

SLIM – Comment

New Challenges, New Chances - Further Education and Skills

05/12/2011

The persistence of skills gaps and jobs where employers struggle to find suitably-qualified applicants whilst unemployment sky rockets signals the need for change. Is that the whiff of yet more supply-side tinkering that you can smell? Still, at least they have spotted the mismatch – or as Vince Cable puts it:

As this country strives to strengthen economic growth and create the jobs that will come with it, businesses of all sizes are crying out for people with the right skills to design, produce and sell a quality product efficiently. The future of thousands of communities all over the land depends on whether or not those skills will be available. So, too, do the futures of millions of people, especially young people.

This new Further Education (FE) strategy has been informed by a number of reports, notably the Wolf Review and the various responses to *Skills for Sustainable Growth* and the *New Challenges, New Chances* consultation in November 2010 and August 2011. It brings together the necessity for businesses to continue to invest in the training and skills of their workforce while recognising several key areas will continue to need government support. This document sets out what the Government will support financially and the programme of work required to take forward the reform of FE and skills system for adults aged 19 and over in England. John Hayes signals the difference between the previous strategies and this one thus:

So this document is not about institutional hierarchies but about people and the relationships between them. It is about who should be listening to whom. That is perhaps the most important way in which it differs from the various other strategies for further education that have been printed in recent years

The strategy maintains the ongoing demand-side push and signals the arrival of the National Careers Service.

In this *SLIM-Comment* we have a look at the new strategy and summarise the proposals.

Andrew Dean

Dr Andrew Dean
Editor, SW Skills Newsletter
a.dean@exeter.ac.uk

Chris Evans

Chris Evans
Director, SLIM

Summary

The plans start with a proud boast, “*The system will fuel individual achievement, power the common good and drive upward economic performance*”... and emphasise three key elements of the reform programme for the system:

1. **Placing Students at the heart of the FE and skills system.** There is recognition that Information, Advice and Guidance (IAG) is crucial in informing choice and a suggestion that government funding will be targeted to where it can have most impact - including the introduction of FE loans.
2. **First-class advice delivered by the National Careers Service.** Now to be launched in April 2012, this will provide IAG both to inform and to stimulate demand for FE, work-based training and higher education. Lifelong Learning Accounts will provide learners with the information they need to make the most of their learning opportunities.
3. **A ladder of opportunity of comprehensive Vocational Education and Training programmes.** From community learning and basic skills through to high-quality Apprenticeships to clear and flexible progression routes to Higher Vocational Education.

Ian Munro, the Regional Director of the Association of Colleges has commented:

We (The AoC) broadly welcome the Strategy and we have worked hard for greater flexibilities and deregulation. AoC recognise the need for Colleges to respond to their local market and local demand. It is important now that we link this strategy to the recent Sharp report on the role of Colleges in the Community to gain a real sense of where the sector will be in a few year's time. Initially we felt that the Government's view of FE had been too narrow, but this may be changing and of all the myriad strategies and reviews we have had over the last few years this one does at least give a real sense of direction.

The Government's Plans in Detail

Learners are at the heart of the FE and skills system.

It is learners and employers who are charged with shaping the future of the FE sector. Government money will be prioritised towards grant funding learning for young adults, those who need English and Maths skills, and those seeking work. For the remainder the costs will shift to the individual via a system of FE loans, which maintains support for adults to learn at advanced and higher levels. Sharing the same progressive features as HE student finance – no up-front cost to the learner, no repayment until earnings reach £21,000, and outstanding amounts written off after 30 years – FE loans will use much of the delivery infrastructure for HE student loans, creating a more coherent offer to learners.

Colleges and training providers will have greater freedoms than ever before to respond to learner demand and there is a recognition that Local Government and the new LEPs will have role in directing and informing where government money is invested, presumably in direct

conversation with the Colleges. Colleges will also be able to move more swiftly to deliver units still awaiting entry to the QCF and will be able to draw down funding for these.

First-class advice delivered by the National Careers Service

In April 2012, Government will launch the long-awaited National Careers Service, building on Next Step. The Service will have a presence in a wide range of organisations, including FE college community centres, shops and places of worship. There will be new pilots in January to see where co-location models can be expanded. It will provide IAG on careers, skills and the labour market, covering FE, Apprenticeships and other types of training, and higher education (HE). It will comprise:

- A network of organisations providing face-to-face careers guidance in the community to adults (defined as those aged 19 and over, although the Service will support those aged 18 and over who are jobseekers).
- An online and helpline service available to young people and adults, including a new website using the latest technology.
- It will have the capacity to help 700,000 adults face to face each year; and handle up to one million telephone advice sessions and 20 million online sessions.
- The National Careers Service will operate to a rigorous, enhanced version of the Matrix Standard.

Schools will be responsible for securing access to independent, impartial careers guidance for their pupils supported by guidance and good practice from Government.

Vocational Education and Training Programmes

Government intends to focus the programme more sharply where Apprenticeships bring the greatest returns and wider benefits, including targeting younger adults, new employees, higher level qualifications and particular sectors where investment will make the greatest impact. It will:

- Increase the number of 16-24 year old apprentices, including by encouraging small employers not yet engaged with the programme to take on new young apprentices. Partly through the Youth Contract, with up to 40,000 incentive payments.
- Significantly extend Higher Apprenticeships provision, including the launch of a further opportunity for organisations to bid for funding.
- Take strong action to drive up standards and quality, including withdrawing funding from providers that do not meet the high standards that learners and employers demand and ensuring that providers support apprentices to achieve Level 2 in English and Maths wherever possible. A major employer-led review of apprenticeships standards will consider how the programme should adapt to meet evolving employer and learner needs.
- Make it easier for employers, especially smaller employers, to take on an apprentice by reducing bureaucracy, streamlining and speeding up processes and removing all additional health and safety requirements on employers.

Unemployed - Where an unemployed individual's main goal on starting a course is to get a job, from 2012, the Skills Funding Agency will pilot paying for job outcomes.

Education, Training and Re-training - In a change, there will be no more free entitlement to Level 2 training for the over 24s with individuals expected to contribute to the cost of their learning. Loans are available for Level 3 and Higher.

The eventual, October 2013, introduction of the Universal Credit means there may be changes to entitlements to free learning for those on Incapacity Benefits or the Employment and Support Allowance.

Opening up of Higher Vocational Education - There is greater recognition from the Government about the important Level 4/HE role that many Colleges have and the importance of navigable pathways between FE and HE. There will be money for new trials and further opening up of awarding powers.

Community learning – The Department of Business Innovation and Skills (BIS) will continue to fund a universal community learning offer with money targeted towards people who are disadvantaged and who are furthest from learning and therefore least likely to participate. In the 2012/13 Government will pilot different locally-based ‘community learning trust’ models to channel Adult Safeguarded Learning funding and lead the planning of local provision in cities, towns and rural settings. If this proves to be effective, it will be rolled out into community learning trusts across England to begin full operation from summer 2013.

Justice System - Following the *Making Prisons Work: Skills for Rehabilitation* Report in May 2011, setting out a new strategy for offender learning, the strategy sets out an increased focus on vocational and employability skills, and introduces a decisive shift to local decision-making based on clusters of prisons between which prisoners move. Prison Governors will work closely with the Skills Funding Agency and other partners to determine a mix of learning provision that will fit offenders for the range of jobs and Apprenticeship opportunities available to them in the areas to which they are released.

Excellence in Teaching and Learning – ensuring world class programmes

To ensure there is a clear sector-owned policy to support outstanding teaching and learning in FE, including making full use of the potential of technology an independent commission on adult education and pedagogy will be established. This will involve a key role for the Learning and Skills Improvement Service (LSIS) and will also engage employers, teacher training colleges, professional associations and practitioners. LSIS will also lead work to support FE colleges in developing collaborative approaches to delivering HE including progression pathways from FE to HE.

Focus on STEM - the Growth Review has confirmed the need to focus on Science, Technology, Engineering and Mathematics (STEM), as well as English and Maths and Apprenticeship delivery.

Professional Workforce - Three key actions are now being undertaken:

- An independent review of professionalism in the FE and skills sector.
- Bursaries and a development fund for the sector to explore new models of delivering Initial Teacher Education.
- A network of expert practitioners in specific vocational skills. As part of the legacy of WorldSkills London 2011, LSIS will set up a pilot project to create a network of expert practitioners in FE in specific vocational fields.

Relevant and focused learning programmes and qualifications

Businesses need a stronger sense of ownership over qualifications. Government will consult on how businesses can be more fully engaged in qualification design, development and assessment. This is designed to create greater confidence in the qualifications that equip learners with the skills they need to succeed. Consultation will begin early in 2012.

Following the recommendations in the Wolf report, the Government will consult on whether current National Occupational Standards are fit for purpose.

Where there is demand, Awarding Organisations will be able to develop new assessments based on criteria which ensure rigour and are focused on the core English and Maths skills needed in the labour market and for progression. Greater employer involvement in the development of these awards is expected and assessment models will need to be flexible enough to support lower-level learners.

Dynamic Governance for a Dynamic FE Sector

Accountability will be outwards to the colleges' communities, learners and employers. This changed landscape means a new role for college governors, who need to be ready to use the new freedoms to lead their colleges strategically. College governors will have collective responsibility for developing a diverse FE sector, working with schools, academies, independent training providers, universities, local government and the voluntary sector.

Colleges have a key role to play in responding to the changing needs of a dynamic economy and society, contributing to the work of Local Enterprise Partnerships (LEPs) in driving local economic growth and working with local community leaders and the business sector through initiatives such as the city deals agenda.

Freedom and Flexibility for Colleges and Providers

"The Government should not control the FE sector, it cannot impose unwanted change." Creating a dynamic and deregulated sector means a significant change for colleges and providers, leaving them in charge of how they manage their business and satisfy their customers. Greater freedom and flexibility means great responsibility, but also greater benefits of success. And increased competition which drives up provider quality, customer-focus and responsiveness is also good for learners, employers and communities.

There is a three strand approach to helping colleges and training providers to run their businesses and respond better to the needs of learners, employers and communities:

- Streamlining the landscape
- Simplifying systems and processes
- Deregulation

Investing in priorities through a simplified funding system

Government will carry on developing a single funding system for adult skills for full implementation from the 2013/14 academic year, working closely with the Department for

Education to ensure that the full benefits of simplification can be achieved for FE colleges and training organisations delivering for 16-18 and 19+ learners.

The Skills Funding Agency's new streamlined funding system for adult skills sets out the programme of work between now and 2013 to deliver changes which include:

- A single funding methodology for the Adult Skills Budget to realise fully the flexibilities introduced in the 2010/11 academic year for providers to use their budget to respond to demand from learners and employers.
- The introduction of a standard 'rates matrix' to replace over 6,000 different funding rates currently in place, moving away from a funding system that requires detailed information on the number of teaching hours to one that is transparent and enables providers to choose the right mode of delivery for the learner.
- Further rationalisation of Adult Learner Support funds to provide colleges and providers with increased local decision-making about how these funds are used to support students as they learn.

Shared Funding Responsibility – FE Loans

The Government remains committed to introducing a system of FE loans for adults aged 24 or over studying at Level 3 or higher. The loans are intended to provide a strong financial package, removing the up-front cost of training, and ensuring that no learner starts repayment until they can afford to do so. By introducing a single loans system across FE and HE, there should be a more coherent offer for learners.

Quality assurance, transparency and data management

The information students and employers say they need to make informed choices is, in most cases, already available but it is not accessible enough. Many students and employers turn to local sources, including provider websites, for information but the variety of formats of data does not make comparisons about the quality of different providers easy. Government will:

- Integrate quality comparison information we collect and students say they need with the new National Careers Service website – so that adult learners have only one national site to visit for IAG and to make comparisons of provider quality.
- Make available quality information at more granular levels

Global FE

Although currently HE is by far the largest export market, there is significant emerging demand and potential for technician and higher-level vocational skills, which are widely recognised as essential to sustain balanced economic growth. FE exports are already valued at £1 billion a year. Recent Ministerial discussions, for example with China and India, have confirmed the scale of need in these rapidly developing economies. The UK is well-placed to take advantage of these opportunities.

SLIM-Comments

We welcome the arrival of a more apparent and defined sense of direction that Government has signalled in the report and it reinforces the direction of travel witnessed to date for the sector. FE certainly receives greater flexibilities and freedoms whilst at the same time being told to work closely with business, Local Government and LEAs. It is not easy to square this circle and money always helps to oil the wheels of partnership work – and that particular can is rather empty.

There is still probably more that Government needs to recognise about the broader importance of FE within communities and the crucial role that FE plays but in such challenging times the focus of Government money is clearly going to remain ‘skills for employment’ and targeted at the young and hard-to-engage.

The report predicts a fall in Level 3 and Higher funding but is sticking with its decision to introduce loans. Time will tell on this one, especially if rhetoric about making Level 3 the level to which all must aspire is to be believed.

The Apprenticeships programme is to target public funding more sharply where returns are greatest. There appear to be further new Apprenticeship priorities - small and medium-sized enterprises, young people from troubled families and for people living in rural communities. These are welcomed, but certainly count as ‘challenging’. There is also a risk here as Apprenticeships should not be a ‘catch all’ qualification.

It is goodbye to ‘Literacy’ and ‘Numeracy’ and hello to ‘English’ and ‘Maths’. A nation shrugs on this decision we suspect.

Work Programme style Outcome Related Funding gets a mention as it will be trialled by the SFA as a means of FE Colleges gaining funding when working with the unemployed. We hope someone is carefully evaluating this major policy experiment as it could lead to all manner of changes in funding elsewhere.

The role of LEAs remains stubbornly unclear, though they are very clearly still seen as important in the strategy as a voice of strategic employer-led economic development. In theory they will also contribute to informing which programmes are delivered for young people to enable them to continue into further learning or move into employment. Just ‘how’ is the issue.

Here at SLIM we’ve been banging on about the need for impartial Careers Advice and Guidance for what feels like several life times. At least it is now going to happen, though the devil remains in the detail. For whom will it be free? How much will it cost for adults and the employed? In these financially chastened times, we should not be anticipating the launch of anything to ostentatious and it will probably build upon what already exists with money already available. More importantly – are the rules for schools changing? Criticism of the announcement to leave the format and delivery of children/young adults IAG entirely at the schools discretion has been deafening. The report hints at this, but there is little evidence of a direction change, yet.

Further Reading

New Chances, New Challenges

<http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/f/11-1380-further-education-skills-system-reform-plan>

Review of vocational education - The Wolf Report

<http://www.education.gov.uk/16to19/qualificationsandlearning/a0074953/review-of-vocational-education-the-wolf-report>

Skills for Sustainable Growth

<http://www.bis.gov.uk/skillsforgrowth>

Colleges in their Communities – NIACE

<http://www.niace.org.uk/current-work/colleges-inquiry>

Making Prisons Work – Skills for Rehabilitation

<http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/m/11-828-making-prisons-work-skills-for-rehabilitation>



Funded by the South West of England Regional Development Agency, Regional Skills Partnership and the Competitiveness Programme. Written and compiled by the [Skills and Learning Intelligence Module](#). The views expressed within this Slim-Comment© are solely those of the Marchmont Observatory. Written and compiled by SLIM, part of the South West Observatory. © Marchmont Observatory, University of Exeter, 2011.