

## **Sector Developments**

### **Skills Funding Agency (SFA) publishes 2016/17 funding rates, formulae and guidance**

The SFA has published its funding guidance, rates and formulae for 2016/17, including details for apprenticeships and adult learner loans. The SFA has also published funding rules for the new Adult Education Budget (AEB), which combines the previous Adult Skill Budget (ASB) and the Adult Community Learning (ACL) budget, and which the SFA says will provide colleges with 'greater local flexibility to respond to local needs in advance of the devolution of skills funding in 2018'. The SFA claims that it has 'streamlined' the funding rules to 'ensure easy reference for providers', and that the only significant change for 2016/17 is 'how we set the rates for qualifications'. Key points in the documents include following:

- Qualifications funded in 2015/16 will be funded at the same rate in 2016/17.
- Where there is no qualification based funding rate in 2015/16, the 2016/17 rate will be based on guided learning hours.
- Rates will no longer be based upon the credit value of a qualification.
- For learning activity not involving a qualification, the rate will be based on 'planned learning hours'.

For those of you who actually might want to read the various documents (or perhaps might just be looking for help with insomnia) they can be accessed via the web link below:

<https://www.gov.uk/government/collections/sfa-funding-rules-2016-to-2017>

### **National Audit Office (NAO) will 'look into' sub-contracting**

Sub-contracting has come in for some strong criticism from the Public Accounts Committee (PAC). A recent report on FE finances in England found evidence of lead providers retaining up to 40% of the government funding allocated for provision that was then sub-contracted out for delivery by other providers. On learning that one provider had retained almost £50 million in 'management fees', the PAC chair, Meg Hillier MP said that she would be raising the issue of 'top-slicing' with the NAO. In response, a spokesperson for the NAO has confirmed that they 'propose to look into this issue further to determine the facts'. The spokesperson said 'we intend firstly to review the SFA's recent compliance work' and went on to say 'once we have a fuller picture we will take a view on whether a full investigation would be justified'.

The SFA has been publishing data on subcontracting for many years, but at the end of last month (January) the Education Funding Agency (EFA) published data on 16-19 subcontracting in England for the first time. The EFA data shows that in 2014/15 there were 184 lead providers (including both colleges and private trainers) dealing with 467 subcontractors that taught in excess of 21,000 learners on the lead provider's behalf. On average, each lead provider dealt with three subcontractors. A spokesperson for the Department for Education (DfE) said that the publication of 16-19 subcontracting data was part of the UK government's 'ongoing commitment to greater transparency'.

### **SFA to prohibit the subcontracting of learner loans**

Meanwhile, the SFA has announced that:

- From 2016/17, providers will 'not be allowed enter any new subcontracting agreements for the delivery of loans funded provision over and above those which they are already be engaged with in 2015/16'.
- All loans-funded subcontracted learning aims must be completed by 31 July 2017.
- From 2016/17 any provider that holds a loans facility directly with the SFA will not be allowed 'to act as a subcontractor to another prime contractor for the delivery of loans funded provision'.
- From 2017/18, all subcontracting of provision funded through learner loans will be prohibited.

### **Loans to be made available to colleges to help implement area review recommendations**

Speaking at the recent annual 'Skills Summit' in London, SFA (and EFA) Chief Executive Peter Lauener told delegates that the area review process was 'a radical, radical change programme', and gave a warning that those organisations who do not 'adapt to their new world' would 'not do well'. This was no doubt intended to cheer up the staff of the four general further education colleges (GFEs) and three sixth form colleges (SFCs) in Birmingham and Solihull who are waiting to hear the local steering group recommendations arising from the first area review of 'wave 1'. The Department for Business, Innovation and Skills (BIS) now appears to have recognized that there will be financial implications arising from the implementation of area review recommendations and, in recognition of this, has issued draft guidance to

the National Area Review Advisory Group, that includes details of a 'restructuring fund' that will be established 'to support, where necessary, the implementation of the recommendations of area reviews'. The criteria and processes for considering applications are yet to be finalised and, although the guidance does not provide any indication of the overall size of the fund, it is thought to be around £560 million. Before too much excitement sets in, the guidance also says that colleges are expected to meet part of any costs of 'restructuring' from their own budgets and goes on to say that any funding provided 'will be by way of a loan' (rather than a grant). BIS also says that a 'Transaction Unit' consisting of 'experts from the SFA and EFA' will be set up to 'deal with applications for loans', although ministerial approval and a Treasury 'sign off' will be required before loan funds are disbursed to applicants. Loans are expected to be available from this April (in time to assist in implementing the first area review recommendations) until April 2019.

### **Area reviews ignore SEND**

One of the issues that have come to light in the first wave of area reviews is the question of how special education needs and disabilities (SEND) provision will be considered in the 'new FE landscapes' that will be recommended by the local steering groups. The current 'site visit template' does not have a distinct category for SEND provision, and this has prompted some colleges to seek assurance from the FE Commissioner that SEND provision will be fully reflected in final area review reports.

### **NUS says college mergers and closures arising from area reviews means less choice for students**

The National Union of Students (NUS) vice-president Shakira Martin has warned that 'thousands of students could be squeezed out of further education if recommendations for college closures and mergers arising from area reviews go ahead' This, Ms Martin said, was because 'mergers will mean a reduced choice of colleges and courses, staff job losses, bigger classes, and longer and more expensive and journeys for students'. Ms Martin also said that 'those with young children or other caring responsibilities would find the extra travel time and care cost impossible'. She also warned that 'in major cities such as London, some young men would be reluctant to travel to another borough or postcode for fear of gang violence'. The NUS has now launched a campaign entitled 'FE Unplugged', which calls on students to make their views known to the local area review teams.

### **The number of 'Notices of Concern' issued by the SFA doubles**

'Notices of Concern' (NoCs) are issued to providers if the SFA concludes that the provider has problems that must be resolved to avoid further deterioration. The NoC specifies the issues that must be dealt with and specifies the timescale for delivering the required improvements and the terms under which the NoC will be lifted. NoCs are usually issued in respect of concerns about performance (eg a failure to meet minimum standards), quality (as evidenced by Ofsted reports) and financial health. Of the 75 NoCs issued since 2010, over half were issued in 2015 alone. Of these, around 60% were related to concerns about finances and/or financial controls, reflecting the continued deterioration in the overall financial health of the sector.

### **Will FE Colleges be allowed to 'go bust'?**

At the BIS Select Committee meeting held on 10 February, at which the implications of the November Spending Review were discussed, the committee chair, Ian Wright MP, asked the BIS Minister, Sajiv Javid, if he would 'be content with FE colleges going bust' (question 109). In response, Mr Javid said 'when colleges cannot make their books balance' there should be a proper insolvency procedure in place'. He added, 'We have had early conversations with officials on what an insolvency regime for colleges might look like, since the current administration legislation cannot easily be applied'. He went on to say that 'a regime similar to that applying to hospital trusts may be the direction of travel required'. Minutes of the BIS Select Committee meeting at which this was discussed can be accessed via the link below:

[http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/business-innovation-and-skills-committee/spending-review-and-the-work-of-the-department-for-business-innovation-and-skills/oral/28851.pdf?dm\\_i=26BG,41M8N,HXH45S,EN5LJ,1](http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/business-innovation-and-skills-committee/spending-review-and-the-work-of-the-department-for-business-innovation-and-skills/oral/28851.pdf?dm_i=26BG,41M8N,HXH45S,EN5LJ,1)

### **DfE publishes guidance on Sixth Form College (SFC) academy conversion**

The DfE has now published guidance for those SFCs interested in becoming academies. The guidance says that applications to convert to academy status will be considered from SFCs with:

- 'Good' or 'outstanding' ratings, both in terms of Ofsted inspection outcomes and in respect of financial

health, who want to become a sponsor and establish new multi-academy trusts (MATs).

- 'Sound finances' that want to join an existing MAT as a partner.
- 'Requires improvement' or 'inadequate' Ofsted ratings, that want join a 'strong MAT, which has the capacity to drive improvement in the 16-19 education offer'.
- Financial health rated as 'inadequate, borderline satisfactory or at significant risk' (eg SFCs under a financial notice to improve) that want to join a financially strong MAT.

SFCs looking to become 'stand-alone' academies (ie independent of MATs) will need to be both 'financially and educationally strong' (ie rated as 'good' or 'outstanding' for both), must secure the support of their local area review steering group, and 'will need to set out in detail the range and scale of partnership arrangements between the new 16-19 academy and other education providers in the area.'

James Kewin, Deputy Chief Executive of the Sixth Form Colleges' Association (SFCA), said 'despite the tight timescale caused by the need to apply for academy status through the local area review process, we think many of our members will submit an application'. The DfE guidance also says that SFCs wishing to convert to academies will be able to apply for loan support from the £560 million restructuring fund referred to above. A copy of the DfE guidance on academy conversion can be accessed via website below:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/501902/Becoming\\_a\\_16\\_to\\_19\\_academy\\_-\\_advice\\_for\\_sixth-form\\_colleges.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/501902/Becoming_a_16_to_19_academy_-_advice_for_sixth-form_colleges.pdf)

### **GFEs in England might also be allowed to become academies**

To the surprise of many, the DfE guidance says that GFEs in England might also be allowed to become academies. Commenting on this, a spokesperson for the DfE explained that 'The department is currently considering whether, exceptionally, applications will be considered from GFEs whose age range and curriculum offer means that their future and educational provision in the area might be best served by joining the academy sector'. This appears to have caused some consternation within the ranks the SFCA, prompting Mr Kewin to say, 'We would not want the possible inclusion of GFEs to come at the expense of SFCs, particularly as there finite resources available through the restructuring fund'. Possibly in an attempt to placate the SFCA, Martin Doel, Chief Executive of the Association of Colleges (AoC) said that he thought it was 'unlikely' that many GFE colleges would wish to convert to academy status.

### **The 'downside' of academy status**

SFCs or GFEs that do opt to leave the FE sector will be giving up the autonomy that comes with being an incorporated college. However for some, the chance to escape from the seemingly endless turbulence of the FE sector, combined with the anticipated £300,000+ VAT windfall, may be sufficiently attractive to entice them to join the schools sector. However, colleges that do convert will be subject to more prescriptive schools legislation and funding agreements, along with further regulation associated with public sector status. They may also suffer a loss of, or significant restriction in, their capacity to offer HE and 19+ provision, and to recruit overseas students. And perhaps most significant of all, they might find themselves being managed by multi-academy trusts, wielding far more power over them than local authorities ever did.

### **Colleges to be given the legal right to provide school pupils with information on FE courses**

Education Secretary for England, Nicky Morgan, has announced that legislation is to be introduced that will give FE college staff the legal right to visit schools to talk to pupils about apprenticeships and other post-16 vocational routes. As yet, no time scales have been given for this, but Ms Morgan says that she wants to see the legislation introduced 'as soon as possible'. College leaders have warmly welcomed this.

### **Will traineeships survive?**

Although Traineeships are generally regarded as being one of the UK government's 'flagship' schemes, it appears that level of traineeship recruitment has failed to keep up with the government's expectations. In 2014/15, there were 19,400 traineeship starts, and provisional figures for 2015/16 show that, so far, only 7,600 people have started a traineeship. Initially, only providers rated 'outstanding' or 'good' by Ofsted were allowed to deliver traineeships. However, this has now been opened up to providers rated by Ofsted as 'requires improvement', or even 'inadequate'. The restriction on delivering traineeships was scheduled to be lifted in August, but was brought forward to this January, because of what government says are the 'excellent results being achieved'. However, Ofsted grades awarded for traineeships since September 2014 would suggest that the 'excellent results' claimed by the government might be overstated and this, in turn,

has led to accusations that the government is relaxing the restrictions on providers because it is 'desperate for numbers'. A spokesperson for one provider went so far as to say that he 'could not see the traineeships lasting much longer', because 'the economy has improved since they were introduced and there are now a lot of entry level jobs available, so if young people want to work, there is work out there for them'.

### **Less than expected in-year growth funding for 16-18 apprenticeships**

The SFA initially set aside £25 million for additional 16-18 apprenticeships in 2015-16. However, because of 'budget constraints', it appears that the amounts allocated by the SFA to colleges and other providers has been considerably less than was requested. This means that any additional apprenticeship recruitment undertaken between now and the end of the 2015/16 will be at the provider's own financial risk. This is the first time in recent years that SFA has not been able to meet all growth requests for 16-18 apprenticeships. A joint DfE/BIS spokesperson said 'We have allocated an additional £25 million for 16-18 apprenticeship recruitment this year in support of this government's commitment to deliver three million apprenticeships by 2020. This will ensure all current apprentices can be funded. We will review the position again in April'.

### **BIS Select Committee criticises the UK government's Productivity Plan**

The BIS Select Committee says that the UK government's 'Productivity Plan' is just 'a vague collection of existing policies'. Committee members singled out the government's plan to create three million new apprenticeships by 2020 for particular attention, saying that it 'lacked clear, measurable objectives'. Members also said there had been a 'lack of consultation with industry' and that insufficient consideration had been given as to 'what type of training businesses actually require'. The apprenticeship levy was also subjected to criticism for, amongst other things, 'not providing enough detail about how it will protect sectors that do not use apprentices'. Committee members recommended that the government should:

- Set out the rationale and evidence base for the target of three million apprentice starts by 2020, particularly when this 'may run against what businesses actually require'.
- Ensure that there is 'no trade-off between achieving the apprenticeship target and the maintenance of apprenticeship quality'. (Committee members said that they would be 'keeping a close eye on this').
- Consult with industry to ensure that the apprenticeship levy 'allows different sectors to invest in skills through different qualifications and training methods applicable to their specific needs'.

And perhaps more interestingly:

- Do more to 'balance the perception of the benefits of college vocational education against those of higher education'.

Further details on the BIS Select Committee inquiry can be accessed via the link below:

<http://www.parliament.uk/business/committees/committees-a-z/commons-select/business-innovation-and-skills/news-parliament-2015/productivity-plan-report-published-15-16/>

A copy of the UK government's Productivity Plan can be accessed at:

<http://www.publications.parliament.uk/pa/cm201516/cmselect/cmbis/466/46602.htm>

### **Visa rule changes will result in FE colleges in England losing even more non-EU students**

Over the last three years, the number of students on courses at FE colleges in England from outside the European Union (EU) has halved to around 18,000. This is almost exclusively because of tougher visa regulations. And now, the AoC has predicted that FE colleges could see further 10% contraction in non-EU students a result of a decision by the Home Office to scrap the Tier 4 'child visa'. The move is expected to cost colleges millions of pounds in lost tuition fees, and comes at a time when, because government funding has been so severely reduced, many colleges have turned to international recruitment in an attempt to diversify their income. The AoC says that around 50% of Tier 4 students studied either on GCE A Level programmes or on the International Foundation Year programme, with around 77% of these then progressing to university. However, college problems been exacerbated by further changes to Home Office rules that limit visas for sub-degree level programmes to a maximum of two years. This effectively prevents non-EU students from extending their stay to start a higher-level course, and requires them to return home first before they can re-apply to return to the UK.

## **Leader of the Opposition speaks out for FE**

Speaking at the recent University and College Union (UCU) 'Cradle to Grave' conference in London, Jeremy Corbyn, in his first major speech on education since being appointed Labour leader, said that the skills gap is 'the biggest challenge facing the economy in Britain', and that the 'services provided by the FE sector are crucial in tackling the problem'. Referring to the 35% cut in the adult skills budget in England over the past five years, Mr Corbyn said 'all these cuts and attacks are doing permanent damage to the whole of our society and to our ability to develop a much stronger, manufacturing-based, innovative economy in the future'. He praised the contribution of the FE sector 'in opening doors for people of all ages' adding that it was 'absolutely essential that we understand that and protect it' because for 'many from disadvantaged backgrounds', FE was the only route into HE and jobs. Mr Corbyn went on to criticise the recent cuts to English for Speakers of Other Languages (ESOL) funding and called for better and more impartial careers advice to be made available in schools. To the approval of many delegates, Mr Corbyn argued that local authorities should be given back their previous role of planning and overseeing FE provision in their areas, and referred to Labour's mayoral candidates in London and Bristol, Sadiq Khan and Marvin Rees respectively who, he said, were 'already proposing to use their powers to co-ordinate FE'.

## **How will the rules on strike action in the new Trade Union Bill apply to FE?**

The new Trade Union Bill proposes that 40% of *all* union members will need to vote in support, before strike action can be called in 'key public services'. This will affect teachers in the schools sector, but it has since emerged that the rules will *not* affect FE support staff, and are unlikely to apply to FE staff who teach students aged 17 and over. But UCU claims that the UK government has failed to clarify how the rules will affect FE staff that mainly teach young people aged 16 and under. In response, a spokesperson for BIS said 'the 40% threshold will apply to teachers in FE colleges if the majority of union members involved in the industrial dispute normally spend at least part of their time teaching young people under the age of 17'.

## **UKCES publishes its latest Employer Skills Survey**

Apparently undeterred at the prospect having its government funding withdrawn in 2016/17, the UK Commission for Employment and Skills (UKCES) has published its latest Employer Skills Survey (which is for 2015). The survey is carried out every two years, and this latest survey includes responses from 91,000 employers. The findings provide detailed information on skills shortages and training needs. The headline message of the 2015 survey is that there are several areas where there are significant skills shortages (eg construction workers and, interestingly, teachers). Other findings include the following:

- 23% of vacancies went unfilled because of skills shortages (indicating no change since 2013 survey). This was despite a 42% growth in the number of vacancies in the UK overall.
- Despite a continued growth in recruitment, 'a growing number of jobs are being left unfilled because companies can't find the right people with the right skills'.
- Two thirds of employers that had 'experienced difficulty in filling their vacancies, solely as a result of skill shortages' had also experienced a 'direct financial impact through either loss of business to competitors, or increased operating costs'.
- During 'a period of sustained economic growth, youth unemployment remains at three times the average unemployment rate'. This was seen as an indication that 'the current employment and skills system is not operating effectively'.
- Reading, writing and numeracy were among the skills the employers said prospective employees lacked, with around 25% of job applicants 'falling short' in these areas.

Commenting on the report findings, a spokesperson for the Confederation of British Industry (CBI) said 'the skills gap is having a direct impact on UK firms' ability to compete, particularly in high growth sectors', and went on to say that 'despite businesses being committed to training and developing their staff, the new large employer tax from April 2017 (the apprenticeship levy) may act as a disincentive by increasing the cost of taking on apprentices'. A summary of the report can be accessed via the link below:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/499047/UKES Summary Report - for web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/499047/UKES Summary Report - for web.pdf)

## **The OECD publishes a report on the standard of basic skills in England**

The Organisation for Economic Co-operation and development (OECD) has published yet another report

on education standards in England, this time covering basic skills. The report is entitled 'Building Skills for All: A Review of England'. The key messages in the report include the following:

- In England, one-third of those aged 16-19 have low basic skills. England has three times more low-skilled 16-19 year olds than the best-performing countries (such as Finland, Japan and Korea).
- The weak basic skills of young adults in England, compared with other countries, can be traced back to 'a lower standard of performance at the end of initial education'.
- An estimated 9 million adults of working age in England have low basic skills.
- The level of basic skills of adults approaching retirement age, on the other hand, compares 'reasonably well with their counterparts in other countries'.
- England has more university students with weak literacy and numeracy skills than most countries (Around one in ten university graduates have a low level of basic skills).

With reference to HE, one of the report's recommendations is that 'those with low basic skills should not enter three-year undergraduate programmes', since these are 'both costly and unsuited to the educational needs of those involved'. The report goes on to say 'such students need post-compulsory alternatives that will address their needs and tackle basic skills', and, in a recommendation that is unlikely to impress university vice-chancellors, argues that 'resources released from university provision should be redeployed in the FE sector to support this'. A summary of the report can be accessed via the link below:

<http://www.oecd.org/unitedkingdom/building-skills-for-all-review-of-england.pdf>

### **Most University Technical Colleges (UTCs) are still operating below capacity**

The Conservative Party election manifesto included a promise to establish at least one UTC 'within reach of every city' in England. As you will probably know, UTCs are not universities, nor are they technical colleges. They are secondary schools for pupils aged 14-19, with a curriculum offer that includes a limited range of vocational options. Of the 15 UTCs that opened between 2010 and 2013:

- Six saw their learner numbers decrease for 2015/16. The UTC that had the most dramatic fall in numbers recruited 140 fewer students in 2015/16 (a fall of 35% compared to 2014/15).
- The remaining nine UTCs increased the number of learners in 2015/16, though figures varied considerably. The UTC with smallest increase took just three more students in 2015/16, compared with 2014/15. The UTC with the largest increase in numbers in 2015/15 recruited 127 more learners. This was a 28% increase on 2014/15, and brought its learner numbers up to a total to 580.
- The smallest UTC recruited nine more learners in 2015/16, bringing the total to 70.
- Only one UTC exceeded its capacity of 540 pupils with 582 being recruited in 2015/16.
- Six UTCs were operating at a third of their capacity or below, with two running at 14% of their capacity.
- The UTCs that opened between 2010 and 2013 are currently operating at around 50% of their combined capacity (4,598 pupils for a total capacity of 9,126).
- Since 2010, three UTCs have closed after failing to attracting a sufficient number of pupils and/or because of poor Ofsted inspection outcomes.

Commenting on the disappointing recruitment figures, Charles Parker, Chief Executive Officer of the Baker Dearing Educational Trust, said 'The Education Secretary (for England, Nicky Morgan) has acknowledged that it is hard for UTCs to get access to students in other schools. This makes it a challenge to raise awareness with young people that UTCs are an option to consider at 14'. Looking on the bright side, UTCs have a significant ally in the Ofsted Chief Inspector for England, Sir Michael Wilshaw, who was recently on record as saying that clusters of UTCs and academies could make up for the 'shortcomings of FE colleges'.

### **Next Ofsted Chief Inspector for England may be recruited from the United States**

Although there is no suggestion that this is because he 'requires improvement', Sir Michael Wilshaw is to step down as Ofsted chief inspector in December. A recent article in the Sunday Times, says that Nicky Morgan wants to hire his replacement from 'leading educationalists in the US who have had to face similar issues to their contemporaries in England...' The move is likely to upset the teaching unions since the article goes on to say that '...not just in raising standards but in responding to the demands of teaching unions'. Three heads of American charter schools (state schools similar to free schools) are thought to be amongst the front-runners for the job, but a number of British candidates are also reported to be in the running for the post (perhaps to give the impression of impartiality and/or to bolster the long-list).

### **Faith teaching in some schools still continues to be of concern**

Ofsted inspectors are apparently still finding examples of faith schools that deliver 'an overly narrow religious curriculum', which they say, 'undermines the promotion of the rule of British law and respect for other people'. A faith school in East London is the latest to have been judged 'inadequate' by Ofsted as a result of 'failings in safeguarding and leadership'. This was because, amongst other things, when inspectors visited the school library, they apparently found books that 'promoted the inequality of women', and apparently extolled the merits of punishments such as 'stoning to death'.

Meanwhile, two former teachers at schools implicated in the 'Trojan Horse' scandal have been 'banned for life' from teaching by the National College for Teaching and Leadership (NCTL) because they were found to have engaged in a 'coordinated attempt to immerse their pupils in an orthodox Islamic doctrine' and had 'undermined tolerance and respect for the faith and belief of others'. A 'lifetime ban' in this context apparently means 'a minimum period of six years' for one former teacher, and a 'minimum period of three years' for the other, with a right of appeal against their bans to the High Court. A further thirteen former staff members, including ex-head teachers, have faced, or are still facing, NCTL misconduct hearings.

### **More students taking qualifications other than A Levels as a route to university**

Data published by the University and Colleges Admission Service (UCAS) shows that, in England, GCE A Levels are still the most popular route into university, with 63% of all 18 year-olds accepted for degree courses in 2015 having studied three or more GCE A Levels. However, the data also shows that 26% of all students accepted on to degree courses in 2015 held at least one BTEC qualification, compared with 14% in 2008. The qualification landscape in England is changing rapidly, with 16-19 Study programmes and combinations of BTEC and GCE A Level qualifications becoming increasingly common. New-style GCE A Levels, stand-alone AS Levels, new Applied General Qualifications and new Tech Levels are also being introduced. This means that HE admissions procedures are likely to become more complex in the future. In response to this, UCAS has called for 'partnerships between universities, schools and colleges to help develop an understanding of the different qualifications available and what they can lead on to'.

### **England has an 'aggressive, competitive undergraduate market'**

In England, HE admission caps have been removed and universities can charge tuition fees of up to £9,000 per year. BIS pays these fees 'up-front' on behalf of students through the Student Loans Company (SLC). This apparently unlimited access to tuition fees has resulted in intense competition between universities for students, which last year accepted a record half a million students. One of the consequences of what one university vice chancellor calls a 'very aggressive and competitive undergraduate market', has been extensive advertising campaigns and marketing events, and the provision of incentives such as free tablets or laptop computers. Another consequence has been the dramatic increase in the number of 'unconditional offers' being made, where universities offer a place regardless of the exam grades the applicant eventually achieves. A spokesperson for UCAS said that more than half of students accepted on to university degree courses in 2015 had missed the results initially required by two or more grades.

FE colleges have long become used to such things as the withdrawal of degree and HND franchising arrangements at short notice and now, in a further illustration of the potential vulnerability of FE colleges to the volatile and self-interested decisions of some HE partners, it appears that Teesside University has written to a 'significant number of FE colleges across England' to say that that the university is no longer prepared to validate their HE courses, leaving them with task of finding replacement validation partners at short notice. This is presumably because they now see FE colleges as competitors rather than partners.

### **Graduates who default on their student loans could be prosecuted.**

As mentioned above, since 2012, HE students in England and Wales can be charged up to £9,000 a year in tuition fees, and if they can't afford to pay this, they can take out a loan from the Student Loans Company (SLC). Students who took loans out after 2012 start repaying their loans when they earn £21,000 a year or more. The SLC tracks earnings, and alerts employers when this reaches the level when graduates are required to start repaying the loan. Employers then deduct the repayments from salaries and forward the money to the SLC. Following the publication of a critical report from the NAO on very high levels of non-repayment, the PAC and the BIS Select Committee have called for stronger action to improve the process and for more robust measures to be taken against people (including those living overseas) who are in default. Universities Minister Jo Johnson agreed that 'tougher' recovery measures were needed, and

warned that the government would, if necessary, 'prosecute' those in default.

Meanwhile, the first British woman to be jailed, not only for terrorism related offences, but also for being an Islamic State (IS) member, apparently used an SLC loan to finance her journey to the 'Caliphate'. She applied for and was granted a loan to help pay her tuition fees for an HND in hospitality management, but instead she used the money to buy plane tickets to travel to Turkey, from where she crossed the border to Syria and joined IS. Apparently taking a short break from her jihadi duties in Syria, she returned to the UK where she was arrested and subsequently jailed under counter terrorism and security laws. Since she is now incarcerated, it is apparently proving difficult to ascertain what her intentions are in respect of paying off her student debt. Consequently, the SLC is thought to be bracing itself for yet another loan default.

### **Graduates who remain in, or return to, Wales to work, 'should have student loan debts written off'**

In Scotland, university tuition for students living in Scotland is free, irrespective of where in the UK they choose to study. In Wales, the Welsh government currently pays up to £5,190 a year towards Welsh students' fees, also irrespective of where they go to study for a degree. However, Plaid Cymru's education spokesman, Simon Thomas, argues the current tuition fee policy is in effect 'subsidising English universities'. He went on to say that 'Plaid Cymru believes that this is wrong' and that if Plaid forms the Welsh government after the elections to be held later this year, it would write off the debts of those Welsh undergraduates who remain in Wales, or return to Wales after graduating in order to 'ensure that the Welsh economy can benefit from the talent of Welsh students'. Meanwhile, students living in England will continue to pay annual tuition fees of up to £9,000, irrespective of where in the UK they take their degree studies.

### **Students in England will be eligible to apply for Sharia compliant student loans**

The student loans system introduced in England in 2012 involves graduates repaying the loan with interest when their earnings exceed £21,000 per year. The interest element is based on the Retail Prices Index (RPI) measure of inflation, plus 3%. Because the interest on the loan repayments is higher than the rate of inflation, the repayment is considered to be 'haram' (forbidden) under Sharia law, which forbids interest being from being paid or received. This means that Muslims in England who are unable to access Sharia compliant funding from elsewhere (eg from family members) could potentially be excluded from entering the UK university system. In April 2014 the UK Government ran a consultation on Sharia-compliant student loans for Muslim students in England. (HE issues in Scotland, Wales and Northern Ireland are devolved to the governments of those countries). More than 20,000 responses to the consultation were received, with 94% expressing agreement that Muslim students needed a 'halal' (permitted) alternative to the current loans system. As a result, it is expected that the UK government will make Sharia-compliant student loans available in England with effect from this September. The loans will be offered by the SLC alongside the current student loan system and will be made available to all students irrespective of their religious beliefs. The new loans are expected to operate in the following way:

- The SLC will establish a separate 'Takaful' student finance fund. 'Takaful' is a 'halal' system for dealing with reimbursement for loss (insurance against loss is regarded by some Muslims as 'haram' because it could be argued to be interfering with the will of Allah). However, the 'Takaful' system is also deemed to be a Sharia compliant method of repaying of a loan.
- The fund will be managed by the SLC, but will be overseen by a Sharia advisory committee. Loans taken out will conform to Sharia principles. Students who apply for loans will enter into a 'Wakala' (a Sharia compliant contract). This involves the student authorising the 'Wakil' (the lender, usually a Bank, but in this case the SLC) to 'invest funds in Sharia compliant activities' on the student's behalf.
- As is the case with other student loans, when the student's annual earnings exceed £21,000 per annum, they will begin to repay the loan. However, any repayments they make will be deemed to be 'Takaful', meaning that from a Sharia perspective, they are regarded as being voluntary charitable contributions paid into the fund for the benefit of other students.

It is expected that the SLC will also be offering Sharia compliant FE loans to students in England age 19 and over, taking Level 3 and above courses. Further details can be accessed via the web link below:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/349899/bis-14-984-government-response-to-a-consultation-on-a-sharia-compliant-alternative-finance-product.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/349899/bis-14-984-government-response-to-a-consultation-on-a-sharia-compliant-alternative-finance-product.pdf)

**David Cameron calls for more action on tackling racial discrimination in HE**

Earlier this month (February) David Cameron made a speech about race equality, which focused (amongst other things) on the barriers facing black and minority ethnic (BAME) people in seeking to gain a university place. In his speech, he said that a new duty would be introduced, which would require ‘wide-ranging data showing the ethnic breakdown for applications, entry, and retention in key disciplines at all HE institutions’ in England (including HE provision in FE colleges in England). Mr Cameron also said black people were ‘more likely to be in a prison cell than studying at a top university’, (or indeed being a member his Cabinet, although I don’t think he actually said that last bit). He rejected what he called ‘politically correct, contrived and unfair solutions, like quotas’, but said that ‘forcing English universities to disclose what proportion of BAME applicants achieved places should prompt them to broaden their intake’. A copy of Mr Cameron’s speech can be accessed via the link below.

[https://www.gov.uk/government/speeches/watch-out-universities-im-bringing-the-fight-for-equality-in-britain-to-you-article-by-david-cameron?dm\\_i=26BG,40CIJ,HXH45S,EIHJS,1](https://www.gov.uk/government/speeches/watch-out-universities-im-bringing-the-fight-for-equality-in-britain-to-you-article-by-david-cameron?dm_i=26BG,40CIJ,HXH45S,EIHJS,1)

**As a proportion of their ethnic group, white British less likely to enter HE than other ethnic groups**

Apparently in contradiction of Mr Cameron’s assertions above, a report of a five-year study published last November by the Institute for Fiscal Studies (IFS), which was commissioned by BIS, shows that while large numbers of white British students (in England) go on to attend a university, the proportion of students from all BAME backgrounds that go on to study at university as a percentage of their constituent populations is actually higher than that of white British students. The IFS report says that ‘Differences in progression to university between individuals from different ethnic groups are particularly striking. We find that school pupils from all ethnic minority backgrounds are now, on average, significantly more likely to go to university than their White British counterparts. That is, the *proportion* of students from an ethnic minority background getting a place at a UK university is higher than the *proportion* of White British students getting a place’. The report went on to say that white British young people from poor backgrounds were ‘substantially less likely’ to attend university than all BAME groups and that, with the exception of black Caribbean and ‘other black’ young people from a similar socio-economic class and with similar academic results, even white British from wealthier backgrounds, are less likely to go to university’. The numbers of young people *commencing* their degree studies in 2012 as a percentage of their respective ethnic populations and socio-economic grouping are given in the table below:

Ethnic group	% Lowest socio-economic class	% Middle socio-economic class	% Highest socio-economic class	% All socio-economic classes
White British	12.8	30.5	54.8	32.6
Other White	31.5	41.5	60.7	43.8
Black African	53.1	59.1	64.1	56.6
Black Caribbean	29.9	39.4	52.9	37.4
Other Black	38.3	40.3	47.4	41.2
Indian	53.3	67.1	81	67.4
Pakistani	36.4	52.1	64.1	44.7
Bangladeshi	45.3	54.5	60.3	48.8
Chinese	65.5	75.6	81.5	75.7
Other Asian	44.4	56.1	65.8	56.3
Mixed	23.5	40.4	62	39.1
Other	40.0	42.4	58.7	44.2

A copy of the IFS report can be downloaded from their website via the link below:

<http://www.ifs.org.uk/publications/8042>

**Black and minority ethnic groups (BAME) earn less than white British with equivalent qualifications**

Against this, an analysis of the latest Labour Force Survey (LFS) data published by the Office for National Statistics (which is for 2014/15) carried out by the Trades Union Congress (TUC) shows that, on average, BAME people earn less than white British people with the same level of qualifications, and that the earnings gap actually become greater as the level of qualification increase, as follows:

- BAME graduates earn on average 23% less
- Those with GCE A-levels earn on average 14% less
- Those with 5 GCSE levels earn on average 11% less.

The TUC says that pay gaps based on ethnicity are not simply attributable to the type of university attended, since they 'even extend to black workers with degrees from the most selective universities', and argues that because 'education alone will do little' to redress this situation, 'further interventions that directly challenge racial inequalities in the workplace' are required'. The LFS data can be accessed via this link:

<http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/labour-market-statistics/index.html>

### **And finally...**

Below is an extract from an actual internal memo sent to staff at an FE college in the rural Midlands

*'When walking round the Campus, please keep your eyes open for ferrets. Both of the Animal Care Group Ferrets escaped sometime between late yesterday afternoon and 11:00 am today. We hope that they may return to their cage of their own free will for food, water and warmth, but if you should see a ferret wandering round the Campus please contact Reception telling them where you saw it (them) and Reception will contact Animal Care Staff to let them know'. (Only in FE!)*

(Thanks for the above item to Neil Bromley, former principal of North East Worcestershire College, and carrying on with the animal care theme thanks also to James Hampton, chair of governors at Bournemouth and Poole College, and former principal of Yeovil College, for the story below).

*The principal was worried. Although the college had been through a grueling area review and she had emerged victorious as the new CEO of a large 'college group', within the group was a struggling agricultural college that had clearly seen better days. The crumbling pile of buildings was in need of significant investment and qualification success rates were poor. The staff were disinterested and seemed to have no ambition whatsoever. The stock of the Animal Care Department consisted of a horse, three cows, two ferrets, a motley collection of disagreeable sheep and goats, a few rabbits and chickens and one torpid male python. One day the principal was passing the time away browsing Facebook posts and looking at YouTube videos. Half way through a YouTube video of a dancing cat, a smile crept slowly across her face. She had had an idea for a YouTube video, which, she thought, would simultaneously re-engage the agricultural staff, help the snake regain some of his old verve and, if it went 'viral' would be a phenomenal marketing opportunity that would boost the college group's (and her own) public profile.*

*In a short space of time, the python was put into a new and purpose built ophidarium, and was provided with what experts claimed was an attractive female python with an exceptionally high libido. The anticipated snake copulation would then be streamed 24 hours a day via strategically placed webcams to produce a video, the likes of which, even Sir David Attenborough would have been proud. When all was set up, the Principal sat back and waited for two snakes to get down to business, anticipating all the video hits (and publicity) that would come rolling in. But sadly, as time went by, nothing happened. Despite what was clearly flirtatious behavior of the female python, the male python showed absolutely no interest and the live streaming was, to be frank, just 'boring'. As a result, despite the considerable investment in the project, there were virtually no YouTube hits, no 'likes' on Facebook and consequently, no publicity for the college. In desperation the principal called in a snake procreation expert to find out why nothing was happening. After conducting exhaustive tests on the male python, and presenting the principal with an eye-watering bill for his diagnosis and expenses, the vet gave his verdict. 'What you have here', he said 'is a particularly acute example of a reptile dysfunction'*

### **Alan Birks – February 2016**

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