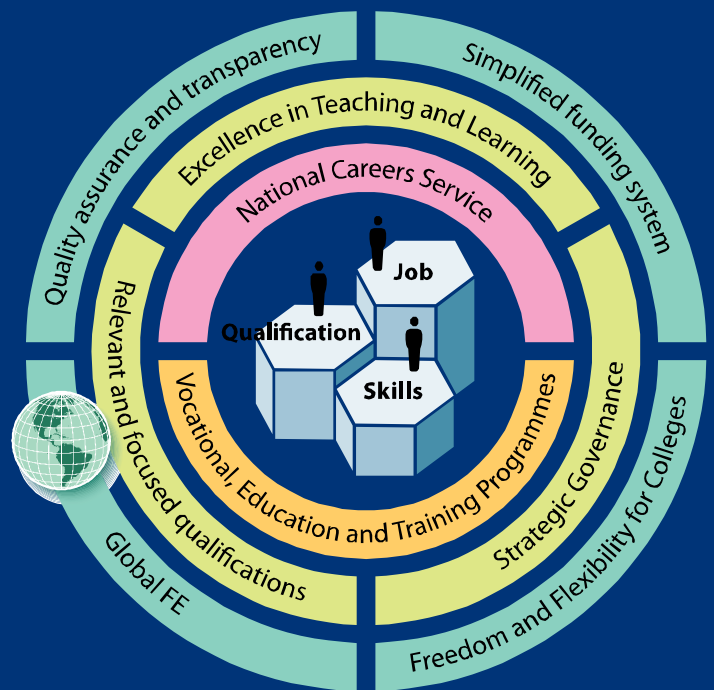


NEW CHALLENGES, NEW CHANCES

Further Education and Skills
System Reform Plan: Building
a World Class Skills System

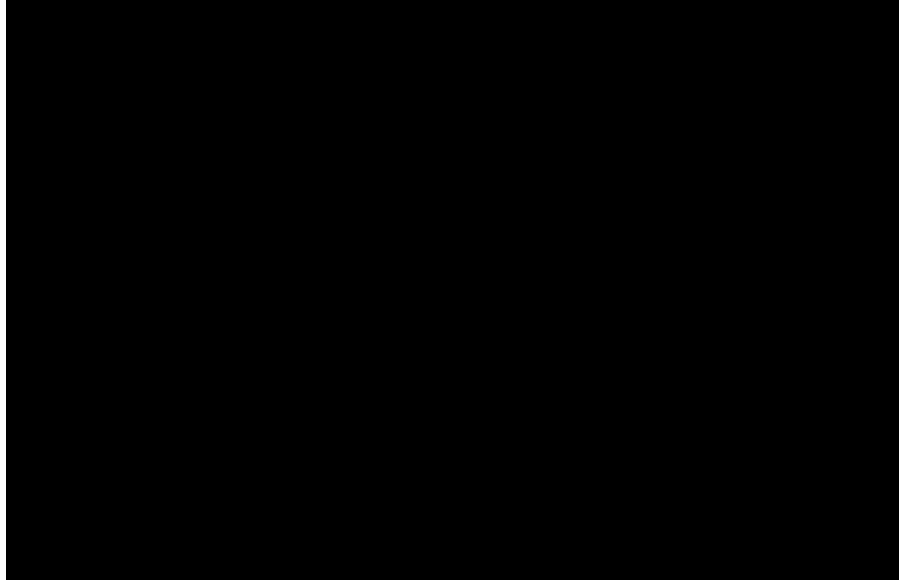
1 DECEMBER 2011



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A message from Vince Cable

A year ago, in *Skills for Sustainable Growth*, I set out my vision of how a freer, more user-focused further education and skills system could make a major contribution to economic recovery.

Events in the intervening months support that analysis. Only recently I was able to announce the excellent news that Apprenticeship starts in the 2010/11 academic year rose by more than a half over the previous year, with increases across all age ranges and levels. The unprecedented investment by my Department and the Department for Education in Apprenticeships is working for businesses and trainees. Our team's success in the WorldSkills 2011 competition showed their skills could be a match for any in the world.



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.

Most people have a fundamental need to work. Not only to earn a wage so that they can support themselves and their families, or to be able to aspire to a higher standard of living, but also so that they can take pride in their self-reliance and find a release for their own creativity and capacity to innovate.

Our plans have been informed at every stage by the views of stakeholders, from individual learners to sector representative bodies, and I would like to thank everyone who has contributed.

The challenge now is to put these new arrangements in place swiftly and efficiently. I know that I can count on the further education and skills sector's continued support in taking that work forward.

Introduction: John Hayes

The work that led to this document began long before the General Election of May 2010. It is the product of years of discussions with the very people who make our further education and skills sector function. The strategy described in these pages has been informed by the views that you expressed in response to *Skills for Sustainable Growth* and the *New Challenges, New Chances* consultation in November 2010 and August 2011.



The way in which our plans have developed reflects the way in which I want the sector itself to develop, guided by its own insights and experiences rather than by impersonal instructions from a remote bureaucracy. 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.

At present, our national skills levels stand somewhere in the middle of the international rankings. I don't think that's good enough, we have the potential to do even better. It's certainly not a reflection of our people's abilities and potential. Wherever I go in the sector I hear, see and feel a hunger to do more. At the WorldSkills 2011 competition in London, Team UK won no fewer than 13 medals, placing us fifth in the world, our best-ever performance. Young people want to be their best by doing their best.

We will meet our potential only when those lecturers, trainers and managers, working to deliver education and training in communities and in businesses, are free to do their best. This document speaks of colleges' and providers' primary accountability being to students, employers and the community in their areas – that is not an ideology but a fact of life.

The Government can provide money and insist on proper accountability to the taxpayer for how it is spent. It will continue to do so. But we will always be mindful of a dictum of John Ruskin's, one of the fathers of British adult education that "a thing is worth what it can do for you, not what you choose to pay for it".

The overall vision for the future landscape of further education and skills that this document sets out is already becoming familiar and I am grateful for the contributions Baroness Sharp and Lord Boswell have made to this agenda.

Our end is through promotion of the common good to serve our national interest. This means a newly confident sector – released from years of confinement - free to excel.

We place our trust in the power of learning to bring about economic and social renewal for individuals and families. And we place our trust in those who provide further education and skills – whether they are lecturers, managers, governors, administrators or support staff – to the welfare of the communities of which they are such an integral part.

And in their commitment to the task of bringing fresh hope to the people they serve, playing a full part individually and collectively in renewing Britain.

Executive Summary

In 2010 the Government set out the vision for skills and how the Further Education (FE) and Skills System would need to reform. The vision brings together the necessity for businesses to continue to invest in 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 financially support and the programme of work required to take forward the reform of FE and skills system for adults aged 19 and over in England. It is based on the principles set out in *Skills for Sustainable Growth* and taking account of the responses to our *New Challenges, New Chances* consultation.

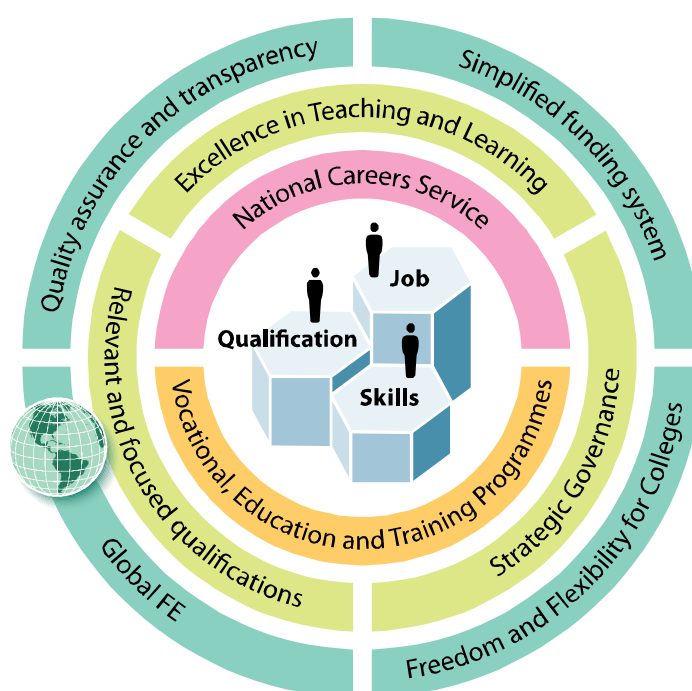
The key elements of the reform programme for the system are:

Students at the heart of the FE and skills system: we will empower learners from basic skills through to higher level skills to shape the system using information to inform their choices; government funding focused on supporting students where it can have most impact, including the introduction of FE loans.

First-class advice delivered by the National Careers Service: to be launched in April 2012, this will provide information, advice and guidance both to inform and to stimulate demand for further education, 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.

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.

The system will fuel individual achievement, power the common good and drive upward economic performance.



Excellence in Teaching and Learning: we will take a number of actions to develop and promote excellent teaching, including establishing an independent commission on adult education and vocational pedagogy to develop a sector owned strategy and delivery programme. We will also facilitate an independent review of professionalism in the FE and skills workforce.

Relevant and focused learning programmes and qualifications: we are taking action to ensure that qualifications are high quality and easy to understand, by improving awareness of the Qualifications and Credit Framework, consulting employers on their engagement in qualification development and consulting on the role of National Occupational Standards.

Strategic Governance for a dynamic FE sector: our removal of restrictions and controls on college corporations paves the way for new roles for governors working closely with other educational providers in post-14 learning, and local stakeholders such as Local Authorities and Local Enterprise Partnerships (LEPs) to take the lead in developing delivery models to meet the needs of their communities.

Freedoms and Flexibilities: we are continuing our programme to free the FE system from central control building upon the successes already achieved, including further work by the Skills Funding Agency with colleges to remove bureaucratic burdens.

Funding priorities through a simplified funding system: to create a simple transparent funding system that is both robust in ensuring funding goes only to high quality provision that delivers good value for money, while being innovative to respond to local circumstances.

Empowered students making informed choices: in the place of Government - based quality assurance systems we will empower students by providing better access to quality information. At the same time, we will take swift action in relation to failing provision, providing intensive support and, if necessary, intervening to ensure that alternative and innovative delivery approaches are secured for the future.

Global FE: building on the growing international demand for technician and higher level vocational skills, and the legacy of our achievement at WorldSkills 2011, we will continue to support the sector to take advantage of opportunities in the global market.

The high level plan to implement this reform programme over the next four years is set out in Annex E.

1. Our Students

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

Their success and where they go next is our most important consideration. We cannot grow as a nation without a skilled workforce and students cannot reach their full potential without good skills. Our future students and their employers will need to be well informed and make good choices about their training. This strategy sets out how we will ensure that they and their employers are empowered to shape the FE and skills system.

The principles of fairness and shared responsibility underpin our strategy for investing in FE and skills. We will prioritise available grant funding on learning for young adults, those who need English and Maths skills, and those seeking work. Alongside this, and for the first time, we are introducing a system of FE loans, which shifts more of the responsibility for investing in learning to individuals, and 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. The introduction of loans is an important step, and we will be working closely with colleges, training providers and key stakeholders as we implement them for the 2013/14 academic year.

In the 2010/11 academic year we supported:

3,129,200 learners aged 19 years and over who participated in some form of Government funded FE and skills training (of whom 739,300 were aged 19-24 and 2,390,000 aged 25 or over). Of these, there were:

- 460,400 Apprentices
- 369,800 Below Level 2 (excluding Skills for Life)
- 956,200 Skills for Life (including Literacy, Numeracy and Language)
 - 639,300 learners participating in Literacy courses
 - 630,600 learners participating in Numeracy courses
- 972,100 Full Level 2
- 489,500 Full Level 3
- 36,100 Level 4 or higher

685,800 learners were funded from the Adult Safeguarded Learning Budget.

Source: Individualised Learner Record, based on provisional 2010/11 data.

To support learners and ensure employers have an appropriate, trained workforce, FE colleges and training providers will have more flexibility than ever before within their Adult

Skills budget to respond to local learner and employer demand. As set out in *Skills for Sustainable Growth*, Government funding will be concentrated on supporting students where it can have most impact, drawing on the knowledge of local government and LEAs about local labour markets.

The Government will financially support those:

- Who did not achieve basic English and Maths in school. The Skills for Life programmes which enable adults to improve their basic literacy and numeracy skills will be expanded to include and fund those who need GCSE English and / or Maths Level 2.
- Young people aged 19 up to 24 can access full funding for Foundation Learning where they need that to progress into further learning or to get a job. They can also access full funding for their first qualifications at Level 2 (or 3), including an opportunity to get GCSE English and Maths.
- Unemployed people on benefits who are looking for work to access labour market relevant courses, which help them improve their skills or re-train to help them get a job.
- At risk of social exclusion to support them to access community learning. We remain committed to safeguarding a range of learning opportunities that support access and progression for people who are disadvantaged and least likely to participate.

In partnership with employers and individuals, we will support those:

- Who wish to undertake an Apprenticeship framework. We will refocus our Apprenticeships programme to target public funding more sharply where returns are greatest.
- In SMEs who need further management training and workplace training to support their growth plans.
- Individuals over 24 who want to retrain or up-skill at Level 2 in order to secure different employment and/or improve their life-chances.

Through FE loans, we will also support those:

- Over 24 who wish to do full Level 3 (2 A-Levels or the vocational equivalent) or Level 4 (Higher Vocational Education) in order to qualify for a professional job and/or progress to higher education.

We will promote innovation and enterprise by:

- Supporting FE colleges and providers to draw down funding for programmes that meet a particular employer skills need whilst they are simultaneously developed for the QCF. This “Innovation Code” was a recommendation from Baroness Sharp’s Report on Colleges in their Communities and will operate on the understanding that colleges and providers will work with appropriate partners to develop the programme to fit the specifications of the QCF so that over time it can become part of a nationally regulated offer.

2. First-class advice delivered by the National Careers Service

However committed and however talented they are, students will always risk being let down by the system unless they have access to the information they need to make the right decisions in their learning and in their careers.

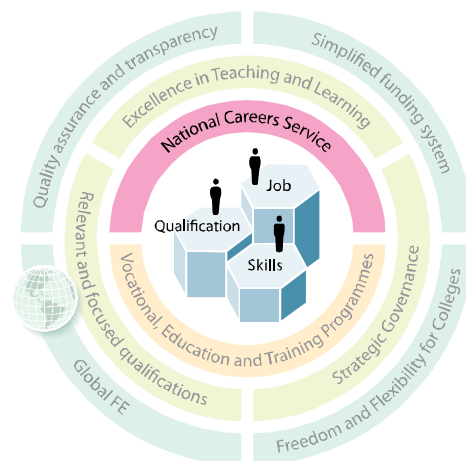
High-quality information about careers and skills, and independent, professional advice and guidance for people who need it most, are a vital part of an efficient labour market which drives growth. We want people to make learning and career choices which are well-informed, stimulating a supply of further education, work-based training and higher education which reflects individual, employer and labour market demand.

The Next Step careers service for adults is an extremely strong platform on which to build.

In April 2012 we will launch the National Careers Service, building on Next Step. The Service will have a new focus on specialist careers guidance, built on the principles of independence and professional standards, and will ensure there is a strong information, advice and guidance offer available for young people and adults.

The Service will have a presence in a wide range of organisations, including FE colleges, community centres, shops and places of worship. The Next Step service already has a presence in 139 colleges, and some (such as Barnet and Southgate College) are developing innovative new models combining careers support and job search. From January 2012, we will pilot new forms of co-location with other organisations.

We will also ensure that information, advice and guidance can make the greatest contribution to growth and social mobility. In particular we want individuals from troubled families get the help they need to turn their lives around.



The **National Careers Service** will provide information, advice and guidance on careers, skills and the labour market, covering further education, Apprenticeships and other types of training, and higher education. It will comprise:

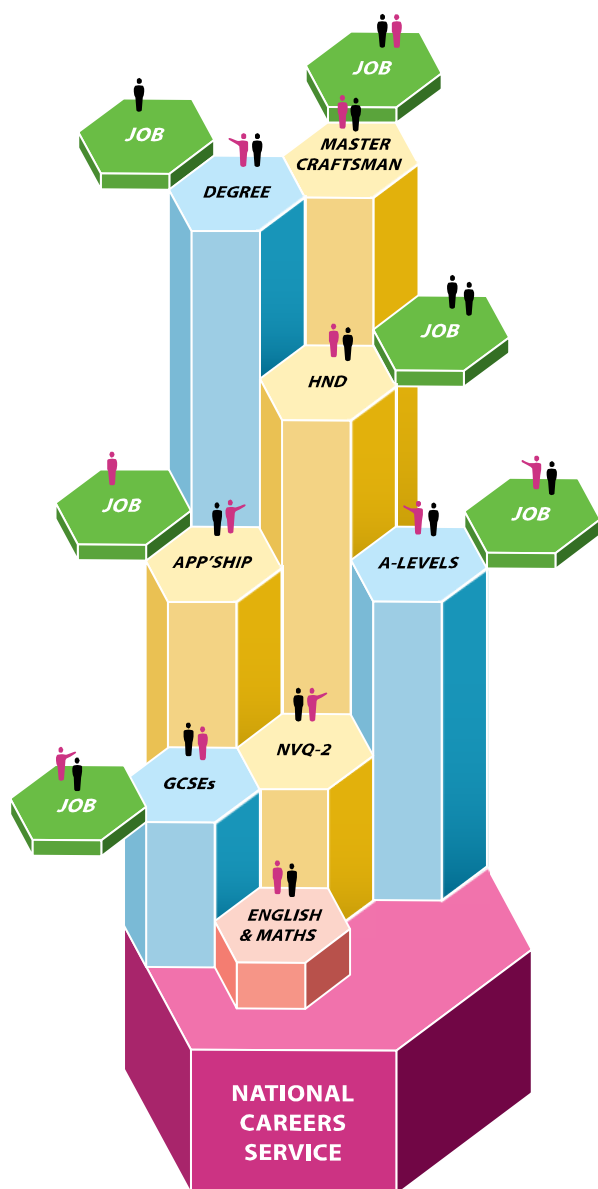
- An online and helpline service available to young people and adults, including a new website using the latest technology.
- A network of organisations providing face to face careers guidance in the community to adults (defined as those aged 19 and over, although the Service will support those aged 18 and over who are jobseekers).
- It will have the capacity to help 700,000 adults face to face each year; and handle up to 1 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. In line with our policy of raising the participation age to 18 by 2015, we will shortly be consulting on extending this duty to 16-18 year olds in school and further education settings. The Department for Education is providing statutory guidance to help schools discharge this duty, and will support the sharing of best practice.

We want the demand for high quality services from schools, young people and their parents, individuals in the labour market and employers to drive quality and professionalism in guidance services, wherever they are provided. Government is keen to see the best of new technologies used to support this agenda.

Supported by No.10, and brought together by a passion to inspire the next generation, industry partners Serco, Engine, Eversheds, the Institute of Education Business Excellence and the Ideas Foundation have created 'I Am...' a social enterprise that aims to inspire young people about their futures.

The enterprise is collaborating with young people, as well as a growing number of employers, brand and digital experts, notably Centrica, Dairycrest and Microsoft. 'I Am...' is an inspirational campaign and website that brings all careers information and opportunities for young people into one place. It will draw on specialist resources from a wide range of organisations and services, including the National Careers Service.



Alongside the National Careers Service, Lifelong Learning Accounts will encourage individuals to learn, and keep on learning. We want the accounts to help build a national community of learners with the desire to seek out knowledge and skills and invest in their own success.

Lifelong Learning Accounts will empower adults to take greater control over their learning by providing clear information and advice on skills, careers and financial support, tailored for the individual, all in one place. Accounts will encourage users to link up with other learners to share knowledge and experiences, and account holders will be signposted to relevant learners' forums and communities through social media such as Facebook and Twitter.

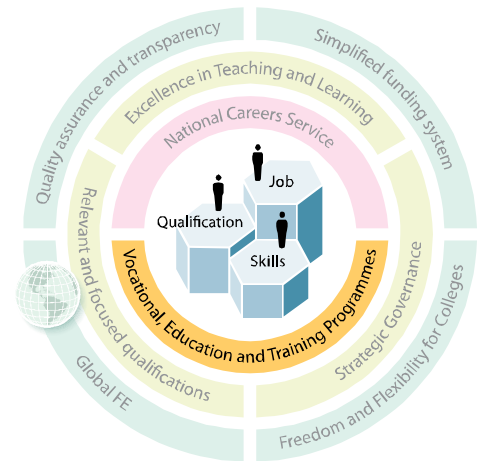
3. Vocational Education and Training Programmes

Apprenticeships

More young people and adults are applying to become an apprentice and in the 2010/11 academic year over 440,000 people started on a programme.

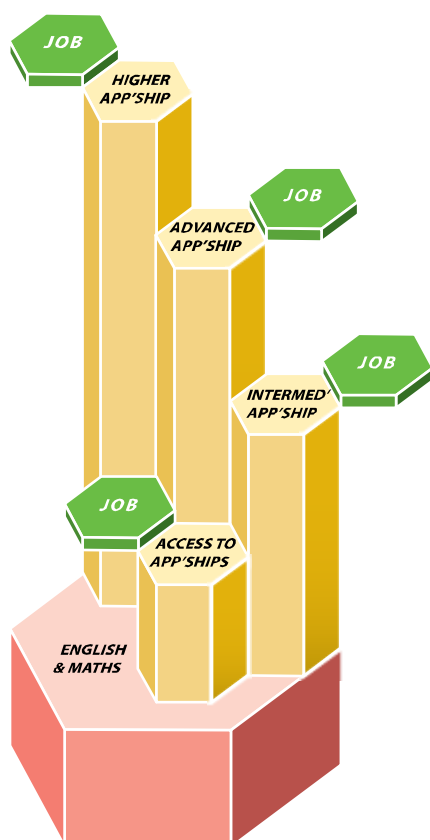
Apprenticeships support people of all ages to gain the skills they need to succeed and progress in their careers and help employers to build a workforce with the motivation and expertise they need to compete globally.

Together with the Department for Education, we are committed to improving the quality and accessibility of Apprenticeships, for example, for small and medium-sized enterprises, young people from troubled families and for people living in rural communities.



Our main priorities are 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.
- 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, we will provide up to 40,000 incentive payments.
- Significantly extend Higher Apprenticeships provision, including with 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 to take on an apprentice, by reducing bureaucracy, streamlining and speeding up processes and removing all additional health and safety requirements on employers. We will ensure the National Apprenticeship Service better supports the needs of small employers through more targeted advice and guidance.



Putting employers in the lead: Employer Ownership Pilot

If we are to secure long-term competitiveness for the UK, we need to change the relationship between employers and the state on skills. We have committed to a new employer ownership pilot, working with the Department for Education, supported by up to £250 million of public investment over two years, subject to high-quality employer bids and ongoing evaluation. The employer ownership pilot will test the potential to raise businesses' engagement and investment, by routing public investment directly to businesses, rather than through FE colleges and training providers. A prospectus inviting proposals from employers will be launched in 2012.

Growth and Innovation

The Growth and Innovation fund co-invests alongside employers, with the support of their industry and sector bodies, to work within their supply chains, business clusters and with colleges and training providers to remove the barriers they face in developing the skills they need and to make the most of opportunities for growth.

Professional Updating for SMEs

The Leadership and Management Advisory Service (LMAS) is a £20 million programme offering support to up to 13,000 high growth SMEs and social enterprises in the 2011-12 financial year to help develop their management capability. In the 2012/13 academic year, LMAS will be aligned with Business Coaching for Growth and will form part of a package of support including: coaching of senior management teams; access to business and knowledge networks; and fast-track access to trusted sources of specialist advice such as the Technology Strategy Board and UKTI.

Alongside Apprenticeships, SMEs will also be able to draw down public funding for other workplace learning for Level 2 qualifications.

Skills for Life: English and Maths for adults

There has been a large improvement since 2003 in Level 2 and above literacy, but no improvement in lower level literacy and the nation's numeracy skills have shown a small decline. So despite considerable efforts over the last 10 years to improve the basic skills of adults, our new national survey¹ shows that 24% of adults (8.1 million



¹ Skills for Life survey: headline findings (2011), BIS research paper 57 – full report to be published in spring 2012

people) lack functional numeracy skills and 15% (5.1 million people) lack functional literacy skills. This is unacceptable.

Building on Lord Boswell's report on adult literacy we have undertaken a major review of how provision is delivered to improve the economic and personal returns to this investment.

Key actions:

- Re-establish the terms 'English' and 'Maths' for adults.
- Prioritise young adults who lack English and Maths skills, and those adults not in employment.
- Pilot in 2012 how providers can be funded on the basis of the distance a learner has travelled.
- Fund GCSE English and Maths qualifications from September 2012.
- Recognise the differential learning patterns of adults by enabling Awarding Organisations to create standalone units that provide the necessary rigour and flexibility to support progression to a GCSE or other training.
- Confirm that, from the 2012/13 academic year, all Apprenticeship providers will be required to support Apprentices in progressing towards the achievement of Level 2 English and Maths. From October 2012 all Apprentices starting English and Maths courses will be taking Functional Skills or GCSE qualifications.
- Embed effective and timely screening by Jobcentre Plus advisers of the English and Maths needs of relevant benefit claimants, mandating them to an initial interview with a provider where a lack of these skills is preventing them from moving into work.
- Reinforce the focus on assessing the English and Maths needs of offenders at the very start of their sentence through the new specification on which the procurement of new learning providers is based. In addition, we will pilot intensive English and Maths provision in prisons, commencing early in 2012.
- Include the training of English and Maths teachers in the development fund for the sector to explore new models of delivering Initial Teacher Education.
- Ensure that by September 2012 the Learning and Skills Improvement Service's (LSIS) continuing professional development programme for Skills for Life teachers prioritises the most effective pedagogy for teaching English and Maths. LSIS will support a range of peer reviews and practitioner research programmes.
- Ofsted proposes to increase its focus on the quality of teaching, learning and assessment in inspection. Paying particular attention to how well teaching develops English and Maths skills.
- Promote a national Maths campaign. Instead of taking an expensive, top-down approach as has been done in the past, we will work with stakeholders and seek to engage 'champions', including high profile employers. These champions will target other employers and individuals with low skills in employment; and those on the margins of the labour market.
- Undertake a new research, development and evaluation programme from 2012.

Education and Training Routes and Programmes for Unemployed People

Young people aged 19 up to 24 can access full funding for Foundation Learning where they need that to progress into further learning or to get a job. They can also access full funding for their first qualifications at Level 2 (or 3), including an opportunity to get GCSE English and Maths.

FE colleges and providers can also access units and full qualifications from the Qualifications and Credit Framework to design a flexible pre-employment training offer for the people who are unemployed and looking for work to enable them to access jobs in the local labour market. Where an 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.

We will ensure that young people aged 19 up to 24 have access to a full range of programmes to enable them to continue into further learning or move into employment. We will work closely with local government and Local Enterprise Partnerships in taking this forward.

Education, Training and Retraining

Individuals aged 24 and over will continue have access through colleges and providers to a range of training and retraining opportunities leading to a vocational qualification and progression to further learning or a job. The programmes on offer cover areas ranging from general education, A-levels, science, construction etc to skills for the new green technologies and industries. If they are in work, learners will be expected to contribute to the costs of their programme at Level 2 and will be able to access a loan for Level 3 or higher.

The introduction of Universal Credit in October 2013 means we will need to review the way we use benefits to define people who are near to the job market and therefore eligible for fully-funded skills training. There is likely to be a long transition period as people move from the existing benefits regime to Universal Credit and we will need to build in transitional arrangements. We will continue to work closely with the Department for Work Pensions to understand the implications for funded training. Over the coming year we will seek the views of, and test options, with FE colleges, providers and careers services.

Opening up Higher Vocational Education

The Government published its higher education White Paper '*Students at the heart of the system*' in June 2011. Its overall goal is to create a system which is more responsive to student choice, provides a better student experience and helps to improve social mobility.

The White Paper acknowledged the main barriers faced by institutions seeking to expand and new providers were around student number controls and the complex processes for obtaining, for example, taught degree-awarding powers. It also made a commitment to drive competition and innovation across the sector, by freeing student numbers and removing the regulatory barriers that are preventing a level playing field for higher education providers of all types, including FE colleges and alternative providers.

These changes will have significant implications for many FE providers. Further education already provides nearly 40% of new entrants to higher education (HE). The sector is an increasingly significant HE provider in its own right, hosting around 180,000

students on HNCs, HNDs, Foundation Degrees, degrees, Apprenticeships and professional awards. Colleges have a distinctive mission in delivering locally-relevant, vocational and technical higher-level skills across the country.

The use of the title “college of further and higher education” has received support from FE colleges with significant HE who wish to express that fact more explicitly. We will review the criteria for adoption of this title to ensure they better reflect the new and emerging landscape. We will take account of the outcomes of the Government’s proposed reforms to higher education including those proposals around university and university college title.

Whilst many colleges and providers have long and established track records in offering Level 4 technical and professional qualifications, this has been a neglected area in policy terms for some time, particularly around what has become known as ‘non-prescribed higher education’. We will develop and promote the concept, identity and value of our ‘Higher Vocational Education’ portfolio with clear, flexible and articulated progression routes into Levels 4, 5 and 6.

Our plans to introduce loans for certain students and courses in FE institutions are described elsewhere in this document. But to achieve their full potential for helping more adults progress from intermediate to higher-level skills, and to help them progress in their careers, these changes will need to be supported in other ways. We therefore intend to invite collaborative proposals to increase credit accumulation and transfer opportunities across further and higher education.

We also expect the further opening-up of awarding powers to national organisations, such as awarding organisations, to take into account the need for seamless and navigable pathways for our students and employers on an all-England basis.

It is clear that further and higher education institutions are advancing quickly in their thinking about innovative business models to secure effective progression for learners, and share risk. Examples include federated models, social enterprise hubs for shared delivery and services, mutualisation, strategic alliances with universities and FE organisations, academies, University Technical Colleges (UTCs), voluntary organisations and employers.

Community Learning

BIS funding will continue to support a universal community learning offer, with a wide range of learning opportunities available to all adults in England.

The consultation endorsed a new, clearer commitment to using the public funding subsidy to support access, and progression in its widest sense, for people who are disadvantaged and who are furthest from learning and therefore least likely to participate. In the 2012/13 academic year we 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 an effective model we will roll out community learning trusts across England to begin full operation from summer 2013. The new trusts will take account of the views of local government, local communities and local business leaders to ensure the purpose and objectives for the budget are implemented in ways that meet local need. A prospectus will be launched in spring 2012.

Purpose of Government Supported Community Learning:

- Maximise access to community learning for adults, bringing new opportunities and improving lives, whatever people's circumstances.
- Promote social renewal by bringing local communities together to experience the joy of learning and the pride that comes with achievement.
- Maximise the impact of community learning on the social and economic well-being of individuals, families and communities.

Objectives:

- Focus public funding on people who are disadvantaged and least likely to participate, including in rural areas and people on low incomes with low skills
- Collect fee income from people who can afford to pay and use where possible to extend provision to those who cannot.
- Widen participation and transform people's destinies by supporting progression relevant to personal circumstances, e.g.
 - improved confidence and willingness to engage in learning
 - acquisition of skills preparing people for training, employment or self-employment
 - improved digital, financial literacy and/or communication skills
 - parents/carers better equipped to support and encourage their children's learning
 - improved/maintained health and/or social well-being.
- Develop stronger communities, with more self-sufficient, connected and pro-active citizens, leading to:
 - increased volunteering, civic engagement and social integration
 - reduced costs on welfare, health and anti-social behaviour
 - increased online learning and self organised learning
 - the lives of our most troubled families being turned around.
- Commission, deliver and support learning in ways that contribute directly to these objectives, including:
 - bringing together people from ~~all~~ backgrounds, cultures and income groups, including people who can/cannot afford to pay
 - using effective local partnerships to bring together key providers and relevant local agencies and services
 - devolving planning and accountability to neighbourhood/parish level, with local people involved in decisions about the learning offer
 - involving volunteers and Voluntary and Community Sector groups, shifting long term, 'blocked' classes into learning clubs, growing self-organised learning groups, and encouraging employers to support informal learning in the workplace
 - supporting the wide use of online information and learning resources
 - minimising overheads, bureaucracy & administration.

Supporting the Justice System

Having the right skills enables released prisoners to get and keep jobs – and employment is critical to reducing re-offending.

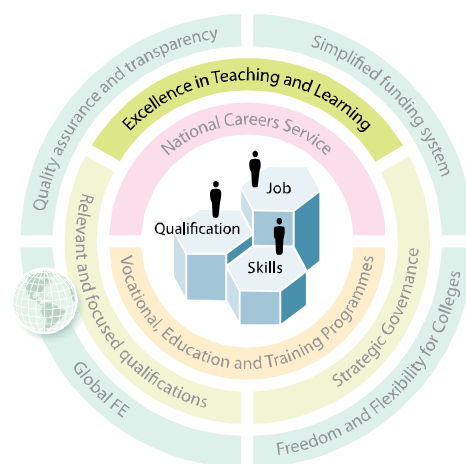
Following a review we launched *Making Prisons Work: Skills for Rehabilitation* in May 2011, setting out a new strategy for offender learning. The strategy sets out an increased focus on vocational and employability skills, and introduces a decisive shift to local decision-making based on clusters of prisons between which prisoners move. It also sets out the Government's commitment to trial outcome payments giving colleges and training providers a greater stake in delivering learning successfully. 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.

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4. Excellence in Teaching and Learning- ensuring world-class programmes

As demonstrated at the World Skills 2011 competition our young people can compete with the rest of the world. Our ambition must be that all our students and trainees receive the type of training our World Skills competitors received.



Colleges and approved training providers are responsible for improving the quality of teaching and learning. Much of what happens is good. However, Ofsted in its recent report *The Annual Report of Her Majesty's Chief Inspector of Education, Children's Services and Skills 2010/11*,² has found that there is too little outstanding teaching and learning and that around a third of provision is judged satisfactory or inadequate.

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 vocational pedagogy will be established. The Commission will:

- Bring together industry, teacher training colleges, professional associations and practitioners in the FE sector.
- Be supported by LSIS and Institute for Learning, and draw on evidence from Ofsted.
- Explore how the best colleges and providers work with employers.
- Set out the standard expected of a good learning opportunity for an adult and an apprentice, and define a range of effective pedagogical approaches.

LSIS will also lead work to support FE colleges in developing collaborative approaches to delivering HE including progression pathways from FE to HE.

"We support the establishment of a Commission on Vocational Teaching and Learning and would be keen to contribute to its work in whatever way we can. The 157 Group believes that a consistent focus on the quality of teaching and learning is the most important priority for the learning and skills sector." 157 Group

² <http://www.ofsted.gov.uk/resources/>

Focus on STEM

The Commission will need time to do its work but meanwhile 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. Key developments are:

- The Royal Academy of Engineering's two recent reports on the scale and nature of STEM provision and the economic returns on STEM qualifications in FE and HE³.
- Ofsted's thematic review on Improving Science in Colleges which illustrates good practice in the teaching of science⁴.
- LSIS's STEM support service which is aligned with national STEM policies and focused on improving the quality of teaching and learning.

Professional Workforce

Outstanding teaching and learning depends on the quality of teachers and trainers, their specialist skills and how they are supported. Three key actions are now being undertaken:

- An independent review of professionalism in the further education and skills sector. This will review the current arrangements to regulate and facilitate the professionalism of the FE and skills workforce, and make recommendations for how these should be changed or improved, given that building the status of workforce is central to building and promoting the reputation of the sector.
- Bursaries and a development fund for the sector to explore new models of delivering Initial Teacher Education. BIS has commissioned LSIS to work with the sector and provide development funding for new models of delivery.
- 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. This will build excellence in dual professionalism in key industry areas, and will also contribute to the expert training for annual UK Skills competitions and international competitions.

³ FE STEM Data Project – July 2011 report 17 November 2011
http://www.thedataservice.org.uk/statistics/other_statistics_and_research/

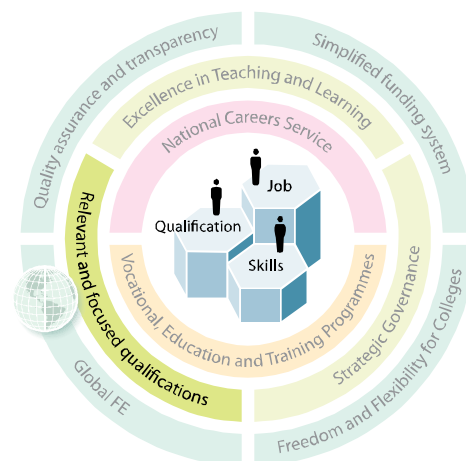
The labour market value of STEM qualifications and occupations 17 November 2011
<http://raeng.org.uk/news/releases/shownews.htm?NewsID=701>

⁴ Improving science in colleges – sharing ideas and examples of good practice 14 October 2011
<http://www.ofsted.gov.uk/news/improving-science-colleges-sharing-ideas-and-examples-of-good-practice-0>

5. Relevant and focused learning programmes and qualifications

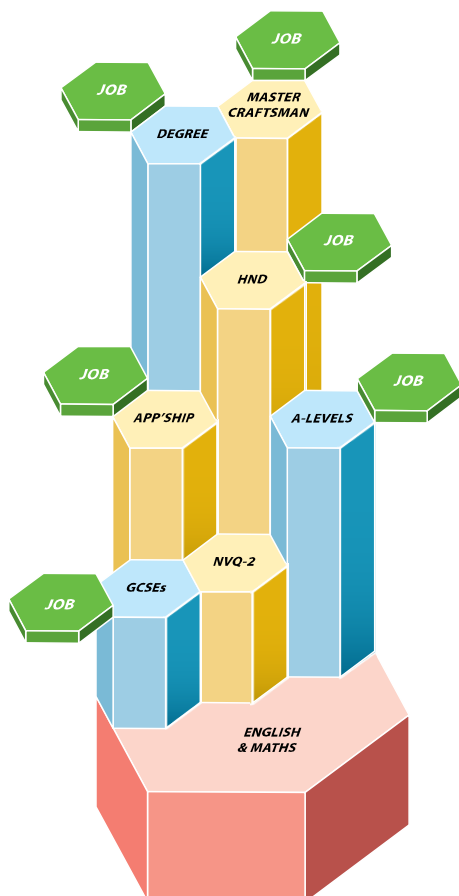
Our objective is that the qualifications offered in the FE and Skills sector are relevant to employer needs, high quality, and simple to understand:

- "High quality" means rigorous, meeting employer needs, and offering progression to higher levels.
- Qualifications need to be simpler - comprehensible to and trusted by employers and learners without the need for specialist knowledge of the system



The Qualifications and Curriculum Framework (QCF) provides a good starting point for us to achieve that vision, and we will not engage in significant upheaval to the qualifications regime, with all of the distraction that would cause. Instead we will work with businesses, providers, and awarding bodies to maximise the benefits of the QCF. We have already improved the quality of qualifications, and simplified the process of creating them, by removing the requirement for Sector Skills Councils to approve each unit or qualification.

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



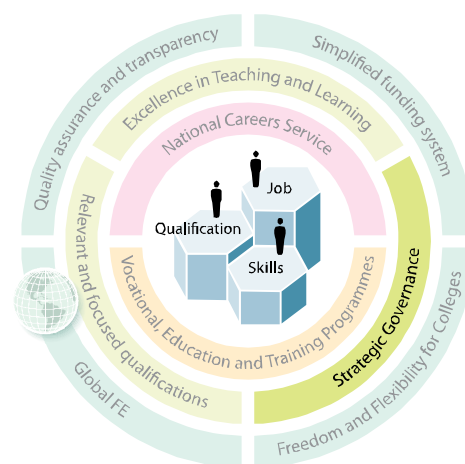
Following the recommendations in the Wolf report, we will consult on whether current National Occupational Standards are fit for purpose in a job market where the nature of work is evolving rapidly and individuals change occupations more frequently.

We have also welcomed a proposal from Ofqual, the independent regulator of qualifications, to launch a programme of work aimed at a better understanding of how well qualifications' markets are operating to deliver fit-for-purpose qualifications as a focus for its regulatory interventions. Ofqual will look to work collaboratively with other bodies, including the Office of Fair Trading on competition issues.

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

6. Strategic Governance for a dynamic FE Sector

The FE sector is moving into a new era, where there is a fundamentally different relationship with Government. Our radical reform programme is freeing colleges from central government control and putting responsibility firmly on the shoulders of colleges themselves. This requires a change in thinking, where colleges will no longer look to central government for detailed steers or permissions. 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 in driving local economic growth and working with local community leaders and the business sector through initiatives such as the city deals agenda.

To create this new environment, through the Education Act 2011 we have removed a wide range of restrictions and controls on college corporations, putting colleges on a similar footing to charities operating within the independent/private sector. Corporations no longer need to seek permission to change their Instrument and Articles and the legislative requirements for these are now reduced to a minimum core of essential elements. A Corporation can decide to dissolve the college itself, if this seems the best approach to ensure the provision of high quality, flexible provision to meet the needs of their local areas. We will continue to ensure that the naming of colleges is accurate and meaningful. We will review ways of protecting the terminology and titles in relation to FE colleges to maintain the high reputation of the FE sector.

In considering the needs of their local areas – whether these are cities, towns or rural areas - we expect colleges and providers to look at a wide range of evolving models, including joint models across the post-14 education sector.

New organisational and business models might involve:

- Setting up companies or, trusts.
- Or mutualisation models, in line with the Coalition's commitment to support the creation of new public service mutuals, empowering employees to take over the services they provide.

Mutualisation models are already being considered by a number of colleges. As these fledgling mutuals develop they will be able to access the Mutuals Information Service, the gateway to a comprehensive support package provided by Cabinet Office

Stockport College: Public Service Mutual Pathfinder

- The College is consulting and working with stakeholders to ensure that future strategic planning is influenced by the community the College serves.
- As part of the Cabinet Office Mutuals Pathfinder Programme, the College is creating a Community Benefit Society or similar, made up of staff and other stakeholders in the College.
- The Society will have a clear voice in the strategic direction of the College.

New partnerships might include:

- Federations or joint venture models with other colleges.
- Working with an employer or groups of employers and an associated university to form University Technical Colleges, sponsored by the Department for Education.
- Partnerships to deliver specific training opportunities, including working with National Skills Academies, or setting up specialist skills centres.
- Working through Group Training Associations or Apprenticeship Training Associations to develop innovative Apprenticeship models.

Colleges might take up the opportunity to sponsor, establish or work with Academies (3-19 or 16-18) or Free Schools (3-19). There are many examples of this already working in practice, for example there are currently (as of November 2011) 27 FE colleges across the country sponsoring or co-sponsoring Academies, with a further 15 due to sponsor Academies in 2012.

The vital accountability to communities is recognised in Baroness Sharp's review of colleges' role in their communities. Any college considering a major change in their delivery model will undertake a College Structure and Prospects Appraisal and consider carefully and thoroughly the impact on their communities, consulting widely and transparently on their proposals, and taking explicit account of the views of the people - learners, employers, and the broader community - that they serve.

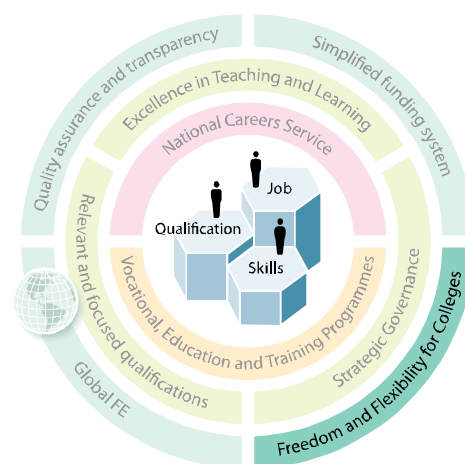
College corporations must recognise that they are operating in an open market which should allow for new entrants, offering greater choice and diversity. The processes for developing new delivery models or securing new provision or partners should be transparent and through open and competitive procurement practices, with demand driving a more diverse supply side.

The full range of factors that should be considered in a College Structure and Prospects Appraisal are set out in Annex A.

The recently published AoC Governors' Council Foundation Code of Governance provides an excellent basis for the development of good practice in governance. Government will continue to support this work alongside a range of programmes being developed together by LSIS, AoC and the 157 Group, as well as follow up work from Baroness Sharp's review, to develop a 'dynamic resource' that can be used to stimulate, encourage and support governors, principals and staff across the sector.

7. Freedom and Flexibility for Colleges and Providers

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



- **Streamlining the landscape.** We have abolished, merged, ceased funding or scaled back the number of government organisations in the FE landscape to ensure only the most focussed and relevant remain, so reducing the number of interactions providers have with Government.
- **Simplifying systems and processes.** The Skills Funding Agency is scaling back its bureaucracy to simplify processes, working jointly with the Young People's Learning Agency, so reducing the time spent on Agency related activity by providers.
- **Deregulation.** The Education Act 2011 removes burdensome duties on colleges and confers more power on governing bodies, while the Skills Funding Agency is working jointly with Young People's Learning Agency to reduce bureaucracy for providers.

To ensure change is delivered coherently across the whole of the FE sector, we are working with Department for Education via the FE Reform and Performance Board, on which the sector sits, to coordinate change via a joint plan of action.

The road map at Annex C outlines the direction of travel for the sector, and the key steps along the way. Our programme to introduce greater freedom and flexibility into the FE system has been moving at pace. This ambitious programme is being delivered in full consultation with the sector. The list at Annex D shows the significant progress and action already in place.

The Government should not control the FE sector, it cannot impose unwanted change. We have been highly consultative over our plans to simplify the system; our changes come heavily influenced by the sector view. Colleges and providers have told us how and where they want change. We have listened and responded accordingly, taking into account the capacity of colleges and providers to absorb change, for example introducing funding changes over two years rather than one to allow for piloting.

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.

“We welcome the new flexibilities and are currently using them to benefit our local communities. This has included the creation of Employment Gateways in our colleges to support people seeking work to be directed to bespoke programmes that meet their needs.” College Group

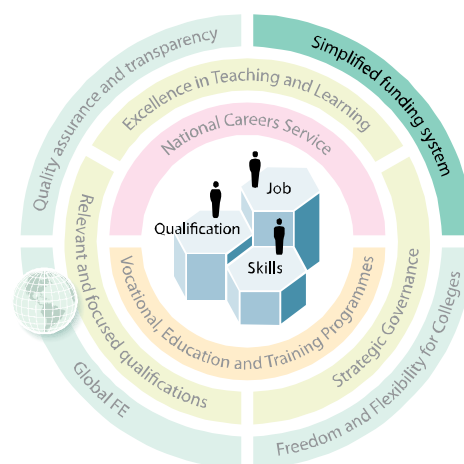
To help colleges and providers, the Skills Funding Agency is taking a number of steps to further reduce bureaucratic burdens and ensure where possible its business cycle is aligned to that of providers.

- **Whole College View.** This takes an end-to-end look at the Agency’s systems and processes in terms of their impact on the whole of the provider to better understand where the bureaucratic burdens lie, where they may be removed or simplified, and where cost savings can be made.
- **Annual Provider Survey.** The Agency has introduced an annual Provider Survey to elicit the views of training providers with whom the Agency contracts about their perceptions of its role, operations and communications. The Survey results are being used as a baseline for performance improvement.
- **Large Employer Programme Pilot.** Responding to calls for payments to be simplified, contracts streamlined and data collection and audit to be simplified. The Agency is piloting an outcome based payment system for large employers while ensuring robust quality measures.
- **Communications Framework.** The Agency is reducing the quantity and improving the quality of its communications with the aim of ensuring providers have a discrete number of reliable sources of guidance and information about immediate business issues and direction of travel. A clear schedule of communications will be established, aligned to providers’ business cycles and the academic year.

By keeping in close contact with the sector via its Annual Provider Survey, taking a deep dive look at every interaction a college has with Government, and aligning its business process to the FE sector’s, the Agency will be able to drive on-going simplification and system improvement in a measured way, targeting those areas which impose most cost and burden.

8. Investing in our priorities through a simplified funding system

The overall adult FE and skills investment in 2012-13 financial year will be £3.8 billion. Of this £3.6 billion will be routed through the Skills Funding Agency, falling to £3.4 billion by 2013-14 and £3.3 billion by 2014-15. This will be supplemented by £129 million and £398 million respectively provided through FE loans for adult learners aged 24 and over on Level 3 or higher courses.



Working with the Skills Funding Agency, we want to reduce the costs of operating the current funding system to maximise the amount of funding available for learners including those entering and remaining in work.

In continuing close collaboration with the sector, we will carry on developing a single funding system for adult skills for full implementation from the 2013/14 academic year. We will work 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 guiding principles of this new system will be:

- Fairness.
- Transparency.
- Recognition of the diverse needs of adults, some of whom face barriers because of disadvantage and/or a learning difficulty or disability.
- Safeguarding the use of public funds in a proportionate way.

The Skills Funding Agency's *A new streamlined funding system for adult skills*⁵ 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.

⁵http://readingroom.lsc.gov.uk/SFA/A_New_Streamlined_Funding_System_for_Adult_Skills_-_Published_10_October_2011.pdf

- 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.

Colleges with modern and up-to-date premises, facilities and equipment are particularly well placed to support growth in their local economies by providing local people with a positive and stimulating environment within which to learn and acquire the skills employers need.

To achieve this, learners must have access to the latest equipment and facilities. This is why we are keen to promote and encourage even stronger partnerships between colleges, business and industry sectors. Partnerships that strengthen the business stake in colleges, whilst ensuring that learners have access to industry and market leading equipment and facilities. This is at the heart of our strategy for capital investment in FE.

Our new capital programme, launched in September 2011, builds upon our earlier investment in urgent capital works and provides £100 million in 2011-12 and 2012-13 to support the renewal, modernisation and rationalisation of the FE estate. And, over the remainder of this Parliament, we will continue to invest in capital infrastructure, equipment and facilities to; improve learner outcomes and employability; secure business capital investment; address the skills needs of growth sectors; increase Apprenticeship places; support unemployed people; improve facilities for learners with disabilities; and help to address issues of deprivation in rural and urban areas.

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Shared Funding Responsibility - Further Education Loans

The Government remains committed to introducing a system of Further Education loans for adults aged 24 or over studying at Level 3 or higher. Although funding for participation is expected to fall during the Spending Review period, by introducing income contingent loans we have protected access to learning. The loans 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. The availability of loans will demand higher quality from colleges and training providers, as individuals make fully informed decisions about their investment. And by introducing a single loans system across FE and HE, there will be a more coherent offer for learners.

Responses to the consultation and discussion at the FE Loans Stakeholder Advisory Group established by BIS, have shown that the FE and skills sector understands the policy, and will work with the Department and its partners to implement loans.

Many responses emphasised the contrast between a “typical” FE learner and a “typical” HE learner, and said that learners in FE might be less likely to take out a loan. Of course, we acknowledge that FE supports more students facing single or multiple disadvantages, and that many will require additional financial support to help them participate. We will therefore continue to consolidate funding streams so that colleges and training providers have maximum flexibility to respond.

Almost everyone who responded to the consultation stressed the importance of good information. We agree entirely. So we will provide clear information about the terms under which loans are available, and ensure that every potential learner interested in a loan has the best available information, including about the possible financial returns to courses. Building on the communications activity in train for HE student finance, we will work with the sector, and with other critical stakeholders – such as the NUS – to ensure there is a strong programme of communication with potential learners, partners and stakeholders.

Some employers of apprentices have raised concerns about asking their employees to take out a loan. We believe that a clear understanding by everyone involved of how the cost of a loan balances against the benefits of an Apprenticeship to the individual as well as to their employer will help to allay these fears. We are also exploring how employers can take on greater ownership of loans.

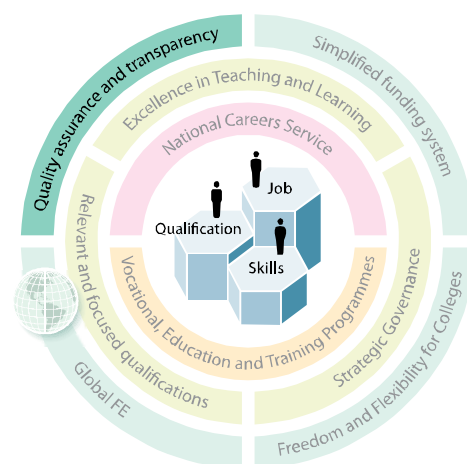
We will also complete a full Equalities Impact Assessment for FE Loans, so we can ensure that the way in which the policy is implemented takes account of the needs of different groups.

9. Quality assurance, transparency and data management

We want to see the FE sector build on and increase its innovation, responsiveness and its high quality offer to students and employers.

By empowering students to make informed choices through better access to information on quality, we create competition and the incentives for providers to be responsive to students and employers. If we get this right, we can minimise the Government-led quality systems, which divert providers from concentrating on the needs of students and employers. However, we will maintain minimum standards. Where student and employer needs are not being met and performance is poor, Government will intervene quickly and effectively to restore high quality choice.

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.



“We...believe that the way forward is a standard set of information so that individuals and employers would be able to make an informed choice about the provider who met their needs.” Association of Colleges

We 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 information advice and guidance and to make comparisons of provider quality.
- **Make available quality information at more granular levels** wherever possible (ie about subject or course as well as institution or sector subject). The Department for Education is taking a similar approach with 16-18 provider performance tables.

We look to the sector to:

- **Create a ‘common information set’ of information** that students and employers say they need, presented in a standard format for each provider, available on each provider’s website, which facilitates quick comparison of quality and access to the national provider quality comparison information.

- **Ensure greater completion of the course information** available to learners on the National Careers Service website.

Most providers are already achieving excellent results. We want to encourage even more providers to strive for excellence. Skills competitions and awards can play an important part if they have prestige within the FE sector and beyond. We will continue to reform the current range of awards into a single framework that supports our ambitions.

With better-informed students and employers driving providers to be ever more responsive, we want to lift the burden of Government-based quality assurance systems. We have examined each of the current main systems. In each we have identified additional freedoms for providers who achieve high quality, responsive provision, while ensuring the overall framework secures minimum standards:

- **Market Entry.** We will continue to provide checks on FE colleges and independent training providers wishing to enter the market (to stop bogus providers and protect taxpayers' money). But there will be significant reductions in bureaucracy attached to the approved register of providers – the number of questions asked will be reduced significantly. The Skills Funding Agency will also aim to ensure information is collected only once across its systems.
- **Provider Self-Assessments.** The requirement for providers to submit their self-assessment reports to the Skills Funding Agency will cease. These are sector-owned tools for improvement and need to be recognised as such. The associated Government guidance will also be removed. However, they are a valuable tool for self-improvement and we would encourage all providers to continue to produce them and to submit them annually on a voluntary basis.
- **Ofsted Inspection.** Providers judged 'outstanding' will be exempt from further inspection, unless their performance drops. We commit to review the impact of the exemption to examine how our approach to inspection should be developed.
- **Minimum Levels of Performance.** We will reform the current Minimum Levels of Performance to make them more transparent and less complex. We will reduce the number of individual blocks of provision that are currently scrutinised (up to 270) giving providers more autonomy to manage their overall offer. We are working with the Department for Education, which is developing a similar approach to minimum standards that will apply across 16-18 provision.
- **Financial Performance Reporting and Assurance.** The Skills Funding Agency is undertaking an in depth investigation into the weight of different reporting burdens on providers and their effectiveness, including financial performance and audit. From spring 2012, the Agency expects to implement further reductions in burdens based on the outcome of this review.

These new freedoms and flexibilities also confer responsibilities on providers to meet the needs of their students and employers. In the event of poor performance, BIS, the Skills Funding Agency, the Department for Education and the Young People's Learning Agency (and in due course the Education Funding Agency) will work together closely and agree

appropriate action. The process outlined below will apply to FE colleges and independent training providers.

Failing provision will continue to be identified through three measures of performance: an 'inadequate' rating by Ofsted following inspection; learner success rates below minimum standards; and a rating of 'inadequate' by the Skills Funding Agency in either financial health or financial control.

The Skills Funding Agency actively reviews performance of all providers and, in the case of independent training providers, will usually cease funding where they fall below acceptable standards. The Government intends to continue this approach.

The process for colleges needs to recognise their community role and the value of their assets within that context. Poor performing colleges will therefore receive an 'Inadequacy Warning Notice', giving them limited time to resolve any quality or financial issues, with support from the Learning and Skills Improvement Service. Typically, that period will be an annual cycle i.e. once a further set of validated yearly data is available or once Ofsted has re-inspected.

Although relating to a very small number of colleges, there are likely to be cases where persistent poor performance continues and minimum standards are not achieved even after the Warning Notice expires. Colleges will then undertake a Structure and Prospects Appraisal. Intensive support and direction from a sector-led team of executive and governor leaders with experience of significant restructuring or innovation in further education will be assigned to the college during the Appraisal. We are working with the sector representative bodies and Learning and Skills Improvement Service to ensure such a team can be deployed.

The College Structure and Prospects Appraisal must address the key considerations that will be expected when exploring new models (see chapter 6). The presumption would be that the Appraisal would lead to leadership change, restructuring the model of delivery, new partnerships or opening up the provision to new providers. Where new partnerships are considered, even with other FE colleges, an open and transparent tendering process should be undertaken to secure the best solution. Future plans need to be credible to local stakeholders and to Government. If they are not or do not deliver the expected benefits, the Government will intervene directly to restore acceptable standards for learners and employers.

A diagram describing the new intervention escalation process for failing FE colleges and a table showing roles and responsibilities through the escalation process are at Annex Bi and Annex Bii. In exceptional circumstances, Government intervention could happen earlier than the timescales set out, where the interests of learners are seriously jeopardised.

Data management

Supporting informed choice needs to be balanced with the costs and burden of data collection. We are working with the FE sector to ensure a robust and effective data management strategy is in place.

Reducing burdens

We will ensure all data collection from the FE sector continues to be subject to a robust challenge process by the Information Authority that only allows change where it can clearly be demonstrated as necessary to support the effective delivery and development of the sector. We will also prioritise change to data collections and systems according to the benefits they bring to effective provision. We will ask the Information Authority to publish an assessment on the efficiency of and burden from data collections in 2011/12 and 2014/15 so our progress can be judged.

“We need to maintain a balance of having easily accessible information available about learner and provider performance, to identify trends, inform future funding decisions whilst posing a less onerous task for the provider” Private training provider

Re-use of data already held

We recognise that the Government, its agencies and the sector hold a great deal of information. Building on existing development work, we will also provide plans on how we might leverage more from existing data such as the Personal Learner Record as part of the work on sector wide data sharing.

Sector wide data sharing

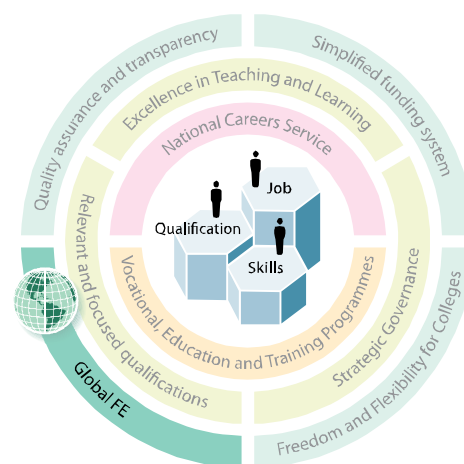
Sector-wide data sharing is simply about enabling the collection and sharing of data directly from the source best able to maintain it. This not only reduces re-collection or onward transmission of the same material but it also reduces the burden on holding supporting paper evidence that third parties such as providers frequently have to do.

BIS and the Information Authority in consultation with key stakeholders will build on the core principles of existing work to publish in the spring a road map for how we can deliver better data sharing. Key features of this road map will include a framework that provides confidence to: develop long-term plans for data sharing; maximise the use of a single identifier; agree common standards and interoperability for core FE data; and scope for and management of shared services and platforms.

10. Global FE

The global economy brings new challenges and risks, but for those with vision and enterprise there are huge opportunities to be grasped.

Education is a world-wide growth sector. UNESCO estimates that the numbers of students in higher education worldwide will grow 150 million to over 260 million by 2025. FE, as well as HE, institutions are well-placed to take advantage of this burgeoning global market.



Although currently higher education 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. Further education exports are already valued at £1 billion a year⁶. 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. We have great traditions of excellence in craft, but equally cutting edge expertise in educational technology and distance-learning. We have a framework of national occupational standards and qualifications developed with employers. We have highly trained and qualified teachers, lecturers and leaders of colleges and training organisations. And at the heart of our system, the Apprenticeship model is genuinely employer-led and work-based, taking the best aspects of our traditions and shaping them for the 21st century economy.

The Government is now stepping up its efforts to support education as an export, and making this an explicit element of our growth strategy. This will involve:

- Building on the World Skills legacy.
- Actively promoting the Education UK Brand, including through the “Education is GREAT” strand of the GREAT Britain campaign associated with the Olympics.
- Developing a “system to system” model that with support from UKTI can package together a range of education products and services, depending on what is required by a particular emerging economy.
- Focusing these efforts on the emerging economies where we have identified the most significant UK educational export opportunities.

The Government is already playing an active part in supporting the sector to take advantage of opportunities in emerging economies, such as the skills strand of the UK

⁶ UKBA (ARK) figures 2008/09

India Education and Research Initiative (UKIERI) and the Memorandum of Understanding signed by John Hayes with the Chinese Ministry of Education in July 2011.

Operating within the international arena brings wider challenges. We know that the sector is concerned about some of the recent changes to the student visa system. These changes reflect the Government's concern to eliminate the abuse of student visas, most of which has come from those private education businesses that were not previously subject to the quality controls expected of providers receiving public funds. At the same time we want to ensure that legitimate organisations offering quality provision can attract high-performing, genuine students to study in the UK. The new approach should benefit genuine international students by ensuring that they receive high quality education wherever they study. It will also help to protect overseas students from unscrupulous providers and benefit the many legitimate colleges and training providers by protecting the excellent reputation of UK education worldwide.

We recognise that there are other issues that need to be examined that will enable the sector to reap greater benefits from international activity e.g. - recognition of qualifications and institutions, though these are more significant in some markets than others. BIS is working with the appropriate organisations to explore how these can be overcome.

We want to ensure that FE is in the strongest possible position to take advantage of these opportunities and punch its weight internationally. We are therefore tasking the Association of Colleges to bring together a working group to develop an FE global strategy. The aim of the strategy will be to ensure that both partnership and export opportunities are recognised and grasped for higher level technical and vocational education alongside higher education.

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Annexes

Annex A: College Structure and Prospects Appraisal

Triggers	<ul style="list-style-type: none"> • Change of circumstances • Need to increase choice • Opportunity to think afresh • Poor/Coasting Performance • Poor Financial health
Appraisal	<ul style="list-style-type: none"> • Draw up vision and desired outcomes • Agree success criteria and assess options against factors below • Establish proposals/implementation plan • Consult widely and transparently on proposals, and publish outcomes of consultation
Action	<ul style="list-style-type: none"> • Implementation to move to new structure (including transitional arrangements) • Transparent open and competitive process to select any new partners

Factor	Appraisal
Vision for the future	Strategic Drivers for change The current and future needs of learners, employers and wider community
Selection of delivery solutions and partners	Consideration of the options for different delivery vehicles/partners Exploration of routes to secure partner(s) through open, transparent and competitive processes Clear rationale for selection of the proposed delivery model/partner
Value for money	Evaluation of the costs/savings/benefits of different options: why the chosen model represents the best value for money Assessment of how the chosen models can lead to efficiencies, eg shared delivery of common services and/or planning of delivery Undertake/and evidence due diligence on estates valuation and disposal Development and analysis of longer term investment plans
Impact on staff	An assessment of the implications for staff and appropriate consultations with staff and representative bodies/Trade Unions Assessment and resolution of issues in relation to staff Terms and Conditions including differences between staff groups TUPE implications in relation to any transfer of business or service provision change Pensions – an assessment of the implications, including transfer schemes, protection of individuals' rights, and any funding shortfalls
Impact on learners	Impact on the curriculum offer by subject, level, participation and location Implications for access to learning, eg location of sites/campuses Implications on choice for learners, including curriculum, type of institution, services Plans to secure continuity for existing learners, and to engage new learners (14-19, 19+, HE) and to improve progression Plans to improve provision for under-represented/under-achieving groups, including NEETs, and LLDD The outcomes of an Equality and Diversity impact assessment Implications of the outcomes of consultations with learners
Impact on employers	Current employer engagement and proposals for developing this further including brand sponsorship Impact on the development/expansion of Apprenticeships Impact on the development of focused, specialised employer led provision and how this will better meet local & regional skills needs Implications of the outcomes of consultations with employers
Impact within the community	Impact on the college's contribution to: skills; services; economic growth; and social cohesion and well being Impact on engagement and strategic partnerships with key community stakeholders, including LEPs and Cities Impact on access to provision for deprived communities Plans for 'branding' provision for the future, including any institutional name proposals and impact on local identity/presence
Impact on competition	Assessment of the impact of different delivery models on competition in the local area, drawing upon independent advice What steps will be taken to ensure diversity and choice and guard against anti-competitive behaviours in selection of partners, choice and operation of delivery vehicles
Quality of provision	Current assessment of quality (including Ofsted outcomes) Improvement strategies in relation to under-performance Impact of different options/proposals to ensure sustainable improvements and return to above minimum standards, if needed How account is taken of learner and employer feedback
Strategic leadership and management	Governance and management structures of different options; how to ensure clear accountability lines and effective long term strategic planning How to ensure an orderly and effective transition to new arrangements (including timetables, key milestones, risk analysis) How senior management and governors will ensure effective engagement with the communities the college they serve, forming appropriate strategic partnerships and securing regular feedback

Intervention Escalation Process

Stage One: Monitoring and support*

Problem Identified
Inadequate inspection; provision below minimum standards;
inadequate financial health and/or controls

Inadequacy Warning Notice
LSIS support triggered, recovery period set
(95% of providers using LSIS 'Improvement Support' recover successfully)

Stage Two: Intensive support*

**If recovery unsuccessful – College undertakes
Structure and Prospects Appraisal**
Intensive peer support team deployed
Review completed within 3 months

The Appraisal delivers a robust, evidence-based proposal with local stakeholder buy-in, and supported by funding bodies

College Implements Structural Change
Presumption of leadership change, restructuring the model of delivery, new partnerships, or opening up the provision to new providers. New models could include:

- New collaborative partnerships/sponsorships across post-14 education (eg federations, Academies, University Technical Colleges)
- Different organisational/business models (eg formation of companies, trusts, employee mutualisation models)
- Dissolution with provision transferred to other providers (sourced through competition)

Appraisal outcome not robust, does not receive local stakeholder acceptance or support from funding bodies, or implementation fails

Stage Three: Government leads action*

Government Intervention
Government decides and implements form of intervention, including:

- Funding ceases/direction to dissolve
- Leadership change (BIS Secretary of State directing corporation where necessary)
- Skills Funding Agency-sponsored open competition - invitation to new providers/models to run provision

* See Annex for further details on roles.

Stages

Annex Bii: Roles and Responsibilities

1

Monitoring and support
(approximately 1 year).

College responsible for delivering improvement.

Agency: identifies problem (or is notified by DfE or Ofsted); Issues Inadequacy Warning Notice; Agrees recovery plan with College; Monitors position.

BIS and DfE kept informed by the Agency as part of overall FE sector performance monitoring.

Role of others: Agreement on approach required throughout with DfE and Education Funding Agency where 16-18 provision involved. LSIS support available.

2

Intensive support
(approximately 3 months).

College: responsible for undertaking a Structure and Prospects Appraisal and arriving at new model / new leadership / tendering for partners etc; Seeks acceptance for change from local stakeholders; Receives high intensity peer direction.

Agency: checks to ensure college preferred Appraisal outcome is robust, if so, supports new models with any change in funding arrangements etc; If significant doubts of college direction, then draws up contingency, alternative options / action plan; Communicates any concerns and contingency plans to BIS.

BIS comments on any contingency plans, in relation to consistency with policy framework & any role proposed for BIS Secretary of State

Role of others: sector facilitates peer-led, intensive support to Governors to make strategic decisions. Agreement on approach required throughout with DfE and EFA where 16-18 provision involved. Local Stakeholders including LEPs are consulted on the preferred Appraisal outcome.

3

Government Leads Action

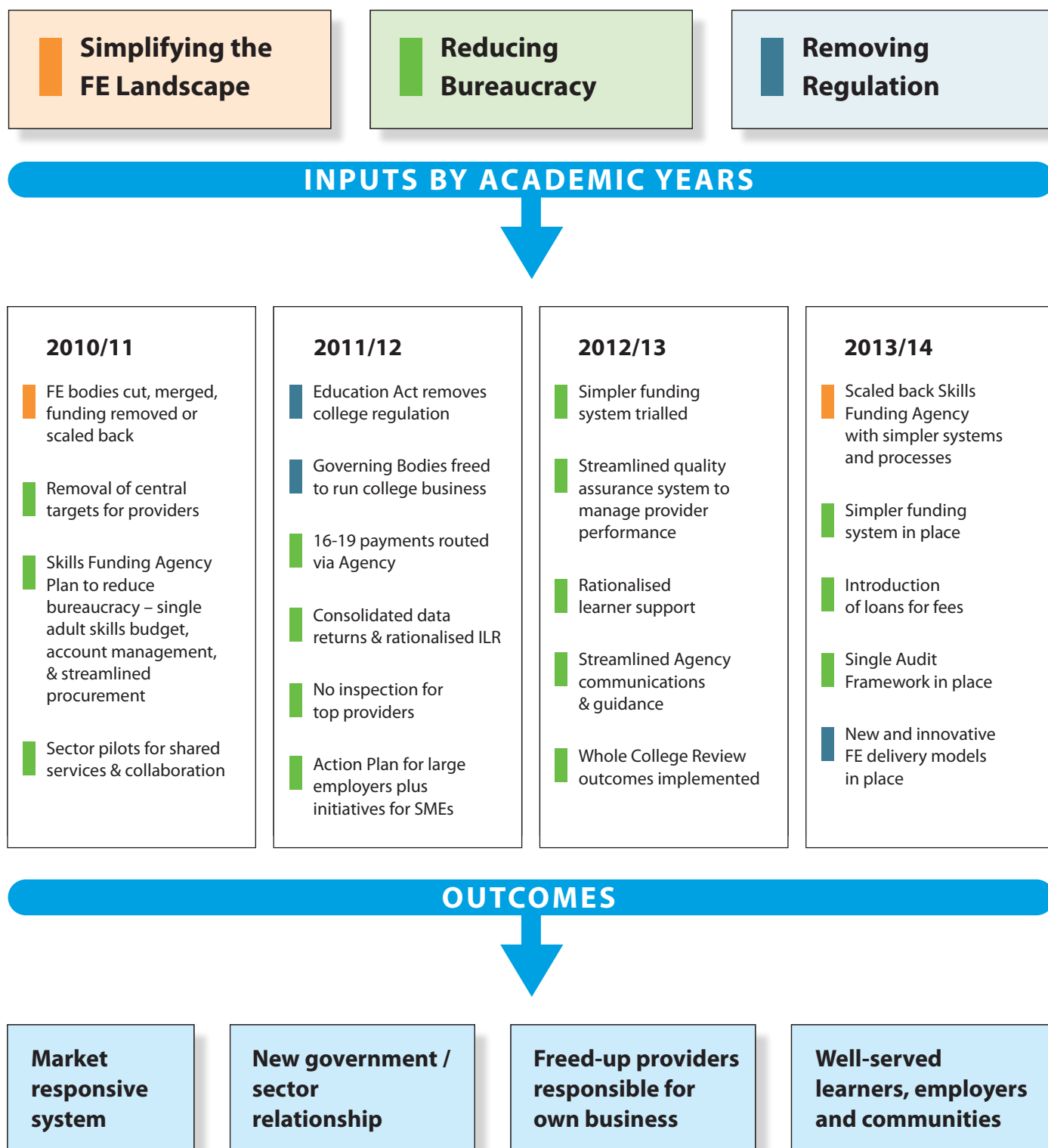
College: If *in extremis* position occurs, Governors could become directed by the Secretary of State.

Agency: Submits final intervention plans for approval to BIS. Where re-tendering required, runs competition, undertakes due diligence and re-contracting arrangements.

BIS reviews and agrees final intervention plans. BIS role may be required to direct governors to deliver options: eg. leadership change; new private / independent partner / merger with school, university or academy-type sponsorship.

Role of others: Ofsted could be asked to undertake monitoring visit / inspection to confirm need for further action. Agreement on approach required throughout with DfE & EFA where 16-18 provision

Freedom and Flexibility - Road Map



A DYNAMIC AND DEREGULATED SECTOR BY 2015

Annex D: Progress Report

SIMPLIFYING THE LANDSCAPE

Organisations removed from the FE sector to make interactions simpler:

Closed: British Educational Communications and Technology Agency (BECTA), Lifelong Learning UK (LLUK), Standards and Verification UK (SVUK), Qualifications and Curriculum Development Agency (QCDA), Regional Development Agencies (RDAs)

Merged: UK Skills merged with Skills Funding Agency (the Agency)

Administrative funding removed: Ufi/Learndirect

Sector-led and scaled back: Learning and Skills Improvement Service (LSIS)

Scaled back: Skills Funding Agency, UK Commission for Employment and Skills (UKCES)

REDUCING BUREAUCRACY

Central Targets – central government targets have been removed enabling colleges and providers to determine the right offer to meet local need

Simpler Funding – various funding streams for training have been brought together into a Single Adult Skills Budget rather than separate payments. Removing the need for colleges to account for their activity before funding has cut paperwork. A new streamlined funding system has been announced that will reduce funding programmes, approaches, rates and data collection by 2013/14.

Single Account Management – a single point of contact with the Skills Funding Agency for FE funding, performance and grants makes interaction with Agency easier. This includes 16-18 funding.

Streamlined Procurement – the Approved College and Training Organisation Register (ACTOR) is being reformed with a significant reduction in the number of questions and information that is required from providers.

Simpler Performance Management – by removing the need for colleges to be subject to in-year performance management or in-year reconciliation for 19+ provision, leaving them to focus on delivery. A semi-automated, quarterly approach for providers and large employers directly contracted with the Agency takes up less time, and allows money go to more successful providers.

Reduced Data Returns - for the Individualised Learner Record (ILR) returns in the adult skills sector includes consolidating data returns, reducing the number of collections required and the amount of data collected. This will reduce costs for providers, as will electronic storage of data by the Agency.

A Single Audit Framework - is being introduced by 2013/14 which will reduce the number of audits whilst maintaining assurance. A Code of Practice between the Agency and YPLA

has reduced audits further, meaning providers deal with a single organisation for all assurance work. This is a more proportionate performance approach driven by greater self-regulation in the sector.

Sector-led initiatives – the Agency is supporting a number of pilots exploring cost savings via collaborative procurement, shared services and efficiency tools.

Reducing bureaucracy for large employers - an Action Plan has been developed to cut red tape for large employers that contract directly with the Agency. This includes paying employers by outcomes rather than on-going monitoring, an online toolkit for Apprenticeships, streamlined contracting arrangements and electronic information.

Faster Apprenticeships for SMEs – bureaucracy for SMEs has been reduced, and the time taken to recruit an apprentice cut to one month.

REMOVING REGULATION

The Education Act 2011 will remove a raft of regulations to give colleges greater freedom over how they run their business, including:

Repealing statutory duties where non-statutory processes provide sufficient safeguards.

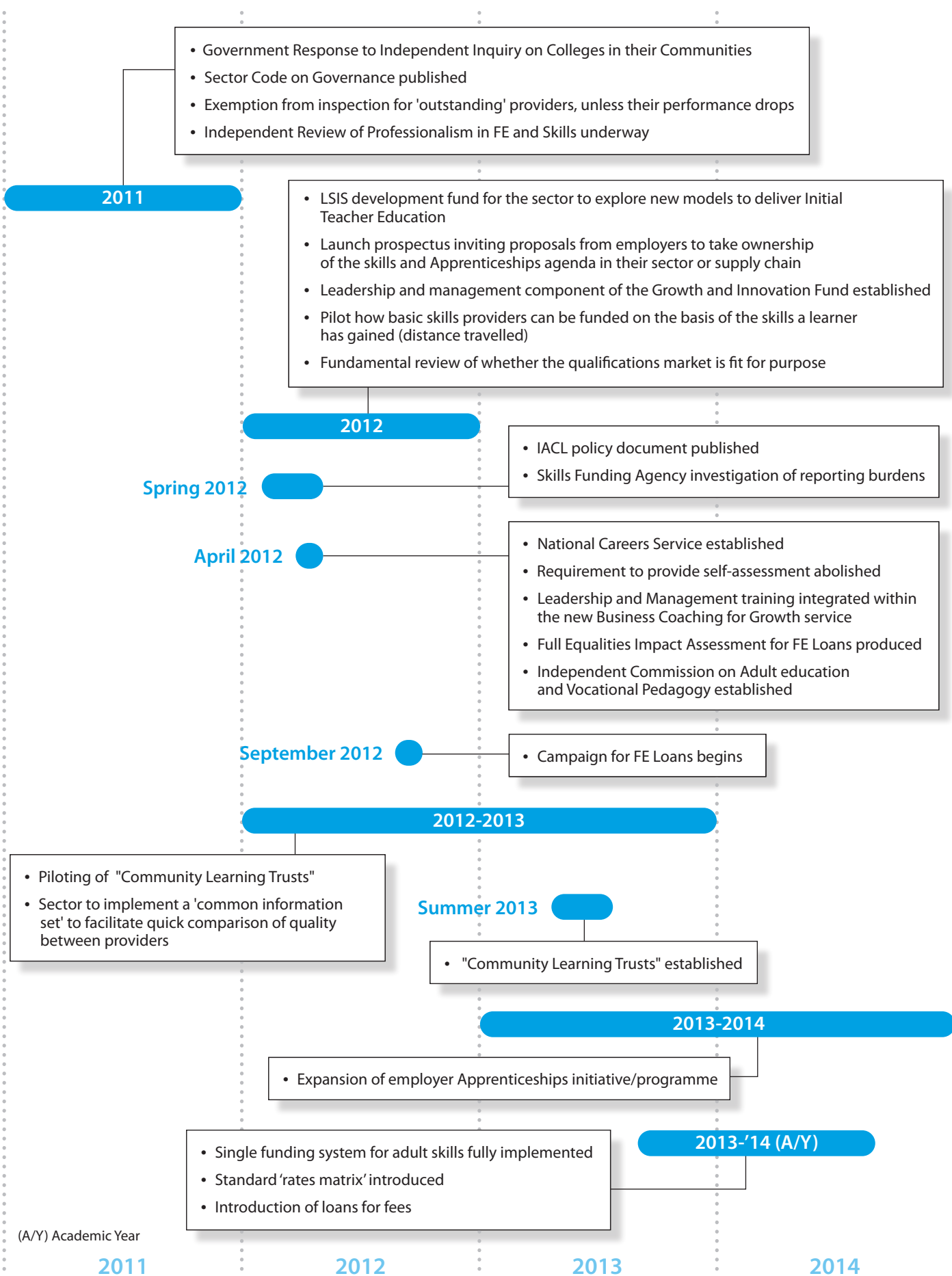
Limiting the power of intermediary bodies to intervene in the day-to-day management of college business

Removing the requirement for inspection of outstanding colleges, unless performance drops

Giving colleges greater financial freedom over borrowing and investment decisions

New powers for colleges to modify and replace their instruments and articles giving them control over their governance, and the ability to dissolve themselves to create new business models where needed

Implementation Plan



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