

Sector Developments

Skills development to be a 'core priority' for Local Enterprise Partnerships (LEPs)

In a recent report, the Department for Business, Innovation and Skills (BIS) Select Committee says that skills development 'should be a core priority for Local Enterprise Partnerships'. The report goes on to say that LEPs should be able to demonstrate effective engagement with local FE colleges, and added that some LEPs would 'need to refocus' in order to do this. The report confirms that LEPs 'will be responsible for setting local skills strategies', but that they 'will work with the FE providers to agree how these priorities will be delivered'. The report also confirms that LEPs will have a 'number of levers to strengthen their engagement with providers', for example the award of Chartered Status will be dependent upon colleges being able to demonstrate 'that they have taken into account the skills priorities of their LEP'.

Executive Director of the Apprenticeship Service retires

David Way, the executive director of the Apprenticeship Division of the Skills Funding Agency (SFA), will be retiring at the end of this month (September). The Apprenticeship Division of the SFA was formerly known as the National Apprenticeship Service (NAS) and was absorbed into the SFA on 1 April this year. During Mr Way's period in office the number of apprenticeships increased continuously.

Large increase in apprenticeship vacancies - but by less than the number of applications

The most sought after apprenticeships in 2012/13 were in:

- Live Events and Promotion (with 35 applications per vacancy)
- Plumbing and Heating (with 33 applications per vacancy)
- Marine Engineering and related activity (with 28 applications per vacancy)
- Arts, Media and Publishing (with 19 applications per vacancy)

The total number of apprenticeship places offered in 2012/13 increased by 27%. However the total number of applications for apprenticeship places increased by 32%. As a result of this, the government is urging more firms to take on apprentices. The case for them doing so has been strengthened by recent research that shows that 70% of employers believe that taking on apprentices has been good for their business.

Rapid decline in the number of 'short term' apprenticeships

Earlier apprenticeship funding methodology caused a rapid proliferation of apprenticeships of a very short duration, with some providers claiming full programme funding for apprenticeships lasting only 12 weeks (or in some cases, even less). This led to concerns about their quality and fitness for purpose, which in turn resulted in investigations being carried out by BIS and the Skills Funding Agency (SFA). As a result, rules for the design and content of apprenticeship frameworks were published in a new 'Specification for Apprenticeship Standards in England' (SASE). For example, apprenticeships for 16-18 year olds were expected to normally be of at least one year's duration. As a direct consequence of the new rules being applied, the number of short-term apprenticeships has fallen dramatically, with the latest data released by BIS showing a further contraction from 224,000 (43% of the total) in 2011/12, to 28,000 (8% of the total) in the first nine months of 2012/13.

Government consults on Richard Review recommendations for employer apprenticeship funding

The recommendations made in the recent Richard Review included a proposal that employers should be paid directly for the apprentices they take on. In response to this, BIS is consulting on three possible methods of doing so. These are to:

- Enable employers to claim funding directly online.
- Pay employers against claims made. (However payment would only be made once the employer's

financial contribution towards the cost of the apprenticeship had been confirmed).

- Allow employers to be paid via a 'tax credit' claimed through their PAYE tax return.

Mr Richard's own preference is for employers to receive payment for apprentices via a reduction in their PAYE and National Insurance liabilities. He claims that giving employers 'tax breaks' as payment for training (and not just apprenticeship training) would help employers 'have more of a say on the training their employees receive'. He also insists that it is vital that whatever the new system of funding introduced by BIS is, 'red tape should be kept to an absolute minimum'. The consultation period ends on 1 October.

Employers paying apprentices less than the minimum wage to be named, shamed and fined

Investigations carried out by Her Majesty's Revenue and Customs (HMRC) in 2012/13 identified 736 employers who had broken the law by failing to pay the national minimum wage (NMW) to some, or all, of their employees. This, in turn, led to the recovery of around £3.9m in underpayment of wages for more than 26,500 workers. Apprentices made up around 25% of the NMW non-compliance cases dealt with by HMRC, with underpayment being most prevalent amongst employers of younger apprentices. The HMRC findings were reflected in a recent Low Pay Commission (LPC) report that reveals that during 2012/13 more than 27% of all apprentices were paid less than their applicable NMW rate (compared with 20% in 2011/12). Within the total percentage for 2012/13, around 40% of all 16 and 17 year old apprentices, and 25% of all 18 to 20 year old apprentices, were paid below their applicable NMW rate. The LPC report goes on to say that employers in construction and hairdressing were especially culpable with around 34% of apprentices in construction, and almost 50% of apprentices in hairdressing, being paid less than their applicable NMW.

This has led to pressure from both the LPC and the Trades Union Congress (TUC) for the government to exert more pressure on employers and employment agencies to comply with the law in respect of paying the NMW. This pressure has been increased by recent allegations in respect of some employers that have used specialist recruitment agencies to recruit foreign workers. These workers end up being paid below the NMW because, for example, the agency that recruited them claims that it needs to recoup the money paid for the workers transportation to the UK and for their accommodation when they arrive. It has also been alleged that some unscrupulous agencies have sought to avoid having to pay workers the NMW by arranging for them to be registered as self-employed.

In response, Jo Swinson, the Minister for Employment Relations and Consumer Affairs, has introduced new measures designed to pressure rogue employers and employment agencies into paying the NMW (including the NMW rates applicable to apprentices). The new measures will mean that employers and employment agencies that break the law can be publicly 'named and shamed' and be fined up to £5,000 for each employee they underpay.

Foreign worker linked apprenticeship proposal

At the recent Labour Party Conference, Ed Miliband announced plans to create 125,000 new apprenticeships by compelling firms that employed migrant workers to employ one 'local' apprentice for each 'foreign' worker they employed. Matthew Hancock, the Minister for Further Education, Skills and Lifelong Learning immediately branded the proposal as being illegal on the basis that young people from elsewhere in the European Union (EU) could not be discriminated against in favour of 'local' young people. Mr Miliband was quick to explain that by 'local' he meant 'from anywhere in the EU'. (Currently, around 8% of UK apprenticeship places are taken by young people from outside the UK, but from within the EU.)

Mr Miliband went on to say that employers would be expected to meet the full cost of the proposed new foreign worker linked apprenticeships. However Mr Hancock responded to this by saying that he doubted that employers would be prepared to do this and that Mr Miliband 'did not know how apprenticeships worked' (although he has since refused to rule out the possibility that, at some stage in the future, employers could be required to pay towards the cost of training for 16-18 year old apprentices).

John Longworth, the Director General of the British Chambers of Commerce, called Mr Miliband's proposal an 'apprentice tax on employers and job creation' and went on to say that it 'would not benefit young people, who should be encouraged and properly supported rather than being used to control immigration

by other means’.

Kwik Fit offers unpaid traineeships

Kwik Fit has been criticised for recruiting 16-18 year olds to traineeships that involve the trainees working for 39 hours per week over a 5-month period for no payment. Although trainees will not receive any wages, the SFA will nevertheless pay Kwik Fit an average of £1,250 to £2,000 for each trainee. Kwik Fit has apparently been allowed to run the traineeships because the firm was awarded a Grade 1 at its last Ofsted inspection and already has an apprenticeship contract in place. The 2013/14 SFA contract with Kwik Fit is worth around £2 million, included in which is a payment to cover any traineeship costs incurred by the firm. In response to criticisms, a spokesperson for Kwik Fit said that the traineeships offered high quality training that could lead to an apprenticeship or a full time job, adding that in any event, there was no government requirement for young people undertaking traineeships to be paid.

More private trainers to get direct apprenticeship funding

Meanwhile, during 2012/13, the SFA ‘conducted apprenticeships pilots’ to ascertain the extent to which apprenticeship subcontractors wanted to, and were capable of, entering into direct contracts with the SFA. Subcontractors that expressed an interest in becoming directly funded providers were invited to submit an application via the SFA’s e-tendering portal. As a result, a further 62 private training firms have been successful in obtaining a direct contract. All of which, some cynical observers claim, will probably help pave the way for even more private trainers to become millionaires.

Colleges demand higher GCSE grades in English and math’s from applicants for apprenticeships

Some FE colleges have been accused of requiring applicants for intermediate apprenticeships to have obtained at least a grade C pass in mathematics and English. In response to this, Professor Alison Wolf (author of the recent Wolf Review of 14-19 Vocational Education) has called on all providers ‘to take a broader view of applicants’ abilities’ and has drawn attention to the fact that ‘neither SASE, nor the SFA specify such a requirement’. Nevertheless, all apprenticeship frameworks currently require that apprentices without qualifications in mathematics and English at the required level must obtain these qualifications at some time during their course. For most apprentices this is usually achieved through functional skills qualifications. However, some colleges are alleged to be asking for higher GCSE grades for intermediate apprenticeships in order to avoid having to deliver functional skills. This is apparently because delivering functional skills is claimed to be both ‘challenging and financially unrewarding’.

SFA conflict of interest investigation fails to materialize

Concerns continue to be expressed about the potential conflict of interest that exists when an organisation that delivers training courses is also the body that accredits them. Last November, these concerns led to a BIS Select Committee review, which in turn resulted in the SFA being asked to carry out an investigation. The group tasked with conducting the investigation was to consist of representatives from Ofqual, the former NAS (now part of the SFA) and BIS. However, it has emerged that the group was never formed. In explaining this, a spokesperson for the SFA said that ‘because the SFA and Ofqual had a close working relationship and met on a regular basis, the establishment of such a group was thought to be unnecessary’. A spokesperson for Ofqual added to this by saying that they ‘were confident that sufficient controls were in place to identify and deal with conflicts of interest’. Apparently not content with the reasons given, the chair of the BIS Select Committee, Adrian Bailey, reiterated that the Select Committee’s view continued to be that it was not ‘desirable for training providers and awarding bodies to be owned by the same organisation’. He went on to say that ‘since the Committee had made a specific request to the SFA for a group to be set up to examine the issue, he would be making enquiries to find out why this had not happened’.

Ofqual concludes its investigation into Pearson

Meanwhile, Ofqual has completed its investigation into Pearson. The investigation was carried out to ascertain the extent to which there was a potential conflict of interest between the training arm of the firm and the accreditation arm of the firm. (Pearson owns Edexcel). Ofqual has concluded that ‘new measures’

introduced by Pearson are sufficient to mitigate the risks of any conflict of interest to an 'acceptable level'. Ofqual has also accepted 'reassurances' from the firm that it is operating 'fairly and appropriately'.

First stage of the raising of the participation age (RPA) in England is implemented

From this month the government has increased the age to which all young people in England are legally required continue in full time education or in a job with training (such as an apprenticeship) until the end of the academic year in which they turn 17. This legal requirement will be further increased to age 18 from September 2015. This means that all young people in England that started in year 11 or below in September 2013 will be required to continue in full time education or in a job with training until at least their 18th birthday. In Scotland, Wales and Northern Ireland, the school leaving age remains at 16.

New rules introduced for young people with less than a grade C in GCSE English and mathematics

Figures recently released by the Department for Education (DfE) show that in 2011/12, only 20% of 16 year olds who had not gained a grade C or better in English, and 23% of those who had not gained a grade C or better in mathematics, continued to study the subjects in order to improve their grades. The DfE figures also show that of 285,000 19 year olds who left school at age 16 without a C or higher in both English and mathematics, 255,000 had still not achieved this level in those subjects by age 19.

The government regards this as unacceptable. Therefore, following one of the recommendations made in the Wolf Review, with effect from the start of this academic year, all young people in England that fail to get at least a grade C or equivalent in English and mathematics at age 16 will be required to continue studying these subjects until they do, or up to their 19th birthday, whichever comes earlier.

Commenting on this:

- Michael Gove, the Education Secretary, said 'Good qualifications in English and maths are what employers demand before all others'.
- A spokesperson for the DfE said 'young people without C grades or higher in English and maths at age 16 should ideally continue studying for GCSEs in these subjects, although they could also take other equivalent level qualifications (e.g. functional skills) at the same level as long as they were accredited by Ofqual. The spokesperson also said that 'the numbers of 16-19 year olds who did *not* gain GCSE's in English and mathematics at grade C or above will now be reported in annual league tables'.
- A spokesperson for the AoC said that 'whilst broadly welcoming the changes, the AoC has estimated that an additional 1,100 extra mathematics teachers and 1,000 extra English teachers will be required just in the colleges sector' and that it was unclear as to 'whether the government would provide the extra resources needed to fund these additional teachers'.

Pass rates for GCSE and GCE A level fall

Several years of continuous improvement in GCSE and GCE A level pass rates has led to ministerial accusations of 'dumbing down' of standards. However this year's results have shown a moderate deterioration of around 1%, both in the overall number of passes and in the number of top GCSE and GCE A level grades achieved compared with last year. This will no doubt lead to ministerial accusations of falling standards. Meanwhile, the number of first and upper second class honours degrees awarded as a percentage of the total number of degrees awarded has continued its upward trend, inviting no comment whatsoever from government ministers. (Although cynics have suggested that some universities may be tempted to award more top level degrees in order to improve their standing in university league tables)

Further setbacks for GCSE reform

Michael Gove's ambitious timetable to introduce new GCSE examinations has been put back after Glenys Stacey, Ofqual's Chief Regulator, informed him that it was clear that 'the amount of work needed on GCSEs, including the development of strengthened regulatory arrangements, means we cannot be ready in time for first teaching from 2015'. She went on to say that Ofqual had therefore decided to focus initially on English language, English literature and mathematics, 'which are the subjects where there are the biggest concerns' and that modern languages, science, history, geography and other GCSE subjects 'will not now be ready for pupils to study until 2016 at the earliest'. She also warned that the timetable for introducing new GCSE's in English and mathematics in 2015 'was still under review'. The delay is the latest in a long line of setbacks in Mr Gove's attempts to reform secondary school examinations, stretching back to his proposals to replace GCSEs with new GCE O levels in 2014.

Numbers of new Free Schools and University Technical Colleges (UTCs) continue to increase

Each local authority in England has a legal duty to ensure there is a school place for every child living in the local authority area. However, the Local Government Association (LGA) has warned that as a result of continuing population growth and rapidly rising birth rates, local authorities will find it increasingly difficult to provide these places. The LGA estimates that by September 2014, an extra 250,000 primary school places will be needed and that over the next 5 years, 415 new primary schools will need to be opened every year just to keep pace with the projected future rise in pupil numbers. The LGA goes on to allege that the process of increasing the number of additional primary schools needed to provide these extra places is being severely hampered by the government's apparent obsession with opening new free schools and academies in the secondary sector. To make matters worse, the LGA says that out of the 145 new free schools that have been approved this year, 20% are located in areas where there is at least a 10% surplus of secondary school places. Michael Gove responded to this saying that 'even though there may be no shortage of places in some areas, there is nevertheless a lack of *good* schools in those areas'. However, the LGA pointed out that more free schools are being opened in local authority areas where school performance is in the top 10%, than in areas where school performance is in the bottom 10%.

In addition to the ever expanding number of free schools, a further 17 UTCs (which, for the avoidance of doubt, are neither universities nor technical colleges) will open this September alone. These will be followed by an additional 44 UTCs that are scheduled to open by September 2015. Nevertheless, former Education Secretary, Lord Baker, says that 'many more UTCs are needed to fill the country's skills gap'.

First colleges recruit full time 14 and 15 year olds

The Education Funding Agency (EFA) has confirmed that 7 FE and sixth form colleges that meet the required criteria, and have applied to do so, will be taking up the opportunity to directly enroll full-time 14 and 15 year olds this September. This constitutes just 2.5% of the 283 colleges that are eligible to do so, although more are said to be considering exercising this option in September 2014. The 7 colleges are:

- Halesowen College
- Middlesbrough College
- Leeds City College
- Newcastle College Group
- Accrington and Rossendale College
- Hull College
- Hadlow College

The 7 colleges are required to teach the students in a 14-16 centre that is physically separated from the rest of the college. They will also be subject to an inspection by Ofsted using the schools' Common Inspection Framework (CIF) within the next two years.

Disadvantaged 16-18 year olds in colleges to be entitled to free school meals

With effect from this month, disadvantaged 16-18 year old students in FE and Sixth Form Colleges (but not in private training organisations) in England will be entitled to free school meals on the same basis as their counterparts in school sixth forms. The campaign to end the anomaly was successfully organised by the AoC and led to a House of Commons debate on the issue.

The devolved governments of Scotland, Wales and Northern Ireland will be provided with additional funds to facilitate free meals for disadvantaged 16-18 year old students in their colleges, although it will be their decision as to whether the extra funds are used for this purpose or spent on something else. This has prompted one cynical observer to suggest that the devolved governments might perhaps consider having a whip round from all the extra funding per head of population they receive through the Barnett Formula to provide the cash needed to enable Education Maintenance Allowances to be paid to disadvantaged 16-18 students in England (as they still are everywhere else in the UK).

'Learners' prefer to be called 'students'

The now defunct Learning and Skills Council (LSC) seemed very keen for FE colleges to be given no more status than private trainers. As a result colleges were told that, like private trainers, they were now to be called 'providers' and their students were to be called 'learners'. For some reason, this terminology never really caught on in the higher education sector, but it may have encouraged schools to try to fill the gap by transforming themselves into 'colleges' with head teachers becoming 'principals' and school pupils becoming 'students'. However, a recent 'Learner Voice' survey included a question asking FE 'learners' what *they* would prefer to be called. Perhaps unsurprisingly, virtually all of the 'learners' who responded said that they would prefer to be called 'students'. There is probably no direct link with this, but interestingly Ofsted has changed the name of its National Directorate that deals with FE from '*Learning and Skills*' to '*Further Education and Skills*'. Ofsted says that this will better reflect the 'broad spread of the education and training' and will also mirror the terminology now used in the Ofsted Common Inspection Framework (CIF).

Changes to the focus of Ofsted inspections from September 2013

From September 2013, inspections of colleges and training providers will be geared towards Ofsted's new national priorities. These new priorities are to:

- 'Increase the impact of inspection'
- 'Increase the impact and scope of improvement work'
- 'Improve outcomes in English and mathematics at Level 2'
- 'Ensure high quality of provision for 14-16 year-olds directly enrolled in colleges'
- 'Strengthen local accountability and governance/leadership of further education and skills providers to focus on the overall impact of their provision'
- 'Raise the status, quality and impact of vocational training'
- 'Improve the quality of teaching, learning and assessment'

Ofsted says that its work over the next 12 months 'will be guided by these priorities and each of the Regional Directors will formulate their own local plans around them'. Ofsted has also confirmed there are no planned changes to the CIF, but that from September 2013, in line with the recently published 'Rigour and Responsiveness' paper, inspectors will be carrying out earlier and more frequent visits to those providers judged to be inadequate. This is 'in order to inform intervention actions and to help the provider improve'. For those providers affected, Ofsted intends to carry out an initial monitoring visit within 3 weeks of the publication of the inspection report. Ofsted will then carry out further regular visits as appropriate before carrying out a full re-inspection within 15 months of the last inspection. Monitoring visits will 'assess the progress the provider has made in addressing the weaknesses identified in the inspection report and whether the provider is making sufficient progress to get to 'good' within a reasonable timescale'. Ofsted will also carry out a more formal monitoring visit within 6 months in order to review the progress the college is making. The findings of this visit will be published and be taken into consideration when risk assessing the college. How this aligns with the remit of the new FE Commissioner (see below) is, at present, unclear.

Other 2013/14 priorities for Ofsted include the following:

- All full inspections of FE and sixth form colleges that offer full-time provision for 14-16 year olds will also include a formal inspection of this provision using the schools CIF.
- Because the quality of the training of teachers and those other staff who deliver education, training and assessment is considered to be a key factor in determining the quality of teaching, learning and assessment received by students, from September 2013, Ofsted will inspect this area of provision as part of all full inspections and a section on SSA13 (Education and Training) will be included in the inspection report. The impact of teacher training on the quality of teaching, learning and assessment observed will also be reported on in the section on effectiveness of leadership and management.
- Inspection of 16-19 study programmes and traineeships for 16 to 24 year olds will also be included in all full inspections from September 2013. Ofsted will include a judgement on these programmes as part of the inspection report

Ofsted criticises the quality of careers guidance in schools

Ofsted has published its report on careers guidance in schools. The report, entitled 'Going in the Right Direction?' comes 12 months after schools were made responsible for delivering the service and around 9 months after the Education Select Committee reported that there had been a serious 'deterioration' in the quality of careers guidance in schools. The Ofsted report, which was commissioned by the Department for Education (DfE), is highly critical and reveals that 45 of the 60 schools visited for the purposes of compiling the report 'were not implementing their statutory duty to provide impartial careers advice effectively'. Other criticisms leveled at schools careers guidance contained in the report include the following:

- Around 75% of the schools visited had 'failed to develop a comprehensive strategy for providing careers guidance'.
- The National Careers Service (NCS) 'was insufficiently promoted and its telephone service and website were rarely referred to'.
- There was 'a lack of meaningful employer involvement in providing careers advice'.
- Pupils did not have access to information on the full range of career pathways available and therefore could not make informed choices.
- There was 'little guidance given on vocational education and training and apprenticeship options'.
- There was 'an over emphasis was given to the GCE A level option within the school sixth form'.
- Very few schools bought in impartial supplementary careers guidance services from external sources.

Recommendations made in the report include the following:

- The government should provide 'more explicit guidance to schools on how careers advice should be delivered'.
- The government should 'monitor students' progress and achievement when they leave school through accurate collection of destination data'.
- The NCS should 'market its services more effectively to all young people aged 13 to 18' and do more to disseminate information on national skills shortages 'so that young people gain a greater understanding of where there are likely to be greater employment opportunities'.
- Ofsted inspectors 'should take greater account of the quality and effectiveness of careers guidance and students' destinations, when conducting future school inspections'.
- Employers 'should be given the opportunity to become more involved in the provision of careers guidance in schools'

The government has responded surprisingly quickly to the report, and FE and Skills Minister, Matthew Hancock, has given a commitment to implementing the report's recommendations in full.

More colleges are given 'Notices of Concern' by the SFA

When Ofsted judges a college to be 'inadequate', or there are fears about a college's financial health or the robustness of its financial controls, the SFA will issue a 'Notice of Concern' (NoC). The NoC requires the college to take action to deliver the necessary improvements within a defined time period. If the college fails to bring about required improvements in the time period specified the continuation of its SFA funding might be placed at risk. Apparently, 22 colleges were given one or more NoCs by the SFA in 2012/13,

representing a 25% increase on the previous year.

FE Commissioner post remains unfilled

The new FE Commissioner is yet to be appointed, despite a number of possible candidates apparently 'having been spoken to' by BIS officials. It was anticipated that the post would have been filled by as early as this June, but it now appears that a preliminary interview of candidates will take place on the 8th and 9th of October with final interviews being held on 28th and 29th October. The interview panel is comprised of:

- Kim Thorneywork, Chief Executive of the SFA
- Peter Lauener, Chief Executive of the Education Funding Agency (EFA)
- Martin Doel, Chief Executive of the AoC
- Matthew Coffey, Ofsted National Director of FE and Skills.
- Bobbie McClelland, Deputy Director of BIS

The FE Commissioner post is offered on a 2 year fixed term contract, with an expected commitment from the post holder of around 80 to 120 days each year. The FE Commissioner will be able to report directly to ministers and will be given powers to directly intervene in 'failing' colleges with the aim of 'turning the college around' within one year. The Commissioner (aided by a team of 'FE Advisors') will be given 2 weeks to 'assess the capability and capacity of the governance and leadership of the college or institution to deliver improvement'.

The 'triggers' for intervention in a college by the FE Commissioner are roughly the same as those that result in the issue of a Notice of Concern by the SFA. Intervention is activated when a college is:

- Graded 'inadequate' by Ofsted.
- Judged to be in serious financial difficulty.
- Consistently failing to achieve the required minimum levels of student success.

After making an assessment, the Commissioner will 'advise ministers and recommend a course of action from across a suite of potential intervention actions'. The Commissioner will also have the power to 'propose options for new delivery models or partners to deliver the improvements needed'. Sanctions that can be applied by the FE Commissioner against a college include:

- Issuing the college with a 'Notice of Concern' (assuming that SFA has not already done so).
- Designating the college as having 'Administered College' status, which means that the college would, amongst other things, lose the freedom to make independent decisions in areas such as staff appointments, expenditure or disposal of assets.
- The removal of some or all of the college governors.
- In extreme cases, recommending that the corporation be dissolved, the college closed down and its provision transferred to another provider (which could possibly be an academy or Free School).

But some of the FE Commissioner's Advisors *have* been appointed

Meanwhile, 5 of the proposed 7 new 'FE Advisors' who will assist the FE Commissioner in conducting college interventions have been appointed. They are:

- Marilyn Hawkins: A former principal of Barnet and Southgate College and previous chair of the 157 Group.
- Lynn Forrester-Walker: A qualified accountant who is a former director of Quality 4FE and the Tribal Group.
- Malcolm Cooper: A qualified accountant and managing director of MCA Associates.
- David Williams: A qualified accountant who is director of the management consultancy W3 Advisory and a former director of Grant Thornton.
- Jenny Gaukroger: A former principal of Tower Hamlets College and previous senior Ofsted inspector.

The FE Advisors will be called in, either collectively or individually, to assist the FE Commissioner as and

when needed and may become involved in intervention cases before the FE Commissioner is appointed.

Chief Executive of Education and Training Foundation resigns

Sir Geoff Hall, the former principal of New College Nottingham, has decided to quit his post as interim chief executive of the Education and Training Foundation (ETF) after just three months in office. The hunt for a full time chief executive is still ongoing, however Peter Davies, who was principal of City Lit and who had been project leader in the Foundation's early stages, has taken over as interim chief executive.

The ETF was formally launched in August and is funded up to April 2014 through an £18.8 million grant from BIS (with a similar level of grant pledged to the ETF by BIS for the 12 month period after that). Meanwhile, the ETF has announced that contracts worth a total of £75,000 have been awarded to members of the HOLEX group that established it (which includes the AoC and the AELP), although the fact that the contracts did not go through a competitive process has attracted some criticism.

Mandatory requirement for FE teachers to have teacher training qualifications is dropped

As a result of new legislation that came into effect earlier this month (September), the Further Education Teachers' (England) Regulations 2007 have been rescinded. The regulations placed a mandatory requirement on all FE lecturers to hold teaching qualifications or to obtain them within a specified period of being appointed). The change has been the subject of criticism from the Institute for Learning (IfL) and from the University and College Union (UCU). Responses critical of the change include the following:

- A spokesperson for the IfL said 'We are deeply concerned about the possible impact of removing the need for teachers in our sector to have teaching qualifications'.
- A spokesperson for UCU said that the union's position was that 'no one should be employed as a lecturer in FE unless they hold a teaching qualification'.

However, against this:

- A spokesperson for BIS pointed out that the Lingfield Review of Professionalism in FE recommended that, 'as independent corporations responding to different local vocational education and training needs', there was strong support for colleges 'to be allowed to determine their own teacher training requirements'. The BIS spokesperson also drew attention to the fact that, as a result of the Lingfield Review, the Education and Training Foundation was now in place and was rapidly 'developing a firm foundation for the self-regulation of the profession'. The spokesperson went on to add that BIS trusted colleges 'to employ those they believe to be best qualified for the job'.
- A cross section of employers said that although they thought teaching qualifications were important, the requirement to hold a teaching qualification *prior* to being employed as a teacher of craft, technical or professional subjects might deter those people who had valuable industrial experience and who held high level qualifications in their own areas, adding that a facility for such people to obtain appropriate teaching qualifications 'on the job' and at their own pace, would offer a better solution.

Qualifications axed

SFA funding has been withdrawn from 1,884 adult qualifications. The justification for this is that the majority of the qualifications affected had seen little or no uptake since September 2011. A further 197 qualifications, the funding for which was previously at risk, have been given a reprieve. The decision to withdraw funding from the qualifications affected has drawn criticism from the Federation of Awarding Bodies (FAB). However a spokesperson for the SFA said that the agency 'had asked awarding organisations, colleges and training providers to submit evidence for any qualifications they believed should be retained' and went on to say that, 'where we have removed public funding for qualifications with no or low enrolments, we have ensured that there are no gaps in provision for learners and employers'.

Concerns expressed at the use of zero hours contracts in FE

Politicians from all of the main political parties have expressed concerns at the growing use by employers of zero hours contracts for employing staff. This is because such contracts provide no guarantee or

certainty of work or income. As a consequence, it is difficult for them to enter into credit or tenancy agreements. In addition, staff on zero hours contracts generally receive no sick or holiday pay. As a result BIS is now conducting an investigation into the way in which zero hours contracts are being used.

In order to ascertain the extent to which zero hours contracts are being used in the FE sector, UCU has used Freedom of Information (Fol) legislation to conduct its own research into the issue. Data received from the 200 colleges that responded to UCU Fol request has revealed that 61% employ teachers on zero hour contracts. The AoC has provided legal advice to help colleges and an AoC spokesperson has defended the use of zero hours contracts saying that they 'suited staff who did not want full time work and valued the flexibility that such contracts offered' and that they also 'helped colleges to engage experienced professionals who were in full time employment in industry and commerce elsewhere'. The AoC spokesperson also criticised the methodology used by UCU in using the Fol data, arguing that 'the survey did not cover all colleges and included estimates of staff numbers rather than actual figures'.

Job cuts at the SFA

The BIS Secretary of State, Vince Cable, has called for a cut of around £8 million in the SFA's administrative budget for 2014/15, which reduces it to around £85 million. (Mind you, £85million is still equivalent to the annual turnover of around 4 average sized general FE colleges). In response, the SFA is planning to implement a two-stage restructure. The first phase will see the agency losing at least 17 members of its 44-strong senior management team by January 2014. The second phase involves the remaining members of the team re-designing the organisation structure for the rest of the SFA. This will almost inevitably mean that a significant number the agency's remaining 1,200 staff will also be faced with uncertainty about the future of their jobs and it has been estimated that in total, around £17 million will need to be spent on redundancy packages in order to achieve the necessary cuts to long-term staff costs.

Merger of Accountancy Firms

When FE and Sixth Form Colleges were incorporated in 1993, they were required to appoint internal and external auditors, and were also recommended to appoint external legal advisors. Firms of accountants and lawyers took the view that there were potentially rich pickings to be had in providing the sector with consultancy, audit and legal services and, as a result many of these firms established whole departments in order to pursue and exploit the new business opportunities that colleges presented them with. Some firms developed quite lucrative business models. For example, a college's auditors might find, say, that a significant number of the college's funding claims were ineligible on the grounds of some technicality, such as missing or incorrectly completed documentation. The disallowed claims would clearly result in a significant loss of income to the college. However, the college's problem became an opportunity for the firm to offer consultancy services to find ways of making up the shortfall in income. This might be by optimising the college's other funding claims (a practice referred to at the time as 'unit farming') or, for a fee, sourcing extra provision for the college through third party providers. One principal described this practice as being analogous to auditors putting the college in hospital and then charging for the doctors and nurses needed to get out of hospital.

For those of you in colleges who, at some point in the past, may have been on the receiving end of external auditors shaking their heads, sucking their teeth, rolling their eyes, and generally sniggering at your college's latest financial accounts and cash flow forecasts, you can perhaps take comfort from two things. Firstly, remember that auditors are just people who found accountancy too exciting. Secondly, accountancy firms can, and do, get things wrong, and sometimes in a big way. Take, for example, RSM Tenon, a firm that has been very active in the FE market. As a result of some bad decisions, the firm appears to have found itself in financial difficulties and as a result has now been taken over by Baker Tilley (which incidentally results in Baker Tilley having around 50% of sector colleges as their clients). Deloitte, (an accountancy firm that was recently fined a record £14 million by the Financial Reporting Council for providing dubious advice) was appointed as RSM Tenon's administrators and brokered the takeover by Baker Tilley. However it seems that the terms of the acquisition mean that RSM Tenon's main creditor, the 33% publicly owned Lloyds Bank (previously Lloyds TSB), will not recover all of the £80.4 million the firm is said to owe.

Changes to college audit requirements

As part of the 'Freedoms and Flexibilities' agenda, FE colleges are no longer required to appoint internal auditors. However if they do decide to do without internal audit services, certain safeguards are required to be in place and significantly more onus will be placed on the work of the College Corporation Audit Committee. In addition colleges can, if they wish, use one set of auditors to undertake both internal and external audits. College Corporations wishing to use just one set of auditors will need to amend their Instruments and Articles of Government using the powers given to them in April 2012 by the Education Act 2011.

And finally...

The course tutor for a full time level 1 Science course decided that, as part of her tutor group's personal and social development programme, she would teach them about the dangers of alcohol abuse. To do this, she arranged an experiment in the Biology Laboratory that involved a glass of water, a glass of whiskey, and two worms.

'Now', she said to her class, 'observe what happens to the worms'. She then put one worm into the glass of water and the other worm into the glass of whiskey. The worm in the water swam about, as happy as a worm in water could be. However the worm in the whiskey quickly sank to the bottom, dead as a dead worm could be. 'And what can we learn from this this experiment?' asked the lecturer. The response from the class was a deafening silence. 'Come on', said the teacher, 'It must tell us something'. All the students had blank expressions on their faces, but after a pause, one student tentatively raised his hand and said, 'Does it mean that if you drink whisky you won't get worms?'

A bit later, over a cup of coffee in the college refectory, the tutor was discussing her disappointment with the group with her friend, who taught the students functional skills in English. 'You know,' she said 'I once asked them for ideas on how the college could become more green and instead of them talking about wind turbines, solar panels and recycling bins, they suggested that the Building Services staff should buy a job lot of green paint and decorate the whole college with it' 'Well', said the English lecturer, 'I have to admit that the students have proved to be a bit more challenging than I'd expected. But looking on the bright side most of them are now managing to get straight As'. 'That's encouraging to hear', responded the course tutor. 'Not really, said the literacy teacher, 'they still get Bs, Cs and most of the other letters of the alphabet a bit wonky'.

(OK, I know I'm scraping the barrel a bit here)

Alan Birks – September 2013

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