, ‘LinkedIn’. The firm offering the extra SFA funding is Neptune Solutions, a brokerage company which helps to put firms in touch with training providers and training providers in touch with training sub-contractors.

The chief executive of the SFA, in defending the use of LinkedIn by Neptune Solution, reassuringly said that ‘If you look at some of the respondents to the post on LinkedIn, there are quite a few good providers there’. However, he then went on to warn that ‘in a market system, there will always be the risk that a small number of participants will try to take undue advantage and go for short term profits rather than a reasonable, long term return by delivering quality training’.

New Community Learning Fund launched

The SFA has launched a new Community Learning Innovation Fund (CLIF). The new fund will be managed on behalf of the SFA by NIACE, and will provide grants worth up to £65,000 to learning providers and other organisations to support projects which offer ‘imaginative community learning opportunities’ for adults.

Providers will be required to bid for a share of the CLIF, worth £4 million in total, and the successful projects will need to be delivered between September 2012 and July 2013. Bids for grants worth £50,000 or more must be submitted to NIACE by June 28 and bids for projects worth less than £50,000 will need to be submitted to NIACE by July 5.

EMA’s likely to be re-introduced in Liverpool

Following on from similar pledges made by both the Conservative and Labour candidates in the recent mayoral elections in London, the newly elected labour mayor of Liverpool has pledged to re-introduce a city-wide version of educational maintenance allowances (EMA’s).

Action for Employment (A4e) cleared of fraud

A4e, the firm headed by the former advisor to the prime minister on ‘troubled families’, has announced that it has been cleared of fraud. Audits undertaken by the Department of Work and Pensions (DWP) and the SFA and a review conducted by law firm White & Case of A4e’s financial systems and controls concluded that procedures that are currently in place (or scheduled to soon be put in place) meet the requirements needed to minimise the risk of fraud, bribery or conflicts of interest.

White & Case did however make recommendations for improvement to ensure A4e’s policies and procedures are applied across all its divisions. The DWP audit also highlighted specific issues with A4e’s Mandatory Work Activity (MWA) contract. According to A4e, these issues relate to a period when it dealt with ‘an unexpected volume of work, which led to administrative processes falling short of its standards’. The DWP has nevertheless decided to terminate A4e’s MWA contract. This may not be the end of the matter since, at the time of writing, A4e has been the subject of further allegations of fraud and ‘unethical’ practice.

A4e and Ofsted

Meanwhile, following an overall judgement of ‘satisfactory’ made by Ofsted at the end of their inspection in August 2010, the report of the latest Ofsted monitoring visit, that took place in April 2011 visit suggests that staff at A4e are ‘finding it difficult to improve the way they deliver apprenticeships’. The monitoring visit report goes on to say that A4e was making ‘insufficient progress’ in three of the areas of provision reviewed by Ofsted and was making ‘reasonable progress’ in the remaining five. These Ofsted inspection judgements further add to the questions being asked of the SFA and DWP as to why A4e was given such very large contracts, some of which were awarded at the time the firm was under investigation.

Shortlist for new SFA chief executive

Three current members of the SFA executive have been short listed as replacements for the out-going chief executive. These are:

- Verity Bullough: Executive Director of Capacity and Infrastructure
- Kim Thorneywork: Executive Director of Delivery
- Marinos Paphitis: Executive Director for the South (and brother of TV dragon, Theo Paphitis)

And finally………..

Opening up the further education market to new training providers from the private and voluntary sectors has undoubtedly increased the level of competition and the range of choice within the FE sector. Successive governments have consistently argued that this is a 'good thing' and there have undoubtedly been many examples of private and voluntary sector organisations delivering high quality training programmes. However the process of opening up the market has also provided interesting, and sometimes disturbing, examples of the law of unintended consequences.

One of these has been the creation of a whole new tranche of multi-millionaires who have, quite legally, made substantial fortunes, either directly or indirectly, from the delivery of publicly funded further education and training. Salaries of 'fat cat' college principals, published in league tables in the education press each year and used by college unions to revile the recipients, can pale into insignificance when compared to the emoluments of the owners and directors of some private sector training firms and service providers. For example, the dividend paid to the owner and main shareholder of Elmfield Training Ltd., a company whose revenue is made up almost entirely of the proceeds of publicly funded training, was around £3 million. This sum is almost 3 times the level of the bonus that the chief executive of the Royal Bank of Scotland was forced to give up as a result of the subsequent public outcry. In addition, the founder of the beleaguered firm A4e, which also generates most of its funding through DWP and SFA contracts, was the recipient of an £8.6 million dividend last year.

However, a more worrying consequence of opening up the market has been an increase in the number of thieves who have pocketed large amounts of public funding as a result of fraud and malpractice in delivering (or more, likely not delivering) SFA contracts on behalf of FE college partners, and sometimes through direct contracts with the SFA. Earlier this month (May 2012), 52 Serious Fraud Office (SFO) investigators and 20 police officers from the Gwent, South Wales, Greater Manchester and Merseyside police forces, raided private business premises and four private homes and arrested 3 people. The arrests were made as part of an investigation into the activities of Luis Michael Training (LMT). LMT is a private training provider that delivers, assesses and verifies apprenticeships and NVQ programmes for young people through football clubs.' LMT worked as a subcontractor for eight further education colleges and is alleged to have made fraudulent claims resulting in payments from colleges totalling in excess of £1.6 million. A press release subsequently issued by the SFO states that, 'It is suspected that LMT has produced false documentation, including registration papers, progress reviews and coaching examination certificates to falsely show to further education colleges and examining boards that training and apprenticeship placements had been successfully achieved and completed' and added that 'the suspected offences also include fraudulent trading, false accounting and forgery.

The SFA is, of course, now in the process of recovering these funds from the colleges concerned. Meanwhile, the SFA's own Investigation Unit is currently dealing with allegations of fraud in respect of 14 other private sector training providers.

Some of the activities of private trainers that might otherwise be construed as 'unethical' are often quite legal. The writer has personal experience of a private sector training organisation (that insisted on referring to itself 'voluntary sector' training organisation) that was given a very large capital grant for the purchase of premises and equipment to be used for 'community vocational training facilities'. A few years later, most of the training was discontinued and the remainder was transferred elsewhere. The premises and equipment were then sold and, before disappearing, the owner pocketed a considerable amount of money from the sale. Now, I've never come across a college principal who sold a college site and then personally kept the proceeds. And now I come to think about it, I've never met anyone working in voluntary sector training organisation who was actually a volunteer (although I'm sure there must be some).

Apart from the financial loss, the reputation of those FE colleges that enter into well-meaning sub-contracting relationships with fraudsters is invariably sullied. In the eyes of the public, the fact that it is usually the robustness of college quality assurance systems that bring such fraudulent activity to light does nothing to mitigate the damage caused. But perhaps the most serious repercussion is that the whole of the FE sector is placed under the spotlight for the wrong reasons and this can have a significantly negative influence on future government decisions in respect of FE funding and regulation.

I don't really know what point I'm making here, other than to say that hopefully, one of these days, the powers that be will come to realise that 'public sector' does not necessarily always equal 'bad' and 'private sector' does not necessarily always equal 'good'.

Alan Birks – May 2012

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