

SECTOR DEVELOPMENTS...

PROVIDERS THAT SUBCONTRACT 'FACE PAYING OUT MILLIONS' IN VAT LIABILITIES AND FINES

The provision of vocational training is exempt from Value Added Tax (VAT), but it appears that the 'management services' fees that 'prime' providers charge their subcontractors *are not* exempt from VAT. This is significant because it has emerged that most, if not all colleges will not have paid any VAT on the fees they have charged their subcontractors for these services. Her Majesty's Revenue and Customs (HMRC) has now launched an investigation that could see some colleges having to pay millions of pounds in back-taxes and interest, along with fines that could be as much as 100% of any VAT unpaid. A team of around 20 tax officials will be investigating up to six years of provider records (or more if evidence is found that colleges knew about the liability but ignored it). If there *is* evidence of unpaid VAT, HMRC says it will take steps to claim back the amount owed. It has been estimated that up to £1 billion of Education and Skills Funding Agency (ESFA) funded provision is subcontracted out by prime providers and that the 'management services' fees they charge subcontractors are typically around 20% of the subcontract value. This could have potentially generated as much as £40 million per year in VAT for HMRC and, of course, a corresponding liability for colleges that should have paid the VAT but didn't. In an attempt to defend the colleges' position, spokesperson for the Association of Colleges (AoC) argued that such services *could* be exempted from VAT if HMRC so decided. However, a spokesperson for HMRC was unequivocal and said that only provision of services that are 'closely related and essential to the delivery of education' are exempt from VAT. HMRC took the view that 'management services' *are not* sufficiently 'closely related' and are therefore subject to VAT. The Department for Education (DfE) appears to share this view and is backing HMRC's action. Guidance on VAT liabilities in respect of vocational education and training can be found at:

<https://www.gov.uk/government/publications/vat-notice-70130-education-and-vocational-training/vat-notice-70130-education-and-vocational-training>

'GOOD PRACTICE GUIDE TO SUBCONTRACTING' IS PUBLISHED

Prime providers have argued that management fees are needed to cover their administrative costs. However, some providers have been charging their subcontractors as much as 40% of the subcontract value and politicians (and subcontractors) have accused them of diverting too much of the public money intended for frontline learning into their own coffers. In response, the Association of Employment and Learning Providers (AELP), Hoxex (an adult and community education provider organisation) and 'Collab' (which replaced the former 157 Group of Colleges) have produced their own 'best-practice guide' on how the relationship between prime providers and their subcontractors should be managed. Although the three organisations have no legal status as regulatory bodies, the spokesperson went on to say that it was hoped that other sector bodies would sign up to the good practice guide. However, the AoC has thus far refused to be a signatory, saying that it was in process of developing an 'official' good practice guidance in partnership with the ESFA and the University Vocational Awards Council (UVAC). The recommendations in the AELP/Hoxex/Collab guide include the following:

- Prime providers should publish their fees and the rationale for charging them on their websites.
- Management fees charged should not exceed 20% of the ESFA contracted funding.
- If a potential subcontractor is considered high risk, then the prime provider should refrain from working with it at all, rather than increase the fee as a means of offsetting the risk.
- Subcontractors should 'whistle blow' on prime providers who ignore the guidance.

More information on, and details of, the AELP/Hoxex/Collab guide can be found at:

<https://www.aelp.org.uk/media/1966/best-practice-guidance-for-a-relationship-between-a-lead-provider-and-a-subcontractor-march2018.pdf>

The current rules relating to subcontracting can be found in version 5 of the ESFA's 'Apprenticeship funding and performance management tools for training providers', which was published last month (February). A copy can be accessed at the link below and the section dealing with subcontracting begins on page 20.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/683579/17_18_apprenticeship_funding_and_pm_rules_V5.pdf

PUBLIC ACCOUNTS COMMITTEE (PAC) REPORT ON LEARNDIRECT IS PUBLISHED

Despite being judged as 'inadequate' by Ofsted last August, Learndirect was allowed to retain ESFA contracts worth around £100 million. This resulted in allegations that Learndirect was given 'special treatment' because it was 'too big to be allowed to fail'. The PAC carried out an inquiry into this and has now published the report of its findings entitled *'The Monitoring, Inspection and Funding of Learndirect Ltd'*. The report contains a number of recommendations for DfE and Ofsted to act upon. **These include:**

- *'The DfE and other government bodies should develop a framework for identifying any risk that a commercial provider becomes so large and essential to the delivery of public services that it cannot be allowed to fail or requires special treatment if it begins to do so'.* The inquiry found that having awarded Learndirect 'several vital multi-million-pound contracts for a variety of public services', the DfE was later 'restricted in its ability to take decisive action'.
- *'The ESFA should, in time for the next academic year, publish its expectations about the services that should be offered to subcontractors, and the associated management fees that are reasonable'.* The inquiry found that Learndirect charged 'unusually high management fees of 40% to its subcontractors'.
- *'Ofsted should 'urgently revisit how it plans and prioritises the use of resources and should develop a specific deferral policy for commercial providers'.* The inquiry found that Ofsted had 'failed to full take account' of Learndirect's size and of the 'consequences of its declining performance for learners'. It went on to say that by deferring Learndirect's inspection, Ofsted had 'risked putting the providers' business interests ahead of learners' interests'.

A copy of the PAC report can be accessed at:

<https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/646/646.pdf>

OFSTED TO 'EXPOSE' PROVIDERS THAT SUBCONTRACT PROVISION BUT DO NOT TAKE RESPONSIBILITY FOR QUALITY

Ofsted will shortly be publishing the first reports of its monitoring visits to providers that look specifically at subcontracted provision. Ofsted Chief Inspector for England, Amanda Spielman, warned providers that they will be 'held fully responsible for ensuring that the subcontractor provides learners with high-quality education and training' and that if providers were 'sitting back and collecting money' in management fees 'without taking proper responsibility for quality', Ofsted would 'expose them'.

Ofsted to publish monitoring reports on providers judged as 'requires improvement'

Providers in England judged by Ofsted as 'requires improvement' are normally re-inspected within 12 to 24 months. In the period up until then they are subject to monitoring visits carried out to assess the progress they are making. The reports of these visits have previously not been published, but following a consultation carried out last November, Ofsted has now confirmed that:

- 'Providers judged to require improvement will be the subject of a single monitoring visit, normally around 7 to 13 months after the inspection'.
- 'The monitoring visit report will be published and will explain what the provider has achieved since the previous inspection and what improvement they still need to make'.
- The reports of monitoring visits carried out in the period since 10 November 2017 will also be published.

A copy of Ofsted's report on the consultation findings and further details of the changes can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/684205/Consultation_report_inspection_visits_to_FES_providers_judged_RI.pdf

ENGLISH FE COLLEGES TO BE CHARGED FEES TO ACCESS TO JISC SERVICES

JISC (formerly the Joint Information Systems Committee) is a not-for-profit company that provides support for FE and HE by providing services and advice on such things as cyber security, the maintenance of the 'ac.uk' domain, JANET (the Joint Academic Network), purchasing discounts and 'tools for making the best use of digital technologies'. In the 2015 spending review, the DfE announced cuts to JISC funding which will come into effect from August 2019. Because of this, JISC has announced its intention to charge general FE colleges (GFEs) in England a subscription fee for its services. JISC subscriptions will be linked to college turnover and are expected to be around £20,000 per year for an average sized college, rising to as much as £100,000 for large colleges. The announcement currently only affects GFEs in England since the company is still waiting to hear from the DfE the details of its future funding in respect English sixth-form colleges. JISC services for GFEs in the rest of the UK will remain free of charge, since the devolved governments of Wales, Scotland and Northern Ireland have agreed to fully cover the cost. Further details can be found in the letter sent to English GFE's which can be accessed at the web link below:

<https://www.jisc.ac.uk/membership/further-education-subscription>

COLLEGE FINANCIAL HEALTH CONTINUES TO DETERIORATE

Earlier this month, Philip Hammond, the Chancellor of the Exchequer, delivered his 'Spring Statement' to MPs in the House of Commons. Presumably intended to mirror this, the AoC published its 'Spring Statement' in which it says that despite the funds made available in the Autumn Budget:

- Over the last six months the financial health of colleges in England has continued to deteriorate.
- College income has fallen from a total of £7.8 billion in 2009/10 to less than £7 billion in 2017/18 and is predicted to continue to fall in real terms between now and 2020.
- The opportunity to make up any funding shortfall through increased apprenticeship income is 'proving hollow' because of the shift in the control of the funding to levy-paying employers.
- In 2015/16, 55% of colleges reported deficits, with the sector as a whole reporting a deficit for the third year in a row.
- ESFA data for 2016/17 scheduled to be published at the end of March is expected to reveal that the FE sector will be 'well below' the area review benchmark for generating surpluses of 3% needed for financial stability.

The AoC Spring Statement can be found at:

<https://www.aoc.co.uk/sites/default/files/AoC%20spring%20statement%20on%20colleges%2013%20march%202018%20v5.pdf>

FE PAY AWARDS IN ENGLAND

Sixth-form college teachers in England on points 1 to 6 of the pay scale are to receive a pay rise of 2% and those above point 6 of the pay scale will receive 1%. Both awards will be backdated to September 2017. Meanwhile, the Association of Colleges (AoC) has recommended that member colleges award staff a rise of 1% 'subject to affordability'. Data collected by AoC and the Education and Training Foundation (ETF) says that the average pay of lecturers in FE colleges is £30,100, which is significantly less than the £35,000 average pay of school teachers and the £43,000 average pay of university academic staff. Staff turnover rates in FE colleges have increased and there are recruitment difficulties in areas such as mathematics, engineering and construction. The response of the University and College Union (UCU) to the AoC 1% pay recommendation has been to declare a dispute and announce a wave of strike action.

CONSULTATION ON POST-18 EDUCATION AND FUNDING REVIEW IS LAUNCHED

Following growing concerns about escalating HE tuition fee levels in England, the DfE has now launched the consultation on Post-18 Education and Funding which was announced last month by the Prime Minister, Theresa May. A deadline of 2 May has been set for the return of responses. These will be considered by an independent panel of six members (including an FE college principal). An interim report will be published sometime this year, with the final report expected to be published in early 2019. HE tuition

in Scotland remains free for Scottish students and students from other EU countries and HE tuition fees charged in Wales and Northern Ireland for students from those countries are around one third of those in England. More information on both the review and the consultation process can be accessed at:

<https://consult.education.gov.uk/he-fe-student-finance-strategy/review-of-post-18-education-and-funding-call-for-e/>

REVIEW OF FE FUNDING ANNOUNCED - OR PERHAPS NOT

On 19 March, Labour MP Mike Amesbury, asked the Minister for Skills and Apprenticeships in England, Anne Milton a parliamentary question, which was 'What assessment has made of recent trends in education funding for 16-19-year-olds?' In reply, Ms Milton said, 'I have asked my officials to assess how far the current funding system meets the costs of high-quality provision in the FE sector and will update the house shortly'. Labour MP Gareth Snell then asked if this meant that the government would be undertaking a review of the funding of FE. Ms Milton replied that it would. A DfE spokesperson later clarified this, saying that the review would be 'looking at resilience, funding, regulation and the institutional structures within the sector to make sure that we can deliver high quality provision'. The announcement was warmly welcomed by the sector, but the excitement became short-lived when just two days later it became apparent such a review might not actually go ahead. At a meeting of the House of Commons Education Select Committee held on 21 March, Emma Hardy MP (whose constituency contains Hull College, which has recently been forced to announce more than 200 redundancies) requested more information about the FE funding review. Damian Hinds, the Secretary of State for Education in England, surprised committee members by telling them, 'I didn't announce a review on Monday'. He continued to speak in general terms about FE issues until Ms Hardy interrupted him, saying, 'Thank you, so it appears there *isn't* a plan to review FE funding'. Significantly, Mr Hinds did not correct her. You can watch a video of the exchange between Ms Hardy and Mr Hinds on Parliament TV at the link below. The relevant section begins around 11 minutes into the video.

<http://www.parliamentlive.tv/Event/Index/5bc32e8b-2d22-4fb9-b963-023e28c57bc0>

MORE SUPPORT FOR FE COLLEGE GOVERNORS IS ANNOUNCED

Anne Milton, the Minister for Education and Skills in England has announced that more funding is to be made available to support FE college governors. Ms Milton said the DfE wanted to 'extend its investment in college leadership to non-executive leadership' and that the DfE would be working with the ETF to provide a 'tiered programme of development' for governors. She went on to say that the extra support for governors was being made in recognition of the increased levels of pressure they were under in dealing with funding cuts and area review recommendations. The programme is expected to be available later this year.

FIRST MEETING OF THE NATIONAL RETRAINING PARTNERSHIP (NRP) TAKES PLACE

The first meeting of the NRP was chaired earlier this month by the Chancellor of the Exchequer, Philip Hammond. Others attending the inaugural NRP meeting included Carolyn Fairbairn, Chief Executive of the Confederation for British Industry (CBI), Frances O'Grady, the General Secretary of the trades Union Congress (TUC) and Damian Hinds, the Minister for Education in England. The proposal to establish the NRP is an integral part of the Industrial Strategy White Paper '*Building a Britain for the future*' published last November. The NRP will exercise oversight of the National Retraining Scheme (NRS) which was also included in the White Paper. The NRS is intended to boost productivity and tackle skills shortages in sectors identified as areas of potential growth. The first areas the NRS will focus on are construction, automotive, artificial intelligence and creative industries sectors, with £64 million being made available in last autumn's budget to fund pilots on the digital and construction sectors. Within this total, £30 million will be used to fund a retraining scheme 'which will test the use of artificial intelligence and innovative education technology in online digital skills courses'. The remaining £34 million will be used to develop 'innovative construction training programmes, to train people for jobs such as ground workers, bricklayers, roofers and plasterers'. More information on the government's Industrial Strategy can be found at:

<https://www.gov.uk/government/publications/industrial-strategy-the-foundations/industrial-strategy-the-5-foundations>

APPRENTICESHIP LEVY INCOME LIKELY TO BE ALMOST £1 BILLION LOWER THAN EXPECTED

The Office for Budget Responsibility (OBR) is now predicting that between 2017/18 and 2020/21 the apprenticeship levy will generate almost £1 billion *less* than was originally envisaged. The apprenticeship levy was expected to raise £11.6 billion in its first four years, but the OBR's forecast made in its latest 'Economic and Fiscal Outlook', published earlier this month, downgrades this forecast to £10.7 billion. With reference to *this* financial year (2017/18) the OBR, says that £2.6 billion will be raised from the levy rather than the £2.7 billion previously expected, a shortfall of £100 million. Meanwhile, Anne Milton, the Minister for Apprenticeships and Skills in England, told members of the House of Lords Economic Affairs Select Committee that she had 'absolutely no idea' how the government's target of 3 million new apprenticeships starts by 2020 target was set. A copy of the OBR's Economic and Fiscal Outlook can be found at:

http://cdn.obr.uk/EFO-MaRch_2018.pdf

CHANCELLOR ANNOUNCES 'AN EXTRA £80 MILLION' TO HELP SMES RECRUIT APPRENTICES

In his recent Spring Statement, the Chancellor of the Exchequer, Philip Hammond, announced that an 'extra' £80 million was being released to help small businesses recruit apprentices. Perhaps unsurprisingly, a Treasury official later explained that this was 'not a new funding announcement' because 'there were no new funding announcements in the Spring Statement'. The £80 million is a re-profiling of expenditure previously earmarked for larger employers and will, said the official 'be awarded to providers to deliver training to businesses that don't pay the apprenticeship levy'. As such, it will be added to the £485 million in non-levy funding that has been already allocated.

APPRENTICESHIP TRAINING USUALLY AGREED AT THE 'MAXIMUM FOR THE FUNDING BAND'

Funding for all apprenticeship standards and frameworks are placed in one of 15 bands which range from £3,000 to £27,000. Within these bands, the DfE expects employers to negotiate with training providers on the price they pay for apprenticeship training. This, says the DfE, is in order to 'create an employer-driven market for apprenticeship provision'. However, the AELP claims that an estimated 95% of all the prices agreed between employers and training providers has been at the band maximum. The AELP has now called on the DfE to end its 'experiment with negotiated apprenticeship prices' and says that 'the overwhelming evidence' is that employers want to talk to providers about the quality of service, rather than to try to lower the price. However, the CBI has taken the opposite view and has argued that such an arrangement would constitute 'price-fixing'. The CBI has also argued that on the basis of the 41% contraction in apprenticeship starts over year, 'the levy in its current form isn't fit for purpose'. For its part, the DfE has said that it will 'review the effectiveness of the current band structure'.

LEARNERS 'LEFT WITH LOAN DEBTS AND NO ALTERNATIVE COURSES' AFTER COLLAPSE OF TRAINING PROVIDERS

In response to a parliamentary question, the Minister for Apprenticeships and Skills in England, Anne Milton admitted that 180 learners have been left with debts for advanced learner loans long after the bankruptcy of the providers that had been running the training courses they were attending, and that many of those affected had still not been offered an alternative course. She went on to say that the ESFA and the Student Loans Company (SLC) continue to 'seek to identify suitable alternative providers where learners can complete their studies'. She also said that the learners affected have been granted an exemption from paying back their loans for one year, but would not confirm that the SLC will write off their loans.

SLOW PROGRESS IN FINDING ALTERNATIVE EMPLOYERS FOR CARILLION APPRENTICES

The responsibility for the training of apprentices formerly employed by Carillion has been transferred to the Construction Industry Training Board (CITB). However, in reply to a parliamentary question, Anne Milton said that new employers have only been found 'for around half' of the firm's 1,400 apprentices, but the CITB was continuing to work 'progressively to find alternative employers for all those affected'. She added that all former Carillion apprentices 'will continue to be paid whilst alternative employers are being sought'.

IFA CEO ASKED TO MONITOR AND REVIEW DEGREE LEVEL APPRENTICESHIPS

Ms Milton has written to the Chief Executive of the IfA, Sir Gerry Berragan, asking him to ensure that:

- All apprenticeships at degree level are 'sufficiently occupationally specific and assigned to the correct occupational levels'
- 'The grading system delivers appropriate judgements of occupational competence'
- 'The content of existing apprenticeships at Level 6 and above is aligned with the wider apprenticeships policy on mandatory qualifications'
- The IfA works collaboratively with the new Office for Students (OfS) on 'quality and data strategy'.

Ms Milton said that apprenticeships at level 6 and above had an 'important part to play in delivering the skills needed by employers' and in 'widening participation in higher-level education'. She went on to say that with the passing of the Higher Education and Research Act 2017 and the need to 'prepare for the transition to the new HE regulatory framework' in 2019/20, 'it was timely for the government to issue additional guidance to the IfA'. A copy of Ms Milton's letter (which, interestingly, was sent in the form of a 'Statutory Notice') can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/685231/Statutory_Note_from_DfE_to_IfA_-_5_February_2018.pdf

NEW MASTER'S DEGREE APPRENTICESHIPS IN LEADERSHIP AND MANAGEMENT IS LAUNCHED

The Investors in People (IIP) organisation claims that 'poor leadership and management costs the UK economy £84 billion a year'. To help address this, the IfA has approved a 'senior leader master's degree apprenticeship' and has set the funding band at £18,000 for the two-year programme. The apprenticeship has been developed by a group of employers led by Serco and 'Civil Service Learning' and is supported by the Chartered Management Institute (CMI). The CMI claims that there is 'pent-up demand' for the master's apprenticeship, with more than 900 waiting to start the programme. The CMI also says that the new master's apprenticeship adds a further progression route to the 'Chartered Manager degree apprenticeship', which was launched in November 2015, and the 'Team Leader and Operational Manager apprenticeship', launched in June 2016. More information can be found at:

<https://www.instituteforapprenticeships.org/apprenticeship-standards/senior-leader-masters-degree-apprenticeship-degree/>

INVESTORS IN PEOPLE PROPOSE NEW 'QUALITY MARK' FOR FIRMS EMPLOYING APPRENTICES

Speaking at a recent meeting of the House of Commons Education Select Committee at which the quality of apprenticeships was being discussed, the Chief Executive of IIP said that too many prospective apprentices, parents and employers did not know what 'good' looked like in terms of apprenticeship provision'. He said that there was 'a gap in the market for a quality mark for apprenticeships, 'such as that which IIP offers high-performing employers'. He went on to say that the IIP had proposed such an award for firms employing apprentices and had received 'positive feedback' on this from both from the DfE and IfA.

OFQUAL CONSULTS ON APPRENTICESHIP END-POINT ASSESSMENTS

Ofqual is proposing changes to the conditions, guidance and requirements for the apprenticeship end-point assessments it regulates and is seeking views from apprenticeship training providers and other interested parties on these proposals. Details of the proposals can be found in the consultation document which can be found at the link below. The consultation process end on 4 May.

<https://www.smartsurvey.co.uk/s/CF3GY/>

GOVERNMENT MAY BE BREAKING ITS OWN RULES ON 'BROKERAGE'

Organisations expressing an interest in providing training for civil service apprentices in the different departments of the Civil Service were told to register with the Crown Commercial Services (CCS), which represents the Cabinet Office. The 16 training providers chosen by CSS to deliver Civil Service

apprenticeship training have been told by the CCS that they will be charged a 'management fee' of 1% of the contract value of the training they deliver. Since £360 million is expected to be generated through the Civil Service's own apprenticeship levy payments this could generate up to £3.6 million for the CSS. The Cabinet Office has also recommended that other public bodies, including local councils and NHS trusts, should recruit training providers for their apprenticeship provision through the CCS, also in return for a 1% fee. Some have argued this practice, in effect, makes the CCS a 'broker' and that the 1% 'management fee' the CCS charges is a 'brokerage fee'. Following concerns expressed by politicians that 'brokerage fees' amount to yet further 'top slicing' of the public funds provided for training, last year the ESFA changed its funding rules to prevent funds being used to pay for services 'not directly related' to the delivery and administration of apprenticeships, thus prohibiting the charging of 'brokerage fees'. This has led some to argue that because CSS is a government agency, the government is breaking its own rules on brokerage.

GOVERNMENT FAILS TO MEET ITS OWN APPRENTICESHIP STARTS TARGET

The government has given all government departments and other public bodies in England with 250 or more employees a target for at least 2.3% of their workforces to be made up of apprentices. However, as at the end of January, the DfE (1.8%) is one of 13 main government departments failing to meet the target. Just 3 main departments have actually met the target. These are the Department for Work and Pensions (3.1%), the Northern Ireland Office (2.8%) and the Wales Office (6%). In addition, it would seem that an unusually large number (14%) of the British Armed Forces are now designated as apprentices, a statistic that appears to either have been welcomed, or met with alarm, depending on the observer's point of view.

LOCAL GOVERNMENT ASSOCIATION CALLS FOR CONTROL OF APPRENTICESHIPS TO BE DEVOLVED TO CITY REGIONS

There has been a contraction of around 131,000 in the number of apprenticeship starts in England in the first 7 months following the introduction of the apprenticeship levy. This has prompted the Local Government Association (LGA) to call for the control of the apprenticeship system to be devolved to city regions in England and for any levy underspend to be retained locally. The chair of the LGA's City Regions Board, said, 'Devolving apprenticeship funding to the local areas will allow combined authorities to work with councils, schools, colleges and employers to help local people get the skills they need to progress in work, and to supply firms with the skilled labour they need to help local economies grow'.

COMBINED AUTHORITIES TO RECEIVE 'IMPLEMENTATION FUNDS' TO PREPARE FOR DEVOLUTION OF THE AEB

In **2019/20**, the Adult Education Budget (AEB) in England will be devolved to the new combined authorities (subject to meeting the DfE's 'readiness conditions'). 2018/19 will be transitional year for the combined authorities to give them time to 'trial their adult education policies and frameworks' before devolution fully comes into force. During the transitional year, the ESFA will continue to manage the AEB nationally, and will be responsible for calculating allocations. Earlier this month, the UK government sent to letters to the mayors of the six combined authorities and the Greater London Authority (GLA) outlining the amount they will receive to help them prepare for the devolution of the Adult Education Budget (AEB). A total £914,491 of 'matched implementation funding' will be made available, divided between the authorities as follows:

- Greater London Authority: £235,139
- West Midlands: £219,687
- Liverpool City Region: £145,540
- Greater Manchester: £126,365
- West of England: £75,000
- Tees Valley: £66,760
- Cambridgeshire and Peterborough: £46,000

A copy of the implementation letter can be accessed at:

<https://www.gov.uk/government/publications/implementation-funding-s31-grant-determination-letters>

And a guide to 'help providers better understand the AEB devolution process' can be found at:

<https://www.gov.uk/government/news/helping-providers-understand-implications-of-aeb-devolutiondelegation-from-2019-to-2020>

DFE LISTS ADULT EDUCATION PROVIDERS THAT WILL NOT BE SUBJECT TO AEB DEVOLUTION

The DfE has also announced which providers will not be subject to AEB devolution. These are Fircroft College in Birmingham, Hillcroft College (now part of Richmond and Hillcroft Adult and Community College), Northern College in Barnsley, and Ruskin College in Oxfordshire, which will continue to be funded nationally by the ESFA up to 2020/21. The DfE says that because that they are heavily reliant on the AEB for their funding and qualify for a residential uplift for their learning provision, 'they require extra time to aid their transition to devolution'. Traineeships for those aged 16-24 in England will also remain 'a nationally funded programme', with allocations continuing to be provided by ESFA.

ESFA PUBLISHES 16-19 STUDENT FINANCIAL SUPPORT GUIDES FOR 2018/2019 ACADEMIC YEAR

The ESFA has published a number of guides for its 16-19 student support schemes. These include:

- *The 16-19 Bursary Fund*, which replaced the Educational Maintenance Allowance (EMA) in England in 2011. Details in respect of the *16-19 Bursary Fund* are available at:

<https://www.gov.uk/guidance/16-to-19-bursary-fund-guide-2018-to-2019-academic-year>

- *The Care to Learn Fund*, details of which are accessible at:

<https://www.gov.uk/guidance/care-to-learn-guide-for-institutions-academic-year-2018-to-2019>

- *The Residential Bursary Fund*, details of which are accessible at:

<https://www.gov.uk/guidance/16-to-18-residential-bursary-fund-guide-2018-to-2019-academic-year>

- *The Residential Support Scheme*, details of which are accessible at:

<https://www.gov.uk/guidance/16-to-18-residential-support-scheme-for-academic-year-2018-to-2019>

- *The Capacity and Delivery Fund*. The ESFA has established a new 'Capacity and Delivery Fund' from which additional 16-19 Bursary funding can be made available to help colleges deliver extended work placements in the 2018/2019 academic year. The funding is intended to enable colleges to meet extra demand for help from students who may need to travel further to access their work placement, or who have additional costs for equipment, subsistence and/or clothing. Details can be found at:

<https://www.gov.uk/guidance/work-placements-capacity-and-delivery-fund-from-april-2018-to-july-2019>

LWI CALLS FOR MORE SUPPORT FOR YOUNG ADULT CARERS

The Learning and Work Institute (LWI) has called on the government to classify young adult carers as a 'vulnerable group', so that they can access extra funding through the 16-19 Bursary Fund (see above). The learning provider decides how it is spent, but it can be used to pay for travel, books or given as cash. The LWI has also called for young carers to be exempted from the '21-hour rule', which prevents them from claiming their Carers Allowance of £62.70 per week if they study for more 21 hours per week.

ESFA PUBLISHES HELP FOR PROVIDERS TO 'UNDERSTAND' THEIR 2018/19 16-19 FUNDING ALLOCATIONS

The ESFA has published information to help providers understand their 2018/19 16-19 funding allocation. Further details can be found at:

<https://www.gov.uk/guidance/16-to-19-education-funding-allocations#to-19-allocations-process-2018-to-2019-academic-year>

The ESFA has also published two videos to help explain the 2018/19 funding allocation process. These can be found on YouTube at:

<https://www.youtube.com/watch?v=Ff4ap2wvzr8>

<https://www.youtube.com/watch?v=bK-n4Hgui20>

ESFA PUBLISHES T-LEVEL IMPLEMENTATION PLAN UPDATE AND GUIDANCE ON 'NEXT STEPS'

The ESFA has published information about the activities the DfE will be undertaking in preparation for the introduction of T-Levels. This this can be found at:

<https://www.gov.uk/guidance/t-levels-next-steps-for-providers>

DfE ANNOUNCES A DOUBLING OF THE 'ADVANCED MATHS PREMIUM'

In last November's budget statement, the government announced a '£177 million investment in mathematics education'. £80 million of this funding would be made available to provide schools and colleges with an extra £600 for every *additional* student aged 16-18 studying an advanced mathematics qualification at Level 3 (e.g. GCE A Level or AS Level), with no cap on numbers. The DfE has now announced that this payment will be doubled to £1,200 per year and has formally named the incentive as the '*advanced maths premium*'. The first tranche of this funding will be based on the numbers of *additional* 16-18 students Level 3 mathematics in 2018/19 compared to the numbers recruited previous baseline year. Only those *additional* students who already have prior attainment equivalent to GCSE grade 9 to 4 or A* to C in mathematics will trigger the premium payment. Schools and colleges will receive the premium payments retrospectively with the extra money being included their 2019/20 funding allocations. DfE technical guidance on the how the premium is intended to work can be found at:

<https://www.gov.uk/guidance/16-to-19-funding-advanced-maths-premium>

DfE PUBLISHES RESPONSE TO CONSULTATION ON ENGLISH AND MATHS FUNCTIONAL SKILLS

The DfE has published the UK government's response to its consultation on proposals to reform the subject content of English and Mathematics Functional Skills in England. The government said that the revised subject content 'represent the most significant changes to Functional Skills qualifications since their introduction in 2010'. The government has also said that it will 'fund additional continuing professional development to enable teachers to adapt to the new content prior to introduction'. The new content guidance for English says that 'students should be able to demonstrate their competence in English by using it in real-world situations' and that 'the structured teaching of phonics should be used to teach students at entry levels for reading and writing'. The guidance for mathematics says that 'students should demonstrate a sound grasp of mathematical knowledge and skills'. This should be 'both with and without a calculator', for example, 'in the use of times tables'. The DfE says it will now 'work with the sector to prepare for the introduction of the reformed English and mathematics Functional Skills curriculum in 2019' and that 'Ofqual will begin a consultation process on the guidance for new Functional Skills English and mathematics qualifications'. Sector leaders have argued that now would be a good time for the government to 'scrap its policy of making large numbers of 16-18 students resit GCSEs in English and maths and should give them the option of either having another try at GCSE or studying for a functional skills qualification'. The government's response to the consultation is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/684220/Functional_Skills_Reform_Consultation_Government-Response.pdf

- The proposed new subject content for English Functional Skills is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/682834/Functional_Skills_Subject_Content_English.pdf

- The proposed new subject content for mathematics Functional Skills is available at:

<https://www.gov.uk/government/publications/functional-skills-subject-content-mathematics>

NEW REPORT SAYS USE OF TEXTS CAN IMPROVE RETENTION AND ACHIEVEMENT IN MATHS AND ENGLISH

The DfE has published a report entitled *'Improving the level of engagement and attainment in post 16 maths and English courses'*. The DfE said that research for the report involved 'thousands of students being surveyed in a number of FE colleges in England' and was carried out by consultants from 'Behavioural Insights Team' (BIT). Researchers found that 'Just over a quarter of working-age adults in England have weak numeracy and/or literacy skills' and that their levels of proficiency were 'below the level expected of an 11-year-old'. However, they also found that the retention and achievement of students on mathematics and English courses in FE colleges could be significantly improved through the use of text messages. For example, weekly text messages of 'encouragement' to adult learners aged 19+ improved attendance rates by 22% and achievement rates by 16% and texting the progress of learners aged 16-18 to them and their parents or guardians improved attendance rates by 5% and achievement rates by 27%. leading them to conclude that the use of texts is 'a form of intervention that colleges and other training providers can implement with minimal additional resources'. A copy of the report can be accessed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/683822/Improving_engagem ent_and_attainment_in_maths_and_English_courses.pdf

'NO SIGNIFICANT CHANGE' IN THE NUMBER OF 16-24 NEETS IN ENGLAND OVER THE LAST YEAR

Data released by the UK government earlier this month reveals that in the period between October-December 2016 and October-December 2017, there was 'no significant change' in the proportion of young people in England aged 16-18 (-0.2%) and those aged 19-24 (-0.4%) who were not in education, employment and training (NEET). This means more than 600,000 young people aged 16-24 are still NEET. The statistics also revealed that the proportion of NEET young people is largest in the North East (14%) and lowest in the South West (9.4%). Responding to the data, a DfE spokesperson said that almost 90% young people in England are *not* NEET and this was 'fantastic news'. The NEET data can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/683881/SFR13-2018_NEET_Statistics_Quarterly_Brief_Q4-2017.pdf

DFE REPORT SAYS THAT YOUNG PEOPLE ARE PUT OFF FE BY NEGATIVE PERCEPTIONS OF REPUTATION AND QUALITY

A report published this month by the DfE based on a study of more than 1,400 university applicants and which primarily covers the financial considerations they took into account when deciding to apply for a university place, says that 'financial concerns remain a secondary consideration for applicants overall' and that 'the desire to improve employment opportunities, achieve a qualification and pursue an interest in the subject were each more than twice as likely as considerations of cost to be rated as important to applicants' decision to go to university'. However, the report also says that young people were put off further study in FE because of its 'poor reputation' and negative perceptions of the quality. The report said that

- 75% of university applicants saw university as being 'the first and only option' for them.
- 51% thought they would have 'less chance of getting into the career they wanted if they did not go to university'.
- 27% had not considered FE (or an apprenticeship) due to 'concerns over the quality of the courses'.
- 16% thought that FE 'did not have a good reputation'.
- Only 15% had even considered attending an FE college for higher level study.

A copy of the report can be accessed at:

<https://www.gov.uk/government/publications/influence-of-financial-factors-on-higher-education-decision-making>

RESEARCH SUGGESTS THAT MOST PARENTS AND 11-16-YEAR-OLDS ARE UNAWARE OF TECHNICAL QUALIFICATIONS

Research commissioned by the Council for Awards in Care, Health and Education (Cache) involving a survey of 1,000 parents and 1,000 children aged 11-16 and was conducted by the research company Censuswide. The research revealed that while 53% of parents would encourage their children to take GCE A Levels at age 16, only 26% would encourage them to take technical qualifications. The research also revealed 56% of parents and 53% of children had little or no knowledge of the new T-Levels, and that 63% of parents could not name a single technical qualification. The report concludes that there is 'widespread ignorance of vocational education and qualifications' and, as a result 'children are far more likely to choose to study GCE A Levels than technical qualifications'. The Prime Minister, Theresa May, recently called for a 'change in the belief that vocational training and qualifications are something taken by other people's children', but this report (and that above) underlines the challenges faced in bringing about such a change.

DFE PUBLISHES DATA ON GRADUATES WHO OBTAINED DEGREES AT FE COLLEGES

The DfE has published data on graduate earnings in 2015/16 (the most recent available tax year). For the first time, the data covers those who graduated from an FE college. The data shows that graduates from universities are only 1% more likely to be in sustained employment ten years after graduation than those who graduated from FE colleges. With reference to earnings, the differences between graduates from FE colleges and their university counterparts become slightly more pronounced, with FE college graduates receiving a median initial salary of £14,600, compared to an initial median salary £19,000 for those graduating from universities. The difference widens slightly over time, with those with degrees from FE colleges earning median salaries £23,700 after five years, compared to £30,000 for those who obtained their degree at university. However, data broken down by subject shows the difference in median earnings varies significantly, depending on the subject area. Engineering graduates from FE colleges had a slightly higher median salary of £29,900 compared with £29,500 for those who studied the subject at university. However, in subject areas such as psychology and law, those who studied the subject at university were found to earn significantly more than those in FE colleges. The DfE data is available at the web link below:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/690859/SFR15_2018_Main_text.pdf

NEW OFFICE FOR STUDENTS (OFS) IS LAUNCHED

The OfS was officially launched earlier this month by the new Higher Education Minister for England, Sam Gyimah. Speaking at the launch, Mr Gyimah gave universities a stern warning that, in the light of recent adverse publicity, they were about to be exposed to 'winds of change'. A copy of his speech, which has been described as 'hard-hitting' and includes 'ministerial instructions' to the OFS can be accessed at:

<https://www.gov.uk/government/speeches/a-revolution-in-accountability>

Last autumn, there was a detailed consultation on the OfS's proposed rules, which are based on the statutory regime set out in the 2017 Higher Education and Research Act. OfS will formally take over the duties of the Higher Education Funding Council for England (HEFCE) in April 2018, however 2018/9 will be a transition year with the OfS becoming fully operational in 2019/20. The OfS has published a suite of important documents on its temporary website, which can be accessed via the link below:

<https://www.officeforstudents.org.uk/#ministerial>

Colleges will need to register with OfS. The registration window will open on 3 April 2018 and end on 23 May. Colleges will also need to obtain OfS approval to participate in the UCAS recruitment cycle ending January 2019. There are national registration events being in London on 15 March, and in Manchester on 21 March and the OfS has asked colleges to provide preliminary information via a template that needs to be completed and returned to them. This, says the OfS, will help plan the registration process. The OfS will be charging fees for registration and the other services it provides, so this will be an extra financial burden for colleges to bear. Further details can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/683764/OfS_registration_fees_govt_response_final_version.pdf

The DfE has also published two other documents of interest to colleges. The first of these documents provides guidance for FE colleges wishing to transfer to the HE sector and can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/459954/BIS-15-522-transfer-of-a-further-education-corporation-to-the-higher-education-sector.pdf

The second document provides guidance on how FE colleges can obtain degree awarding powers and the requirements placed on those FE colleges wishing to use of the term 'university' their title. This guidance can be found at:

<https://www.officeforstudents.org.uk/media/1020/guidance-on-daps-and-ut.pdf>

UNIVERSITIES SUED FOR 'FRAUDULENT MISREPRESENTATION' AND 'NEGLIGENT TEACHING'

One of the consequences of the very high tuition fees charged by universities is that students are becoming increasingly litigious. A former student is suing Anglia Ruskin University for more than £60,000 after claiming that she left the university with 'nothing more than a Mickey Mouse qualification that has not helped her career'. This is despite being awarded a first-class honours degree. She claims that the university made fraudulent claims about 'quality education and employment prospects after graduation' and that she was falsely imprisoned when she was 'locked in a room for trying to speak out about the quality of her course during her graduation ceremony'. The case echoes that of the student who tried to sue Oxford University for £1 million after it did *not* give him a first-class degree. He claimed that 'negligently inadequate teaching' was to blame for his 2:1 degree which, he said, prevented him from getting into a top law school.

300,000 EXTRA UNIVERSITY PLACES NEEDED BY 2030

The Higher Education Policy Institute (HEPI) has published a new piece of research that attempts to predict future demand for HE places in England over the next decade. Although the research document is entitled '*Higher Education Supply and Demand to 2020*', it predicts that 300,000 more HE places will be needed in England by 2030 to keep up with demand. A copy of the research document can be found at:

<http://www.hepi.ac.uk/2011/02/02/higher-education-supply-and-demand-to-2020/>

'INTEGRATED COMMUNITIES STRATEGY' GREEN PAPER IS PUBLISHED

Earlier this month, the UK government published its 'Integrated Communities Strategy' Green Paper. The Green Paper is the government's response to recommendations made in the Casey Review, published in December 2016. In her review, Dame Louise Casey warned that segregation and social exclusion were now at 'worrying levels'. She said that an estimated 770,000 people in England over the age of 16 'could not speak English well or at all', and that Muslim women were 'disproportionately affected' within this total. She called on the government to carry out 'a national review of the provision it makes for non-native English speakers' and went on to say that although good English skills were crucial to promoting social cohesion, 'funding for ESOL courses had been heavily cut' (by 50% between 2008 and 2015). She called on the government to ensure that 'sufficient funding' for ESOL provision was made available and to set a target date for 'everybody in the country to speak English'. A copy of the Casey Review can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/575973/The_Casey_Review_Report.pdf

Amongst other things, the Green Paper proposes the development of a new national strategy in England to teach English to speakers of other languages (ESOL), in order to improve integration and social cohesion. There are also proposals for a 'new community-based English language programme' and more support for local authorities 'to improve the provision of English language tuition for those who need it most'. With reference to the latter, the government has chosen five areas (Bradford, Blackburn, Peterborough, Walsall and Waltham Forest in London) to pilot a new 'localised approach to integration'. £50 million will be made available over two years to enable these councils to 'develop a new infrastructure to help people in the

early stages of learning English'. The Green Paper, whilst being largely welcomed, also has its detractors who have questioned the extent to which taxpayers should be expected to fund English language tuition for those who choose to migrate to Britain. Conservative MP and former immigration minister Mark Harper was one of those who has defended the Green Paper proposals, pointing out that the government had already made changes to immigration rules to require a 'better level of the English language' when people came into the UK. A copy of the Green Paper can be accessed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/689944/Integrated_Communities_Strategy_Green_Paper.pdf

AND FINALLY...

The VP (Enterprise) of a college in the Midlands was desperately looking for ways to redeem himself after having inadvisably bought 12 ostriches from a local zoo to set up an ostrich farm. His intention had been to generate some much-needed cash for the college to help alleviate the downturn in apprenticeship income. However, the project had not only proved to be financially disastrous, it had also attracted some very unwelcome publicity in the form of protests by animal rights groups and the threat of prosecution by the RSPB. The recent cold spell had lasted longer than expected and snow lay thickly across the campus. Because 'Sport Relief' was still ongoing, the VP's convoluted thinking gave him the idea of holding a dog sled race in the snow, sure in his belief that local businesses would fall over themselves to sponsor it. This, he thought, would re-establish his credibility with the college principal. But then he had a further brain wave. He would organise not a dog sled race, but an ostrich sled race. The construction staff could make the sleds and the ostriches he had recently bought could pull them. Unfortunately, none of the businesses and local dignitaries he approached were in the least bit interested in sponsoring the event – with one exception, that is. This was Noddy Holder, from the 70's glam-rock band 'Slade'. Worried that the snow might melt, the VP quickly organised a meeting with Noddy. During the meeting, the VP couldn't help noticing that Noddy seemed completely uninterested in the sled racing but was very keen to talk about the ostriches. Things became much clearer, when Noddy admitted to the VP that he was obsessed with Ostriches and said that it would be a dream come true if he could perform on stage with some ostriches. He therefore proposed that if his band Slade could give a performance at the college, and (this was very important) the ostriches could be in the band's backing group, he would pay double the amount of sponsorship the VP was asking for the sled race. All of which would suggest that the underlying moral of this clearly unfeasible story, is that a bird in a band is worth two in a mush.

Thanks (or blame) for this one goes to James Hampton, former principal of Yeovil College

Alan Birks – March 2018

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