Sector Developments

Nick Boles writes a letter

Towards the end of last month (March), Skills Minister for England, Nick Boles sent his termly letter to all colleges. The letter included a confirmation that 'transition grant funding' of between £50,000 and £100,000 will be available to help colleges to employ consultants and other specialists to assist with implementing area review recommendations. In his letter, Mr Boles says that the grant funding will 'support colleges in accessing the skills and capacity needed', and will be in addition to the £500 million package of loans and grants previously announced to help colleges meet any 'restructuring' requirements (ie redundancy costs). Mr Boles warns that 'transition grant funding is time-limited' and that 'colleges will need to make the most of this opportunity now to achieve the strength and stability required for the long term'. Mr Boles also says that he is 'pleased with the way that college governors and principals have responded to the challenge of the area review process', and that he is 'hugely encouraged that the first wave of reviews is starting to produce the kinds of outcomes envisaged by the government'. He goes on to say that independent training providers, while not part of the review process, will 'need to be aware of the shifting landscapes in their local area and of wider developments'. He also gives an update on progress in 'implementing reforms in FE' and makes reference to the future devolution of central funding to regional authorities in England, along with the need for a new adult skills provision commissioning system that will arise from this devolution. A copy of Mr Boles' letter can be accessed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/510567/letter-from-nick-boles-mp-to-colleges-march-2016.pdf

A copy of the policy briefing for college governors and principals that accompanied Mr Boles' letter can be accessed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/510571/BIS-16-170-bis-dfe-brief-on-progress-for-fe-governors-and-leaders-march-2016.pdf

And a copy of the overarching revised BIS/DfE area review guidance can be accessed at:

https://www.gov.uk/government/publications/post-16-education-and-training- institutions-area-based-reviews

Restructuring facility

Matthew Atkinson (not to be confused with Matt Atkinson, the principal of Bath College) has been appointed as head of the new 'Transaction Unit'. The Transaction Unit is based within the Skills Funding Agency (SFA) and has been established to 'evaluate the business case' made by colleges seeking to apply for loan or grant funding from the 'restructuring facility' that has been established to help colleges meet any restructuring costs (eg redundancy payments) arising from the implementation of area review recommendations. The Treasury says that it will be monitoring the use of the restructuring facility very closely, and it is expected that in virtually all cases, funds from the facility will only partially cover restructuring costs. A contribution from applicant college's own resources is also required. In addition, funding support from the facility will be made on a loan, rather than on a grant, basis.

Transition Grant Funding

As mentioned in Nick Boles' termly letter (see above), the Department for Business, Innovation and Skills (BIS) and the Department for Education (DfE) have jointly announced that grants of up to £100,000 are to be made available to support 'each significant change resulting from an area review'. Grants will be made 'in recognition of the challenges associated with implementing recommendations effectively', and in order to help 'ensure providers can access the best change management skills' (ie employ external consultants) 'and will have the capacity to make the changes at the pace required'. Grants will be available for a time-limited period following the conclusion of an area review. Funding will be provided for up to 75% of eligible costs. There is a mandatory 25% contribution from the applicant college(s) and this must be spent on eligible costs and be provided in cash, and not in kind. The SFA and the Education Funding Agency (EFA) say that they will evaluate the details applicants have provided and will arrive at a decision within one month of receiving the application.

Only colleges will be able to submit applications for transition grant funding. However, a college can also apply on behalf of any other organisation that will incur eligible costs relating to the agreed 'significant change'. For example, a college could submit a claim for funding in respect of a due diligence exercise on another college it was considering merging with. Where a college applies on behalf of any other organisation, it will be accountable for both its own compliance with the funding conditions, and that of the other organisation concerned. All payments of transition grant funding will be made to the applicant college.

Applications for grants of up to £100,000 will be considered where an area review outcome recommends:

- The closure of a college
- The merger of more than 2 institutions, or of 2 institutions with a combined turnover of more than £25 million
- The establishment of a multi-academy trust of 2 or more colleges

Applications for grants of up to £50,000 will be considered where an area review outcome recommends:

- The conversion of a single sixth form college to a 16-19 academy
- The merger of 2 institutions with a combined turnover of less than £25 million
- 'A significant rationalisation or other significant change at a college, or colleges, where this change is reasonably expected to have significant upfront costs', (eg a 'significant curriculum rationalisation', or the 'setting up of a shared services arrangement').

Transition grant funding can be provided for each 'significant change' arising from the recommendations of an area review, so colleges could theoretically submit multiple applications for grants. The EFA and SFA will decide what constitutes 'significant change', and the amounts that may be claimed for them.

In each application for transition grant funding, colleges will need to confirm that:

- It is the only request for transition grant funding relating to that particular 'significant change'
- The application has the full support of any other organisation that is party to 'significant change'.

Applications for transition grant funding should be made within 2 months of the date of the final area review steering group meeting. The grant and any college contribution must be spent within 1 year of the final steering group meeting. Any grant funding awarded to a college can only be spent on purchasing 'relevant skills and services' that will help to implement the 'significant change' in question.

Examples of 'relevant skills' include:

- Project management skills
- Legal skills
- Financial skills
- Commercial skills
- Estates related skills
- 'Turnaround' and 'recovery' skills.

Examples of 'relevant services' include such things as:

- Carrying out a due diligence exercise
- Carrying out a financial appraisal or net worth valuation.

With specific reference to due diligence, a standard due diligence framework is being developed and is expected to be available by June 2016. When an application for transition grant funding includes due diligence costs, the applicant organistion will be expected to take account of this framework, once available. No additional amounts of transition grant funding will be provided in relation to VAT which may be payable on eligible costs. More details on transition grant funding can be accessed at:

https://www.gov.uk/government/publications/post-16-education-and-training-institutions-transition-grants-for-area-reviews/transition-grants-guidance-area-reviews-of-post-16-education-and-training-institutions

And a copy of the application form that colleges are required to use can be accessed at:

https://www.gov.uk/government/publications/post-16-education-and-training-institutions-transition-grants-for-area-reviews

Timescales slip for area review completions

At least 3 of the 7 regions involved in the first wave of post-16 education and training area reviews (ie those which held their first steering group meetings in September and early October 2015) have already overrun the government 6-month deadline for completion. Only the Birmingham area review, which began in September 2015, has held its final steering group meeting. BIS initially advised colleges that post-16 education and skills area reviews should take 3-4 months to complete, but extended this to 4-6 months in the revised area review guidance jointly published by BIS and the DfE in March. The delays in completing the reviews have been blamed on the need for steering groups to take account of the unexpected government decisions made since September 2015, such as the announcement that SFCs could convert to academy status, and that loan and grant funding would be made available to help meet the cost of implementing area review recommendations.

New academy sixth forms in England must have at least 200 students and offer 15 GCE A Levels

The DfE has issued new guidance that says from now on, academies in England must *expect* to have more than 200 pupils and be able to offer at least 15 GCE A Level subjects, before they will be allowed to open a new sixth form. The guidance also says that academies 'will be required to prove there is sufficient demand for post-16 provision', and to demonstrate 'financial viability and value for money'. The guidance represents a significant shift in government policy from that of the previous coalition government, when all schools were actively encouraged to open sixth forms. This policy resulted in a total of 1,180 new school sixth forms being created that had fewer than 100 students. The new DfE guidance is thought to be partly a response to the concerns raised about the 'costs, breadth of offer and outcomes' of small school sixth forms identified during the post-16 area review process. The criteria that academies are expected to meet before they will be allowed to open a new sixth form include the following:

- Only applications from schools rated good or outstanding will normally be considered.
- There should be 'an expectation of around 200 students or more' will join the sixth form.
- Sixth form pupils should be able to choose from 'around 15 A levels across a range of subjects'.
- The application should 'demonstrate demand, including any shortage of post-16 places'.
- The application should include 'an assessment of the quality of Level 3 provision across the area'.
- The application should include 'an assessment of the impact of the new provision on existing providers'.
- The application should demonstrate 'financial viability and value for money', including:
    - 'A test for financial resilience, should post-16 pupil numbers fall in the future'
    - Evidence that there will be no need for the academy to 'cross-subsidise' budgets for post-16 provision from budgets for 11-16 provision.

Local FE and sixth form colleges should also be consulted on any new sixth form proposal. The final decision on opening a new sixth form will be made by the Regional Schools Commissioner. More on academies will be included in next month's newsletter. A copy of the new guidance can be accessed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/504321/Making_significant_changes_to_an_open_academy.pdf

The FE Commissioner intervenes

To date (April), the FE Commissioner, Sir David Collins and his team have carried out interventions in 43 providers. These include 36 general FE colleges (GFEs), 6 local authority (LA) institutions and 1 specialist institution. Of these, 15 GFEs, 4 LA institutions and the specialist institution have now been removed from the intervention regime.

The SFA publishes a list of 'approved' 16-19 Technical Qualifications

The list of 16-19 approved technical and applied qualifications that will be included in 2018 school and college performance tables in England were published in January 2016 and were updated last month (March). The approved qualifications will be published in one of three performance tables categories, as follows:

- 'Tech Levels': Level 3 qualifications for students 'wishing to specialise in a specific industry or occupation'.
- 'Applied General Qualifications': Level 3 qualifications for students who 'wish to continue their education through applied learning'.
- 'Technical Certificates': Level 2 qualifications that will 'equip students with specialist knowledge and skills and enable entry to employment or progression to a Tech Level'.

All of the approved qualifications have been required to meet new quality criteria, which includes having the full support of employers and universities. The list of approved 16-19 Technical Qualifications can be accessed via the following link:

https://www.gov.uk/government/publications/2018- performance-tables-technical-and-vocational-qualifications

Ofsted inspector faces disciplinary action for criticising the Chief Inspector's comments on FE

The Ofsted Chief Inspector for England, Sir Michael Wilshaw, recently enraged the college sector by telling the House of Commons Education Select Committee that FE was 'in a mess' and that 'all 16-19 year olds should be taught in schools, not colleges'. Sir Michael later insisted that he had made the comments in 'a personal capacity', but this nevertheless prompted the Association of Colleges (AoC) Chief Executive, Martin Doel, to respond by saying 'quite apart from the conflict inherent in her Majesty's Chief Inspector being called to give evidence in his official capacity and then providing a personal opinion, even personal opinions require justification if they are not to be regarded as mere prejudice, or an unreliable anecdotal judgment'.

Some observers also expressed their disappointment that Nick Boles did not use his termly letter as an opportunity to criticise the derogatory comments made by Sir Michael about the sector, however it would appear that Tony Davis, who is an Ofsted inspector, has done the job for him. Speaking at an FE conference, Mr Davis delivered a speech in which he criticised Sir Michael's comments and called for him to be removed from the post before his planned retirement in December. In his speech, Mr Davis said that 'Sir Michael's immediate departure on gardening leave for the remainder of his tenure could not come soon enough, in order to stem the damage done to the sector's reputation by his hostile statements'. Unfortunately, Ofsted has taken the view Mr Davis's comments amount to a breach of his contract. The reason Ofsted gives for this, is that he has '*contravened Ofsted's policies and expectations on matters such as conduct, use of the Ofsted Inspector title and conflicts of interest'*, and that he has '*damaged the reputation of Ofsted'*. In response to the allegations made against him, Mr Davis says that he has contravened neither his Ofsted contract, nor the 'Ofsted Inspector Engagement Guidance', and went on to say that 'on the contrary, it is because I value Ofsted's reputation so highly that I am asking for the Ofsted leadership to stand down the chief inspector'. The general view of those who attended the conference was that Mr Davis' speech was a 'vigorous' and 'well-evidenced' refutation of Sir Michael's comments.

Ofsted Data Dashboard ditched

Ofsted has announced that its FE and Skills data dashboard is to close down this September, just over two years after it was launched in May 2014. The purpose of the dashboard was to 'enable college governors, employers and interested members of the public to find out about the comparative performance of the providers they are using, or are considering using'. Commenting on the closure of the dashboard, a spokesperson for Ofsted said that 'performance data for FE and skills providers can be accessed using the SFA 'National Success Rates tables and Learner Characteristics by Provider tables'. The spokesperson went on to say that other 'new products have been made available to the sector, both within and outside government, that provide similar information about FE and skills providers, so we have concluded that the data dashboard is no longer required'. The spokesperson also said that the 'data dashboard will not be updated with 2015 data'. The SFA 'National Success Rates' table can be accessed at:

https://www.gov.uk/government/statistical-data-sets/sfa-national-success-rates-tables-2013-to-2014

And the 'Learner Characteristics by Provider' table can be accessed at:

https://www.gov.uk/government/statistical-data-sets/fe-data-library-local-authority-tables

SFA Data Dashboard 'dissed'

Earlier this month (April) the long awaited SFA 'Qualification Achievement Rate' (QAR) dashboard was finally made available on the SFA's 'Online Hub'. The QAR dashboard will replace the former 'Qualification Success Rate' (QSR) dashboard. The SFA says that the new QAR dashboard will be 'interactive' and will 'provide colleges with additional information', which they can use to compare 'national rates at aim and framework level'. But immediately on its release, the new dashboard became the subject of intense criticism from college management information services (MIS) staff. Complaints made about the new dashboard include the following:

- The dashboard does not have the level of detail needed to provide the data that Ofsted requires (meaning that college MIS staff will still have to produce their own figures).
- The dashboard does not include the facility to view national averages for individual qualifications (which was previously available).
- Performance in English and mathematics is 'lumped together' and cannot be analysed separately.
- It is not possible to download the QAR data tables in PDF form. When attempts are made to download the data in Excel, college MIS staff say that 'the number of errors make them unusable'.
- 'Graphical imaging has been prioritised over actual useable data'.

Responding to these complaints, a spokesperson for the SFA said 'the new interactive dashboard has been developed and designed in consultation with the sector and with Ofsted', and argued that it 'incorporates suggestions made by providers'. The spokesperson went on to say 'although national rates are not yet included for individual qualifications, they are there for type and level' and that 'they can be filtered in any of the charts to give a more detailed view at qualification type, age band or level'. The spokesperson gave an undertaking that the SFA will 'improve its tool for viewing qualification achievement rates', but was 'unable to give a timeframe for this at present'. The new QAR dashboard can be accessed at:

https://www.gov.uk/government/publications/sfa-qualification-achievement-rate-2014-to-2015

DfE Data Dashboard developed

Earlier this month (April), the DfE announced that a new 'school comparison tool' would be made available to the public on a 'beta service' basis. In addition to schools data, the new dashboard also includes FE and sixth form college data, which the DfE says 'can be used to compare performance across schools' (and colleges). Details of the new dashboard can be accessed at:

https://www.compare-school-performance.service.gov.uk

Increased pressure to end subcontracting, and new concerns about the use of 'brokers'

It has been revealed that subcontractors are being charged 'sums running into 8 figures' in 'management fees' by 'prime' contractors. A 'prime' contractor is a provider with a direct contract and funding allocation from the SFA or EFA. A 'prime' contractor that does not have the capacity or is incapable of delivering all of the contract on its own, will sometimes subcontract the provision to another provider to deliver on its behalf, This is usually done in order to avoid the funds being 'clawed back' by the relevant funding agency, which could affect the 'prime' provider's funding allocation in subsequent years.

Subcontracting goes back to the period immediately following incorporation in1993 when, strange as it must seem today, colleges were set targets for growth. The practice was first called 'franchising', and then 'off-site collaborative provision' (OCP) and tended to be used by colleges who were struggling to meet their growth targets. Then, as now, provision was usually subcontracted to private trainers and voluntary groups. Growth funding was called demand-led element funding (DLE), and when this was eventually withdrawn, it resulted in the spectacular financial collapse of some colleges, and serious financial difficulties for many others. It also led to the demise of the Further Education Funding Council (FEFC). The withdrawal of DLE also resulted in private trainers and voluntary groups exerting pressure on funding agencies to award them their own 'direct' contracts, and this is exactly what the Learning and Skills Council (LSC), which replaced the FEFC, began to do.

Subcontracting is still alive and well today. In 2014/15 one 'prime' provider, 'Learndirect' (now owned by the Lloyds Banking Group) is alleged to have charged subcontractors management fees amounting to almost £50 million, which was around a third of the total government funding that it was allocated for front line delivery in that year. The practice of subcontracting has recently become the subject of intense criticism from members of the House of Commons Public Accounts Committee (PAC), with the PAC chair referring to it as a 'rip off' and 'complete waste of public funding'. As a result, subcontracting is being investigated by the National Audit Office (NAO) and is the subject of detailed 'compliance work' by the SFA.

These PAC and SFA investigations have now become even more intense after it was revealed that there are an increasing number of firms of brokers being established. These firms are typically charging around 5% of the total contract value in 'commission fees' in return for matching subcontractors to 'prime' providers. Some brokers are alleged to be 'earning 7 figure sums' in commission, which has been described as 'top slicing of top slicing'. Broker's fees are usually paid by the 'prime' provider and are then are re-charged to subcontractors. These brokerage fees are in addition to the large sums subcontractors are charged by 'prime' contractors in 'management fees'.

In response to all this, a BIS spokesperson said that the SFA would be 'strengthening their funding agreements to limit the use of brokers', and that 'where there is evidence that a prime provider has ineffective processes and controls for managing their subcontractors, or their subcontracting represents poor value for money' this will be regarded as 'a breach of funding rules', and 'action will be taken'. However, the SFA has been warned about subcontracting previously, and a spokesperson representing both BIS and the DfE told SFA officials that 'while we appreciate that you have worked with the sector to enhance the controls around subcontracting in the last two years, there continues to be levels of short term tactical subcontracting that are causing concern'. The spokesperson also told SFA officials that 'prime' contractors should:

- 'Not engage in subcontracting in order to meet short-term funding objectives'
- Ensure their arrangements 'add value to the provision'
- Ensure that 'public funding is used to directly support learners'
- Ensure that, if subcontracting is engaged in, 'subcontractors are selected fairly and have sufficient capacity, capability, quality and financial standing to deliver the required services'.

The 2016/17 funding letter sent to the SFA last November, BIS went further, and said that the agency was required to:

- 'Ensure that sub-contracting practices are consistent with the need to achieve value for money'
- 'Take action against providers who are either operating unacceptable practices, or are failing to provide clear and timely information'
- Produce a report for BIS on 'the controls in place to protect the interests of learners and employers'.

Although neither subcontracting nor the use of brokers is currently illegal, both practices involve huge sums of public money, leading to concerns that although the use of subcontractors may be subject to at least a degree of funding agency regulation, at present the use of brokers is not subject to any regulation.

HEFCE publishes new quality assurance 'operating model'

The Higher Education Funding Council for England (HEFCE) has published a new 'operating model for external quality assessment'. The new operating model will affect the vast majority of FE colleges offering HE courses in England. Those colleges 'without two QAA passes' are invited to a meeting with HEFCE to discuss how to achieve this eligibility requirement. Further details of the new HEFCE operating model can be accessed at:

http://www.hefce.ac.uk/media/HEFCE,2014/Content/Pubs/2016/201603/HEFCE2016_03.pdf

BIS launches a new fund for degree apprenticeships

BIS has announced a new £10 million fund for the development of degree level apprenticeships. The new funding consists of £8 million for universities to develop degree apprenticeships and a further £2 million to promote them to firms, prospective apprentices and the wider public. BIS officials say that it is 'unlikely' that FE colleges will be able to bid for a share of these funds, except possibly if they are in a partnership with a university. Whilst the announcement has been generally welcomed, some observers have expressed concerns that because the funds will be channeled through universities rather than employers 'the development will lead to a divide between degree apprenticeships and the rest of the apprenticeship offer'. Further details of degree apprenticeships can be accessed at:

https://www.gov.uk/government/news/sajid-javid-in-manchester-to-announce-multi-million-pound-boost-to-degree-apprenticeship-opportunities?dm_i=26BG,44TTU,HXH45S,F0WCO,1

OBR forecast for apprenticeship levy receipts is revised downwards

The apprenticeship levy announced by the UK government in July, is due to be introduced in April 2017. The levy is set at 0.5% of an employer's payroll and will be collected on behalf of the Treasury through the 'Pay As You Earn' (PAYE) system. Only businesses with a payroll of more than £3 million (about 2% of employers) will actually pay the levy. The funds raised through the levy will be 'ring-fenced' (ie can only be spent on training apprentices). Employers will be able access their levy money via a new 'digital account', which they can use to pay for training and assessment for their apprentices. In last month's budget, the Chancellor of the Exchequer announced that all employers contributing to the levy would receive a 10% top up on their monthly levy contributions to spend on their apprentices.

Last November, the Office for Budget Responsibility (OBR) predicted that the apprenticeship levy would raise £2.8 billion in 2017/18, £2.9 billion in 2018/19 and £3 billion in 2019/20. However, the latest OBR figures published in March, based on the OBR's own revised forecasts on employment and earnings, show that the amount expected to be raised through the levy has been revised down by £100 million in each of the 3 years. The £3 billion that was expected through the levy in 2019/20 would have seen £2.5 billion being allocated to support apprenticeships in England, with the remaining £500 million being allocated to the governments of Scotland, Wales and Northern Ireland to support apprenticeships in those countries. Despite the projected £100 million reduction in each year, the Treasury has said the projected allocations for apprenticeships for England would remain unchanged, and that 'discussions on funding allocations were ongoing' with other UK governments.

Young people who do not go to university are 'overlooked and left behind'

A report entitled 'Overlooked and Left Behind: improving the transition from school to work for the majority of young people' has recently been published by the House of Lords Social Mobility Committee. The report says that 'the majority of young people who are not taking GCE A Levels or degrees are being let down because of an over-emphasis on higher education and a lack of training options'. Commenting on the report, the committee chair, Baroness Corston, said 'the current system for helping people move from school to work is failing most young people, and limiting their opportunity for social mobility'. She went on to say that 'focusing excessively on university or apprenticeships, to the exclusion of other routes, is to the detriment of many talented and able young people'. She also said that 'a young person considering their options for further education or employment is presented with gobbledygook - it is totally unclear to them how they can get the skills needed for a successful career'. The report found that:

- 'There is a culture of inequality between vocational and academic routes to work', and cites Switzerland and Germany as countries that 'operate successful and respected systems of both vocational and academic pathways into employment'.
- 'The intense academic focus of the existing curriculum is too narrow for some students, and a new approach is needed'.
- 'There is too much focus on the numbers entering university, given that the majority of young people do not opt for academic study after the age of 16'. (In England, in 2013/14, of a total population of 1,285,800 16 and 17 year-olds, 47% started GCE A Levels, whereas 53% did not).
- 'For those who do not follow an academic route, the system is complex and incoherent'.
- 'Careers advice and education are being delivered in a way which means that too many young people drift into further studies or their first job, both of which often have no real prospect for progression'.
- 'League tables encourage schools to focus on academic results and this can dishearten young people who are middle-ability achievers'.
- 'Whilst recognising the value of apprenticeships, they are only taken by 6% of 16-18 year olds'. (Amongst those starting apprenticeships in 2014/15, 77% were aged over 19 and 42% were over 25).
- 'Government policy has protected schools and university funding, but not the budgets of post-16 colleges, which serve the majority of youngsters who do not go on to university'.
- 'There is an inequality in investment, with a university student receiving about £5,000 more per year of public funding than a young person attending a post-16 college'.
- 'There is a confusing qualifications system that has been subjected to continual change and does not guarantee quality employment. The qualifications themselves are often poorly understood by employers, who cannot be expected to understand what skills unfamiliar qualifications represent'.

Amongst the recommendations made in the report by the committee were the following:

- The constraints of the national curriculum should end at the age of 14, not 16'
- The government should do more to help collaboration between schools, colleges and employers
- A cabinet-level minister should be appointed to take responsibility for the transition from school to work.

A copy of the committee report can be accessed at the web link below:

http://www.publications.parliament.uk/pa/ld201516/ldselect/ldsocmob/120/12002.htm

Mismatch between young people's career ambitions and job opportunities

The Association of Employment and Learning Providers (AELP) and Pearson have commissioned research into ‘why youth unemployment has remained stubbornly high as the economy recovers’. The research was carried out by the Learning and Work Institute, which was recently created by through the merger of the National Institute for Adult Continuing Education (NIACE) and the Centre for Economic and Social Inclusion (CESI) and the research findings are published in a report entitled ‘Routes into Work…Its Alright for Some’. The report claims that one of the key reasons for high levels of youth unemployment is that there is a ‘mismatch between young people’s career ambitions and number of jobs available in particular sectors’. The report goes on to argue that a ‘better understanding is needed of why young people choose oversubscribed career paths’, and that ‘at present, too many young people find themselves drifting, dropping out and making the wrong learning or job choices’. The report also says that ‘too many young people prepare themselves for work in sectors where the odds against finding work are high because they lack the necessary labour market information’. In support of this, the report refers to earlier research carried out in 2013 by the Education and Employers’ Taskforce, which revealed that ‘one in five teenagers surveyed wanted to work in culture, media and sport, fields which account for just 2.4% of employment opportunities’.

The AELP/Pearson report makes a number of recommendations, which include:

- A call for more research to be carried out into young people’s knowledge of the labour market.
- More recognition of ‘the importance of the role work-based learning plays in helping young people not in education, employment, or training (NEET) to find jobs’.
- Improving the quality of careers information.
- Ensuring school pupils and their parents are aware of all post-16 options.
- Developing a range of actions and sanctions against schools that fail to provide this information.
- Increased monitoring of the performance of the new Careers and Enterprise Company (CEC) ‘so that successes can be built on, and any signs of lack of reach or impact can be detected and addressed’.

A copy of the report can be accessed via the web link below:

http://www.aelp.org.uk/news/pressReleases/details/routes-into-work-it-s-alright-for-some/

CEC announces successful bids for CEF project funding

Meanwhile, the CEC has announced details of the first 33 projects to receive funding from its Careers and Enterprise Fund (CEF). Providers and other organisations were invited to bid for CEF funds for projects that ‘increase the number of encounters young people have with employers while in education’. The total funding for these projects is £9.5 million, made up of £5 million from the CEF with the rest coming from matched funding from the successful bidders. Around 75% of the funding will go to projects in areas of England identified by the CEC as being ‘careers advice cold spots’, and ‘most in need of careers and enterprise support’. Only one of the direct beneficiaries of the project funding is an FE college, however a further six beneficiaries working with FE colleges. Further details can be accessed at:

https://www.careersandenterprise.co.uk/fund

DfE publishes a report on student attainment in England by age 19

The DfE has recently published a report entitled ‘Level two and three attainment in England: Attainment by age 19 in 2015’. The report shows that:

- The number of 16-19 year olds gaining Level 3 qualifications through the GCE A Levels route fell by 0.3% in 2014/15, this being the first contraction in numbers qualifying via this route the since 2003/4.
- The number of 16-19 year olds achieving Level 3 qualifications through vocational routes increased by 0.8% in 2014/15, to 18.4%, an increase of more than 15% since 2003/4.
- The number of students successfully gaining Level 2 English and mathematics by age 19 reached 70% in 2014/15, up from 67.8% in 2013/14.
- The proportion of young people who had failed to achieve a Level 2 qualification in English and mathematics at age 16, but had achieved both by age 19, increased from 16.9% in 2013/14 to 22.3% in 2014/15.
- There was ‘an improved outlook’ for students eligible for free school meals (FSM), and for those with special educational needs (SEN).
- Some 71.9 per cent of students eligible for FSM at age 15 had achieved Level 2 by age 19 in 2014/15,

compared to 88.4% of those that were not eligible for FSM. This was a small improvement on 2013/14, when 71.3% of those on FSM at age 15 had achieved Level 2 by age 19, compared to 87.9% of those that were not on FSM.
- For students with a SEN at age 15, 65.7% had achieved Level 2 by the age of 19 in 2014/15, a 0.5% increase compared to 2013/14. In comparison, 91.9% of those without a SEN at age 15 achieved Level 2. The attainment gap between those with a SEN and those without a SEN in 2014/15 was therefore 26.2%, which was 0.7% less than in 2013/14.

A copy of the DfE report can be accessed via the link below:

https://www.gov.uk/government/statistics/level-2-and-3-attainment-by-young-people-aged-19-in-2014

Are FE colleges in England facing extinction?

In a recent article in 'FE News' (not to be confused with FE Week or FE Focus), Stefan Drew, who is now a marketing consultant, but who has previously worked in the FE sector, writes about a meeting he recently had with a group of private training providers. Over lunch they discussed the future of public sector FE. Mr Drew reports that the view of every single member of the group was that, despite the recent 'less worse than expected' funding settlement, FE colleges in England are facing extinction in the next few years, and that the future belongs to private trainers. The main reasons they gave for this were as follows:

- FE colleges are 'not valued by the UK government'
- FE colleges are 'not valued by employers'
- FE colleges are 'digitally challenged'
- FE colleges don't 'sweat their assets'
- Senior managers in FE colleges have 'little or no experience of running a business'
- The decision making process in FE colleges takes too long
- The structure of FE college boards is 'inadequate'
- Too few governors 'have any experience of, or are actively engaged in, running a business'.

The private trainers were, on the whole, very disparaging about FE colleges. But many would say that they also demonstrated a total ignorance of the very different mission, role and purpose of public sector FE colleges, and of the diverse communities they serve. Nevertheless, it is a strong possibility that their view of FE colleges is very similar to that held by UK government ministers. Therefore, although depressing, if you have the time, the article well worth a read. It can be accessed via the link below:

https://www.fenews.co.uk/featured-article/fe-colleges-are-facing-extinction

The EU referendum and education

As you will be aware, the referendum on whether the UK should leave or remain in in EU will be held on 23 June. Many working in FE will no doubt be interested in the implications of the referendum outcome for the sector, probably with the main focus being on the prospect of colleges losing revenue from European Social Fund (ESF), and to a lesser extent the loss of capital funding from European Regional Development Fund (ERDF). ESF is used for such things as increasing job opportunities for the unemployed, and helping people to retrain in order to improve their skill levels. ESF is particularly focused on helping young people under the age of 24, and those who are finding it difficult to get work. In the current funding round, (which runs from 2014 to 2020), ESF is worth around £2.3 billion. ESF for training (in England) is administered by the SFA. The Department for Work and Pensions (DWP) administers ESF for employment support measures across the whole of the UK. The Big Lottery Fund also administers a relatively small amount of ESF. Projects supported by EU funding must be bid for and must meet criteria determined by the EU. When projects are agreed by the EU, not all of the cost of the project is provided by EU funding allocated. Agreed projects usually require 'matched funding' to be provided by the UK government through the bodies that will administer the funds. This is referred to as 'co-financing'. The level of 'co-financing ' required can vary, but is usually at least 50% of the total cost of the project (and can sometimes be much more). EU grants in 2015 amounted to £4.4 billion. Of this, ESF and ERDF projects accounted for around £1.4 billion, with the remaining £3 billion being mainly used to support UK agriculture through the European Agricultural Guarantee (EAGF) and European Agricultural Fund for Rural Development (EAFRD).

SFA allocations show that in 2014/15, 107 FE providers in England (including independent training firms and universities and local authorities providing FE courses) received a combined total of around £305 million in ESF funding. ESF therefore represents only around 1% of total FE budget, but some colleges, and particularly those located in more economically disadvantaged parts of the country receive, and rely on, a disproportionately high level of ESF funding. EU funds received by the FE sector in England are much less than the £1 billion (3% of their total income) received by UK universities each year. A further £18 million is made available to universities through EU grants, such as ‘Erasmus’, which provides financial support for HE students to undertake a period of study in another EU country. Following a ‘transitional period’ after Brexit, EU funding for FE and HE would cease, although some smaller EU programmes, such as ‘Erasmus’, are made available to students from countries that are not a member of the EU (eg Switzerland) and in some cases are not even in Europe (eg Israel).

However, the UK is, and has always been, a large net contributor to the EU budget. In 2015 the UK’s *gross* contribution to the EU budget was £17.9 billion. (This is where the ‘Leave’ Campaign’s ‘£350 million per week’ comes from). However, after taking into account the UK rebate negotiated by Mrs Thatcher in respect of the UK’s disproportionate contribution to the EU Common Agricultural Policy (CAP) and EU grants of £4.4 billion to support EU approved projects, the UK’s *net* contribution to the EU budget in 2015 was around £8.5 billion (or around £170 million per week). The UK government has forecast that this net contribution to the EU budget will increase to £10.7 billion in 2016. Funds received from the EU (plus the UK matched funding) are distributed to the English regions and other UK countries depending on perceived social and economic needs (eg Cornwall and Wales are high net recipients of EU funds). After ‘Brexit’, the UK would no longer be required to make these net contributions to the EU budget. Whether FE colleges in England would be better or worse off would depend on the extent to which a share of these savings was allocated to the FE sector, and if the amount was greater or less than the EU funding lost.

EU member states must offer access to education at all levels to nationals of other EU member states (and their children residing with them) on the same basis as their own citizens. Some have argued that the current high level of net migration is the main reason for the increasing levels of pressure on the availability on school places (and on other public services). Citizens of other EU countries are also entitled to take FE and HE courses and apprenticeships in the UK on the same basis as UK citizens. Within the UK, because of devolution, this entitlement will vary from country to country. For example, because university tuition is free in Scotland, students from other EU countries are eligible for free university tuition. (For complex, and largely incomprehensible, reasons this arrangement does not apply to students from England, Wales or Northern Ireland opting to study at Scottish universities. These students are required to pay tuition fees of £9,000 per year, although in the case of Welsh and Northern Irish students, around two thirds of this sum is paid on their behalf by their respective governments). In England, students from the rest of the EU wishing to take HE courses and those aged 19+ wishing to take FE courses are able to apply for FE and HE student tuition fee and maintenance loans. In 2013/14, around £224 million (or 3.7%) of tuition fee loans were made available through the Student Loans Company (SLC) to non UK EU students taking full-time HE courses in England. There is no comparable data in respect of FE loans made to other EU nationals. With effect from this September, citizens of other EU countries wanting to apply to the SLC for a maintenance loan to cover their living expenses while studying in England, will be required to have lived in the UK for 5 years. The residency requirement was previously 3 years, but this has been increased after evidence emerged that some applicants from other EU countries were not using HE loans and grants for the purposes intended. One of the more controversial issues that have arisen in respect of loans to other EU nationals has been the difficulty experienced by the SLC in recovering loan repayments from those who have returned home after graduating. This has partly been caused by difficulties in tracking students’ whereabouts, and partly because the incomes earned by graduates in some EU countries (and in particular those in Eastern Europe where wages are much lower) are unlikely to quickly reach the equivalent of the £21,000 per annum earnings threshold, if at all. After ‘Brexit’ it is likely that these arrangements would cease, as would the right of UK students to automatically access FE and HE courses in the rest of the EU,

Like much of the country, the UK government cabinet is divided on the issue of continued EU membership. Nicky Morgan, the current Education Secretary for England has argued strongly that ‘a vote to leave the EU will have a devastating impact on the life chances of young people’, and that ‘everyone who casts their vote must understand that ‘if parents and grandparents vote to leave, they will be voting to gamble with their children’s and grandchildren’s future’. Against this, youth unemployment rates in many EU are countries are much higher than the current UK rate of 13% (eg youth unemployment in Greece is 50%, Spain 45%, Italy 40%, France 25% and Belgium 25%, with an EU average of 20%). However, Michael Gove, Ms Morgan’s predecessor at the DfE (and now Justice Minister for England and Wales), has argued strongly that the UK should leave the EU. Mind you, Mr Gove did preside over the introduction of legislation that resulted in HE students in England being charged tuition fees that are not only higher than any other EU country (including other UK countries), but are also much higher than in most of the rest of the world.

More information on the composition of the 2015 EU budget, and details of the UK's net contribution to it can be accessed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/483344/EU_finances_2015_final_web_09122015.pdf#page=44

A guide to the referendum and issues associated with it, along with what appears to be a balanced summary of the arguments for and against the UK remaining in the EU can be accessed at:

http://www.bbc.co.uk/news/uk-politics-32810887

And finally…

An extract from conversation between an FE lecturer and student during an English language class…

Student: Can I borrow a pencil?
Lecturer: I don't know. *Can* you borrow a pencil? Or do you mean, '*may* I borrow a pencil'?
Student: Yes, but I would like to point out that colloquial irregularities can, and frequently do, occur in virtually all languages. Since you clearly understood my intended meaning, I would argue that being so particular about the distinction between '*can*' and '*may*' is purely pedantic, and possibly pretentious.
Lecturer: True, we can still communicate with nuance, range and efficiency through the use of colloquialism and the correct interpretation of context. And yet, as your English teacher, my job is to encourage you to use language with care and rigour. This is because if you can understand the shades of difference between similar words, and think carefully about how you use them in conveying what you want to say, this will give you much greater power and versatility in both your speech and your writing.
Student: Point taken. In that case, *may* I borrow a pencil?
Lecturer: No, I'm afraid you may not. After years of government spending cuts, the college can no longer afford to buy any pencils.

Alan Birks – April 2016

As usual, the views and opinions expressed in this newsletter are not necessarily those held by ***Click CMS Ltd***