

Sector Developments

Skills Funding Statement 2014 to 2016

The Department for Business, Innovation and Skills (BIS) has recently published the long awaited Skills Funding Statement (SFS) for England. Some of the key features of the SFS are given below:

- The overall budget for the Skills Funding Agency (SFA) will increase from £4,081,428,000 in 2013/14 to £4,137,504,000 in 2014/15, but then fall to £3,866,472,000 in 2015/16. This represents a cut of 6.1%.
- Within the overall SFA budget total, the Adult Skills Budget will fall from £2,467,875,000 in 2013/14 to £2,004,547,000 in 2015/16. This represents a cut of around 19%.
- Funding for apprenticeships will be allocated to employers through a (yet to be agreed) HMRC system.
- Apprentices aged 24 and over will be no longer required to take out a 24+ Advanced Learning Loan to finance their studies. Instead, funding will be made available through the Adult Skills Budget. Loans already issued to adult apprentices will not have to be repaid.
- From 2014/15, Traineeships will be extended to include 24 year olds.
- The '16 hour rule', which limits the weekly amount of study a person over the age of 19 in receipt of Job Seekers' Allowance (JSA) can undertake before their benefit entitlement is affected, will be abolished for those participating in Traineeships with effect from 3 March.
- From 2014/15, there will be a monthly limit on the amount of funding a provider can earn per learner. This is intended to 'provide assurance against unwarranted accelerated learning delivery'.
- English and mathematics will continue to be fully funded for 16-18 year olds who do not hold a GCSE grade A*-C (or equivalent) in these subjects. The new 'core' mathematics qualification for those young people who wish to continue studying the subject, but who do not wish to take mathematics at GCE A Level, will also be fully funded.
- Local Enterprise Partnerships (LEPs) will be given control of capital funding expenditure.

Details of planned expenditure are given in the table below:

Expenditure Heading	2013/14 (Base)	2014/15	2015/16
Adult Skills Budget	2,467,875,000	2,258,311,000	2,004,547,000
Employer Ownership of Skills	46,000,000	73,400,000	73,400,000
24+Advanced Learning Loans	129,000,000	398,000,000	498,000,000
Offender Learning and Skills Service	130,400,000	128,900,000	128,900,000
Community Learning	210,747,000	210,747,000	210,747,000
European Social Fund	171,000,000	173,000,000	170,000,000
TOTAL: Teaching and Learning	3,155,022,000	3,242,358,000	265,220,000
Learner Support	176,800,000	205,507,000	174,342,000
National Careers Service	87,868,000	90,878,000	90,878,000
TOTAL: Student /Learner Support	264,668,000	296,385,000	265,220,000
Skills Infrastructure	55,161,000	58,900,000	23,675,000
Funding Support for the FE and Skills Sector	156,706,000	125,004,000	81,983,000
Capital Grants	449,871,000	414,857,000	410,000,000
GRAND TOTAL	4,081,428,000	4,137,504,000	3,866,472,000

As might be expected, serious concerns have been raised across the FE sector in England, particularly about the cut of almost 20% in the Adult Skills budget. Some of these concerns are given below:

- *‘By narrowing the focus onto apprenticeships and traineeships, support for other vital skills provision will come under increasing pressure’.*
- *‘The budget cuts will limit the sector’s ability to attract the best from business and industry to teach and train in the sector’.*
- *‘There is a need for clearer information on the new HMRC led funding model for apprenticeships. There is also a risk that many small employers will not want, or be able to manage apprenticeship funding directly and this may reduce the number of apprenticeships on offer’.*
- *‘There is uncertainty about how the LEPs will control the capital funding system and how these funds will be allocated to colleges and other providers’.*
- *The proposed 17.5% cut in funding for students aged 18 on full-time courses will further worsen the funding gap of 22% that already exists between pre and post 16 funding.*

The full Skills Funding Statement document can be downloaded from the BIS website.

Comparison of changes in HE and FE funding in England from 2009/10 to 2015/16

The table below gives a comparison between the year on year reduction in FE total income compared with the year on year growth in HE income over the period 2009/10, up to and including the period covered by the recent SFS. The growth in HE income reflects the increases year on year in tuition fees paid to HE institutions on behalf of students by BIS via the Student Loans Company (to be recovered from students in installments when their income reaches £21,000 per year). HEIs are also benefiting from the ‘ring fencing’ of science funding and substantial levels of overseas and student residence income, whereas FE Colleges have fewer income sources and very much lower levels of fee income from their students.

Sector income	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
FE income (£millions)	6,929	6,844	6,812	6,580	6,490	6,362	N/a
Index (%)	100	98.8	98.3	95.0	93.7	91.8	N/a
HE Income (£millions)	22,221	22,993	23,227	24,090	25,240	26,357	27,357
Index (%)	100	103.2	104.8	108.4	113.6	118.6	123.1

Source of data: Association of Colleges

No fun when you’re broke

Meanwhile, defending government plans to reduce the funding rate for 18 year olds on full time courses in England by 17.5%, Skills and Enterprise Minister Matthew Hancock told MPs that it was ‘difficult being a minister when there’s no money left’, adding that ‘we all know whose fault that is’. Although the exact cash figure for the cut has not yet been given, it is expected to be around £700 per student. A recent government impact assessment of the effect of the cut suggests that FE colleges will be the worst hit, with an average reduction in total college FE funding of around 3% compared with a cut in sixth form college funding of 1.2% and a reduction in school sixth form funding of around 0.4%.

Plans to open more new colleges

Although Mr Hancock’s department might be strapped for cash, the government nevertheless seems to have been able to find the money needed to finance the almost exponential growth in the numbers of new Studio Schools, Free Schools, University Technical Colleges (UTCs) and Academies etc. (In 2013, the government was also able to afford to give £27.4 million in aid to China, a country which in that year had foreign currency reserves worth approximately £3.3 trillion, an amount which would have been enough to pay off the entire UK National Debt twice over, with around £600 billion left over in small change).

Perhaps BIS might not be quite all that hard up either, because somehow it has been able to scrape

enough money together to build the first new colleges for around 20 years. Following hot foot on plans to set up a new college to meet the specific training needs of the HS2 high-speed rail link, and a new manufacturing training centre in Coventry, Mr Hancock has recently announced plans for further new colleges to be built, including one that will provide 'specialist, advanced skills' for the nuclear industry and a new software engineering college that will 'respond to the needs of the information technology sector'. Mr Hancock said that these new colleges would be 'elite' and 'would offer quality technical vocational training and a route to higher education qualifications', including advanced, four-year apprenticeships. He also said that they would generally 'help improve the image of vocational education'.

Mr. Hancock went on to say that he wanted see even more new colleges enter the FE sector in order 'to help keep it vibrant', and warned existing FE colleges that they needed 'to start seeing themselves as social enterprises, rather than delivery arms of the state'. He went on to say that FE colleges should 'look outwards to their students and business community, not upwards to central government' (by which he presumably means 'for their future funding'), and his message to them was to 'get out there and sell your talents, not to ministers, but to students, parents and businesses and, more than anyone, to employers'.

Education and Training Foundation (ETF) developments

The ETF may not exactly be on its uppers either, since it was recently able to invite interested organisations to submit tenders for a contract to deliver a £715,000 project on its behalf. The project involves '*The design and delivery of innovative and high quality professional development support, resources and materials which can be accessed by, and will benefit, the wider education and training workforce in order to improve outcomes from traineeship programmes for learners and employers*'.

On the basis of the tenders submitted, the ETF awarded the contract to a partnership comprised of its founders, the Association of Employment and Learning Providers (AELP), the Association of Colleges (AoC), HOLEX (the 'sector membership body for local authority adult and community learning services, independent former external institutions and specialist designated institutions'), the National Institute for Adult Continuing Education (NIACE) plus the 157 Group and, for reasons that may not be all that obvious to the casual observer, the Spirit Pub Company. Having won the contract, the partnership is now in the process of sub-contracting the work out, and has invited bids from other interested organisations to deliver projects on its behalf in one or more of the following areas:

- '*Improving the quality of teaching with a focus on English and mathematics, employability and basic occupational skills*'.
- '*Supporting staff to engage with employers with a focus on securing and managing work placements, working with small and medium enterprises (SMEs) and developing placements in new sectors*'.
- '*Supporting the development of robust initial assessment processes to ensure appropriate learner enrolment*'.
- '*Improving the quality of provision for learners from vulnerable and excluded groups and communities and those who have protected characteristics*'.

Whether the sub-contracting organisations that win the bids for the projects will then seek to sub-sub-contract the work out and invite bids for from other interested bodies to carry out the work on their behalf remains to be seen, but presumably this is a possibility, and if so will add a whole new meaning to the term 'franchising'.

Meanwhile, the ETF has established 3 new 'expert panels', to which some 32 experts have already been appointed. These experts include college principals and governors, chief executives of private training organisations, trades union leaders, local authority leaders and senior university staff. Each panel has around 10 members plus a chair, a co-chair and will also be able to use the services of an external advisor. Panel chairs and co-chairs are all current members of the ETF Board, and they 'will be expected to reflect views of their panels' at Board meetings. The 3 new 'expert panels' will cover the following areas:

- Leadership, governance and management
- Vocational education and training
- Professional standards and workforce development

The panels will meet for the first time next month (March) and ETF chief executive, David Russell, says that over the next year the membership of the panels will be increased even further in order to ensure that they

'reflect the sector's needs'. He went on to say that the panels will 'play a key role in making sure that learners and employers benefit from a high quality and professional workforce'. Plans for a further panel for 'Knowledge and Intelligence' have apparently been put on hold for the time being.

BIS plans for an increased proportion of provider funding to be linked to 'destination outcomes'

Although no date has been set, the government is intending to launch a formal consultation on 'outcome-based measures of performance for all post-19 FE and skills' and the extent to which this could be directly linked to funding. The recently published Skills Funding Statement also contained references to increasing the proportion of funding to learner outcomes. In addition to payments for the achievement of qualifications, it seems that BIS is considering the introduction of three new 'core' criteria that would determine the overall amount of funding received by providers. These measures would be used to assess the extent to which the provision delivered had a positive impact in respect of:

- Entry into employment (or 'meaningful' further learning)
- Progression within work as a result of learning
- Changes in earnings following completion of learning.

Commenting on these proposals, a spokesperson for BIS confirmed that the department was 'developing, and will consult on, outcome-based measures of performance for all post-19 FE and skills providers, including the achievement of qualifications', and that BIS was 'looking at the extent to which linking funding to outcomes may have a stronger role to play in ensuring the quality of provision within the pre-employment offer'. The spokesperson went on to say 'Qualifications are an important recognition of achievement. However, they do not reflect the full range of policy outcomes we are looking for'.

Further cuts in the numbers of vocational qualifications eligible for SFA funding

Late last year, Nigel Whitehead, who is BAE Systems group managing director and a member of the UK Commission on Education and Skills (UKCES), was asked to chair a review of adult vocational qualifications. The subsequent Whitehead Review recommended that the English accreditation system could be 'de-cluttered' by axing around 95% of the 19,000 or so existing vocational qualifications. In response to this recommendation, the SFA has now published a list of 1,477 Qualification and Credit Framework (QCF) Level 2 to Level 4 qualifications that, with effect from 2014/15, will no longer be eligible for public funding. From then on, SFA funding will only normally be made available for qualifications of at least 15 credits, where one credit equates to 10 hours' learning. (The SFA has, however, said that in certain cases, awarding bodies can 'ask the agency to consider funding a qualification below 15 credits').

This further reduction in the number of qualifications eligible for SFA funding comes after an earlier cull last August that resulted in the removal of funding from over 1,800 adult qualifications that had little or no uptake. A spokesperson for the Federation of Awarding Bodies (FAB) has expressed concern that 'the significant reduction in the number of qualifications eligible for public funding will have serious implications, not only for awarding bodies, but also for the breadth of the offer available to providers and learners'. She went on to say that awarding organisations 'would need to review their qualification portfolio against the new rules' and make decisions about their continuation when SFA funding is withdrawn. Defending the SFA's position, Barbara Spicer, the interim SFA chief executive denied that there was any link between the decision to remove funding and the cuts in FE funding outlined in the recent Skills Funding Statement.

Meanwhile, the SFA is also carrying out a review of the new QCF English and mathematics qualifications and will not be adding any more QCF English and mathematics qualifications or units to those that have already been approved for funding in 2013/14, until the review has been completed.

Graduates who take up a mathematics teaching post at an FE college to be given a 'golden hello'

Following concerns from employers that too many young people were leaving education without the required level of skill in mathematics, the subject is now an integral component of all Traineeships, Apprenticeships and full time vocational education courses. In addition, all students in England who fail to achieve at least a GCSE grade C grade in mathematics must carry on studying the subject until aged 18. Because of the increased demand for teachers of mathematics that these changes bring, BIS has announced that £20 million is to be made available to help FE colleges in England recruit more graduate mathematics teachers. The BIS scheme is intended to provide funding for:

- A 'golden hello' of at least £7,500 to incentivise mathematics graduates to become teachers in FE colleges. The money is paid in the second year of teaching, and rises to £10,000 if mathematics graduates train to support students who have special educational needs. To encourage the most highly qualified mathematics graduates the base payment rises to £15,000 for those with a lower second class honours degree and to £20,000 for those with an upper second or first class honours degree.
- A recruitment incentive scheme involving a bonus of £20,000 paid directly to those colleges who are successful in recruiting a specialist graduate mathematics teacher, rising to £30,000 for those colleges that are prepared to 'share their teaching expertise with nearby institutions'
- A 'subject-knowledge enhancement scheme', whereby highly qualified graduates who have the necessary skills and aptitude to teach, but who need to develop some specific mathematics skills before they start to do so, are funded to receive the extra training they need.

BIS hopes that the scheme will help FE colleges compete with schools for the best talent and that by September 2015, more than 500 new mathematics teachers will have recruited to FE colleges in England.

Plans for Ofsted to observe newly qualified FE teachers in England

Ofsted is consulting on plans to change the way in which FE teacher training programmes are inspected and graded. The proposed changes will involve Ofsted inspectors observing lessons delivered by trainees and newly qualified FE teachers. Observations of trainees will take place in the summer term during training, and observations of newly qualified teachers will take place soon after the end of their training. An Ofsted spokesperson said 'We believe that this will allow a sharper focus on trainees' outcomes and how well they are prepared for teaching and the rigours of the classroom'. The consultation period runs until May 6. However, both the AoC and the Institute for Learning (IfL) have already welcomed the proposals.

Calls for Ofsted to be given powers to inspect groups of academy schools

Among England's state sector secondary schools, 56% are now academies. Of these, about 48% operate in 'chains' of two or more academies. Although Ofsted currently has the power to inspect individual academies, for reasons that are not immediately apparent, Ofsted has no power to inspect academies that are part of a 'chain' (e.g. the Harris and Ark Academy groups). David Laws, the Liberal Democrat Minister of State for Schools has placed himself at loggerheads with Michael Gove, the Conservative Minister for Education, by making what some might regard to be a quite reasonable suggestion that Ofsted should be given the authority to inspect groups of academies, or individual academies within these groups. However, for reasons known only to him, Mr Gove is completely opposed to Mr Law's proposal. Commenting on this, Dr Mary Bousted, the general secretary of the Association of Teachers and Lecturers (ATL), said 'David Laws is right to insist that all state-funded schools should be subject to proper checks into their teaching and financial management', because 'it was now clear that some academy chains were running poorly performing schools'.

Chair of Ofsted 'removed'

The current chair of Ofsted, Baroness Sally Morgan, has been told by Michael Gove, that her three year term of office, due to end this month (February) will not be renewed. Baroness Morgan is a Labour Peer who was appointed as chair of Ofsted by the coalition government in 2010. She is known to have expressed a wish to continue in her role and the non-renewal of her appointment has led to accusations from Mr Gove's political opponents that he is engaging in 'cronyism', particularly since his preferred replacement for the position is said to be Theodore Agnew, the head of The Inspiration Trust, which runs a group of academy schools and who is a Conservative donor. In response, Mr. Gove has denied that he is systematically filling key posts with Conservative Party supporters and paid tribute to Lady Morgan's 'enormous contribution to the work of Ofsted' saying that the change was merely intended to 'refresh Ofsted's leadership'.

Commenting on Baroness Morgan's impending departure, Ofsted chief inspector, Sir Michael Wilshaw told members of the House of Commons Education Select Committee that he 'regretted' that she would not be re-appointed. He went on to say that he had 'enjoyed a good relationship' with Baroness Morgan, and that she had supported him when he had first been appointed and had been the subject of intense criticism for introducing 'no-notice' inspections and replacing the 'satisfactory' judgment with 'requires improvement'. Meanwhile, a spokesperson for Ofsted said Baroness Morgan's term of office would be 'extended until the autumn of 2014 while the process is put in place to find her successor'.

School Sixth Forms should be given a separate Ofsted Grade

Sir Michael Wilshaw also drew the attention of Education Select Committee members to the relatively poor performance of many school sixth forms, particularly the smaller ones, and proposed that with effect from September 2014, all schools inspected should be given a separate Ofsted grade for their sixth form provision to enable a fair comparison with the performance of other post 16 providers to be made.

Ofsted calls for a more stringent oversight of the relationship between LEPs and the FE sector

Matthew Coffey, the Ofsted Director for FE and Skills, and the person in charge of FE inspections in England, has criticised colleges for 'not meeting the skills needs of their local areas'. Mr. Coffey told members of the Education Select Committee that there was a 'need for greater oversight of the relationship between colleges and LEPs'. His comments echo those made by Sir Michael Wilshaw in Ofsted's last annual report, in which Sir Michael called for 'more relevant provision in the learning and skills sector'. Mr Coffey went on to say that the government should address 'the mismatch between the skills offered by colleges and those required by their communities' urgently. He told Select Committee members that 'employers continue to report significant skills shortages', and that of 17 colleges visited by Ofsted only three of those colleges had changed their curriculum to any large degree to meet the needs of the local area, as defined by the LEP'. He continued by saying 'we now have a situation where colleges are empowered to deliver whatever they want to deliver, and yet this doesn't meet the skills requirements of the country'. Because of this failure, he argued that it was necessary to establish 'more oversight' of colleges in order to ensure 'that skills are being delivered to meet the nation's needs'.

Meanwhile, and presumably because neither the SFA 'FE Choices' website, nor Ofsted's own 'Learner View' website provides the right kind of information, the SFA has offered every LEP an 'operational data suite' containing '5 years of FE data derived from the Statistical First Release'. The data apparently shows the relative performance of colleges in each LEP area and is the SFA's contribution to supporting LEPs in their 'dialogue with the FE sector'. Mr. Coffey also said that a new 'data dashboard' would be launched in April 2014 'to help governors in the FE sector compare the curriculum of their own colleges against the skill priority areas set by LEPs'.

As yet, there appear to be no plans to provide FE colleges with any data on the effectiveness of the LEPs that they will be working with, nor any data on the performance of BIS, the SFA and Ofsted. Nor is any information being made available to colleges on how many Ofsted inspectors, SFA officers and BIS civil servants have actually had any direct personal experience of working in industry, or of running a business, or of working in a college with a good track record in meeting the needs of local employers. This is unfortunate, because if such information could have been provided, it might have given people working in the FE sector some degree of assurance that the numerous bodies that regularly judge, assess and pass comment on the performance of colleges, would have at least a few staff who might actually know what they were talking about.

Around 25% of job vacancies remain unfilled

A recent UKCES survey of over 90,000 employers was carried out between March and July 2013 and reported a total of 559,600 job vacancies in England. This figure was up by 45% compared with a similar survey carried out over the same period in 2009. However, it seems that nearly 25% of these vacancies have remained unfilled because of skills shortages in key areas, rising from 63,100 in July 2009 to 124,800 in July 2013. This suggests that although the number of job vacancies in England have increased to pre-recession levels, skills-shortage related vacancies are growing at a faster rate than the growth in the overall number of vacancies, with jobs in skilled trades, management and the professions being the most difficult to fill. The report also went on to say that there was also 'an increased difficulty finding candidates with the appropriate oral and written communication, literacy and numeracy skills' to match the jobs on offer, but also said that 48% of employers had recruited highly skilled and qualified staff 'to do very basic jobs'. The report went on to say that 17 and 18 year olds recruited from FE colleges were more ready for work than those of the same age recruited from school. (This is based on 74% of employers surveyed saying that FE college leavers were 'well or very well prepared' for work compared to 66% of school leavers).

British Chambers of Commerce (BCC) calls for measures to alleviate youth unemployment

According to figures recently released by the Office for National Statistics (ONS), there are currently around 920,000 unemployed young people age 16-24. This translates to unemployment rate for 16-24 year olds of

almost 20%, and has led to calls from the BCC for the Chancellor of the Exchequer to introduce a new £100 million scheme in his March budget in order to encourage companies 'to hire the jobless young or apprentices and to provide tax breaks to encourage investment in young entrepreneurs'. A spokesperson for BCC said that the measure was necessary if 'a lost generation' was to be avoided. Responding to the BCC's proposals, a Treasury spokesperson said that 'youth unemployment was falling', and that he was confident that 'existing measures would bring the young jobless figure even lower'.

Increase in the number of advertised apprenticeship vacancies in England

Data published by the National Apprenticeship Service (which is now part of the SFA), has revealed that there were more than 37,000 apprenticeship vacancies posted on the NAS website between August and October 2013. This represents a 24% increase on the same period the previous year. At the same time, the number of people applying for apprenticeship places rose by 43%, with each place attracting an average of 12 applicants (including a big rise in the number of female applicants). This has prompted the government to renew its call to employers to provide more apprenticeship places.

The NAS figures show that the demand for, and supply of, places varies significantly between sectors. The greatest numbers of both applications and vacancies were in the business, administration and law sectors, with 165,410 applications made during the period for 15,550 apprenticeship places. However, the sector with the highest ratio of applications to vacancies was in the education and training sector, which attracted an average of 27 applications per vacancy. This was closely followed by the arts, media and publishing sectors with 26 applicants per place. The lowest ratio was in the retail and commercial enterprise, and in the science and mathematics sectors, with 10 applications per vacancy.

New head of the National Apprenticeship Service (NAS) appointed

David Way, the former Director of the SFA's Apprenticeship Division (which continues to be referred to as the NAS) stepped down in August last year. His replacement will be Sue Husband who is currently the UK Head of Education for the fast-food chain McDonald's. Ms Husband will assume responsibility for:

- 'The delivery of employer engagement and the National Apprenticeship Service in England'
- 'Promoting the benefits of apprenticeships to employers'
- 'Embedding the relationship between the agency, employers and providers'

Many young people 'actively discouraged from following vocational options'

The Edge Foundation recently commissioned the research company 'One Poll' to conduct a survey of people aged 18 to 35 who are now in full-time work, and to analyse the factors that had influenced their choice of post 16 educational options. 2,230 people in the target age group were questioned and an analysis of their responses is outlined below:

- 50% had chosen to follow a vocational route at age 16 and the other 50% an academic route.
- 25% said their parents had influenced their choice.
- 34% said their school had influenced their choice.
- 20% said that they were told that they were 'too clever' for a vocational education course.
- 20% said that were told they would be 'more successful' if they took an academic course.
- Of those who chose the academic route, 34% said that their school had supported their decision.

Commenting on the findings, Jan Hodges, chief executive of the Edge Foundation, said that 'it was disappointing that so few parents and teachers see vocational education as being worthwhile'.

College wins VAT legal battle with Her Majesty's Revenue and Customs (HMRC)

After a 4 year legal fight, Brockenhurst College is set to receive a £55,000 tax rebate from HMRC after a tribunal supported the college's case that meals served in the college training restaurant (which is run by catering students) should be exempt from VAT. The tribunal judge ruled that the aim of a training restaurant was primarily to meet the educational needs of the students and therefore the price of meals served to the public (which the college subsidises) should be exempt from VAT. As a result, the college will now be entitled to reclaim VAT that it was wrongly required to charge customers. More than 160 FE colleges in England have training restaurants similar to the one at Brockenhurst College, along with other training facilities such as hair and beauty salons and theatres, and the college's successful legal action is likely to

result in other colleges across the FE sector potentially reclaiming tens of millions of pounds from HMRC.

Colleges are 'confused' by rules on refugees and asylum seekers

The Refugee Council has published a report based on the findings of a survey of 70 colleges and interviews with asylum seekers and refugees and called 'A Lot to Learn: Refugees, Asylum Seekers and Post-16 learning'. The report claims that refugees and asylum seekers are being wrongly turned away from some colleges because staff do not understand the complex rules involved (e.g. asylum seekers are generally eligible to attend courses at FE colleges if they have been in the country for 6 months or more). The report also says that most college staff are unfamiliar with the required Home Office paperwork and are often confused about asylum seekers' eligibility for courses, with 24% of respondents saying they were 'not at all aware', or only 'a little aware' of asylum seekers' entitlements. Because of this, the Refugee Council is calling for simpler rules to determine the eligibility of asylum seekers and refugees to attend FE courses.

Systematic fraud persists in the student visa system

Each year, over 100,000 non-EU students apply for an extension to their visas to stay in the UK. In order to remain in the UK (or gain initial entry to the UK), students must:

- Pass an English language test.
- Produce bank accounts that show that the student is capable of supporting him or herself whilst they are studying.
- 'Back records' to show that the student has reached the necessary educational standard required to remain on their existing course or for entry to a new course.
- Produce evidence of an offer of a place at a 'highly trusted' college or university (either in the public or private sector).

Over recent years, the government has attempted to close loopholes and prevent the fraudulent use of student visas to illegally gain entry to, or remain in the UK. However, secret filming carried out by researchers working for the BBC Panorama programme would seem to suggest that widespread abuse of the student visa system remains an ongoing problem. The Panorama programme showed English language tests set by the government approved Educational Testing Service (ETS), one of the largest language testing firms in the world, being taken by fake candidates on behalf of applicants that had little or no spoken or written English. In other cases applicants were required to take the test themselves, but the invigilator simply read out all the correct answers. In return for a substantial cash payment, every applicant was provided a Test of English for International Communication (TOEIC) certificate, showing that he or she had passed. Panorama researchers were also sold forged 'back records' to show that they had achieved the necessary entry qualifications for courses, and bank details to show they had enough funds to stay in the UK. The latter was often achieved by simply stealing the bank details of another person based in the candidate's home country. The organisations that were shown selling the fake test results, back records and bank statements also claimed that they had access to more than 80 colleges with 'highly trusted' status, and that these colleges would provide the candidate with documentary evidence of an offer of a place on a course in return for an up-front payment of the course fee, but that they would not require the applicant to attend all the classes involved.

The findings of the Panorama research were presented to the Home Secretary, Theresa May, who said that she was 'grateful to Panorama for the work they have done in showing this abuse'. She went on to say that more than '700 bogus colleges had already been stopped from bringing students in from outside the EU' and that the two colleges identified by Panorama (both of which were private colleges) had now had their 'highly trusted' status revoked and that all further English language tests administered by ETS in the UK had been suspended indefinitely.

Concerns about reduced regulatory powers for HE provision in England

Higher education funding is now increasingly being accessed through the Student Loans Company (SLC) rather than through Higher Education Funding Council for England (HEFCE) funding allocations. This means that there increasing numbers of HE institutions in England (many of which are in the private sector) that are now subject to no, or very little, accountability requirements. There are also large numbers of HE institutions whose HEFCE funding allocation now falls well below that necessary for the sanction of withdrawal of grant to be an effective regulatory tool. Because of this, it was recently proposed that the BIS Secretary of State should be given new powers to intervene if there were emerging concerns about an HE

institution's quality, governance or finances. However, the three main HE representative organisations (Universities UK, Guild HE and the AoC) said that they found the proposals unacceptable because they were too intrusive. As a result, they have been asked by BIS to develop alternative regulatory arrangements that they could support and refer to their respective memberships for approval.

The level of non-repayment of student loans is likely to be underestimated

A recent House of Commons Public Accounts Committee (PAC) report reveals that there is currently £46 billion of outstanding student debt on the government's books, and that this is set to rise to £200 billion by 2042. The report goes on to say that government currently assumes that between 35% and 40% of that debt will never be paid back. This equates to £16-18 billion on a current total student debt of £46 billion, and £70-80 billion on the estimated £200 billion of student debt in 2042. However, the PAC says that these predictions are in doubt because there is 'no reliable model for forecasting how much will be repaid to the Exchequer', and that 'the value of student loans never to be repaid could be considerably higher'. This has led to concerns that the taxpayer may end up footing a much larger bill for higher education in England than was the case before students were required to pay up to £9000 per year in fees

Delays in processing FE loans may be affecting course take-up

NIACE says that the delay between applying for a 24+ Advanced Learning Loan and the time it takes to process the application could be putting people off starting courses. Government figures show that there were 52,468 loan applications up to the end of October 2013, of which 39,043 were ready for payment, but that just 25,200 of the loans approved had been taken out. This suggests that only 65% of those offered loans had taken up the loan offer and had started their courses by the end of October 2013.

AoC proposes new FE sick pay policy

The AoC is proposing a new sick pay policy that would see probationary college employees receive statutory sick pay only. This would rise to 1 month on full pay and 1 month on half pay once they had passed their probationary period. At present, all probationary staff receive 1 month on full pay and, after 4 months' service, 2 months on half pay. After 5 year's service, employee entitlement rises to 6 months on full pay and 6 months on half pay per year. However, under the new AoC proposals, staff would receive a maximum of 4 months on full pay followed by 2 months on half pay per year. In justifying the new proposals, a spokesperson for the AoC said 'Sickness absence costs colleges approximately £16.1 million a year in sick pay costs alone, rising to £21.1 million when taking into account further direct and indirect costs'. Unsurprisingly, the unions representing teaching, support and managerial staff in the sector (UCU, Unison, Unite, ATL, AMiE and the GMB) have all unanimously rejected the proposals.

Analysis of OECD PISA tests suggests weak performance by poorer pupils is not inevitable

PISA (Programme for International Student Assessment) tests carried out annually by the Organisation for Economic Co-operation and Development (OECD) are used to rank developed countries in terms of how well their 15 year olds perform in reading, mathematics and science. The latest test results published last year show the UK as a middle-ranking country, with Asian countries, such as in Singapore, South Korea and China, as being the highest performers. Education Secretary Michael Gove has now said individual schools should take the PISA tests, so that they can compare themselves against international standards.

Andreas Schleicher, who is in charge of running PISA tests on behalf of the OECD, has examined the performance of the most deprived 10% of pupils in each country offering the tests. His analysis reveals that the performance of the poorest pupils in many countries overlaps with the results of wealthy pupils in other countries. For example, the poorest 10% of pupils in China perform as well as the most privileged 20% of teenagers in the UK and the United States. Mr Schleicher says the high results of deprived pupils in Asian countries shows what poor pupils in the UK could achieve and 'debunks the myth that poverty is destiny'.

And finally...

This tale is a continuation of last month's true story of the adult apprentice who was on placement at his local zoo. His first job, you may recall, had been to dress up and impersonate a deceased gorilla in order to help maintain the number of visitors to the zoo. Well, eventually the zoo obtained a real gorilla to replace the one that had died, so the zoo manager gave the apprentice a new job cleaning out cages, fish tanks and other animal habitat. The apprentice was warned that the animals that occupied them were very, very valuable, and therefore he needed to be very careful and to ensure that they weren't harmed in any way.

His first task was to clean out the fish tanks in the aquarium and, being a little unfamiliar with different species of fish, he unfortunately started with the piranha tank. He was sponging the algae from the inside of the tank when the inevitable happened and the piranhas began to bite his hand and arm. Fortunately he was wearing protective gloves, but he swiftly withdrew his arm from the tank with the piranha fish still attached. He shook his arm, the piranhas fell to the floor and, after gasping and flopping about a bit, they all died. The apprentice panicked and, fearing he would get the sack if the dead fish were found by the zoo manager, he quickly gathered them up off the floor and threw them in the lion pit (which, for those of you who read last month's newsletter, now had a real lion in it), hoping that the lion would remove the evidence by eating the fish. The next task given to the apprentice was to clean out the chimpanzee cage. Learning from his earlier experience with the piranhas and having heard that chimpanzees could give a person a nasty bite, he entered the chimpanzee cage carrying his bucket and mop, and wearing full body armour and a crash helmet. His appearance was very frightening, and on seeing him, two of the chimpanzees that occupied the cage (who were very old and of a nervous and fragile disposition) both had heart attacks and dropped stone dead on the floor. Again, the apprentice panicked and decided to get rid of the evidence by throwing the dead chimpanzees into the lion pit, hoping that the lion would eat the chimpanzee carcasses. The apprentice was then told to clean out the apiary (which, for less sophisticated readers, is a posh word for a group of bee hives). However, being uncertain as to whether bees could have heart attacks, he decided *not* to risk frightening them by wearing protective clothing to clean the hives. The inevitable quickly happened and some of the bees left the hives and began to swarm around the apprentice. Fearing that he would soon be covered in bee stings, the apprentice began to flail his arms and stamp his feet in order to drive the bees away. The result was that after few minutes of flailing and stamping, there was a pile of dead bees at the apprentice's feet. However, the apprentice now knew what to do, so he shoveled up the dead bees and threw them into the lion pit, again hoping that the lion would eat them and remove the evidence.

Well, to cut a long story short, a few weeks passed by and for some inexplicable reason the zoo manager failed to notice the missing animals. Meanwhile, another lion temporarily transferred from Dudley Zoo had joined the zoo's own lion, and the conversation between the two animals went something like this:

First lion: This is a bit different to Dudley Zoo, but it seems OK. What's the food like here?

Second lion: Not too bad actually. For example, last week I had fish, chimps and mushy bees.

Alan Birks – February 2014

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