



House of Commons  
Education and Skills Committee

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# Further Education

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Fourth Report of Session 2005–06





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**Fourth Report of Session 2005–06**

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## The Education and Skills Committee

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# Contents

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<b>Report</b>	<i>Page</i>
<b>Summary</b>	<b>3</b>
<b>1 Preface</b>	<b>5</b>
<b>2 Introduction</b>	<b>6</b>
What role should further education play?	6
Further education—the current state of play	8
Policy direction; current initiatives	9
Further education’s organisational overlay	11
International experience	14
<b>3 The front line—learners, employers and quality</b>	<b>15</b>
“Skills and employability” as a new focus for colleges?	15
A more responsive further education system—learners and employers	17
Learners	17
Student representation and Educational Maintenance Allowance (EMA) entitlements	19
Employers	20
A limit to demand-led provision?	22
Intervention from the LSC—failing colleges and departments	24
“Coasting” colleges	25
Expanding the base of providers	26
<b>4 Inspection, oversight and planning</b>	<b>28</b>
Merger of ALI and Ofsted	28
Self-assessment and self-regulation	30
Making inspection fit for purpose—“impact” analysis	31
Adult learning	32
Impacts of current funding priorities	32
More income from fees?	37
Coherence across the education system	39
19–25 entitlement	40
Learner Accounts	41
Funding for 16–18-year-olds in colleges	43
Workforce development	44
Ownership of the workforce development strategy	44
Continuing Professional Development	45
Developing Leadership in the sector	46
Workforce data	47
<b>5 The roles of the LSC, DfES and Government</b>	<b>49</b>
The LSC as an intermediary between colleges and Whitehall	49
The LSC as a champion for further education?	50
Improving the relationship between DfES and LSC	51

An overall strategy for education—a national learning and funding model	52
Part-time students	53
Timing of the Further Education White Paper	53
Ministers as champions of further education	54
Overseeing implementation of reforms	56
Intra-departmental coherence	57
Conflict with schools policy	57
<b>Conclusions and recommendations</b>	<b>59</b>
<b>Formal Minutes</b>	<b>71</b>
<b>Witnesses</b>	<b>72</b>
<b>List of written evidence</b>	<b>73</b>
<b>Reports from the Education and Skills Committee, Session 2005–06</b>	<b>74</b>

## Summary

Further education has often been left to pick up the pieces of failure in other parts of the education system, and has been beset by a lack of a coherent strategic direction and appropriate oversight at the national level. We therefore welcome the Government's recent statements on the importance of further education to the UK economy and society—and the significant attention it is currently giving this area.

In 2004, the Government commissioned Sir Andrew Foster to conduct an independent review of the role of further education—colleges in particular. Ministers have now signalled acceptance in large part of Foster's findings. Government proposals, following Foster, in the areas of driving up quality, proposals to deal with poor performance in colleges and other providers, rationalisation of inspection and oversight, and a closer focus on the learner are on the right path, although our evidence suggests the implications have not always been fully worked through and sometimes, that the changes suggested may not be radical enough. While we also broadly concur with the Government that root-and-branch structural reform may not be a productive way forward for further education in the short-to medium-term, we see risks as well as opportunities in the incremental approach that he advocated, and which the Government since appears to have largely accepted as the way forward. To succeed, such a strategy will need clear and consistent direction, a long-term commitment, and an even higher profile from the Government, the DfES and the LSC than it currently has. Additionally, we do not think that proposals to improve the administration of the functioning of the DfES and the LSC, with regard to further education, go far enough.

There is compelling evidence that certain types of adult learning are being inadvertently put at risk by current funding priorities—there is a real possibility that this will generate problems in the future as the economy becomes increasingly reliant on older workers. Courses, once lost, are difficult to replace and the hard-won confidence of some returning learners, difficult to sustain. This issue has not been adequately addressed in the recent FE White Paper: the Government and the LSC need to re-examine funding for adult learning—in the context of a wider debate about funding for further education—as a matter of urgency.

The present planning and funding mechanisms for skills training appear incoherent, over-complex, burdensome, and often act as a barrier to further education's development rather than a support to it. Although some reorganisation is in train, we do not have full confidence that the intended outcome—a simplified and proportionate overarching structure for further education—will be achieved. While our inquiry has not explored the “skills superstructure” in detail, we make some preliminary comments about it here, and we also intend to review in more depth this wider picture in the coming months; we urge the Government to do the same. A more coherent planning and funding machinery is essential to the overall development of further education.





# 1 Preface

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1. This report arises from a series of evidence sessions on the subject of further education held between November 2005 and April 2006. This is the first in-depth inquiry into further education that the Committee has undertaken for some years; it has also taken place concurrently with a number of reviews that have been carried out by or on behalf of the Government. In November 2004 the DfES and the LSC commissioned Sir Andrew Foster to carry out an independent review of further education and chart a future direction for the sector.<sup>1</sup> This review reported in November 2005, and we sought evidence on its findings from a wide range of witnesses. We also examined closely a particular area of current concern which was largely outside the scope of the Foster Review—the funding of learning for those adults outside the Government’s current priority funding groups.

2. During the inquiry, the Committee heard oral evidence from Sir Andrew Foster and Dr Robert Chilton, The Association of Colleges, the National Institute for Adult Continuing Education, the National Union of Students, National Association of Teachers in Further and Higher Education (NATFHE), Ofsted, the Adult Learning Inspectorate (ALI), the Association of Learning Providers (ALP), The Sector Skills Development Agency, Lifelong Learning UK (LLUK) and ProSkills. We also took evidence from Bill Rammell, Minister of State for Higher Education and Lifelong Learning and Phil Hope MP, Parliamentary Under-Secretary of State at the DfES.

3. Our inquiry has also been informed by our visit to the Republic of Ireland. We would like to extend our thanks to all those involved for organising a highly informative visit. We are grateful for assistance with this inquiry from Chris Hughes, formerly Chief Executive of the Learning and Skills Development Agency, Professor Prue Huddleston, Centre for Education and Industry, University of Warwick and Annette Zera, formerly Principal of Tower Hamlets College.

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1 Sir Andrew Foster *Realising the potential. A review of the future role of further education colleges*, 2005.

## 2 Introduction

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### What role should further education play?

4. Firstly, it is necessary to outline what we include in the definition of further education, for the purposes of our inquiry. In it, we include all skills training and education which falls outside compulsory schooling and which is not delivered by institutes of higher education. In practice, this means education and training undertaken, principally by those aged 16 or over, in further education colleges, sixth-form colleges, workplaces, community venues, or with a private training provider.

5. Since its election to power in May 1997, the Government has given significant policy attention to the issue of further education and skills, including, notably, the publication of the National Skills Strategy in 2003 and a subsequent second Skills Strategy document in March 2005.<sup>2 3</sup> In November 2005, Lord Sandy Leitch published interim findings on the future skill needs of the UK up until 2020. His broad conclusion was that even if current skills targets were met, very significant skills gaps would still remain in the economy. It therefore seems likely that colleges and other providers of further education are likely to be asked to play an even greater role in equipping young people and adults with the skills needed for the future. He is due to publish his full inquiry report in 2006 although at the time of going to press no publication date had been confirmed.

6. This is clearly a formidable challenge for further education to meet, and we strongly concur with Ministers' express views that the "supply side" of skills—publicly funded further education in particular—merits closer attention and focus to ensure that it is appropriately placed to meet this challenge. David Hunter of Lifelong Learning UK told us that the training and education system operating at its current capacity might not be able to fill the skills gaps that were emerging—suggesting that if the supply side was not significantly improved, England would come to rely even more on migrant labour, including from outside the European Union.<sup>4</sup>

7. Skills training and education is a major area of public spending. The following table shows how Government expenditure on further education has compared with that for schools and for higher education, over the period 2000–2006. Figures are in millions, in real terms:

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2 DfES *21<sup>st</sup> century skills. Realising our potential. Individuals, employers, nation*, CM 5810, 2003.

3 DfES *Skills: Getting on in business, getting on at work* CM 6483-I, 2005.

4 Q 347

**Table 1: Education expenditure (revenue and capital funding), by sub-sector, 2000–01 to 2005–06, England.**

	2000–2001	2001–2002	2002–2003	2003–2004	2004–2005	2005–2006	Change 2000–2001 to 2005–06
Schools (DfES)	4918	5870	8849	9344	10151	10981	+123%
FE, Adult	5674	6587	7104	7773	7927	8394	+48%
Higher Education	6541	6545	6680	6959	7191	7529	+15%
Other	1258	1754	2339	2657	2467	2801	+123%
TOTAL (DfES)	18389	20756	24572	26733	27736	29705	+62%
TOTAL (all education)	39837	43741	45438	49686	52419	55021	+38%

*Adapted from HM Treasury (2006) Public Expenditure Statistical Analyses 2006, CM 6811, table 3.1.*

From the table above, it is clear that the actual amount of spending on further education has risen substantially over this period. However, it must be borne in mind that over the same period further education has seen a substantial increase in the number of enrolments. In light of this, we have included the table below to show what effect increases in funding are having on expenditure per learner in further education, and how this compares to schools and higher education:

**Table 2: Real terms funding per student/pupil, 2001–02 to 2007–08**

	2001–02	2002–03	2003–04	2004–05	2005–06 (plans)	2006–07 (plans)	2007–08 (plans)
Schools	100	104	109	113	120	124	129
FE	100	100	108	<i>106</i>	<i>117</i>	<i>116</i>	<i>117</i>
HE	100	100	102	102	105	<i>106</i>	<i>107</i>

*Source: DfES (2006) Departmental report, CM 6812, tables 8.4, 8.7 and 8.8. Numbers in italics derived from stepped time series shown in tables*

Table 3, below, shows how expenditure on young people compares with expenditure on adults in further education:

**Table 3: Comparison of spending on under 19s and on adults, 2001–02 to 2007–08**

	2001–02	2002–03	2003–04	2004–05	2005–06 (estimated outturn)	2006–07 (plans)	2007–08 (plans)
Expenditure supporting young people	2,449.2	2,671.6	3,206.1	3,414.3	3,781.5	4,076.5	4,373.0
Expenditure supporting adults	2,336.8	2,424.1	2,709.6	2,751.4	2,905.0	2,886.2	3,030.6

*Source: Reply sent by the Secretary of State to questions raised by the Committee in Public Expenditure inquiry, (not published). NB figures exclude expenditure on school sixth forms.*

### Further education—the current state of play

8. Historically, serious concerns have been expressed by inspectorates—as well as employers—about the standard of further education in England. It is frequently contended that the quality of education and training provided in colleges, workplace and work-based learning and through private providers does not fully meet the needs of learners or employers.

9. In the wake of the Foster report, much of the press coverage focused on the finding that around 90% of colleges were providing an education that was satisfactory or better—and by implication, that 10% of colleges were providing an education that was less than satisfactory.<sup>5</sup> We asked Sir Andrew Foster about whether he was surprised that weaknesses existed in that proportion of colleges. He told us:

“I was trying to think just for a minute about failing hospitals, failing schools, and what the normal distribution chart is and frankly the level of complexity which has existed here is greater than I have seen in some other public services with which I have been involved in the past. I think the number of failing colleges is not a great surprise.”<sup>6</sup>

We asked him whether he thought it was the case that colleges had been “relentlessly failed” rather than “relentlessly failing”:

“There are two separate things I would say. One is that I think the system which we currently have has not made it easy for colleges [...] I have some understanding, therefore, of the situation of colleges and that is where this report does lay a challenge to the Government, the LSC and the regulatory framework. So there is a challenge to Government. There is then, however, a challenge to under-performing colleges too, so it is not either/or, I am afraid it is both, and if the learner really is to be put first I think that this system has not been very good at resolutely bringing about change either, in under-performing colleges, but you will see that we do not just talk about

<sup>5</sup> Foster report, para 14.

<sup>6</sup> Q 178

under-performing colleges, we are talking about under-performing departments and that is equally as important as under-performing colleges. So we are challenging departments even in reasonably performing colleges or even excellently performing colleges. Basically, I am nobody's dinner guest in FE any longer because I have been quite critical and challenging of everybody, but I have done that after reflection because I think this is a system which has not had as much attention as it might.”<sup>7</sup>

10. The AoC told us that they thought colleges' reputation for poor quality provision was largely undeserved, and that FE colleges performed well in comparison to other parts of the education system:

“On the most recently available data, college non-completion rates for 16–18s was 17% and for 19s-plus 15%. For universities, a comparable figure was 14.4%, marginally worse in FE, but not hugely so. Just for comparison, in the work based learning sector, the non-completion rate was 54% in the most recent year. I make the point that I think we need to put this in perspective. There are issues around quality, quite rightly, and the Committee is right to focus on them, but let us not get this out of proportion”<sup>8</sup>

11. The evidence we have heard, as well as that compiled elsewhere—suggests a clear overall trend toward improvement in the quality of further education, with some areas of excellence and a very small—and decreasing—proportion of unacceptable provision. While few in the course of this inquiry have challenged the need to tackle the areas of weakness that exist, there are clearly differing views about how best this should be achieved. Moreover, most witnesses have been equally keen to stress the need for a sea change in discourse about the sector, with less emphasis on the “failings” of the system—and in particular, colleges.

## Policy direction; current initiatives

12. Historically, further education has been granted few favours by successive Governments. In one of our first evidence sessions, Dr Robert Chilton, who worked with Sir Andrew Foster on his report, told the Committee that he viewed the further education sector as the “neglected middle child” of the education world,<sup>9</sup> sitting uncomfortably between the better understood and more vocally supported worlds of school and university.

13. In recent times, further education has become more visible in policy terms and has been notably better resourced. Significant additional funding has been made available through policy initiatives, such as a national push to improve the literacy and numeracy levels of the large proportion of the population who lack appropriate basic skills. There are also positive signs that things are beginning to change in terms of the level of attention paid to further education at policy level. In November 2004, the DfES and the LSC jointly commissioned Sir Andrew Foster to carry out a comprehensive independent review of

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7 Q 179

8 Q 281

9 Q 159

further education with the intention of establishing current stumbling blocks and charting a direction for the sector in the coming decade. Foster produced his report, *Realising the Potential—A review of the future role of further education colleges*, in November 2005. It contained 81 recommendations for action on the part of colleges, inspectorates, the LSC, DfES and Government. Concurrently, HM Treasury has commissioned Lord Sandy Leitch to carry out a review of demand-side issues, identifying “the UK’s optimal skills mix in 2020 to maximise economic growth, productivity and social justice, and to consider the policy implications of achieving the level of change required”.<sup>10</sup> An interim report, published in November 2005, suggested that even were current targets achieved, future skills needs were unlikely to be met in full.<sup>11</sup>

14. Subsequently, the DfES has indicated acceptance of the majority of Foster’s conclusions and released a White Paper: *Further Education: Raising Skills, Improving Life Chances* outlining the ways in which further education would be reformed over the coming period.<sup>12</sup> It makes proposals in seven key areas, including:

- Mission and specialisation for further education colleges;
- Meeting employer and learner needs;
- A national strategy for better teaching and learning;
- Spreading success and eliminating failure;
- Funding;
- A new relationship between planning and funding bodies, and providers; and
- Establishing a set of agreed “outcomes” for further education.

15. One very clear message emerges from the evidence we have taken: a considerable degree of goodwill has been generated among representative organisations and those at the “front line” by the recent policy focus on further education. Martin Dunford, Chairman, Association of Learning Providers told us:

“[...] certainly having worked in this activity for 15 years, I would say the championing and promotion of skills has never been greater; whether that is enough, I do not know.

Graham Hoyle, also of the Association of Learning Providers, continued: “I do not think we ought to minimise the rise up the political ladder which skills has done in the last few years.”<sup>13</sup>

**16. The evidence we have received is suggestive of broad support for much of the content of Foster’s report and those proposals carried through in the recent Further Education White Paper. Nevertheless, we have heard a range of concerns which suggest**

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10 Taken from HM Treasury website, [http://www.hm-treasury.gov.uk/independent\\_reviews/](http://www.hm-treasury.gov.uk/independent_reviews/).

11 Leitch Review of Skills *Skills in the UK: the long term challenge. Interim Report*, December 2005.

12 DfES *Further Education: Raising Skills, Improving Life Chances*, CM 6768, March 2006.

13 Q 421

that some of the measures being considered have been insufficiently thought through. These include proposals concerned with refining the focus of further education around “skills and employability”, the reform of inspection, and making further education more responsive to learners and employers. We also comment on what, in many ways we see as a much bigger issue, which Foster touched on but did not explore to its full extent: the complex and unwieldy morass of planning, funding and stakeholder bodies that overlay further education.

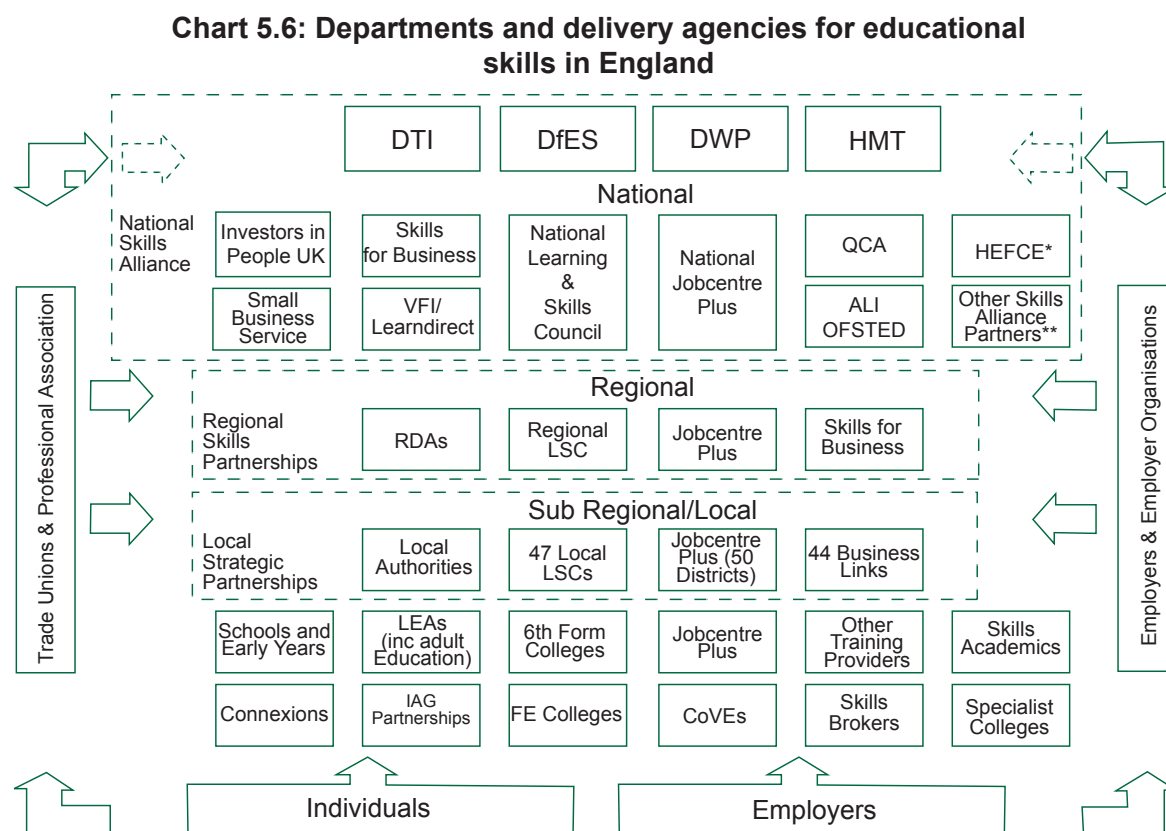
17. Finally, and perhaps most importantly, we examine an issue not considered in any detail by Foster and covered to a greater—but still insufficient—depth in the Further Education White Paper: the funding of adult learning generally in a system heavily skewed toward younger learners and certain groups of adults. **Our intention in this report is neither to complete a blow-by-blow re-analysis of every area covered by Foster, nor to respond point by point to the content of the recent Further Education White Paper. Rather, we have sought to identify those areas which we think are of particular significance and where we felt our inquiry process could add most value.**

### Further education’s organisational overlay

18. A key theme running through much of the evidence we have taken has been the apparent complexity of what might be termed further education’s “organisational overlay”—that is, those bodies and structures which oversee, direct, and audit further education. Below is a diagram, taken from Leitch’s interim review of skills in the UK, which gives a clearer idea of the organisational frameworks within which further education is enmeshed.<sup>14</sup>

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14 Leitch interim review, para 5.46

**Figure 1: organisational structure for further education and skills in England**

\* HEFCE is also a part of Regional Skills Partnerships.

\*\* The skills alli

the Association of Colleges (AoC) and the Association of Learning Providers (ALP).

(NB so

Source: Leitch interim review, Chart 5.6

19. The need to rationalise these organisational systems—not just to reduce “numbers” but more importantly, to ensure there is less overlap of functions between different bodies—was clearly laid out in Foster and has been very strongly supported by witnesses from whom we have taken evidence. Barry Lovejoy, NATFHE, told us: “Quite clearly we can do nothing but agree on the amazing jigsaws that exist that sometimes do not fit in with one another.”<sup>15</sup> He went on to outline his perception of some of the reforms that the Government were putting in place to address the issue of over-complexity and overlapping organisational responsibilities:

“[...] developments like the new Quality Improvement Agency we are hoping will assist in the process of having some sort of rationalisation in bringing the numerous institutions associated and involved in quality down to a lower level and maybe we can have some sort of bottom line idea about what quality is. We are hoping that will



assist there. Similarly, the inspectorate and the merging of the two, as long as we do not throw out the baby with the bathwater so that ALI's strengths are not lost in the merger, I think that is vital. That is the situation with all of these things. As long as these are not reduced and we will not lose some of those key functions, that is fine. Obviously we did have an issue in terms of the LSC was established and all of a sudden we hit a crisis and there was an enormous amount of redundancies announced, et cetera. We are worried how well thought out they are. Probably some sort of mapping exercise needs to be done and thought out as to what are the key functions to be pursued. We are up for that. I think Foster highlighted that and that is something we would certainly be on board for.”<sup>16</sup>

20. Earlier in the course of the inquiry, we took evidence from the LSC who told us that rather than being in danger of creating a more and more complex bureaucracy, “what we are in danger of is making sense of it”.<sup>17</sup> They went on to argue that the creation of bodies such as Regional Skills Partnerships, new collaborations between local authorities and the LSC, the reform of the LSC itself and the development of Sector Skills Councils had a real chance of bringing about organisational structures which were fit for purpose and less confusing for those who had to negotiate them.

21. Similarly, the Sector Skills Development Agency told us that it saw clear evidence of rationalisation occurring on the ground through its own work. Its Chief Executive, Mark Fisher explained:

“One of the things I did when I was thinking of applying for [my current] job was I put ‘skills’ into Google which turned out to be a big mistake given the number of different bodies that came out. Yes, employers desperately need help through the number of bodies and how they access help, funding, support and training. A key role for Sector Skills Councils is not only to give coherence in terms of what employers want but also to present a coherent face of the system to employers. A number of the councils are very deliberately trying to put themselves between employers and the whole edifice and say, ‘You talk to us, we will deal with all the wiring behind’ and that might be one successful way through it.”<sup>18</sup>

22. We appreciate that there is government recognition that the further education and skills landscape is organisationally over-complex. We also appreciate that some measures are in train to make the structural overlay more proportionate and helpful, with less overlap of functions between different bodies.<sup>19</sup> We also recognise that there are areas of good practice from particular areas of the country, and think these should be more widely shared. However, overall, it is not clear that the separate “parts” of the planning and organisational system which overlay further education are currently working smoothly together, without overlap and toward the same ends. **The Government states that, in respect of the regulatory and organisational frameworks for skills, “over time [...] [we**

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16 Q 552

17 Q 76

18 Q 369

19 For example, the Quality Improvement Agency (QIA) issued in July 2006—a draft quality improvement strategy for consultation, entitled *Pursuing excellence*. When finalised, it is intended that this document will be the single strategy driving and co-ordinating quality improvement work in further education.

will] look for further rationalisations which will make it much clearer”.<sup>20</sup> This is insufficiently specific and indicates that Ministers are not approaching the problem with the urgency it merits. We intend to undertake an inquiry in the near future on how the overall skills and training framework fits together but in the meantime look to the Government to carry out an urgent review of whether the organisational, planning and funding frameworks for further education and skills, viewed as a whole, constitute a coherent system.

## International experience

23. During the course of our inquiry, the Committee visited the Republic of Ireland to examine the operation and organisation of further education there. Ireland’s education and training system is credited by many as playing a key role in the country’s economic regeneration over the past decade. In structural terms, we found that the Irish further education system was very different to England’s, yet was facing many of the same challenges—particularly in terms of the retention of young people and more generally, in terms of the planning and funding structures for further education, which often seemed of similar complexity to those in this country. We discuss in more detail what we learned from our visit in the appropriate sections of this Report.

## 3 The front line—learners, employers and quality

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### “Skills and employability” as a new focus for colleges?

25. Sir Andrew Foster told us at the beginning of our inquiry that colleges—as a key part of the further education landscape—needed urgently to adopt a clearer mission, focused around “skills and employability”. Colleges, he argued, currently appeared to “do three things: they already do employability and skills, they do a lot of academic progression through A-levels and they then do adult learning and leisure learning.”<sup>21</sup> The first of these, he contended, should be colleges’ prime purpose, although not necessarily their sole one. The Government’s subsequent White Paper took this message firmly on board, stating:

“We agree with Sir Andrew Foster that the key strategic role for the sector—the role in which the contribution of FE to learners’ lives, to society and the economy can exceed that of any other part of the education and training system—is to help people gain the skills and qualifications for employability, so that they are equipped for productive, sustainable and fulfilling employment in a modern economy [...] FE has the leading role to play in helping both young people and adults to acquire the skills which are an essential component of a competitive economy and to develop their careers whilst they are in work, including for the self-employed. This purpose must be central and must be achieved to world class standard.”<sup>22</sup>

It is suggested that to help bring about this focus, colleges and other providers should increasingly develop “one or more areas of specialist excellence, which will become central to the mission and ethos of the institution and will drive its improvement.”<sup>23</sup>

26. We asked witnesses about whether they thought that colleges could and should develop a more central focus on “skills for employability”. It is apparent from the evidence we took that, despite broad support for skills and employability as a central focus, agreement about what that might actually mean in practice is some way off. Pauline Waterhouse, Principal, Blackpool and the Fylde College, told us that “[...]what constitutes skills for employment would have a very, very broad definition”.<sup>24</sup> Similarly, Barry Lovejoy, Head of colleges department, NATFHE, told us:

“One thing that we would stress is that there are different routes to employability. We must avoid, in the presentation of the new brand image, losing sight of our other agendas, such as widening participation, which many colleges have moved into and which, in fact, produces the same results; in other words, you are bringing in people to employability who are otherwise excluded.”<sup>25</sup>

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21 Q159

22 FE White Paper, para 2.4.

23 *Ibid*, para 16.

24 Q 244

25 Q 525

27. We discussed with witnesses how college provision—and by implication, provision offered by other organisations—might change under such a focus. We found it difficult to establish any unified vision of what areas colleges could and should withdraw from, but there was a palpable concern that too narrow and prescriptive an interpretation could result in the loss of valuable work. Pauline Waterhouse, Principal, Blackpool and the Fylde College, told us:

“[...]our renewed focus on the employability agenda should not be at the expense of social inclusion and widening participation or, indeed, the work that we do in terms of academic pathways. From my own perspective, my college very much welcomed that message. What I would like to say is perhaps what I feel the [Foster] report does not emphasise sufficiently is that economic development and social cohesion are inextricably linked and we really cannot promote and foster economic development if we are not also underpinning and nurturing social cohesion as well.”<sup>26</sup>

28. Others from whom we heard evidence were concerned about the practical challenges that such an invocation to refine missions would bring about for colleges, in the absence of major structural reform. David Sherlock, Chief Executive, Adult Learning Inspectorate, told us:

“[...]one of my disappointments would be that Foster has set himself a sort of self-denying ordinance, if you like, against recommending structural change [...] We are relying on a fairly haphazard pattern of mergers and takeovers and so forth to rationalise that or alter it in terms of current economic needs. What the Australians did was to decide that a viable institution in the long term needed to have a turnover of about a hundred million Australian dollars (£40–£50 million) in order to be self-renewing in capital terms. They rationalised out 130 colleges to ten institutes in New South Wales and they focussed them hard into the vocational agenda. They stopped them doing their equivalent of GCSE re-takes, A-levels and so on and so forth and those went into the schools. I think if you make that kind of fairly far reaching set of recommendations about missions I think it has an awful lot of knock on consequences which need to be faced up to.”<sup>27</sup>

29. We think this raises an important issue: skills and employability—as a key focus for colleges—has the potential to drive up quality and raise the esteem of the sector. To a large extent, though, skills and employability merely articulates what colleges already do.

30. The Government’s Further Education White Paper states that:

“We are clear that within the new mission of the system and the new focus on specialisation, we need to retain breadth of provision. This applies to the system as a whole and, where appropriate, to individual institutions [...] although many forms of provision are fully within the new mission of the sector, we continue to be clear that getting young people and adults to a first, full level two is a vital part—as the minimum platform for employment. Colleges have a leading role in ensuring

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26 Q 228

27 Q 431

that as many people as possible achieve their first full level two—a crucial objective for our economy, and for the life chances of countless individuals”<sup>28</sup>

31. We recognise the concerns of those who are worried that skills for employability risks being interpreted too narrowly—and that valuable provision could fall by the wayside as a result. The White Paper seems to imply that the new focus is not necessarily to be used as a way to “slim down” the variety of what colleges offer, but this begs the question about what practical changes are expected to follow as colleges translate this focus into action. **In order for skills and employability to be a useful guiding principle, the Government needs to spell out more clearly what this might mean for individual providers, especially in terms of what they might cease to provide and areas they would be encouraged to expand in.**

32. Fundamentally, the Government needs to spell out what “skills and employability” actually includes and excludes—for example, whether this refers principally to developing the technical and generic skills relevant for particular occupations (which may be validated by qualifications) or whether it also extends to all learning which could be considered to help people develop the personal qualities and generic “soft skills” necessary for working life. It should be noted that much of the evidence taken emphasised the importance of enabling courses to provide what Chris Banks from the LSC called a “platform for employability”.<sup>29</sup> If it is principally the former, then the Government needs to outline a much more convincing strategy for how it will maintain and develop broad range of provision overall, looking at and responding to local needs, as further education colleges rationalise their provision.

## A more responsive further education system—learners and employers

### Learners

33. Speaking to us about the findings of his research, Sir Andrew Foster told us that colleges “very often are running things to suit themselves, not malevolently but because that is the way that they have always done it”.<sup>30</sup> In particular, he argued, colleges were often insufficiently responsive to learners, who were not involved enough in decisions about their own learning and whose views were not regularly and consistently collected and acted upon at the institutional level. This, he argued, needed to be tackled for quality to improve:

“What came through very strongly to me was that if learners were listened to—and many of these students, as you will know in this country, are people who are disadvantaged either through their educational or personal domestic circumstances—how much it increased motivation if people felt they were being taken seriously. So for me, how you listen to learners is a very important thing to increase motivation, and motivation seems to me to give you a really strong chance of improving quality [...] Before anybody says, ‘Gosh, this is so much gobbledegook,’ you will see in [the

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28 FE White Paper, para 2.33 and 2.37.

29 Q 30

30 Q 204

report] there is an example of how this works in Denmark and it is very influential, and if colleges do not do it they get fined. They do do it and it makes students feel very good [...]"<sup>31</sup>

34. His key recommendations on learner engagement included: obliging colleges to carry out regular collections of learner views; publishing findings annually in a learner report; establishing a learner panel in all colleges; establishing LSC learner panels at local and national levels and the expansion of training programmes for learner representatives.

35. In the White Paper, the Government promised to take action on a number of fronts. Firstly, colleges will be expected to produce and publish a learner involvement strategy. They will also be expected to use the LSC's National Student Survey as a template for collecting students' views and acting upon them. Additionally, a commitment is made to expanding training programmes for student representatives.

36. **We heard persuasive evidence from Sir Andrew Foster and from the NUS that student representation in colleges is one very important way of improving the quality of provision. We welcome the Government's proposals in this area. We note that a commitment has been made to expand programmes of training for learner representatives. However, since we took evidence from Ministers, the NUS have told us that they are frustrated that the extension of the learner representative training programme has not featured in any of the action plans arising from the White Paper. They argue that a structured implementation programme is needed, and we agree. We therefore urge the Government to make a clear statement on how and when the expanded training programme will be rolled out.**

37. Concurrently with this inquiry, this Committee has also been examining the issue of citizenship in schools, colleges and beyond. We have heard evidence that students derive significant benefits from close involvement in college life and think therefore that government support for student representation would tie in well with other agendas—citizenship education in particular—and is one way of embedding the citizenship agenda in non-statutory settings.

38. **We also encourage the Government to go further with regard to the arrangements for collecting students' views. It is not yet clear what consequences will follow for institutions if they fail to fulfil expectations placed on them in this respect. We note that there is no suggestion in the Government's White Paper that colleges and other institutions will be compelled to publish annually the results of their student surveys. This is concerning. We were told that in Denmark, institutions failing to collect and publish student views face meaningful financial penalties. While we do not necessarily advocate such an approach for England, we seek reassurance that failure to collect and act upon student perspectives will have real consequences for providers. We also seek reassurance that colleges will be required to publish annually their findings on students' views—and to show what action they intend to take as a result. This is likely to act as a powerful incentive for improving the quality of provision.**



39. There are also important lessons to be learned from what has happened recently in children's services in respect of collecting and acting upon the views of children and young people. There, the Government felt it appropriate to bring forward legislation to require inspection frameworks to be amended to take account of children and young people's involvement in the design and delivery of services. It would therefore fit well with the thrust of Government policy in other areas if student representation were made into an obligation rather than an expectation, as currently seems to be suggested. **The Government says that it will be looking to Ofsted and the LSC to ensure that mechanisms for student engagement are reflected in provider development plans. We expect Ofsted and the LSC to come forward with clear proposals in this area and to make explicit how they intend to proceed in this regard.**

40. One area which we feel may not have been adequately addressed in either Foster's report or in the subsequent White Paper is the issue of management support for learner involvement. Kat Fletcher, President, NUS, argued strongly that this was a key determinant of the success or otherwise of student representation:

"For me it is about how the senior management view a student union. If they view it as something that 16-year-old A-level students do then that is what it will become. If they view it as an amateur social club that organises discos and maybe does something about Red Nose Day that is what it will become, whereas if you fund it, train it, give it professional support to become the voice of the learner in the college that is what happens and that is what the best corporations do and they are the best student unions with the best representation."<sup>32</sup>

41. As noted, the expansion of training programmes for student representatives is welcome, but will fail to achieve its potential if it is not seen as valuable by members of the senior management team. **We think that Government agencies could do more to develop in college leaders the skills and professional outlook necessary to garner meaningful student involvement. We therefore recommend that leadership training programmes (which will become compulsory for new Principals) put particular emphasis on the development of learner involvement in the running of colleges and other types of FE provision.**

### ***Student representation and Educational Maintenance Allowance (EMA) entitlements***

42. We heard evidence from the NUS that some students in colleges were losing their entitlement to Education Maintenance Allowances (EMAs) if they spent time representing the views of themselves and their fellow students. Kat Fletcher told us that some local authorities deemed such activities to contravene attendance requirements and were disallowing EMA claims from students who, for example, had attended national conferences on student representation. She went on to recommend a solution to this issue:

"We think that there should be some formalised guidance that says if you are involved in student representation and acting in that role you should not lose your

Educational Maintenance Allowance. I appreciate there is a balance to be struck but I think that is something that should be taken on. It is a tiny change but one that would impact massively upon individual members and collective members.”<sup>33</sup>

**43. There is a need to ensure that entitlements to Educational Maintenance Allowances (EMAs) are not being lost because of genuine involvement in representational activities. An initial step would be for the DfES to circulate guidance to local authorities, advising them that the practice of withholding EMA payments in these cases is not acceptable. If necessary, it should also look at amending the reporting arrangements for attendance in relation to EMAs.**

## Employers

44. We asked Sir Andrew Foster for his assessment of employers’ views of further education. He told us that the impression he had gained was:

“A mixed one. You will see in the report there are some excellent examples of where colleges are in very good relationships with local employers and things are working extremely well. There is no doubt, if you look at some of the examples, that that is the case. However, when you then talk to the CBI you get the sort of messages they have brought out as this report has come out, where they are much more keen on the idea of these services being provided by private sector providers. They want contestability, they want responsiveness in terms of at the beginning of the day and the end of the day very competitive pricing. So I think the CBI has been quite consistent.”<sup>34</sup>

45. Our visit to the Republic of Ireland provided insight in this area. We saw examples of direct employer engagement in the design and shaping of courses relevant to the pharmaceutical industry, which appeared to be successfully “plugging” skills gaps in the local economy. Additionally, courses were being run at times that suited employees who worked shift patterns, rather than simply during normal institute opening hours. We recognise that there are examples of good practice in England in terms of provision that is highly responsive to employer needs, as does the Government. Measures for promoting good practice in this regard and for developing an “employer charter”, which are brought forward in the White Paper are therefore welcome.

46. In written evidence and commenting on the White Paper, the AoC argued that the document “does not fully address the skills challenge for the UK and is particularly short on action to deal with demand-side issues (low employer investment in training, unwillingness of individuals to pay for learning, low public esteem for vocational learning).”<sup>35</sup> This echoed evidence we had taken prior to the publication of the White Paper, which suggested that a more responsive system would depend not only on action from colleges, but also from employers themselves. Pauline Waterhouse of Blackpool and the Fylde College, described to us her experience of dealing with one local employer in the context of increasing fees:

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33 Q 548

34 Q 138

35 Written evidence from AoC, (FE 12) [not published]



“[...]we were doing quite a significant amount of other [non-qualification bearing] provision for some of our employers and when it became clear this was no longer going to be funded we then, fleet of foot, as colleges tend to be, worked very hard to get the provision on to the National Qualifications Framework, and were successful in this. But then, having been urged to start to charge our local employers fees for this, I can give you an example of a very large employer in Blackpool who, when being asked to pay fees, and the fee amounts to £80 per head for each employee over the course of a year for the particular programme that Blackpool and the Fylde College is running for them, refused to pay that amount. They will not make that investment of £80 per head in their workforce. That is the kind of attitude that we are facing.”<sup>36</sup>

47. When we took evidence from Sir Andrew Foster on this issue, he told us that some of the responsibility for a more responsive system had to lie with employers themselves:

“I think there is a challenge to the CBI and employers to be made, which is how clear are you what your medium term skills needs are? Have you made a business case of how much it would cost? Have you then gone out to the market, be it a private provider or colleges, to have this conversation? In meeting employers, I frankly found that there were lots who had not done that and that there was some rank prejudice against colleges as well as some genuine criticism.”<sup>37</sup>

48. Dr Robert Chilton later went on to add:

“One of the problems, if you are a small business, is that there are enormous demands on you to run the business and deal with government, and finding the extra time to then relate to the future development of a workforce with the FE college is rarely something which is a priority, so they are disengaged. We found a relatively small proportion of employers have engagement with FE, but you still have a fundamental interest in being able to find the right people to do the work that you want to do. That is why I think the Sector Skills Councils are so important, because they take a sector-wide, regional view of what the requirements are. They look at the industry, the economy locally, and therefore can act as a voice and a conduit for the collective experiences of people in business and various sorts of business. You then have to take that remit and find a way through the Commissioner, the local LSC, to then buy the courses which businesses want and then stay in touch with local businesses.”<sup>38</sup>

**49. While it is right that emphasis should be placed on improving provider responsiveness, a parallel emphasis on improvements employers should make is not always evident. The Government says that it is expecting Lord Sandy Leitch’s report to consider in particular the issue of how employer demand for training and willingness to invest in it can be increased. This is very welcome. We expect the Government to act quickly on any recommendations made in this area.**

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36 Q 235

37 Q 138

38 Q 173

**50. Some Sector Skills Councils—including Skillset and CITB Construction Skills—ask for a levy from employers in their sector. Such levies represent one way of increasing the employer contribution to the costs of developing the workforce. We therefore urge the Government to consider the merits of promoting the more widespread use of levies.**

51. The Government argues that Sector Skills Councils are a key interfacing role with employers, articulating skills needs and working with providers to ensure that provision reflects what their constituencies tell them is needed. We asked the Sector Skills Development Agency what work was being done to ensure Sector Skills Councils were able to reach out to SMEs. Mark Fisher, Chief Executive, told us:

“Clearly Sector Skills Councils have a responsibility to represent their whole sector. A number of the sectors are comprised largely of SMEs and they need strategies to engage. They do not need to physically engage with every single one of them but they need to be representative so that when they present their coherent voice to the supply side, it is the voice of the SMEs in the sector as well as the big employers. That is quite a big effort and we are putting some work in with the Small Business Council as to how we might improve the engagement we have with SMEs because we recognise the importance of that.”<sup>39</sup>

**52. The Government is developing a range of structural supports which are designed to assist in making training more relevant to the needs of the economy and employers, including Centres of Vocational Excellence, National Skills Academies and Sector Skills Councils. National Skills Academies and Sector Skills Councils are at a relatively early stage of their development and so the success or otherwise of these structures as vehicles for the co-ordination and articulation of employer views and needs still remains to be seen. The Government will need to satisfy itself that Sector Skills Councils are effectively articulating the needs of the full range of employers, including SMEs. It is vital that overlap and lack of co-ordination between different bodies including regional development agencies and regional Learning and Skills Councils does not occur; similarly, Sector Skills Councils must remain alert to the potential of creating overlapping qualifications. These are issues that we will want to address in our forthcoming inquiry into the organisation and funding of skills training.**

### ***A limit to demand-led provision?***

53. During evidence taking, we discussed with witnesses to what extent employer demand should drive the nature of provision and determine what was fundable. Mark Fisher of the SSDA argued that as a general principle, he thought that employers “should be getting more [...] leverage over the £10 billion which is spent through the public sector”.<sup>40</sup> Moreover, Terry Watts of ProSkills told us that he thought there were sufficient “checks and balances” in the system to ensure the system did not become weighted unhelpfully toward employers:

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39 Q 344

40 Q 351

“We are not able through our employers, however influential they are on us, to drive the mechanism and that is right because we have got other people who are also going through a form like the QCA, the Learning and Skills Council and the various other bodies that will temper any sort of enthusiasm we have for a particular direction. [...] Certainly, we are getting employers to drive it.”<sup>41</sup>

54. Others, however, have been more circumspect about this issue, arguing for a somewhat more cautious view of the role of employer demand. Graham Hoyle, Chief Executive of the Association of Learning Providers, and speaking in the context of a discussion on apprenticeships, told us that what was in the best interests of an individual employer was not necessarily the same as what was in the best interests of the learner or the wider economy in the longer term:

“What I generally support is putting employers much more in the driving seat in terms of design. Overall, that is the right general direction but there is a danger in going too far. It almost comes back to the point you were making about employers used to do it all themselves anyway. One of the weaknesses of the traditional apprenticeship scheme was [it was] only in some sectors and it was very much geared up for the particular need not just of the sector but often the particular employer [...] We have got to be very careful with the SSCs and the employer-led, which I generally support, that they do not start playing around with frameworks too much because I have heard some of them, for instance, are now talking about dropping technical certificates, and I can understand an individual employer saying that. Someone else mentioned diplomas. If they start taking out, if you like, the knowledge-based elements of it and then we start positioning apprenticeships alongside the new diplomas as they come online, we will completely devalue apprenticeships in the future and do them inestimable damage. I think there are some real tensions here about the correct oversight and direction which should be given by employers, and the way they have got to be positioned within the total educational framework of 16–19 and beyond.”<sup>42</sup>

55. Interestingly, we found resonances of this debate in Ireland; that while it was important to be responsive to employers, there also needed to be some limits on the extent to which they were able to determine the form learning took and the types of learning which were fundable; sometimes they would be focused on a short-term, rather than longer term view.

Sir Andrew Foster told us that in his opinion, the risk of a demand-led system becoming riddled with tensions between different parties was some way off:

“I would like to see a much stronger input of what the student had to say and what the employer had to say. I think it is quite possible that they would be in conflict, but I think it would be a much better system if there was regular input of what employers said and what students said. That, I think, would make colleges even more relevant than they currently are.”<sup>43</sup>

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41 Q 351

42 Q 423

43 Q 204

56. **We welcome the Government’s recognition that a more “demand-led” approach is a priority for further education, and the measures it is proposing in this regard. Clearly, such a system is some way off at the moment.** A truly demand-led system is predicated heavily on the successful operation of Sector Skills Councils as well as improvements in the way individual providers relate to local employers. It also relies on employers being able to clearly articulate to FE colleges and other providers what their short- and longer-term training needs are, while also recognising the role further education can play in meeting them.

57. In the medium term, the Government will need to take a step back and review both whether a demand-led system is becoming a reality and, in parallel, remain attentive to any tensions which may develop in the system between those with different needs. **Although there is often a good “fit” between the needs of different parties, this is not always the case, particularly in the short term.**

### Intervention from the LSC—failing colleges and departments

58. In order to tackle areas of systemic weakness in the sector, Sir Andrew Foster suggested that the LSC should be given increased powers to intervene where colleges were providing an inadequate level of service to their local communities. Specifically, he recommended that:

“[...]colleges that do not meet the grade should be subject to a notice to improve which will last for one year. The QIA [Quality Improvement Agency] and CEL [Centre for Excellence in Leadership] should work with the LSC and the colleges to give major support to these institutions during this period. If this development work does not lead to the necessary improvements, those colleges or departments that do not pass a reinspection should be made the subject of a contestability review, organised by the LSC which could lead to: another college or provider taking over responsibility for a department or specific area of provision; another college or provider taking over the management of the college for at least five years; or closure of the college, with assets and provision responsibilities being reallocated within the area.”<sup>44</sup>

59. The White Paper takes forward Foster’s proposals in this area forward and says that it intends to “eliminate inadequate or unsatisfactory provision across the learning and skills sector by 2008, and to have a major impact on those organisations where performance is just satisfactory or not showing any improvement”.<sup>45</sup>

60. The AoC told us they were unhappy with the proposals to give greater powers to the LSC to intervene in instances where a college, or a department within a college, was failing:

“We share the Government’s desire to continue raising standards across the system, but query the need for stronger intervention mechanisms to eliminate unsatisfactory provision. We are not persuaded that the case has been made for greater LSC powers in this area and are concerned to retain adequate checks and balances in the system.

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44 Foster report, para 108.

45 FE White Paper, para 5.2.

We restate the need to trust governors, principals and managers to develop effective approaches to making improvements.”<sup>46</sup>

61. We asked the Ministers to elaborate on how he thought contestability would work in practice, and in particular, how it would work in the case of failing departments rather than colleges that were failing outright and whether the solution in these cases was envisaged to be a competitive tender process. Bill Rammell, Minister for Lifelong Learning, Further and Higher Education, told us:

“Certainly in certain circumstances there will be a competition [...] The CBI is very keen to see that opportunity for new private sector providers to come in to the market. I also think—and this is where it is important that we get the language right in describing this—there are real opportunities for highly-performing existing further education colleges as well, either to go into a competition directly to put forward a proposition that that FE college will make that provision, or we might be talking about individual departments through the process of saying that there is a 12-month intervention process. That is not necessarily a judgment just on the whole institution; it might be a particular department, and you then might be looking for a neighbouring FE college to take on that responsibility. There might as well be a greater use of federations between successful FE colleges and ones that are struggling, so there will be a variety of ways of taking this forward.”<sup>47</sup>

62. **We understand that it is only a very small minority of colleges and other providers that are failing outright. We welcome the Government’s explicit statement that the degree of intervention will be directly proportionate to the scale of the problem—with the most severe measures reserved for the small number of cases where there is persistent evidence of long-term failure.** A comparable system exists in the school sector, whereby the local education authorities can consider closing a school if it fails to improve after a period in special measures. If the intention of intervention in the case of failing colleges to improve the service that local communities receive, then it is difficult to argue against such an approach; purely developmental approaches in these situations have not proved particularly successful in the past and there is therefore a strong argument for change. **However, we do have some concerns about the practical implications of replacing or putting out to competitive tender areas of failing provision within a college—and seek further clarification from the Government on how this will work in practice, especially in areas where there is a single provider and, potentially, few local alternatives.**

### **“Coasting” colleges**

63. Both in the White Paper, and in oral evidence to us, the Government outlined plans to extend the new powers of LSC intervention to colleges beyond those deemed to be failing, to those which are “coasting”—which Bill Rammell defined to us as “satisfactory but not improving”.<sup>48</sup> In these cases, colleges or other providers are to be issued with a formal

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46 Written evidence from AoC (FE 12) [not printed]

47 Qq 622–623

48 Q 582

notice to improve, and will be offered assistance to bring about change. If, at the end of the twelve month period, significant improvements have not been made, this will trigger “similarly robust but less severe” intervention measures to those applied when a provider has been judged as failing outright.<sup>49</sup>

64. In his report, Sir Andrew Foster made it clear that the immediate priority for the LSC should be to intervene in those cases where provision was failing outright:

“Everyone should want weak providers and weak provision to be addressed vigorously and no-one should condone coasting providers that are not striving for excellence. The short term focus should rightly be on failing providers. However, attention should increasingly be on provision where there is clearly room for improvement.”<sup>50</sup>

65. We asked him to expand on this, and he implied that he would be cautious about extending an interventionist, competition-based approach immediately to situations where colleges were coasting rather than failing outright:

“I viewed it as being a way of challenging and discovering with those places which are already doing very poorly what can be discovered. I do raise similar questions for what is called ‘coasting’ and I think you would need to see from the experience of doing this for the first few years how effective it was. It clearly has a chance of being extended if you found it was successful.”<sup>51</sup>

**66. We see the logic of an interventionist approach to “coasting” colleges, especially if the emphasis in these cases is fairly and squarely on support for improvement rather than on punitive action. The Government says that its proposals to increase the LSC’s powers of intervention in cases where colleges are coasting are “in keeping” with the granting of intervention duties to local education authorities when similar circumstances arise in schools. The Government should make sure that the criteria for—and nature of—LSC intervention in cases where colleges are apparently “coasting” is defined with absolute clarity. This is especially important given the Government and the LSC commitment to develop a more “trusting” relationship with providers, as is stated elsewhere in the FE White Paper.**

## Expanding the base of providers

67. The Government, following Foster, have also pledged to diversify the base of providers, reducing “protectionism” and allow more independent providers to enter the market. We heard a range of views from witnesses on Foster’s proposals in this area. The AoC, for example, had written that they were not in principle opposed to such an approach, as colleges “already compete[d] in an open market with funding contingent upon success in recruiting and retaining students, and a variety of other providers to whom students and employers can go”.<sup>52</sup> Conversely, Graham Hoyle of the Association of Learning Providers

49 FE White Paper.

50 Foster report, para. 109.

51 Q 197

52 AoC (Nov 2005) *Foster report—colleges’ reaction* <http://www.aoc.co.uk/aoc/Members/comms/fosterreport>.



(ALP) said he thought there was indeed a greater role for independent providers, including charities and not-for-profit organisations, in the further education market. Moreover, these organisations were keen to expand their role. On the issue of quality he argued that independent providers had to be of a reasonable standard otherwise they would simply go out of business:

“It is a very competitive market. Some studies were done a few years ago by city analysts where people were looking at venture capital and the venture capitalists determined that it was the highest risk market outside of oil and mineral exploration. If you are an independent provider and you do not deliver, both in terms of volume and equality ie end results, you are out.”<sup>53</sup>

68. Furthermore, the ALP told us, independent providers had a number of specific advantages when it came to providing highly specialised vocational skills. Firstly, they were not limited by geographical constraints—this was important as employers often operate over large areas rather than in one established base. Secondly, independents often had good industry and sectoral links which improved the relevance and quality of what was taught.

69. One of the main problems, the ALP said, was that independent providers had historically been limited in that they could not contract directly with the LSC for many types of publicly-funded provision, and had relied on subcontracting relationships with colleges. This caused problems as institutions sometimes engaged in self-preservation when under threat, cutting franchised contracts. **We agree that this situation whereby independent operators cannot contract directly with the Learning and Skills Council for some areas of learning needs to be looked at further and, like the Association of Learning Providers, we welcome moves by the Learning and Skills Council to make public funding more accessible to quality, established independent providers who are able to demonstrate the capacity to expand.**

70. A diversified base of providers is a laudable aim and the Government, following Foster, is on the right track in this regard. We applaud the general commitment to expand the opportunities for independent providers to contract direct with the LSC for government-funded training and encourage them to take this approach further. We heard some evidence from the Association of Learning Providers of colleges abruptly ending their contract with a private provider which had been delivering “target bearing” adult basic skills courses, in an effort to protect the colleges’ provision. This suggests that subcontracting is not always in the best interests of learners or employers. **We see no case for not allowing direct contracting with private operators who may have established histories of quality provision, providing they are subject to audit and inspection arrangements comparable with those being considered for colleges.**

## 4 Inspection, oversight and planning

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### Merger of ALI and Ofsted

71. Currently, further education is inspected by two different bodies—Ofsted and the Adult Learning Inspectorate (ALI). Ofsted has sole responsibility for examining provision for those up to the age of 16. Colleges where there is a mixed economy in terms of age groups are assessed by joint teams from ALI and Ofsted. Other adult provision falls within the remit of ALI—which also carries out commissioned inspection and development work on behalf of employers running their own training programmes.

72. In July 2005, the DfES launched a consultation on the future of the Adult Learning Inspectorate, proposing that ALI would be merged with Ofsted (as would some parts of the Children’s Social Care Inspectorate) to form a single organisation, provisionally called the *Office for Standards in Children’s Services, Education and Skills*.<sup>54</sup> This forms part of a Government-wide programme of reform to significantly rationalise the number of regulatory bodies having oversight of public services and the regulatory burden the latter face.

73. Sir Andrew Foster, concerned about the number of bodies which scrutinised further education (and the demands this placed on institutions), gave his support to the Government’s proposals in respect of the merger. Shortly after the publication of his report, the DfES indicated that it intended to press ahead with the changes. We took evidence from ALI and Ofsted both before and after the merger announcement. We also asked other witnesses during the course of our inquiry for their views on the proposals. Our findings indicated mixed views on the merger; while many were supportive of the drive to “reduce and rationalise”, this was balanced by fears about how approaches developed by ALI would be preserved within the new organisation.

74. ALI originally told the Committee that it was opposed on several grounds to the merger as first laid out. Firstly, there were concerns from the providers and employers that the focus on adult learning would be lost if the organisation were to be merged into a body whose main areas of responsibility were in the regulation of statutory services for children and young people, rather than adults. Second, ALI was concerned that there were significant differences in the cultures of the two organisations which would make the merger problematic; while Ofsted operated as a statutory, regulatory body ALI combined scrutiny functions more explicitly with direct support for quality improvement. Organisations representing the business community had come out against the merger, ALI told us, as they did not think the interests of employers would be best served from within a statutory regulator. Speaking after the announcement of the merger, David Sherlock of the ALI, told us:

“I think it is a little early to say that we have lost all our concerns. I think what did happen was that as a result of the consultation the original proposition changed somewhat. Some of the rougher corners—if I may put it this way—were knocked off

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54 DfES *A single Inspectorate for Children and Learners*—consultation document.  
<http://www.dfes.gov.uk/consultations/>



and I think we are reassured by the process [...] I think we have an awful lot of work to do together to determine what an inspectorate for 2010 and beyond is going to look like. I think it is pretty much for sure it is not going to look like any of the organisations which currently exist [...]”<sup>55</sup>.

He later continued:

“The trick is going to be building a culture which is capable of addressing in a sensitive kind of way this very wide constituency of different customer groups. I think we have a nervousness about becoming part of the Civil Service, I am bound to say; I have never been a Civil Servant before [...] I think the cultural issues that go with that are the things that worry us. The comments from people like the Institute of Directors and the CBI were very much about engagement with the interests of employers and maintaining that edgy, difficult relationship between the public and the private sector. We need to carry on doing that and move probably a little bit further towards the private sector within an organisation which has got very, very substantial regulatory duties in childcare and in other areas”<sup>56</sup>

75. The aim—rationalisation of inspection and scrutiny—is unarguably correct but it remains to be seen whether ALI’s fears of a diminution of its role will be borne out in practice. It is crucial that in the transition to the new arrangements, the many identified strengths that have characterised ALI’s approach to its work are not lost. Joint inspections carried out by ALI and Ofsted have to date worked well, and this provides us with some level of reassurance that the merger will achieve its aims.

76. Nevertheless, we think that ALI is right when it says that integrating the cultures of the two organisations into one functioning whole is likely to be deeply challenging for all concerned. The process of adaptation will be occurring at a time when the resource base for inspectorates is being gradually reduced. We hope that this does not lead to a lack of rigour in any areas of its work—and particularly, given our concerns elsewhere in this report, in the area of scrutiny and support for adult learning and employer-based learning. **In our regular sessions with Ofsted, we will be seeking evidence on progress toward the new arrangements to incorporate ALI’s activities, and will also be keen to look for evidence of a sustained focus on adult learning and employer-focused provision. We also look to Ofsted to come forward as soon as is practicable with further details of how it intends to incorporate the work of ALI into its future work, including information on the allocation of staff and budgets to adult- and employer- focused work. Moreover, it will be vital that, in support of adult- and employer- oriented provision, the enlarged Ofsted retains operational contact with the Quality Improvement Agency, who will take over some of the developmental activities previously undertaken by ALI itself.**

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55 Q 435

56 Qq 467–68

## Self-assessment and self-regulation

77. As part of plans to reduce the onerous reporting and oversight burden currently facing colleges, Sir Andrew Foster also advocated a conscious move toward a system which would have as its ultimate aim a self-assessment, peer review approach. He told us:

“I am arguing that you should be even tougher on the under-performing and you should over a period of three, four or five years start to give increasing freedoms to those who are doing well. Clearly, what you would do is you would not let anybody be in a peer review self-assessment system until you were feeling very confident that they were excellent. So you would graduate it over a period of time and you would never let anybody migrate to that until you were clear that they had good standards”.<sup>57</sup>

78. We asked Ofsted whether they supported Foster’s proposals in this respect. They told us that, in their view, a system based solely on self-assessment and peer-review would not be achievable in the short-term. However, they were very committed to moving toward a more proportionate system of inspection, whereby the weakest providers would be subject to tougher, more regular scrutiny, while those doing well would be increasingly free from the demands of external oversight. Additionally, they would be moving to a system whereby providers were increasingly encouraged to develop effective self-assessment processes which would support institutional improvement.

79. We asked the AoC if they thought that this sort of approach went far enough. John Brennan, Chief Executive, told us:

“I think the emphasis upon improving data collection and improving measurement in the system has been hugely beneficial; I have no doubt about that. I equally agree that inspection is an important component in the process, both to provide public reassurance and to provide a stimulus to institutions. What I would say, though, is if you look at the inspection profiles across each of the three cycles which we have now been through since incorporation, they are not very different between each cycle. Individual institutions will have moved about a bit within those frameworks, but the broad profile is very similar across each one. I think there is an important question to be asked about how frequently you have to go and pull up the roots to check that everything is all right. The issues are about the frequency, the extent of the depth of inspection and measurement, and so on, in the system. I think we should be moving towards a system in which there is a lighter touch in respect of those activities and those institutions which are seen to be broadly performing pretty well, but a much tighter and sharper intervention in those areas where we know there are failings”<sup>58</sup>

80. The relationship between inspection and improvement is clearly a very complex one—and we have had an informative ongoing debate with Ofsted about their plans for a more proportionate inspection system for schools. We intend to continue these conversations in the future—and to focus equally on how proposals are being implemented with regard to colleges and other further education providers. **We concur with Foster that the evidence**

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57 Q 199

58 Q 285

for a headlong rush to an approach based entirely on self- and peer-assessment in the FE sector is not strong, and we would wish to see evidence of more consistent quality before endorsing plans to move in this direction. Building capacity for self-analysis and, in particular, the ability to use the results of such analysis to formulate plans for improvement, is clearly a crucial area, and the Government should offer strong support to inspectorates and other relevant agencies for developing their work in this regard.

### Making inspection fit for purpose—“impact” analysis

81. In parallel to the reforms suggested to make providers themselves more responsive to the needs of learners, employers and their communities, Foster also recommended that inspectorates should to some extent refocus their methodologies to assess how far colleges and other providers were succeeding in meeting the new priorities that had been set for them. Specifically, Foster said, inspection should be “re-engineered from two angles”, the first of which was “assessing the experience of learners in a local setting, both from their individual perspectives and from the perspective that provision is making on local learning needs”.<sup>59</sup> Interestingly, an approach to quality improvement which makes use of “impact analysis”—gauging effect on learners, employers and local communities—was also one recommendation of a recent review of the vocational education and training system in Northern Ireland.<sup>60</sup>

82. In their recommendation-by-recommendation response to the Foster report, published as an annex to the White Paper, the Government confirmed that the development of an “impact analysis” approach, was being “built into the framework of the single inspectorate”.<sup>61</sup> This is not discussed in any further detail elsewhere in the White Paper.

83. We spoke to the inspectorates about proposals that inspection should aim to gauge impacts on individuals and on the local area. David Sherlock of the ALI, told us that in his opinion, this was “one of the most interesting suggestions in the [Foster] report” and one “thoroughly worth trying” to implement.<sup>62</sup> However, he also argued convincingly that this would present some significant practical challenges:

“The basic premise of the Foster Report that general FE colleges should be focussed on employability seems to me to be right. The disappointing element of the Foster Report from our point of view in that regard and many others is that he does not actually follow that on to look at the knock-on consequences and I think that is one of them. I think it is something we would want to try to see whether we could assess the impact of employability on the local community and employment rates and skills shortages in the local community. That is something we certainly do not have a method for right now.”<sup>63</sup>

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59 Foster report, para 230.

60 LSDA NI/ DELNI *Purpose, performance and public value: a review of quality assurance and performance for vocational education and training in Northern Ireland*, 2006: [http://www.lsdanorthernireland.org.uk/NI/files/curdev/LSDA\\_QPF\\_Book.pdf](http://www.lsdanorthernireland.org.uk/NI/files/curdev/LSDA_QPF_Book.pdf).

61 DfES *Foster annex*. R 59, march 2006: <http://www.dfes.gov.uk/publications/furthereducation/docs/Annex%20A.pdf>.

62 Q 436

63 Q 436

84. Maurice Smith, HMCI, Ofsted, offered a similar analysis, adding that in some respects Foster—and by implication, the Government—appeared to be asking inspectorates to do conflicting things:

“[...]we do not have that breadth of inspection methodology at the moment. We do not go out and do a needs analysis of the community on each institutional inspection. Of course that will add to our responsibilities and at a time when we are constantly being bombarded with demands to constrain our responsibilities by Foster in the same breath, so to speak, then we do find ourselves a bit between a rock and a hard place I am afraid”<sup>64</sup>

85. **We are attracted to the idea of reforming inspection so that it is able to comment on the effectiveness of colleges in meeting local skill needs and the needs of individual learners. If the prime driver for colleges is to be responsiveness to employers’ and to learners’ needs, then it follows that inspection should judge them on how well they perform in this regard. We also believe that, if developed well, such impact analyses would play a useful role in helping to raise esteem for, and interest in, some areas of adult learning in particular, the value of which it is currently sometimes difficult to objectively measure.** However, adapting inspection methodologies in this way would be a major undertaking and we are not convinced that the White Paper deals adequately with the sheer scale of this task. Moreover, such reform presents significant challenges at a time when inspectorates are also under pressure to rationalise their demands on providers, fulfil their remit within a dwindling resource base and undertake internal restructuring. **The Government should consider, as an initial step, commissioning a feasibility study to assess how the kind of “impact analysis” approach to inspection might usefully be taken forward in light of resource constraints and the imperative to “slim down” the inspection burden. In any event, inspectorates should be given a reasonable time to explore this area and to develop meaningful methodologies rather than being rushed into producing frameworks that in the event add little.**

## Adult learning

### *Impacts of current funding priorities*

86. Two recent reports—one by a committee formed and led by NIACE to look at adult learning, and the other by the Associate Parliamentary Skills Group—raise serious concerns about the likely unintended consequences of the Government’s decision to focus funding very substantially on young people, those seeking a first full level two qualification and those in need of basic skills.<sup>65</sup>

87. We sought further evidence from witnesses on this issue. The soundings we took suggest to us that while the identified priority areas are all worthy of funding in themselves, there was a real risk that types of learning which were judged not to fall inside these priorities would founder. Given that the economy would come to rely increasingly on adult

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64 Q 499

65 NIACE *Eight in ten: Adult Learners in Further Education. The report of the independent Committee of Enquiry invited by NIACE to review the state of adult learning in colleges of further education in England* (2005); National Skills Forum/Associate Parliamentary Skills Group *Skills: a Parliamentary Perspective*, (2005).

returners to the labour market rather than young first-time entrants, this was concerning. NIACE told us:

“Our central concern is that the number of publicly-supported opportunities for adults in England to undertake self-chosen education and training will decline steeply over the next three years—not as the result of a deliberate desire to reduce opportunity but as the unintended consequence of decisions taken for other purposes. We estimate that by 2009 there will be at least one million fewer places for adults in further education colleges and publicly-funded community education as a result of current policies. NIACE believes that such a reduction will make it harder rather than easier for Government to raise the education and skill levels of the adult population with the objective of creating a more productive and competitive economy and a fairer and more inclusive society.”<sup>66</sup>

88. Witnesses told us that they had collected evidence that in practice significant amounts of learning deemed to fall “outside” priority areas were being cut from college programmes. Moreover, this was not simply a matter of the loss of “leisure learning”, but of courses that contributed in the long run toward the very priorities identified elsewhere by the Government—for example, skills for employability. Jacqui Johnson, a Lay member, of the NATFHE National Executive, told us:

“Across the country these courses are being hit and nobody can predict what the outcome is going to be because they have been with us for so long and have led on to something else. It is very difficult to say if we drop that one it will mean people do not go on to something else and get a job.”<sup>67</sup>

89. Other areas being affected included access courses. Kat Fletcher of the NUS elaborated:

“Our focus over the last plan has been particularly on access courses because we think access courses are the jewel in the crown of further education [...] What we are seeing because of the LSC’s priorities as fed down by the Government is that access courses are being cut because they are over-19 and they want to go into HE. What colleges are doing is cross-subsidising their access courses because they feel so impassioned about them and the value they play in wider society and therefore taking it out of other bits of funding and that is obviously difficult to sustain.”<sup>68</sup>

90. The Government has argued that the state should direct its contributions in terms of funding for further education colleges, to those courses which indirectly or directly meet the economic imperatives of equipping people with the skills necessary to participate in the world of work. In a recent article in *The Guardian*, the Secretary of State for Education and Skills, the Rt Hon Alan Johnson said that in future, funding of further education would mean: “[...] more plumbing and less pilates [...] Tai chi may be hugely valuable to people studying it, but it’s of little value to the economy. There must be a fairer apportionment

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66 Ev 39

67 Q 530

68 Q 536

between those who gain from education and those who pay for it—state, employer or individual.”<sup>69</sup>

91. We accept that within limited funding, there are “difficult choices” that have to be made about what is to be supported by the public purse, what must be paid for by learners themselves, and what will be paid for by employers. We put it to Ministers that while investment in their priority areas was welcome, this was leading to unacceptable declines in learning opportunities not just in terms of “leisure courses for the middle classes”, but of types of learning which actually contributed to key government priorities—often taking place in communities where there was a great need. **Fundamentally, we argue, the dividing line between what is of value—to individuals and to the economy—and what is less so, is nowhere near as clear as is currently implied in government rhetoric.** Phil Hope, Under-Secretary of State for Skills at the DfES told us:

“[...] for many of the communities that we are describing it is very important that if individuals start a course, a short course, a literacy or numeracy course, an ESOL course, that course leads somewhere. We are quite concerned, I think we say this in the White Paper, that a number of those courses do not add up to a point of progression. People do a course and it does not create for them added-value as an individual. It does not provide them what they describe as a stepping stone, it is not a stepping stone on to progression on to level one or, indeed, level two qualifications. Now that is part of the change that we want to see happen, either through the way the PCDL might be developed but also through the development of the foundation learning tier that we talk about in the White Paper which provides—and that will be built into the framework for achievement of new qualifications—a coherent package so that when individuals begin the course they know that the course develops their basic skills, adapts their needs and also leads on to higher qualifications<sup>71</sup>. There is a genuine vocational pathway on the way through. That is the challenge for all of us nationally and locally.”<sup>72</sup>

92. **We understand, and support, the Government’s intention to improve the quality and relevance of learning opportunities for those at the very start of their return to education. However, there is no demonstrable evidence that it is poor quality provision or that with the lowest “returns” that has been strategically cut in order to concentrate public funding on priorities and it is disingenuous to suggest that this is so. Rather, we**

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69 Guardian Education, 7 June 2006, *Johnson: Fund more plumbing and less pilates*, <http://education.guardian.co.uk/further/story/0,,1792395,00.html>.

71 The Government’s FE White Paper describes the Foundation Learning Tier as “a framework of well understood, high quality foundation programmes encompassing Entry and Level one, supported by appropriate qualifications and units from the FfA [Framework for Achievement] [...] This coherent framework of provision below Level two—the Foundation Learning Tier (FLT)—will replace the present, confusing arrangements. [...] A key driver of the FLT will be the establishment of progression pathways: clear stepping stones to enable learners to access a first full Level two programme. These will be supported by accredited units and qualifications from the FfA, developed in line with a clear qualification strategy”.

72 Q 591



have the impression that reductions in places on some courses have happened swiftly and as the result of funding pressure, rather than conscious, area-level planning. We therefore think that Ministers' confidence about outcomes in this area is misguided. While the foundation learning tier is a very welcome development, we note that it is only to be funded "as resources allow".

93. Our point here extends beyond adult learning to the broader climate in which further education operates. Bill Rammell told the Committee that 10% of people doing degrees are doing so through FE. It is important that a priority is placed on strengthening the relationship between universities and FE colleges through such mechanisms as the Lifelong Learning networks and regional partnerships. Colleges and other providers have traditionally been very flexible in terms of responding to new initiatives and changes in policy. Being "fleet of foot" is seen by many as a positive feature of the sector. However, there is a point at which the constant pressure to react to a changing policy and funding landscape undermines stability and puts pressure on long-established, valued provision which suddenly becomes uneconomical to continue to provide. This is a situation which must change. The LSC and the DfES say they are moving to a more stable, long-term approach to funding, especially for the most successful providers. At the moment, though, secure long-term funding is not a reality on the ground and there are even questions about whether it will become the norm for the majority of providers—rather than those who perform exceptionally—in the medium term.

94. We also heard compelling evidence on the need for a more liberal interpretation of the way the value of some types of adult learning was determined, which went beyond the economically-based approach currently taken. NIACE, for example, argued that there were sound reasons for funding non-formalised and non-award-bearing learning opportunities and that in many cases this kind of provision in colleges was at risk:

"[...] it is absolutely reasonable to my mind for a pensioner to prolong active citizenship through engaging in learning. That saves the state money in terms of social work or hospital visits in lieu, as it were. It benefits a number of other government policy strategies as well that there are opportunities for adults to engage in learning that does not immediately have a labour market focus. If you are in rural Cornwall, if the college is not doing it, who is to do it? What we are facing is a diminution of offer for too many people. In the National Mental Health Strategy last year, the role of adult learning in colleges or outside them, of enabling people to put their toe back in the water, to engage in rebuilding relationships, is a perfect environment because the world does not fall down if you do not feel up to going next Thursday, exactly the sort of modest engagement with public support that people need in order to be independent. Without that kind of infrastructure there, what kind of expensive systems are we going to have to put in place to enable people to take a step back into the community? What we are facing is a diminution of offer for too many people."<sup>73</sup>

95. One area of our questioning of Ministers focused on the measures they proposed to put in place to ensure that these types of learning were able to continue. They told us that the intention was for local authorities, the LSC and other local organisations including the voluntary sector to work together to ensure that an acceptable level of “non-priority” provision remained for adults. Phil Hope told us that budgets for “adult and community” learning would not be given over to local authorities, but would remain with the LSCs. He outlined how he saw this working in practice:

“I would anticipate the partnerships—everybody bringing what they are doing to the table, sharing it, and then perhaps changing and developing what they are delivering at a local level. Now they have had that dialogue, had that discussion, had that assessment, and saying, ‘It is daft that you are funding it and I am funding it and we are both funding the same thing, and we are both not meeting the needs of the community; why do we not look at what we are doing and find ways of using that resource more creatively at a local level?’ I would hope that they would be innovative in their way of going about doing that. It might be that the college is around that table, in that partnership, with a proud tradition and history, as it were, of delivering this and carrying on doing so. It may be that in other areas that has not been the position for that FE institution, and they will not be. That will be a matter for local partnerships to develop.”<sup>74</sup>

96. Evidence we took prior to the release of the White Paper from organisations currently working in the area of adult education suggested that while a planned approach which sought to reduce duplication was seen as eminently sensible, there were mixed views about how such a system would work in practice. The AoC told us:

“Colleges provide a certain amount of what we used to call adult and community learning, and now perhaps call personal community development learning—the labels change from time to time—and they have a role in relation to that and that role may continue for individual institutions [...] Alongside that, there have been many adult education institutions, higher education institutions and so on and, indeed, voluntary and private providers. I do not think anyone in the college system is unduly worried about that, that plurality will remain.”<sup>75</sup>

However, Colin Flint, Director of FE, NIACE, told us that he did not share this confidence and was concerned about how a broad range of adult learning would be sustained:

“The *TES* headline the Friday before last, after the conference and Foster, was ‘Colleges are Skills Training Centres’. I fear that may be the most powerful message that was taken from Foster and we are in danger of losing the infrastructure of adult learning.”<sup>76</sup>

**97. During its first term in office, the Government published *The Learning Age*, which emphasised the benefits—and the necessity for public funding of—provision for older learners. The Government has told us that it values learning which does not have an**

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74 Q 651

75 Qq 241–242

76 Q 243



immediate economic imperative, but we are concerned about how opportunities in this area will be sustained. The contention that partnership working at the local level will ensure an adequate range of courses is highly questionable given the current resource constraints: this is an area that needs close monitoring. We recommend that the Government, working with the LSC, comes forward with more concrete information on how it expects local authorities, working with the LSC, to fund and plan this sort of provision.

More fundamentally, we recommend that the Government base its decisions on the targeting of funding on much more solid and extensive research than is currently available. This research needs to provide a through analysis of the relative benefits of different types of learning—particularly, what the likely returns of public investment in different types of learning are, and for whom. Only in this way can the Government substantiate its claim that funding is being targeted where it is most needed.

### *More income from fees?*

98. In line with recent policy, the White Paper reaffirms the Government's expectation that colleges and other providers are expected to raise a larger amount of income from fees—sometimes charging full cost for courses classed as non-priority—in order to maintain an adequate range of provision. In parallel, changes are also being made to the basic fee assumption for adult “approved” courses. This means that the learner contribution to the cost of courses is expected to rise from 27.5% in 2005–2006 to 37.5% in 2007–2008.<sup>77</sup> We asked the AoC for their estimate of what this would mean in terms of actual cost for learners:

“If you look at it in terms of course hour [...] over the next couple of years you might be looking at an increase from about £1.45 an hour to something like £1.95 an hour. It is a significant amount, I do not want you to think it is something you can dismiss.”<sup>78</sup>

99. Several witnesses have told us that they are worried that this policy may produce two unintended consequences: firstly, that the levels of expected fee income will not be reached and courses will not run as a result, and secondly, that those on lower incomes will be adversely affected even if recruitment levels are maintained, and wealthier learners will displace less affluent ones. We asked Ministers about this issue. Phil Hope told us:

“[...] the issue here is about the opportunity the colleges have got to take the courses that they were previously running and to market those courses with an increased contribution in fees from those taking part [...] we know that colleges which go out in the community, market in that way and sell those courses in that way, those courses that are valued by those employers can continue to run. I think it is very important that the Committee appreciate the importance as we steer down these new priorities that colleges take these opportunities. We had evidence from a Mori opinion poll that showed that learners and the community out there do say they

<sup>77</sup> LSC *Priorities for success: funding for learning and skills*, para 52, (October 2005)

<sup>78</sup> Q 232

expect we say a 50% contribution towards the cost of a new course, actually most people do not even know they are going on courses which are heavily subsidised to the tune of 75% or 72.5% already. When this is explained and talked about and comparisons given people say, 'Well fair enough, we should be paying more as a contribution towards courses.' [...] The challenge for the colleges is to carry on running those courses at higher fee levels or, indeed, full cost recovery levels by going out to the community to explain the value that the courses have and the funding requirements for them."<sup>79</sup>

Bill Rammell went on to give examples from Brighton College, which he argued had developed a highly proactive approach to marketing courses and had therefore been successful at charging a higher level of fees. The LSC took a similar stance, admitting that raising fee levels would be challenging for colleges, but that they intended to provide support and would circulate examples of best practice.<sup>80</sup>

Other evidence we have received, however, is less positive about the introduction of higher fees. The AoC have said that while supporting in principle and in the long term a move to such a system for those who could afford it, they were "deeply concerned at the imposition of large increases in such a short timescale".<sup>81</sup> Similarly, NIACE told us that they were in favour of a higher fees approach over the longer term but did not think that this was something that should be introduced too rapidly:

"I am in favour of higher fee contributions [...] Night school adult education has traditionally charged significantly higher fees. What you find if you do a fee hike too quickly is people go away and they may come back in two or three years' time as long as you stabilise your fees, but what you cannot do is rush from being 'pile 'em high, sell 'em cheap', to 'let's run an expensive boutique' overnight, and I am afraid that is the way our fees policies look like they are working."<sup>82</sup>

100. The LSC has introduced targets for fee income in response to the direction of public subsidy increasingly toward its identified priorities. We asked the Minister whether they would expect the LSC to let colleges cut courses if they did not meet their fee income targets. He told us:

"Frankly the market will work in that way. If the college does not raise the fees it will not have the income to run the courses. The pressure will be from the LSC to say, 'Live up to your targets' but actually if they do not get their targets for raising the fees they will not have the money and that will be the key that will drive those colleges to either do better at marketing to raise their fee income and to make choices about which courses they offer. It will be the very fact that they are not getting their fee, it will not be the LSC, 'you have not reached your target that is going to be the

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79 Q 583

80 See Q 24 and Q 25

81 *Public says no to paying for work training—and to subsidising large companies*, AoC press release, 11 November 2005.

82 Q 234

pressure', it is going to be if they have not raised the cash from fees that will be the pressure and change the performance and behaviour of the college."<sup>83</sup>

101. We find this attitude blasé and deeply concerning. **While there may be good reasons for seeking an increased contribution from learners, if this is not achieved in practice, valuable provision could certainly be lost and learners who could benefit from education will not do so. The DfES and LSC need to negotiate a contingency plan to deal with this situation, should it arise.**

102. Furthermore, while it is feasible that colleges could, in the long run, succeed in raising much more income from fees and therefore continue to run a wide range of high quality courses, there is no guarantee that this means they will be catering to the same student profile. **We are not aware of any substantive research which has been undertaken to assess the risk that more affluent students will replace those who are less well off, and think that this situation needs to be rectified rapidly. We therefore recommend that in Autumn 2006, the DfES or one of its agencies should undertake an impact assessment of how the new fees regime is affecting the overall socio-economic profile of adult learners. Monitoring should continue as the increase to the fee assumption is rolled out, and the Government and LSC should be prepared to take action if the findings suggest problems in this area.**

### **Coherence across the education system**

103. We are also not convinced that there is a coherent underpinning logic as to who is expected to pay for what across the education landscape. We put it to Ministers that the standards applied to further education and higher education were different in this regard; students who, for example, wanted to study introductory Spanish in a community or workplace setting would increasingly be expected to make a larger contribution to their own learning than they would if the subject was one of more indirect or direct economic benefit. If the course was at university level, the amount of subsidy would not depend on such considerations. Asked what the distinction was between university-level study of Classical Greek and Spanish for holiday purposes, Phil Hope replied:

"I think the distinction I would make would be that if the individual is going to go on to getting a level two qualification—if there was progression for those individuals, if we could make a judgment that by taking part in these courses it would help their employability either to get into work or to be a more productive person in the workforce, and from there lead on to other training [...] we want them to be attracted into learning that takes them somewhere"<sup>84</sup>

He also stressed that university students were expected to contribute to their own learning by way of fees.

104. **The Ministers' response does not fully reassure us that a coherent funding logic is in place across the education system. We accept that students in higher education are expected to make a significant contribution to the costs of their own learning. However,**

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83 Q 593

84 Qq 605–606

there is still a difference insofar as the level of public subsidy for places at university does not depend on whether the subject being studied is deemed to be of direct economic benefit; to put it another way, classics is funded on broadly the same basis as engineering, despite the fact that an argument could be made that the latter is more “economically relevant” and in some respects more likely to lead to employment directly related to study.

### 19–25 entitlement

105. In the FE White Paper, the Government announced that it intended to put in place an entitlement for study at level three for those aged 19–25. This was in recognition of the fact that, until now, young adults who had not, for whatever reason, managed to attain a level 3 qualification by the age of 19 were not always guaranteed LSC funding. Often, colleges funded their learning from other sources.

106. We asked Ministers whether it was envisaged that learners would have to register for a “full” level three qualification to take advantage of their entitlement, or whether they would be able to complete units of study. Phil Hope told us:

“We have not got to a point yet—although we are trying to do so with the Framework for Achievement<sup>85</sup>—whereby individuals can take units of study that accumulate up into a full level two and level three qualification. At present we are describing the level three entitlements to a full level three qualification, so individuals would need to join up to and take part in a full qualification as part of their learning [...] We have an aspiration towards the way you are describing it, because it suits learners’ needs as well as employers’ needs to unitise learning in that way.”<sup>86</sup>

107. The Minister went on to say that he was “hopeful that next year, once the [unitisation] pilots have been trialled, we will be in a better position to roll out the new Framework for Achievement following that. I cannot give you exact dates until we see the results of the trials and the pilots this year.”<sup>87</sup>

108. We also asked Ministers whether the entitlements were intended to stimulate demand in this area or whether they were intended to serve in effect as “replacement funding” for those who colleges currently subsidised out of other budgets. Phil Hope told us:

“[...] those colleges will receive the full amount for the courses they are providing for 19–25-year-olds, when they should be collecting fees now; and secondly it means employers will not have to pay a contribution to their fees because they can claim their full level 3 entitlement [...] What we did not want to do is to expect students who had got their level 2 by the age of 19 but hadn’t moved on to a level 3 qualification, but then had realised the value of a level 3 qualification, to be

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85 The Framework for Achievement will be a unit-based qualification framework, under which learners will be able to accumulate and transfer credits toward full qualifications. Key features of the FfA are being trialled between 2006 and 2008. The Qualifications and Curriculum Authority has responsibility for this area.

86 Q 616

87 Q 618

disadvantaged, to be dissuaded from going back into learning at level 3; and this entitlement which starts from September 2007 will do that.”<sup>88</sup>

Bill Rammell expanded:

“I think you may get some expansion as a result of this policy change, and we will have to deal with that; but this is a real issue in disadvantaged communities where arguably people progress at a slower rate, go out of the system and come back. I think that through this change, which is significant, we have made it that much easier for people in those circumstances to do that.”<sup>89</sup>

We interpret this to mean that the function of the 19–25 entitlement in the short-term is primarily one of replacement funding as fees increase.

**109. The announcement made in the FE White Paper concerning a new level three entitlement for 19–25-year-olds is very welcome indeed, not least because it addresses a long-standing issue of lack of support for those who, for whatever reason, have not progressed to level three study before the age of 19.** It also addresses the need to increase the number of people qualified to level three. However, the Minister told us that currently it was envisaged that the entitlement would only apply to those studying toward a full award at level three, rather than smaller units of learning which could be built up at a pace that suits the learner. As the Government clearly recognises, many of the people who would benefit from this entitlement are likely to have had less than positive experiences of formal, qualification-based education and risk being “turned off” at the outset by the requirement to register for a “whole” qualification. Ministers told us that the unitisation being piloted under the Framework for Achievement would bring about improvements in this area, but that the date for final implementation was not yet known. We agree with Foster that work on the Framework for Achievement needs to be speeded up—and seek a commitment from the Government on when we can expect conclusions to emerge.

**110. It appears that the entitlements will be designed to soften the blow for those already enrolled on courses rather than attracting significant numbers of new learners. We recognise that there would be serious issues of affordability in extending this scheme to everyone who might benefit from it, and that arguing for additional funding for this scheme while recognising a limited funding envelope would risk displacing funding from other areas. However, the Government needs to bear in mind that the new National Learning Model will have to relate to the 19–25 entitlement, and will also need to reference the entitlements in the “national debate” about “who pays for what”. We argue later in this report that this needs to take place as a matter of utmost urgency.**

### **Learner Accounts**

**111.** The White Paper also contained one other proposal with potentially very great significance for adult learning: the re-introduction of a new scheme of personalised, portable “Learner Accounts”, which are described in the following terms:

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88 Qq 619–621

89 Q 621

“The account will hold virtual funds, which can be used to pay for learning at the discretion of the learner. It can have a life extending over a period of time and can hold funds from the state, the learner and the employer. It will be administered by a third party and made robust by the development of the Unique Learner Number. Accounts could be used in principle for all education costs. But they work best where there is an informed and demanding customer group, able and motivated to exercise real choice. So we propose to test the concept with adult learners studying for a level three qualification, as a further way of tackling our relative skills gaps at that level, increasing choice and generating demand for higher level learning from non traditional groups.”<sup>90</sup>

112. Clearly, these proposals reignite the debate over Individual Learning Accounts (ILAs). Our predecessor Committee undertook, in 2002, an inquiry into the fraud to which these accounts were subject and the consequent loss of an estimated £67 million in public funds through “fraud and serious irregularities”.<sup>91</sup> They concluded that the problem had essentially been one of maladministration, rather than a fundamental problem with the underpinning idea. As a concept, our predecessors concluded, ILAs had much to recommend them—especially in terms of the role they could play in bringing about a more demand-led system. Clearly, we were concerned to seek reassurances from Ministers that steps would be taken in order to avoid a repeat of the ILA maladministration. Phil Hope told us:

“Certainly we are going to take it very carefully so we do not repeat the mistakes of the past. A number of lessons have been learnt from how the old ILA system was operating to ensure that we do not fall into those traps, if I can put it that way. We are going to be piloting the level 3 learner accounts in two regions [...]”<sup>92</sup>

Ministers told us that they were not in a position at that time to provide extensive further details of how the accounts would work in practice, but expected to be able to publish more details in the autumn.

**113. In line with our predecessor Committee’s general support for the principle of the original Individual Learning Accounts, we commend the Government’s decision to return with new proposals in this area. Given past fraudulent activity, much is at stake in the roll-out of this project but we are partly reassured by the clear and repeated commitments from Ministers that full piloting of the new Learner Accounts will take place before things are taken forward. We cannot stress strongly enough that lessons from the pilots need to be fully absorbed before any plans for the future are made.**

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90 FE White Paper, para 3.7.

91 An additional £19 million is thought to have been paid to providers “[...] where learning was delivered but where the claims did not fully meet the programme rules”. The DfES says that this amount is based on estimates and extrapolations, and that the precise extent of fraudulent activity will not be known until investigations are complete. It is not clear whether this is now the case. See: <http://www.dfes.gov.uk/ila/investigations.shtml>.

92 Q 596



## Funding for 16–18-year-olds in colleges

114. Throughout this inquiry, we have also taken evidence on the issue of differential funding between school sixth forms and colleges in respect of provision for those aged 16–19. In 2005, commissioned research from the Learning and Skills Development Agency was published, which quantified the gap and provided an explanation of the specific funding conditions through which it was perpetuated.<sup>93</sup> The existence of a gap of approximately 13% was subsequently accepted by the Government, since when they have made clear and repeated commitments to reducing the disparity. Bill Rammell told us:

“[...] there has been a very concrete timetable to reduce that gap. The financial year we are in at the moment—the gap as estimated by the Learning and Skills Development Agency is 13%; next year that will reduce to 8% and the following year it will reduce to 5%. Those are not warm words; that is a big change and a big difference in the funding gap between schools and FE. My sense, going around colleges up and down the country, is that whereas in the past we might have been accused of warm words, there is recognition that we are moving on it.”<sup>94</sup>

When asked about whether the gap would be reduced to zero after 2008, he replied:

“[...] as resources allow—and the reason for that formulation—is that we only can commit in the three-year spending review period; but we would hope to move beyond that position of a 5% gap by 2008 to eventually eradicate that gap. The gap is important, but I would make a broad point that the funding base in further education colleges is substantially better today than it has been in the past because of the significant boost in investment we have delivered over the last nine years”<sup>95</sup>

115. We also took evidence on the relationship between funding and quality—and particularly, on whether there was a direct relationship between the two. Sir Andrew Foster, who had been criticised in some circles for not addressing funding levels in his review of colleges told us:

“I certainly think it is an issue, and I think it is an issue which needs attending to. When we start to look at what affects quality, I suppose we would get into an argument or a debate about causality, and when we talk about quality for me the key issue about quality would be the motivation of the learner, the student, and it would be the professional development of the teacher, the lecturer. Those would be the two key things which would impact on quality. So we would have to start talking about the relationship between those, in my mind, and the funding gap.”<sup>96</sup>

116. We accept that there is no simple, deterministic relationship between funding and the quality of what is delivered. Nevertheless, this is an issue of fairness and while a gap persists, colleges can justifiably argue that they are achieving in spite of inequities in the funding system. **We welcome the Government’s commitment to narrow the gap in**

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93 LSDA *The funding gap. Funding in schools and colleges for full-time students aged 16–18*, (2005).

94 Q 638

95 Q 639

96 Q 146

funding between what colleges and school sixth forms receive for the education of 16–19-year-olds; if implemented this will be a very significant development. The Government told us that narrowing the gap further was a high priority, and they must demonstrate this by revisiting the remaining funding gap after the next Comprehensive Spending Review has taken place in 2007, explaining clearly what further action will be taken, and by when.

## Workforce development

### *Ownership of the workforce development strategy*

117. Following Foster’s recommendations, the Government have committed to the development of a more comprehensive and coherent workforce development strategy for further education staff. The White Paper announced that responsibility for the development of the strategy would be given to Lifelong Learning UK (LLUK—the sector skills council for lifelong learning). Foster’s original recommendation had been that the DfES should develop a workforce strategy. LLUK explained why Foster had not indicated that responsibility should lie with them. They told us:

“We did not appear extensively in Foster because at the point at which he was consulted we were a very new organisation. We have now been licensed by the DfES, with agreement from DTI, to address the FE and wider Learning and Skills Sector workforce development needs and workforce data requirements and will be addressing this across the UK through our Sector Skills Agreement which the Department has recently agreed to fund.”<sup>97</sup>

118. Later, and after the publication of the White Paper, we asked Ministers to clarify why responsibility for the strategy had been given to Lifelong Learning UK, rather than retaining responsibility within the DfES. Bill Rammell told us:

“If you look at the Department’s five-year strategy, we took the view that as a general rule we wanted to set the overall policy framework and strategic goals, but the detailed implementation was much better done by others, by intermediary bodies. It was in that context that we took the view that that focus on workforce quality should be undertaken by LLUK. That does not mean that we will just say, ‘there it is; get on with it’ and have no dialogue with them. I think this is a really important initiative.”<sup>98</sup>

119. **We very much welcome the commitment in the White Paper to developing and implementing a coherent Workforce Development Strategy for further education. It is rational that having created an industry body for the lifelong learning sector, the DfES has passed responsibility for workforce development issues to that organisation.** Elsewhere in this report, we comment on the need to reduce overlap, duplication of effort and confusion about ownership of responsibility in further education policy—and this appears to be one area where clear ownership has the potential to be established. Nevertheless it is crucial that the DfES acts on its commitment to maintaining strong working links with LLUK as the latter works on developing and implementing the strategy.

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97 Written evidence from David Hunter (FE 06) [not printed]

98 Q 629



**Delegation of responsibility for the workforce development strategy to LLUK should not mean abnegation of responsibility by the DfES. In particular, the DfES needs to make clear how it intends to monitor progress and should negotiate with the LLUK a clear timetable for the production and implementation of the strategy. This is particularly important given that LLUK is a relatively young organisation.**

### ***Continuing Professional Development***

120. Building on Foster's recommendation that opportunities for Continuous Professional Development for further education staff needed to be improved and standardised, the Government announced in the White Paper proposals to introduce a minimum 30 hours annual CPD for the workforce. Bill Rammell elaborated:

“[the] 30 hours per year, [...] will be a responsibility for the individual, their line manager, and will be built in to the inspection framework for the college, is a very important way, alongside professionalising the workforce, as we have made the commitment to do by 2010, to continue the progress that has been made and drive up quality across the board.”<sup>99</sup>

The AoC have since told us that while they support the White Paper's emphasis on staff development they had “concerns regarding the implementation of the 30 hours CPD and the cost to colleges. We suggest that new regulations on staff development should apply consistently to all LSC funded organisations”.<sup>100</sup>

121. Since we have taken evidence, the Government has announced that it intends to roll out a network of new training centres for further education tutors, teachers and trainers, which will be called Centres for Excellence in Teacher Training (CETTS). It is intended that these will be up and running by September 2007. £70 million will be provided in 2007/2008 for “workforce development and initial teacher training”.<sup>101</sup>

**122. We welcome the announcement that Centres for Excellence in Teacher Training will be rolled out and await further details on the scale and nature of this programme. Likewise, we support in principle the idea of a standardised requirement for Continuing Professional Development (CPD) for further education staff, as laid out in the White Paper. However, there are some concerns about the affordability for providers of a 30-hour CPD requirement. What is more, the Government's proposals for the requirement appear to relate to colleges only; other LSC-funded providers, such as voluntary and community groups, work-based learning and Learndirect, are not explicitly referred to. The DfES needs to explain how it expects the CPD requirement to be resourced, and how it intends to apply the requirement to staff in non-college settings. It also needs to clarify how the requirement will apply to part-time and fractional staff, who constitute a large proportion of the further education workforce.**

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99 Q 629

100 Written evidence from AoC (FE 12) [not printed]

101 *New training centres for FE teachers by next year—Rammell*, Department for Education and Skills press release 2006/0087.

### *Developing leadership in the sector*

123. A very strong theme in the evidence we have taken has been support for Sir Andrew Foster's emphasis on the need to improve leadership and management in further education. At the beginning of our inquiry, and in the context of a discussion about the most important influences on quality, he told us:

"[...] quality of leadership *in vacuo* of resources can still do excellent things. I am not, therefore, arguing for low resources, but to say that resources is the key issue towards excellent service is not correct. If you actually do a scattergram about the level of investment relative to the quality of the product, there is not a direct relationship between them."<sup>102</sup>

124. He went on to add that further education had an ageing workforce profile—with many senior managers and Principals due to retire in the next decade. Compounded with general concerns about the quality of management in further education, the prognosis for the future was poor, he argued, and therefore significant effort needed to be put into the recruitment of new managers from outside the sector alongside development support for existing staff showing potential.

We asked the inspectorates whether they understood part of the problem to be an insufficient intake of new talent from "outside" the sector. Penny Silvester, Divisional Manager, post-16, Ofsted, told us:

"Most of the senior managers within colleges have come up through the sector themselves. However, many lecturers in FE have actually had experience in industry before they came in so therefore if they have moved up through the lecturing route, through middle management and senior management, they do actually have some industrial background or business experience behind them. It is maybe not as incestuous as you are saying [...] Some colleges have brought senior managers in from outside. It has not always been the most successful because they do not understand the intricacies of the business [...] What we would want to see is good quality managers in those posts who understand the sector and who are committed to driving up the quality within colleges."<sup>103</sup>

Conversely, Lifelong Learning UK told us that they saw definite merit in recruitment campaigns to attract new talent:

"We have never had a recruitment campaign for our sector as a career of first choice. We have seen very successful campaigns from the police service and social care, et cetera, on a national basis that have brought in quite a lot of interest. We will see what comes but we are hopeful that we will be able to make up that deficit."<sup>104</sup>

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102 Q 156

103 Qq 484–486

104 Q 373

125. The Further Education White Paper takes forward Foster’s suggestions in this area and outlines two programmes which the LLUK and Centre for Excellence in Leadership will be invited to run:

- The “Make a difference programme”—this will “encourage high-flying graduates to make a career in the sector”;
- “‘Business talent’—a management recruitment programme as suggested by Sir Andrew Foster, [to] help colleges and providers attract exceptional talent from business and the public sector into senior management roles”.<sup>105</sup>

126. The Government intends to introduce programmes to recruit new managers and leaders from outside further education. We think that programmes like this could have the potential to reinvigorate the leadership of the sector. However, Ofsted told us that in their experience, bringing in fresh talent from business and industry had not always been a clear success. **The Government needs to be clear about what contribution it expects external recruitment to make and what particular skills needs such external recruitment programmes will fill. The input of Lifelong Learning UK and the Centre for Excellence in Leadership will be crucial here—not just in terms of implementation but also in terms of designing programmes around the identified needs of the future further education workforce, and the management and leadership needs of the sector.**

127. “Golden Hellos” might be one way to attract FE lecturers and assistants needed to teach key skills where there is currently an acute shortage—such as construction. The likely demographic change in the next 10 years needs to be very closely monitored, particularly as regards planning strategy, and funding decisions, and the need to retrain the workforce. As David Hunter of LLUK said: “75% of our workforce for 2020 is already in service now and that needs continual tweaking and refining [...] In the next eight to ten years we will have to replace maybe 430, 000 roles in all the sectors we have responsibility for across the UK. Government and its partners need to look in this connection to strengthening the proportion of full-time contracts and career paths to ensure a productive and enthusiastic workforce.

## Workforce data

128. During the course of our inquiry, we were concerned to hear suggestions that LSC did not in future intend to continue collecting data on the college workforce, as it had done to date as part of the Staff Individualised Record (SIR). This was a result of a commitment to reduce the data provision burdens on colleges. We asked David Hunter, Chief Executive, LLUK for his views on this. He told us that LLUK were “very concerned about that. We are going to have to find, as the new organisation charged with this responsibility, another way of doing this [collecting FE workforce data]. We are in discussion with the Department about that at the moment”.<sup>106</sup> He went on to say that LLUK were determined to cut through the overlap and lack of clarity surrounding responsibility for workforce data collection and were “in discussions with the Department” about the issue. Subsequently,

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<sup>105</sup> FE White Paper, para 4.30.

<sup>106</sup> Q 331

in a memorandum to the Committee, LLUK confirmed that responsibility for data collection and analysis had indeed passed to them, and that they would “let the Committee know if there are problems with the core data set—the Staff Individualised Records—being collected.”<sup>107</sup>

**129. The FE White Paper states that workforce data collection arrangements will in the future be “developed through the work of LLUK.” We are pleased to see that this issue is on the Government’s radar, but seek clarification on what this means in practice and specifically, who is to have responsibility for collecting and analysing FE workforce data in the future. If, as we believe, responsibility for this is to pass from the LSC to LLUK, we would wish to see evidence that the latter has the operational capacity—and the support it needs—to carry out this task effectively.**

130. We were also advised during our inquiry that while data on the workforce in further education colleges is weak, information about those working in other areas of further education, including in the work-based learning sector and in adult and community learning is poorer still.<sup>108</sup> **In overseeing the implementation of its plans for workforce development, the Government should seek to ensure that the workforce data and analysis that underpins planning takes full account of the work-based learning and adult and community learning sectors.**

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107 Evidence from David Hunter (FE 06) [not printed]

108 Q 487

## 5 The roles of the LSC, DfES and Government

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### The LSC as an intermediary between colleges and Whitehall

131. While ostensibly about further education colleges, the Foster report paid close attention to the planning and funding context in which institutions operate, and took a particularly close look at the functioning of the LSC. Broadly, Sir Andrew Foster concluded, the steps that the LSC was taken to reform its activities, laid out in the *agenda for change*, was likely to go some way to addressing the widely held perceptions on the ground of organisation ineffectiveness, which had dogged the early days of its development.

132. We asked Sir Andrew Foster whether he had considered, during the course of his inquiry, making a more radical set of proposals around the role of the LSC and particularly, whether he had considered the possibility of moving to a direct relationship between providers and Whitehall in the further education sector. He told us that this was a possibility he had considered, but ultimately he had concluded that FE felt very complicated and that he “bluntly did not think [...] that the system was mature enough to be able to take something which went, let us say, directly from Whitehall to the locality”.<sup>109</sup>

133. We put it to Ministers that, increasingly, the LSC appeared anomalous when considered alongside the arrangements in place in the school sector: there, the Government was pursuing policies which in effect brought about the creation of a much more direct relationship between schools and Whitehall. Bill Rammell told us:

“I think if we attempted to fund directly from the Department without any intermediary body, certainly I do not think we would get the level of attention to detail that we need on the ground. We are talking about a budget of something like £10.4 billion. I know there are a number of critics of the Learning and Skills Council but I think it is important not just to compare the LSC with some sort of ideal but compare it with what went previously. If we think back to 2001 there was incoherence within the system, a lack of strategic focus, there were inequalities between different areas. Although I would be the first to admit—and I am sure Mark Haysom would say this as well—the LSC is by no means perfect, there has been significant progress over the last five years [...] Were we to simply say we had made that progress and we are now going to tear it all up and we are going to have a direct funding link from the Department directly to colleges, I think we would lose out significantly”.<sup>110</sup>

The Minister also went on to say that the LSC was reducing its overheads by £40 million (out of a total of £219 million) and that this represented “a very significant gain”.<sup>111</sup>

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109 Q 133

110 Q 565

111 Q 566

134. Those on the ground have not always perceived the LSC to have a worthwhile role and have sometimes questioned whether it is approaching its strategic planning functions in an appropriate manner. Recent reforms contained in the *agenda for change* have generated goodwill toward the organisation in this respect. We agree with the Minister and with the LSC itself that the planned redistribution to the frontline of £40 million previously destined for LSC administration is a very significant development. Nevertheless, the LSC has much to prove over the coming years—and we will be keeping the implementation of these reforms under close scrutiny. In particular, the LSC has to respond to criticisms of its tendency to make bureaucratic demands over college recruitment, course validation, and local strategies. It should give a very clear indication of its strategic role along with examples of how this will be carried out. It should reinforce its commitment to widening participation as well as strengthening the growing delivery of HE in FE by fostering much closer links with the HE sector. It needs to be more proactive in the regions, working closely with effective regional university clusters to tackle skills shortages and identify new needs and trends. The LSC told us that they would provide us with information on how savings had been reinvested, and we look forward to receiving this, along with further details of how they plan to make the organisation leaner and more fit for purpose.

### The LSC as a champion for further education?

135. Over the course of this inquiry, it has also become apparent that in the eyes of some, the LSC does not have the necessary gravitas and authority to either challenge the DfES on policy decisions nor promote a positive message about the sector. This is concerning in the light of what Dr. Robert Chilton concluded in his oral evidence to us early on in our inquiry:

“They [the LSC] are in the best position. They are in a sense the body with the responsibility for regulating the market and provision. They should be able to champion it. They have the best information flows. If a positive message does not live in their mouth, we are in trouble.”<sup>112</sup>

The AoC, for example, told us that:

“[the] LSC has not seen itself, I think, as being in a position to challenge government about the direction of some of the policy decisions they take. [...] there are occasions when it should stand up for the system that it is trying to administer and the institutions it is trying to manage. I think that has not been the history of LSC. There were occasions when FEFC in the past did take that kind of stance with government, but it has not been a characteristic of LSC in its existence.”<sup>113</sup>

136. The LSC, unsurprisingly, refuted the suggestion that they were unwilling or unable to advocate on behalf of the sector in general and articulate providers’ cases to Ministers where appropriate. Mark Haysom, Chief Executive, told us:

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112 Q 208

113 Qq 265–66



“I think it is unlikely, Chairman, that we will ever fall out on a regular basis publicly, because I think that the way it should work, and is going to work well, is we do go in with passion and argue on behalf of the whole system. To make it work and to have the relationships of trust that we can go forward on, I think that is probably best done across a table rather than through newspapers, and we do.”<sup>114</sup>

**137. We think it is appropriate that those at the front line are encouraged to take responsibility for promoting, and standing up for, further education. However, the LSC could play a more active role in this regard. The LSC told us that regular and divisive public disagreements between itself and the DfES are unlikely to take place, and to some extent we understand the reasons for this. However, those at the front line do need to have confidence that the LSC is “on their side”. Mature, constructive challenge need not be at odds with the LSC’s role as a Government agency—and we would like to see the LSC develop such an approach more visibly.**

### Improving the relationship between DfES and LSC

138. A particular issue identified by Foster related to the division of responsibilities between the DfES and the LSC. He told us:

“[...] at times during this period I think it has not always been clear what was the role of the LSC and what was the role of the DfES. I have said that at times I think the DfES has ended up almost doing things it has asked the LSC to do, and I think that is not very efficient. Therefore, the DfES is the Department of State, it has the Secretary of State who is making the broad policy and it has to be held to account for it, but I think there has to then be a trusting relationship between that and the LSC, which is its operational arm of its policy. But they have to have a decent working relationship about how they are going to make those things work out, and at times in the earliest years of the LSC it did not always feel like that—so we were told anyway”<sup>115</sup>

139. We found significant support among witnesses for Foster’s findings in this area. On the relationship between the LSC and DfES, Graham Hoyle of the ALP, told us:

“I think Foster was quite right to say that needs to be clarified. Policy is going to stay within the DfES because of the ministerial involvement in that, quite rightly, and although £10 billion makes the LSC a very powerful organisation, at the end of the day overall policy and direction has got to stay with the DfES. It would be unwise for the LSC to start delving into that. Similarly, having set up the policy, if you are going to set up an organisation and give them £10 billion to deliver, then you ought to allow them a fair amount of freedom to deliver within policy parameters. That sounds pretty logical and one would argue probably should have happened. I think what Sir Andrew tripped over was the fact that clarity is not yet there. That is as an observer from the sidelines. If that is a major problem, and if Sir Andrew says it was he obviously found it to be the case, the quicker it is resolved, the better.”<sup>116</sup>

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114 Q 10

115 Q 207

116 Q 416

140. The Further Education White Paper outlines a number of measures which the Government intends to take to clarify the respective roles of the LSC and the DfES. Examples include the transfer to the LSC of some areas of operational responsibility (basic skills and offender learning) and reduction of staffing in some DfES directorates on account of duplication of their roles elsewhere.

**141. We welcome the changes that the DfES and LSC are together embarking on to improve the delineation of their respective roles and responsibilities. Practical measures, such as reducing staffing numbers where there are overlapping functions, and the DfES ceding control of certain operational areas to the LSC are the right way forward. However, a more mature relationship between the two bodies is clearly not just dependent on the practical reallocation of responsibilities; it is also dependent, as Foster said, on creating a greater degree of mutual trust between the LSC and the DfES—and, we would argue, the granting to the LSC of a greater degree of latitude in terms of how it achieves the broad policy objectives which the DfES quite rightly sets for it. This issue is not covered in sufficient detail in the recent white paper despite the need for further reform in this area.**

### **An overall strategy for education—a national learning and funding model**

142. A key contention of the Foster report was that further education's place within a holistic education and skills "system" was ill-defined; rather than being a central, interlocking part of a planned system it too often appeared as a "receptacle" for disparate policy initiatives and a place for delivering types of learning which did not fit in either the schools or universities sector. Dr Robert Chilton told us:

"FE is like Belgium [...] It was for the reason that the boundaries of Belgium were defined by the wars of France and Germany, just as FE is defined by the territorial activity of HE and schools. And like FE, Belgium also has two languages (sixth-form colleges and general FE). That is a very negative concept, because it is a boundary concept, it is a victim concept. [...] It is a porous common market of learning, and that is why you needed a common learning model, not the silos of France, Germany and Belgium but actually a trading matrix within which people could find their personal learning pathways."<sup>117</sup>

In Foster's original report, he argued that the "National Learning Model" should be explicitly linked to the allocation of public funds for different types of learning, and should take place alongside a "national debate", led by ministers, about the relative financial contributions to learning which should be made by individuals, employers and the state.

143. We found strong agreement for this analysis of further education as being to some degree "without a place within a wider system of education", and strong support for the way forward suggested in the Foster report. For example, David Hunter, Lifelong Learning UK told us:

"The other thing that I think is very useful [from Foster] is the concept of planning across these sectors, the national learning model that he speaks of, so that what



happens in HE and FE and work-based learning and schools, et cetera, connect the layers of policy and I think that is a very positive way forward.”<sup>118</sup>

144. In oral evidence, the Minister confirmed that it would be acting on these proposals, developing a national learning model and, alongside this, initiating a discussion about resource implications and “who pays for what”. **We recommend that the development of a National Learning Model should be an absolute priority for the Government. We welcome the fact that the Government has committed to publish a plan on a three-yearly basis and seek confirmation of when we can expect the publication of the first document. Early action on this area would send out a clear message that the Government had taken seriously the need to better integrate further education into its wider education strategy. The parallel “national conversation” about funding needs to be based on a much clearer research base about where investment reaps the most benefit, and for whom. If such research does not exist, it needs to be undertaken as a priority.**

145. A National Learning Model should also look at facilitating easier transition between further education and higher education and improving the portability of qualifications, via quality assurances from colleges to aid progression, lifelong learning networks and as Robert Chilton said, a “relentless drive to rationalise the learning pathways so that HE recognises the strength of what is coming to it out of FE”.<sup>119</sup> Sir Andrew Foster in his evidence pointed to the need to address the image of FE so that it was a positive one, rather than seen as second-tier to HE.

146. Additionally, the national learning and funding model needs to have a direct influence on the process of setting national targets for further education, which exert a strong influence on what providers can realistically offer. It must not be a post-hoc justification of decisions already taken about priorities and targets. If we are to move toward a more demand-led system, it also follows that the national learning and funding model should be arrived at with the real input of individuals, communities and employers.

### **Part-time students**

147. The national learning and funding model should also address the position of part-time students; it is worth noting that NIACE said of the FE White Paper that it was a “[...] missed opportunity to address the balance of investment between full and part-time students as well as people preparing to enter the labour market, returners to it, those seeking mobility in it and those who have left paid employment”.<sup>120</sup>

### **Timing of the Further Education White Paper**

148. As noted in the preface to this document, the Government is currently awaiting the final report of Lord Sandy Leitch’s inquiry into the demand side of the skills equation, to

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118 Q 315

119 Q 218

120 NIACE press notice, *One step forward, two steps missed?*, 27 March 2006.

complement the “supply side” analysis recently carried out by Sir Andrew Foster. We asked Ministers whether we should expect to see a “White Paper Mark II” in response to Leitch’s findings, and put it to them that perhaps it would have made more sense to present their response to both Leitch and Foster in a united White Paper. Phil Hope replied:

“[...] we know we have a skills mountain to climb, the interim report has told us that. We wanted to make sure we had the supply side in good order with these changes to raise quality, to put the focus of government spend where government spend needs to be, on skills for life, on level 2 qualifications, on the employability of the workforce in a good position, so that when Sandy Leach’s report comes out the sector knows the direction of travel, the role it has to play in raising the skill levels of this country.”<sup>121</sup>

149. We sympathise to some extent with Ministers’ charge that they are “damned if they do and damned if they don’t”. We understand that it would have been difficult to justify holding back the response to Foster until such a point in time as the full results of the Leitch review of Skills was known. However, it is a shame that timetables could not have been co-ordinated at the stage of commissioning the two sets of research, in order that they might have reported concurrently. Arguably, having both sets of analysis to hand at the same time would have given the Government a more powerful platform from which to chart future strategy for skills. This is a relatively minor point, but one that perhaps speaks to the historical approach taken to skills development, which has too often been characterised by the post-hoc badging as “strategy” of isolated initiatives which, while very often of merit in themselves, have not always added up to more than the sum of their parts.

## Ministers as champions of further education

150. One issue raised by Foster, and which we pursued with witnesses, was the assertion that Ministers had not always been sufficiently attentive to FE and had not always sought to promote a positive message about the sector. The AoC told the Committee that it had carried out analyses of press releases put out by the DfES—and that these indicated a lack of support:

“[...] advocacy is an important issue in all of this, and I think ministers have failed to act in that capacity. If you look, for example, at the press releases which DfES put out for the current year, I think there are 95 in respect of schools and nine in respect of FE, and the tone is often noticeably different between schools and FE in terms of the wording. I think ministers do far less than they could do to promote the system.”<sup>122</sup>

151. However, Martin Dunford of the ALP took a different view. He told us: “certainly having worked in this activity for 15 years, I would say the championing and promotion of skills has never been greater; whether that is enough, I do not know [...] I do not think we ought to minimise the rise up the political ladder which skills has done in the last few years.

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121 Q 587

122 Q 289

123 Q 421

We asked Ministers to give further details about the review of reputation which was announced in the White Paper. Bill Rammell told us:

“I think this is a really important piece of work. I would anticipate it reporting by the back end of the summer, the autumn. It is a really important piece of work, to get champions at a local and regional and national level; and to get real advocates within the system. One of the ongoing debates that I have with the Association of Colleges is about the need to recognise that within the FE sector sometimes the glass might be half-full instead of being half-empty. There are challenges, and the sector needs to challenge us about what needs to happen; but actually, if we are constantly talking about the problems within the sector, whatever they may be, we send a message outside about how well or not the FE sector is doing, which is not in the best interests of the sector and does not reflect the progress that is being made.”<sup>124</sup>

**152. We agree to a very great extent with Foster’s findings that historically Ministers and other Government agencies have done far too little to promote the benefits of further education. However, Ministers deserve credit for the steps they have taken recently to speak more loudly, more often, and more positively, on behalf of further education. We were particularly pleased to hear the Minister speak of further education as “probably more life transformational than either schools or universities in terms of where it is taking people from and where it is moving them to.”**

**153. This is a message that needs to be repeated even more frequently than is currently the case. It is important that the prime responsibility for promoting the achievement and potential of the sector is accepted to lie with Ministers, who, in running broad portfolios, need to make sure that further education is not pushed out of the picture by higher education. Similarly, there needs to be a commitment on the part of the DfES communications directorate to promote accurate and proportionate information about further education, with due regard to the amount of coverage given it, and a commitment to making sure that critical statements are justified.**

154. We asked witnesses what more they thought Ministers could do in terms of promoting the sector and giving clear strategic direction. Colin Flint, speaking on behalf of NIACE, told us that he thought consideration should be given to the creation of a discrete Ministerial post for further education.<sup>125</sup> Others were less certain. Sir Andrew Foster told us that he “did not go there” in his report,<sup>126</sup> whereas the ALP told us that they were not convinced this idea should be implemented; a Minister for Further Education would inevitably, they argued, be seen to be about colleges rather than further education more generally.<sup>127</sup>

**155. It was suggested to us that a new position of Minister of State exclusively for Further Education should be created; on reflection, we do not feel the evidence for this is clear cut, especially given the Government’s intention to build closer links between**

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124 Q 656

125 Q 290

126 Q 212

127 Q 421

higher education and further education. Given the latter, there is some logic in retaining responsibility for both under the one post. However, what is clear—and what is borne out by past experience—is that there is potential for further education to be marginalised in such a broad portfolio and this cannot be allowed to happen in the future.

### *Overseeing implementation of reforms*

156. As noted elsewhere, Sir Andrew Foster was clear that in determining the future of further education, the evidence he had seen had convinced him that “evolutionary, rather than revolutionary” change was the preferred route. His experience in other parts of the public sector had been, he told us, that programmes of structural reform were costly to implement, took a long time to start producing results and frequently did not result in the desired outcomes. We think that this analysis is broadly correct, but see some risks in such a programme of incremental whole-system change. There is a real possibility that without very substantial and sustained commitment to the reforms at senior governmental level, they will simply founder.

157. The publication of the White Paper is a welcome sign that the Government is taking his invocations seriously and is addressing some of the issues identified around strategic leadership and the Ministerial “will” for change. Foster recommended that there should be clear and dedicated oversight of implementation; the manner of his proposals’ implementation, he wrote, would be “critical to success”.<sup>128</sup> The Government says it has partially accepted his recommendations in this regard; rather than establishing a discrete implementation unit as Foster recommended, a “clear, dedicated joint DfES/LSC programme board” will be set up to oversee progress. This would report to the Ministerial standing group. Bill Rammell told us that:

“There are two levels to it. Firstly, there will be a programme board of officials internally within the DfES, chaired by Stephen Marsden, who is the Director of Lifelong Learning and Skills. That group of officials—their responsibility will be to track the proposals, to track the implementation, to liaise with the external bodies to ensure that is happening. Also, we do want a body that will look at the relationship between colleges and the LSC and the Department, but also monitor the implementation of the proposals within the White Paper. That is the body that will be meeting within the next month or so for the first time. It will be chaired by myself. Phil [Hope] will be there as well. It will bring all the key stakeholders together, as well as some of the trade union representatives, as well as some of the college representatives. One of the things that we did very proactively in drawing up the White Paper was to go out and establish sounding boards with different groups of principals and providers across the country, to get their input. Some of those will be represented on that body, so you will have the official group, and you will then have the group that is chaired by myself. However, I am keen to see that extended beyond that so that we keep some of that interaction directly with groups of providers on the

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128 Foster report, pp. 67.

ground and keep the dialogue going. That is the most effective way to recognise the consensus we have established and make sure we drive the changes through.”<sup>129</sup>

158. While we welcome the Government’s move to establish a joint LSC/DfES programme board to oversee implementation of the reforms, we will be watching carefully for evidence that this board works in the way that Foster envisaged. We note with some disappointment that the Government appears to have decided not to establish a separate, well-defined user group to advise its programme board, comprising learners, employers and communities, as Foster recommended. We urge the Government to revisit this decision as such a group could have provided useful checks and balances on the implementation process, as well as supplying crucial intelligence on progress on the ground as experienced by the communities, individuals and employers that further education serves. This could also provide an opportunity for FE’s users—communities, individuals and employers—to provide direct feedback on the impacts of nationally—established targets and funding methodologies.

## Intra-departmental coherence

### *Conflict with schools policy*

159. Pauline Waterhouse of Blackpool and the Fylde College argued that a lack of coherent policy at national level on the way that local provision at post-16 was planned often led to practical difficulties on the ground.

“[...] last year we exceeded our funding target with the LSC and effectively recruited more 16–18-year-olds and more 19-plus students than we were actually funded for. That was to the tune of just under £900,000 worth of education that was delivered without any financial support from the LSC. We are likely to exceed our targets significantly again this year. At the last count we looked to be exceeding our targets by some 232 students. At the same time as we are in this situation in Blackpool, we have discussions going on with the Local Education Authority about the provision of a new 11–18 academy in Blackpool. My concern would be why are we fostering and stimulating these debates from DfES in respect of additional post-16 provision when the Learning and Skills Council cannot fund the provision that exists already in particular areas. That is of very, very great concern indeed, that there is not a coherence and a discussion between what is going on in respect of secondary schools and in respect of what is going on in the college sector.”<sup>130</sup>

160. In a similar vein, Jacqui Johnson of NATFHE (and also a member of her local LSC board) told us that:

“We have set up all these strategic area reviews nationally at an enormous cost and in the middle of that whole process various things were thrown out by the Government which made our position seem much weaker, things like yes, okay, schools can set up new sixth forms and that has thrown the whole thing up in the air. I could throw back the question what happened to that whole strategic area review? We were

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129 Q 658

130 Q 229

looking for a real analysis of post-16 education in this country and it seems to have gone nowhere, which was very disappointing.”<sup>131</sup>

161. We asked Ministers about inconsistencies over who was responsible for what. Phil Hope told us that measures outlined in the FE White Paper, as well as measures to be enacted under the Education and Inspections Bill, would lead to a more coherent system:

“What is critical here is that the collaborative partnerships—and we are learning from the pathfinders that we have established already and that are proving so successful—you have two funding bodies, local authorities and LSCs covering 14–16, 16–19; and they need to work, and have a duty to work collaboratively—and the bill reinforces that, if we ever get these clauses in the bill. However, we felt that there was still that possibility of a lack of the joined-upness despite that—so to reinforce the importance of creating a clarity that one organisation takes responsibility in a strategic way, an overall way, for the whole partnership that is operating; and that is the role that we describe in the White Paper. There will still be two funding streams but there is an important [role] for the local authority to ensure that that is all working together at a local level. The LSC will still commission 16–19 provision, but will do so within a joint strategy, broad responsibility for which will be the local authority.”

162. The intention is that school and college provision will be better co-ordinated and planned, to enable all young people to access to the full range of the new vocational diplomas and an appropriate range of provision at 14–19. It is clear that attention is being paid to policy development in support of this agenda. However, inconsistencies remain between the funding and planning arrangements for schools and FE colleges at policy level which translate into paradoxical, and occasionally self-defeating arrangements locally. We have heard examples of instances where the costs of provision for additional 16–18-year-olds recruited by a college cannot be met while at the same time, the opening of a new academy is being considered for the same area. Further, it is not clear that the expensive and time-consuming process of carrying out Strategic Area Reviews to determine 16+ provision in an area was justified when the conclusions arrived at were sometimes overridden by school planning decisions emanating from outside the LSC. This does not sound to us like the result of a coherent policy which enables sensible local planning.

163. The Minister told us that the FE White Paper would mean that FE colleges could expand provision at 14–19 where there was a local need. We recognise that the announcement of a presumption in favour of expansion for colleges goes some way to levelling the playing field and we hope that this indicates a reigning in of a policy that has traditionally and by default favoured school expansion whether or not this made sense in terms of local needs. The Further Education White Paper also says that local authorities will take over the main strategic responsibility for co-ordinated planning of 14–19 provision. However, we question how a situation where local authorities have strategic responsibility, but are not acting as fundholders will work in practice.



# Conclusions and recommendations

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## Policy direction, current initiatives

1. The evidence we have received is suggestive of broad support for much of the content of Foster’s report and those proposals carried through in the recent Further Education White Paper. Nevertheless, we have heard a range of concerns which suggest that some of the measures being considered have been insufficiently thought through. These include proposals concerned with refining the focus of further education around “skills and employability”, the reform of inspection, and making further education more responsive to learners and employers. We also comment on what, in many ways we see as a much bigger issue, which Foster touched on but did not explore to its full extent: the complex and unwieldy morass of planning, funding and stakeholder bodies that overlay further education. (Paragraph 16)
2. Our intention in this report is neither to complete a blow-by-blow re-analysis of every area covered by Foster, nor to respond point by point to the content of the recent Further Education White Paper. Rather, we have sought to identify those areas which we think are of particular significance and where we felt our inquiry process could add most value. (Paragraph 17)

## Further education’s organisational overlay

3. The Government states that, in respect of the regulatory and organisational frameworks for skills, “over time [...] [we will] look for further rationalisations which will make it much clearer”. This is insufficiently specific and indicates that Ministers are not approaching the problem with the urgency it merits. We intend to undertake an inquiry in the near future on how the overall skills and training framework fits together but in the meantime look to the Government to carry out an urgent review of whether the organisational, planning and funding frameworks for further education and skills, viewed as a whole, constitute a coherent system. (Paragraph 22)

## “Skills and employability” as a new focus for colleges?

4. In order for skills and employability to be a useful guiding principle, the Government needs to spell out more clearly what this might mean for individual providers, especially in terms of what they might cease to provide and areas they would be encouraged to expand in. (Paragraph 31)
5. Fundamentally, the Government needs to spell out what “skills and employability” actually includes and excludes—for example, whether this refers principally to developing the technical and generic skills relevant for particular occupations (which may be validated by qualifications) or whether it also extends to all learning which could be considered to help people develop the personal qualities and generic “soft skills” necessary for working life. It should be noted that much of the evidence taken emphasised the importance of enabling courses to provide what Chris Banks from the Learning and Skills Council called a “platform for employability”. If it is

principally the former, then the Government needs to outline a much more convincing strategy for how it will maintain and develop broad range of provision overall, looking at and responding to local needs, as further education colleges rationalise their provision. (Paragraph 32)

## Learners

6. We heard persuasive evidence from Sir Andrew Foster and from the National Union of Students that student representation in colleges is one very important way of improving the quality of provision. We welcome the Government's proposals in this area. We note that a commitment has been made to expand programmes of training for learner representatives. However, since we took evidence from Ministers, the National Union of Students have told us that they are frustrated that the extension of the learner representative training programme has not featured in any of the action plans arising from the White Paper. They argue that a structured implementation programme is needed, and we agree. We therefore urge the Government to make a clear statement on how and when the expanded training programme will be rolled out. (Paragraph 36)
7. We also encourage the Government to go further with regard to the arrangements for collecting students' views. It is not yet clear what consequences will follow for institutions if they fail to fulfil expectations placed on them in this respect. We note that there is no suggestion in the Government's White Paper that colleges and other institutions will be compelled to publish annually the results of their student surveys. This is concerning. We were told that in Denmark, institutions failing to collect and publish student views face meaningful financial penalties. While we do not necessarily advocate such an approach for England, we seek reassurance that failure to collect and act upon student perspectives will have real consequences for providers. We also seek reassurance that colleges will be required to publish annually their findings on students' views—and to show what action they intend to take as a result. This is likely to act as a powerful incentive for improving the quality of provision. (Paragraph 38)
8. The Government says that it will be looking to Ofsted and the Learning and Skills Council to ensure that mechanisms for student engagement are reflected in provider development plans. We expect Ofsted and the Learning and Skills Council to come forward with clear proposals in this area and to make explicit how they intend to proceed in this regard. (Paragraph 39)
9. We think that Government agencies could do more to develop in college leaders the skills and professional outlook necessary to garner meaningful student involvement. We therefore recommend that leadership training programmes (which will become compulsory for new Principals) put particular emphasis on the development of learner involvement in the running of colleges and other types of further education provision. (Paragraph 41)
10. There is a need to ensure that entitlements to Educational Maintenance Allowances are not being lost because of genuine involvement in representational activities. An initial step would be for the Department for Education and Skills to circulate



guidance to local authorities, advising them that the practice of withholding Educational Maintenance Allowances payments in these cases is not acceptable. If necessary, it should also look at amending the reporting arrangements for attendance in relation to Educational Maintenance Allowances. (Paragraph 43)

## Employers

11. While it is right that emphasis should be placed on improving provider responsiveness, a parallel emphasis on improvements employers should make is not always evident. The Government says that it is expecting Lord Sandy Leitch's report to consider in particular the issue of how employer demand for training and willingness to invest in it can be increased. This is very welcome. We expect the Government to act quickly on any recommendations made in this area. (Paragraph 49)
12. Some Sector Skills Councils—including Skillset and CITB Construction Skills—ask for a levy from employers in their sector. Such levies represent one way of increasing the employer contribution to the costs of developing the workforce. We therefore urge the Government to consider the merits of promoting the more widespread use of levies. (Paragraph 50)
13. The Government is developing a range of structural supports which are designed to assist in making training more relevant to the needs of the economy and employers, including Centres of Vocational Excellence, National Skills Academies and Sector Skills Councils. National Skills Academies and Sector Skills Councils are at a relatively early stage of their development and so the success or otherwise of these structures as vehicles for the co-ordination and articulation of employer views and needs still remains to be seen. The Government will need to satisfy itself that Sector Skills Councils are effectively articulating the needs of the full range of employers, including small and medium-sized enterprises. It is vital that overlap and lack of co-ordination between different bodies including regional development agencies and regional Learning and Skills Councils does not occur; similarly, Sector Skills Councils must remain alert to the potential of creating overlapping qualifications. These are issues that we will want to address in our forthcoming inquiry into the organisation and funding of skills training. (Paragraph 52)
14. We welcome the Government's recognition that a more "demand-led" approach is a priority for further education, and the measures it is proposing in this regard. Clearly, such a system is some way off at the moment. (Paragraph 56)
15. In the medium term, the Government will need to take a step back and review both whether a demand-led system is becoming a reality and, in parallel, remain attentive to any tensions which may develop in the system between those with different needs. Although there is often a good "fit" between the needs of different parties, this is not always the case, particularly in the short term. (Paragraph 57)

## Intervention from the Learning and Skills Council

16. We understand that it is only a very small minority of colleges and other providers that are failing outright. We welcome the Government's explicit statement that the degree of intervention will be directly proportionate to the scale of the problem—with the most severe measures reserved for the small number of cases where there is persistent evidence of long-term failure. However, we do have some concerns about the practical implications of replacing or putting out to competitive tender areas of failing provision within a college—and seek further clarification from the Government on how this will work in practice, especially in areas where there is a single provider and, potentially, few local alternatives. (Paragraph 62)
17. We see the logic of an interventionist approach to “coasting” colleges, especially if the emphasis in these cases is fairly and squarely on support for improvement rather than on punitive action. The Government says that its proposals to increase the Learning and Skills Council's powers of intervention in cases where colleges are coasting are “in keeping” with the granting of intervention duties to local education authorities when similar circumstances arise in schools. The Government should make sure that the criteria for—and nature of—Learning and Skills Council intervention in cases where colleges are apparently “coasting” is defined with absolute clarity. This is especially important given the Government and the Learning and Skills Council commitment to develop a more “trusting” relationship with providers, as is stated elsewhere in the Further Education White Paper. (Paragraph 66)

## Expanding the base of providers

18. We agree that this situation whereby independent operators cannot contract directly with the Learning and Skills Council for some areas of learning needs to be looked at further and, like the Association of Learning Providers, we welcome moves by the Learning and Skills Council to make public funding more accessible to quality, established independent providers who are able to demonstrate the capacity to expand. (Paragraph 69)
19. We see no case for not allowing direct contracting with private operators who may have established histories of quality provision, providing they are subject to audit and inspection arrangements comparable with those being considered for colleges. (Paragraph 70)

## Inspection, oversight and planning

20. In our regular sessions with Ofsted, we will be seeking evidence on progress toward the new arrangements to incorporate Adult Learning Inspectorate's activities, and will also be keen to look for evidence of a sustained focus on adult learning and employer-focused provision. We also look to Ofsted to come forward as soon as is practicable with further details of how it intends to incorporate the work of Adult Learning Inspectorate into its future work, including information on the allocation of staff and budgets to adult- and employer- focused work. Moreover, it will be vital that, in support of adult- and employer- oriented provision, the enlarged Ofsted

retains operational contact with the Quality Improvement Agency, who will take over some of the developmental activities previously undertaken by Adult Learning Inspectorate itself. (Paragraph 76)

21. We concur with Foster that the evidence for a headlong rush to an approach based entirely on self- and peer-assessment in the further education sector is not strong, and we would wish to see evidence of more consistent quality before endorsing plans to move in this direction. Building capacity for self-analysis and, in particular, the ability to use the results of such analysis to formulate plans for improvement, is clearly a crucial area, and the Government should offer strong support to inspectorates and other relevant agencies for developing their work in this regard. (Paragraph 80)
22. We are attracted to the idea of reforming inspection so that it is able to comment on the effectiveness of colleges in meeting local skill needs and the needs of individual learners. If the prime driver for colleges is to be responsiveness to employers' and to learners' needs, then it follows that inspection should judge them on how well they perform in this regard. We also believe that, if developed well, such impact analyses would play a useful role in helping to raise esteem for, and interest in, some areas of adult learning in particular, the value of which it is currently sometimes difficult to objectively measure. The Government should consider, as an initial step, commissioning a feasibility study to assess how the kind of "impact analysis" approach to inspection might usefully be taken forward in light of resource constraints and the imperative to "slim down" the inspection burden. In any event, inspectorates should be given a reasonable time to explore this area and to develop meaningful methodologies rather than being rushed into producing frameworks that in the event add little. (Paragraph 85)

## Adult learning

23. We accept that within limited funding, there are "difficult choices" that have to be made about what is to be supported by the public purse, what must be paid for by learners themselves, and what will be paid for by employers. We put it to Ministers that while investment in their priority areas was welcome, this was leading to unacceptable declines in learning opportunities not just in terms of "leisure courses for the middle classes", but of types of learning which actually contributed to key government priorities—often taking place in communities where there was a great need. Fundamentally, we argue, the dividing line between what is of value—to individuals and to the economy—and what is less so, is nowhere near as clear as is currently implied in government rhetoric. (Paragraph 91)
24. We understand, and support, the Government's intention to improve the quality and relevance of learning opportunities for those at the very start of their return to education. However, there is no demonstrable evidence that it is poor quality provision or that with the lowest "returns" that has been strategically cut in order to concentrate public funding on priorities and it is disingenuous to suggest that this is so. Rather, we have the impression that reductions in places on some courses have happened swiftly and as the result of funding pressure, rather than conscious, area-level planning. We therefore think that Ministers' confidence about outcomes in

this area is misguided. While the foundation learning tier is a very welcome development, we note that it is only to be funded “as resources allow”. (Paragraph 92)

25. Bill Rammell told the Committee that 10% of people doing degrees are doing so through further education. It is important that a priority is placed on strengthening the relationship between universities and further education colleges through such mechanisms as the Lifelong Learning networks and regional partnerships. Colleges and other providers have traditionally been very flexible in terms of responding to new initiatives and changes in policy. Being “fleet of foot” is seen by many as a positive feature of the sector. However, there is a point at which the constant pressure to react to a changing policy and funding landscape undermines stability and puts pressure on long-established, valued provision which suddenly becomes uneconomical to continue to provide. This is a situation which must change. The Learning and Skills Council and the Department for Education and Skills say they are moving to a more stable, long-term approach to funding, especially for the most successful providers. At the moment, though, secure long-term funding is not a reality on the ground and there are even questions about whether it will become the norm for the majority of providers—rather than those who perform exceptionally—in the medium term. (Paragraph 93)
26. During its first term in office, the Government published *The Learning Age*, which emphasised the benefits—and the necessity for public funding of—provision for older learners. The Government has told us that it values learning which does not have an immediate economic imperative, but we are concerned about how opportunities in this area will be sustained. The contention that partnership working at the local level will ensure an adequate range of courses is highly questionable given the current resource constraints: this is an area that needs close monitoring. We recommend that the Government, working with the Learning and Skills Council, comes forward with more concrete information on how it expects local authorities, working with the Learning and Skills Council, to fund and plan this sort of provision. (Paragraph 97)
27. More fundamentally, we recommend that the Government base its decisions on the targeting of funding on much more solid and extensive research than is currently available. This research needs to provide a thorough analysis of the relative benefits of different types of learning—particularly, what the likely returns of public investment in different types of learning are, and for whom. Only in this way can the Government substantiate its claim that funding is being targeted where it is most needed. (Paragraph 97)
28. While there may be good reasons for seeking an increased contribution from learners, if this is not achieved in practice, valuable provision could certainly be lost and learners who could benefit from education will not do so. The Department for Education and Skills and Learning and Skills Council need to negotiate a contingency plan to deal with this situation, should it arise. (Paragraph 101)
29. We are not aware of any substantive research which has been undertaken to assess the risk that more affluent students will replace those who are less well off, and think

that this situation needs to be rectified rapidly. We therefore recommend that in Autumn 2006, the Department for Education and Skills or one of its agencies should undertake an impact assessment of how the new fees regime is affecting the overall socio-economic profile of adult learners. Monitoring should continue as the increase to the fee assumption is rolled out, and the Government and Learning and Skills Council should be prepared to take action if the findings suggest problems in this area. (Paragraph 102)

30. We are not convinced that a coherent funding logic is in place across the education system. We accept that students in higher education are expected to make a significant contribution to the costs of their own learning. However, there is still a difference insofar as the level of public subsidy for places at university does not depend on whether the subject being studied is deemed to be of direct economic benefit; to put it another way, classics is funded on broadly the same basis as engineering, despite the fact that an argument could be made that the latter is more “economically relevant” and in some respects more likely to lead to employment directly related to study. (Paragraph 104)
31. The announcement made in the Further Education White Paper concerning a new level three entitlement for 19–25-year-olds is very welcome indeed, not least because it addresses a long-standing issue of lack of support for those who, for whatever reason, have not progressed to level three study before the age of 19. (Paragraph 109)
32. It appears that the entitlements will be designed to soften the blow for those already enrolled on courses rather than attracting significant numbers of new learners. We recognise that there would be serious issues of affordability in extending this scheme to everyone who might benefit from it, and that arguing for additional funding for this scheme while recognising a limited funding envelope would risk displacing funding from other areas. However, the Government needs to bear in mind that the new National Learning Model will have to relate to the 19–25 entitlement, and will also need to reference the entitlements in the “national debate” about “who pays for what”. We argue later in this report that this needs to take place as a matter of utmost urgency. (Paragraph 110)
33. In line with our predecessor Committee’s general support for the principle of the original Individual Learning Accounts, we commend the Government’s decision to return with new proposals in this area. Given past fraudulent activity, much is at stake in the roll-out of this project but we are partly reassured by the clear and repeated commitments from Ministers that full piloting of the new Learner Accounts will take place before things are taken forward. We cannot stress strongly enough that lessons from the pilots need to be fully absorbed before any plans for the future are made. (Paragraph 113)

### **Funding for 16–18-year-olds in colleges**

34. We welcome the Government’s commitment to narrow the gap in funding between what colleges and school sixth forms receive for the education of 16–19-year-olds; if implemented this will be a very significant development. The Government told us that narrowing the gap further was a high priority, and they must demonstrate this



by revisiting the remaining funding gap after the next Comprehensive Spending Review has taken place in 2007, explaining clearly what further action will be taken, and by when. (Paragraph 116)

## Workforce development

35. We very much welcome the commitment in the White Paper to developing and implementing a coherent Workforce Development Strategy for further education. It is rational that having created an industry body for the lifelong learning sector, the Department for Education and Skills has passed responsibility for workforce development issues to that organisation. Delegation of responsibility for the workforce development strategy to Lifelong Learning UK should not mean abnegation of responsibility by the Department for Education and Skills. In particular, the Department for Education and Skills needs to make clear how it intends to monitor progress and should negotiate with the Lifelong Learning UK a clear timetable for the production and implementation of the strategy. This is particularly important given that Lifelong Learning UK is a relatively young organisation. (Paragraph 119)
36. We welcome the announcement that Centres for Excellence in Teacher Training will be rolled out and await further details on the scale and nature of this programme. Likewise, we support in principle the idea of a standardised requirement for Continuing Professional Development for further education staff, as laid out in the White Paper. However, there are some concerns about the affordability for providers of a 30-hour Continuing Professional Development requirement. What is more, the Government's proposals for the requirement appear to relate to colleges only; other Learning and Skills Council-funded providers, such as voluntary and community groups, work-based learning and Learndirect, are not explicitly referred to. The Department for Education and Skills needs to explain how it expects the Continuing Professional Development requirement to be resourced, and how it intends to apply the requirement to staff in non-college settings. It also needs to clarify how the requirement will apply to part-time and fractional staff, who constitute a large proportion of the further education workforce. (Paragraph 122)
37. The Government intends to introduce programmes to recruit new managers and leaders from outside further education. We think that programmes like this could have the potential to reinvigorate the leadership of the sector. However, Ofsted told us that in their experience, bringing in fresh talent from business and industry had not always been a clear success. The Government needs to be clear about what contribution it expects external recruitment to make and what particular skills needs such external recruitment programmes will fill. The input of Lifelong Learning UK and the Centre for Excellence in Leadership will be crucial here—not just in terms of implementation but also in terms of designing programmes around the identified needs of the future further education workforce, and the management and leadership needs of the sector. (Paragraph 126)

## Workforce data

38. The Further Education White Paper states that workforce data collection arrangements will in the future be “developed through the work of Lifelong Learning UK.” We are pleased to see that this issue is on the Government’s radar, but seek clarification on what this means in practice and specifically, who is to have responsibility for collecting and analysing further education workforce data in the future. If, as we believe, responsibility for this is to pass from the Learning and Skills Council to Lifelong Learning UK, we would wish to see evidence that the latter has the operational capacity—and the support it needs—to carry out this task effectively. (Paragraph 129)
39. In overseeing the implementation of its plans for workforce development, the Government should seek to ensure that the workforce data and analysis that underpins planning takes full account of the work-based learning and adult and community learning sectors. (Paragraph 130)

## The Learning and Skills Council as an intermediary between colleges and Whitehall

40. Those on the ground have not always perceived the Learning and Skills Council to have a worthwhile role and have sometimes questioned whether it is approaching its strategic planning functions in an appropriate manner. Recent reforms contained in the agenda for change have generated goodwill toward the organisation in this respect. We agree with the Minister and with the Learning and Skills Council itself that the planned redistribution to the frontline of £40 million previously destined for Learning and Skills Council administration is a very significant development. Nevertheless, the Learning and Skills Council has much to prove over the coming years—and we will be keeping the implementation of these reforms under close scrutiny. In particular, the Learning and Skills Council has to respond to criticisms of its tendency to make bureaucratic demands over college recruitment, course validation, and local strategies. It should give a very clear indication of its strategic role along with examples of how this will be carried out. It should reinforce its commitment to widening participation as well as strengthening the growing delivery of higher education in further education by fostering much closer links with the higher education sector. It needs to be more proactive in the regions, working closely with effective regional university clusters to tackle skills shortages and identify new needs and trends. The Learning and Skills Council told us that they would provide us with information on how savings had been reinvested, and we look forward to receiving this, along with further details of how they plan to make the organisation leaner and more fit for purpose. (Paragraph 134)

## The Learning and Skills Council as a champion for further education?

41. We think it is appropriate that those at the front line are encouraged to take responsibility for promoting, and standing up for, further education. However, the Learning and Skills Council could play a more active role in this regard. The Learning and Skills Council told us that regular and divisive public disagreements between itself and the Department for Education and Skills are unlikely to take place,



and to some extent we understand the reasons for this. However, those at the front line do need to have confidence that the Learning and Skills Council is “on their side”. Mature, constructive challenge need not be at odds with the Learning and Skills Council’s role as a Government agency—and we would like to see the Learning and Skills Council develop such an approach more visibly. (Paragraph 137)

### Improving the relationship between DfES and LSC

42. We welcome the changes that the Department for Education and Skills and Learning and Skills Council are together embarking on to improve the delineation of their respective roles and responsibilities. Practical measures, such as reducing staffing numbers where there are overlapping functions, and the Department for Education and Skills ceding control of certain operational areas to the Learning and Skills Council are the right way forward. However, a more mature relationship between the two bodies is clearly not just dependent on the practical reallocation of responsibilities; it is also dependent, as Foster said, on creating a greater degree of mutual trust between the Learning and Skills Council and the Department for Education and Skills—and, we would argue, the granting to the Learning and Skills Council of a greater degree of latitude in terms of how it achieves the broad policy objectives which the Department for Education and Skills quite rightly sets for it. This issue is not covered in sufficient detail in the recent white paper despite the need for further reform in this area. (Paragraph 141)

### An overall strategy for education

43. We recommend that the development of a National Learning Model should be an absolute priority for the Government. We welcome the fact that the Government has committed to publish a plan on a three-yearly basis and seek confirmation of when we can expect the publication of the first document. Early action on this area would send out a clear message that the Government had taken seriously the need to better integrate further education into its wider education strategy. The parallel “national conversation” about funding needs to be based on a much clearer research base about where investment reaps the most benefit, and for whom. If such research does not exist, it needs to be undertaken as a priority. (Paragraph 144)
44. A National Learning Model should also look at facilitating easier transition between further education and higher education and improving the portability of qualifications, via quality assurances from colleges to aid progression, lifelong learning networks and as Robert Chilton said, a “relentless drive to rationalise the learning pathways so that higher education recognises the strength of what is coming to it out of further education”. Sir Andrew Foster in his evidence pointed to the need to address the image of further education so that it was a positive one, rather than seen as second-tier to higher education. (Paragraph 145)
45. Additionally, the national learning and funding model needs to have a direct influence on the process of setting national targets for further education, which exert a strong influence on what providers can realistically offer. It must not be a post-hoc justification of decisions already taken about priorities and targets. If we are to move toward a more demand-led system, it also follows that the national learning and

funding model should be arrived at with the real input of individuals, communities and employers. (Paragraph 146)

### Ministers as champions of further education

46. We agree to a very great extent with Foster's findings that historically Ministers and other Government agencies have done far too little to promote the benefits of further education. However, Ministers deserve credit for the steps they have taken recently to speak more loudly, more often, and more positively, on behalf of further education. We were particularly pleased to hear the Minister speak of further education as "probably more life transformational than either schools or universities in terms of where it is taking people from and where it is moving them to." (Paragraph 152)
47. This is a message that needs to be repeated even more frequently than is currently the case. It is important that the prime responsibility for promoting the achievement and potential of the sector is accepted to lie with Ministers, who, in running broad portfolios, need to make sure that further education is not pushed out of the picture by higher education. Similarly, there needs to be a commitment on the part of the Department for Education and Skills communications directorate to promote accurate and proportionate information about further education, with due regard to the amount of coverage given it, and a commitment to making sure that critical statements are justified. (Paragraph 153)
48. It was suggested to us that a new position of Minister of State exclusively for Further Education should be created; on reflection, we do not feel the evidence for this is clear cut, especially given the Government's intention to build closer links between higher education and further education. Given the latter, there is some logic in retaining responsibility for both under the one post. However, what is clear—and what is borne out by past experience—is that there is potential for further education to be marginalised in such a broad portfolio and this cannot be allowed to happen in the future. (Paragraph 155)
49. While we welcome the Government's move to establish a joint Learning and Skills Council/Department for Education and Skills programme board to oversee implementation of the reforms, we will be watching carefully for evidence that this board works in the way that Foster envisaged. We note with some disappointment that the Government appears to have decided not to establish a separate, well-defined user group to advise its programme board, comprising learners, employers and communities, as Foster recommended. We urge the Government to revisit this decision as such a group could have provided useful checks and balances on the implementation process, as well as supplying crucial intelligence on progress on the ground as experienced by the communities, individuals and employers that further education serves. This could also provide an opportunity for further education's users—communities, individuals and employers—to provide direct feedback on the impacts of nationally—established targets and funding methodologies. (Paragraph 158)

### Intra-departmental coherence

50. The intention is that school and college provision will be better co-ordinated and planned, to enable all young people to access to the full range of the new vocational diplomas and an appropriate range of provision at 14–19. It is clear that attention is being paid to policy development in support of this agenda. However, inconsistencies remain between the funding and planning arrangements for schools and further education colleges at policy level which translate into paradoxical, and occasionally self-defeating arrangements locally. We have heard examples of instances where the costs of provision for additional 16–18-year-olds recruited by a college cannot be met while at the same time, the opening of a new academy is being considered for the same area. Further, it is not clear that the expensive and time-consuming process of carrying out Strategic Area Reviews to determine 16+ provision in an area was justified when the conclusions arrived at were sometimes overridden by school planning decisions emanating from outside the Learning and Skills Council. This does not sound to us like the result of a coherent policy which enables sensible local planning. (Paragraph 162)
51. The Minister told us that the Further Education White Paper would mean that further education colleges could expand provision at 14–19 where there was a local need. We recognise that the announcement of a presumption in favour of expansion for colleges goes some way to levelling the playing field and we hope that this indicates a reigning in of a policy that has traditionally and by default favoured school expansion whether or not this made sense in terms of local needs. The Further Education White Paper also says that local authorities will take over the main strategic responsibility for co-ordinated planning of 14–19 provision. However, we question how a situation where local authorities have strategic responsibility, but are not acting as fundholders will work in practice. (Paragraph 163)

# Formal Minutes

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**Monday 17 July 2006**

Members present:

Mr Barry Sheerman, in the Chair

Dr Roberta Blackman- Woods	Mr Gordon Marsden
Mr David Chaytor	Stephen Williams
Jeff Ennis	Mr Rob Wilson

The Committee deliberated.

Draft Report (Further Education), proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 163 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the Fourth Report of the Committee to the House.

*Ordered*, That the Chairman do make the Report to the House.

*Ordered*, That the provisions of Standing Order No. 134 (Select committees (reports)) be applied to the Report.

Several papers were ordered to be appended to the Minutes of Evidence.

*Ordered*, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.

[Adjourned until Wednesday 19 July at 9.15 am]

# Witnesses

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## Monday 7 November 2005

Page

**Mr Chris Banks**, Chairman, Learning and Skills Council, and **Mr Mark Haysom**, Chief Executive, Learning and Skills Council

Ev 4

## Wednesday 16 November 2005

**Sir Andrew Foster**, and **Dr Robert Chilton**

Ev 23

## Monday 28 November 2005

**Dr John Brennan**, Chief Executive, Association of Colleges, **Ms Pauline Waterhouse**, Principal, Blackpool and the Fylde College, **Mr Alan Tuckett**, Director, National Institute of Adult Continuing Education, and **Mr Colin Flint**, Associate Director of FE, National Institute of Adult Continuing Education

Ev 41

## Monday 9 January 2006

**Mr Mark Fisher**, Chief Executive, Sector Skills Development Agency, **Mr David Hunter**, Chief Executive, Lifelong Learning UK, and **Mr Terry Watts**, Chief Executive Officer, ProSkills

Ev 68

**Mr Martin Dunford**, Chair, and **Mr Graham Hoyle**, Chief Executive, Association of Learning Providers

Ev 86

## Monday 16 January 2006

**Mr Maurice Smith**, Her Majesty's Chief Inspector, Ofsted, **Ms Penny Silvester**, Divisional Manager, Post-16, Ofsted; **Mr David Sherlock CBE**, Chief Executive and Chief Inspector, Adult Learning Inspectorate and **Mr John Landeryou**, Assistant Director of Inspection, Adult Learning Inspectorate

Ev 95

## Wednesday 15 March 2006

**Ms Kat Fletcher**, President, National Union of Students (NUS), **Mr John Offord**, Further Education Policy and Research Analyst, National Union of Students (NUS), **Ms Jacqui Johnson**, Lay Member, NATFHE National Executive Council, and **Mr Barry Lovejoy**, Head of Colleges Department, NATFHE

Ev 119

## Monday 24 April 2006

**Bill Rammell**, a Member of the House, Minister of State for Lifelong Learning, Further and Higher Education and **Phil Hope**, a Member of the House, Parliamentary Under-Secretary of State, Department for Education and Skills

Ev 129

## List of written evidence

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1	Learning and Skills Council (LSC)	Ev 1: Ev 21
2	National Institute of Adult Continuing Education (NIACE)	Ev 39
3	Association of Colleges (AoC)	Ev 61
4	The Skills for Business network	Ev 65
5	Lifelong Learning UK	Ev 80
6	Association of Learning Providers (ALP)	Ev 84
7	Ofsted	Ev 108
8	National Union of Students (NUS)	Ev 110: Ev 128
9	NATFHE	Ev 115
10	Hampstead Garden Suburb Institute	Ev 151

## Reports from the Education and Skills Committee, Session 2005–06

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First Special Report	Government's Response to the Committee's Second Report (Education Outside the Classroom), Sixth Report (National Skills Strategy: 14–19 Education) and Eighth Report (Teaching Children to Read) of Session 2004–05	HC 406
Second Special Report	Government's Response to the Committee's Third Report (UK eUniversity) of Session 2004–05	HC 489
Third Special Report	Government's Response to the Committee's Fifth Report (Secondary Education) of Session 2004–05	HC 725
First Report	The Schools White Paper: <i>Higher Standards, Better Schools for All</i>	HC 633-I and II
Second Report	Public Expenditure on Education and Skills	HC 479
Fourth Special Report	Public Expenditure on Education and Skills: Government Response to the Committee's Second Report of Session 2005–06	HC 1132
Third Report	Special Educational Needs	HC 478-I, II and III



# Oral evidence

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## Taken before the Education and Skills Committee on Monday 7 November 2005

Members present:

Mr Barry Sheerman, in the Chair

Dr Roberta Blackman-Woods	Tim Farron
Mr David Chaytor	Helen Jones
Mrs Nadine Dorries	Mr Gordon Marsden
Jeff Ennis	Stephen Williams
Mr David Evennett	Mr Rob Wilson

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### Memorandum submitted by the Learning and Skills Council (LSC)

This briefing note summarises the role of the LSC and highlights achievements to date. It also sets out challenges and opportunities for the future; including areas the LSC is focusing on to accelerate progress in order to deliver its priorities and targets, for the benefit of learners, employers and the communities it serves.

#### WHAT IS THE LSC?

The LSC is the body that is taking government priorities in post-16 education and training and turning them into action.

The LSC was established in 2001 to transform the life chances of individuals, the productivity of business and increase the efficiency of the system. Prior to this, there were 72 Training and Enterprise Councils, the Further Education Funding Council and many local authorities involved in the delivery of post-16 education and training. The LSC has brought all the planning and funding into one place, saving some £50 million a year in operating costs.

The LSC plans and funds all post-16 education and training (other than Higher Education) including further education colleges, school sixth forms and work-based learning. In 2005–06, it has a budget of £9.6 billion. It is led by the needs of employers and the needs of learners; working with business to help meet their current and future skills requirements; and working with and on behalf of schools, colleges and other training providers to provide choice and opportunities for learners.

The LSC operates locally, regionally and nationally. Locally is where it has the most impact—working with providers—to deliver for learners, and employers. Regionally it engages with other regional partners, such as the RDAs on issues such as the Regional Economic Strategies. Nationally, the LSC works with Government and other national partners on policy and development and provides leadership to the whole system.

The LSC also benefits from the expertise of 750 non-executives, locally, regionally and nationally, who have a statutory responsibility to ensure that the education and training needs of learners—whatever their background—and employers—whatever their size or sector—are met. At each level they support and challenge what the LSC does, they provide leadership to the LSC and to the sector and they act as ambassadors for the LSC.

#### PROGRESS TO DATE

Four years on, the LSC has overseen real progress for young people, adults and employers:

#### *For young people*

- in 2004–05 there were 1.4 million young people (76%) in learning: the highest number ever;
- there are 275,000 apprentices: the highest number ever; and
- over the last year the number of young people achieving a level 2 qualification (equivalent of five good GCSEs) has risen from 705,000–722,000.

*For adults*

- over 800,000 adults have improved their reading and writing over the past four years. We are on course to meet the 2007 target of helping 1.5 million people to improve their skills.

*For employers and employees*

- our employer training pilots have been successful in increasing staff training, benefiting 26,000 employers, 210,000 employees with a 90% satisfaction rate;
- there has been a rapid increase in Centres of Vocational Excellence (CoVEs), providing high quality facilities and teaching in specialist subjects. There are now over 350 CoVEs in operation and there are expected to be 410 by the end of March 2006—ahead of target; and
- in March 2005 we announced plans for our first Skills Academy—the Fashion Retail Academy, offering newly developed qualifications and backed with £11 million of funding from employers including Arcadia, GUS, M&S and Next. Four more Skills Academies were announced last week in the following sectors: food and drink, financial services, construction and manufacturing.

## INVESTING IN WORLD CLASS BUILDINGS

To offer everyone world class education and training, the LSC needs to provide world class buildings and facilities. Total investment supported since the LSC was formed has now passed £2 billion; the LSC has now updated nearly half of the FE Estate. The LSC's capital budget will increase from £394 million in 2005–06 to £480 million in 2006–07 and expected to rise to £600 million by 2007–08. Better buildings provide a better, more effective learning environment for learners and for businesses as well as for lecturers and other staff.

## QUALITY

The LSC has a key role in driving up quality, driving out poor quality as well as action to support the achievement of excellence. In 2004–05, of the 94 colleges inspected 96% were satisfactory or better. The number of colleges judged as being in the worst category by the Inspectorates fell from 13 to four.

## CURRENT AND FUTURE CHALLENGES

*For young people*

Yet, despite record levels of young people in learning, we still have one of the lowest levels of participation in education at 17 years, compared to other countries, according to the OECD. The LSC also faces the challenge of keeping pace with the population of 16–18-year-olds, which has risen by almost a fifth in the past 10 years.

In addition, continuing to increase the number of young people in learning means engaging more of the hardest to reach young people. Some 200,000 young people are still missing out entirely—on education, training or employment. Last year the LSC invested £0.25 billion on our Entry to Employment (E2E) programme to bring them back into formal study. In the two years since E2E began, the percentage of young people moving out of unemployment into jobs, training or education has risen by 10 percentage points and continues to improve.

The LSC also needs to do more to improve the numbers of young people at 19 achieving level 2 qualifications; and it is working with the Prime Minister's Delivery Unit to improve performance in this area.

*For adults*

Despite progress on Adult Basic Skills, 3.5 million people still go to work who cannot read and there are 15 million people with low number skills. In 2004, 50% of staff in small business received no training.

*For employers*

20% of business report skills gaps in their workforce. One in five vacancies remain unfilled because no applicants with the right skills apply for them. More than 40% of employers suffering from skills shortages said they were losing business as a direct result.

All of this harms England's ability to compete in the modern global economy.

## 14–19 AND THE SKILLS AGENDA

The Government's 14–19 and Skills Strategies are key to tackling these challenges, to do even more to ensure young people have the opportunity to succeed and to raise the nation's skills and competitiveness. The LSC is central to the delivery of both. For 14–19-year-olds it is working with local authorities and other local partners, leading collaboration to increase opportunities and achievement for young people. Through the Skills Strategy, the LSC is working with partners such as the Sector Skills Councils to ensure that the training it funds meets the skills requirements of employers and the economy. It is ensuring that adults have the skills they need to succeed in the modern workplace; and that employers are able to recruit individuals with the right skills to contribute to the success of their business now and over time.

The Government has agreed that the LSC should take over responsibility for learning and skills for offenders from the Home Office and Department for Education and Skills, for completion in September 2006; and for unemployed people from Jobcentre Plus.

## FUNDING

The LSC's recently published funding strategy (Priorities for Success) is designed to support these priorities and meet the challenges set out above. This means funding to support increased participation and achievement for young people, embedding 14–19 reforms, supporting low skilled adults in acquiring basic skills, progression to level 2 qualification and above. It also means increasing employer engagement and meeting the needs of employers and continuing to raise standards of education and training.

This focus on priorities inevitably creates funding pressures elsewhere. To manage these funding pressures the LSC expects colleges to reduce courses that do not contribute directly to these priorities; and to re-balance funding so that employers and individuals outside the priority areas contribute more towards the cost of learning. The increase in contribution reflects the tangible benefits (including financial return) that those employers and individuals receive from increased skills levels.

## TRANSFORMATION AND LEADERSHIP

It is vital that the right tools are in place to enable the post-16 sector and the LSC itself to deliver on this huge agenda. To this end, the LSC has embarked on a fundamental programme of transformation for the sector and for itself through its *agenda for change* programme. This programme sets out proposals to remove the obstacles that the sector currently faces in delivering high quality, relevant education and training to young people, employers and adults. The principles underpinning *agenda for change* are about simplification, removing barriers to cooperation, moving resources across the front-line and excellence across the sector. *Agenda for change* consists of seven themes:

- how the sector can best meet the needs of employers;
- how to build a sector fully committed to quality and delivery of the highest standard;
- how funding methods can be changed to support priorities;
- how data can be simplified;
- how the sector can achieve business excellence;
- how the reputation of the sector as a whole can be enhanced; and
- how the LSC can change itself to provide real leadership to the sector.

The proposals for change to the LSC itself will mean that it can operate:

- locally with flexibility and expertise, focusing on relationship management and partnership working;
- regionally with greater efficiency and effective support to local teams through regional service centres; and
- nationally, through a smaller, expert national office that adds value to the whole of the LSC.

The implications of this are huge, with potential management and running cost savings of up to £40 million a year which could be redirected to front-line learning and a reduction in posts of some 1,321.

## LSC'S ANNUAL STATEMENT OF PRIORITIES

The LSC's second Annual Statement of Priorities for 2006–07 to be published in November, sets out the six priorities that support all of the above in order to achieve a step change improvement in outcomes for young people, adults, and employers. These priorities are:

1. Ensure that all 14–19-year-olds have access to high-quality, relevant learning opportunities.
2. Make learning truly demand-led so that it better meets the needs of employers, young people and adults.
3. Transform the learning and skills sector through *agenda for change*.

4. Strengthen the role of the LSC in economic development so that we provide the skills needed to help all individuals into jobs.
5. Improve the skills of the workers who are delivering public services.
6. Strengthen the capacity of the LSC to lead change.

November 2005

*Witnesses:* **Mr Chris Banks**, Chairman, Learning and Skills Council, and **Mr Mark Haysom**, Chief Executive, Learning and Skills Council, examined.

**Q1 Chairman:** Can I welcome Chris Banks and Mark Haysom from the Learning and Skills Council; Chris particularly because I do not think he has batted on this particular pitch before. Mark is becoming an old regular here; have you had two sessions?

**Mr Haysom:** I think so.

**Q2 Chairman:** You still have the scars. Chris, welcome indeed. How long have you been chair now?

**Mr Banks:** Just over a year.

**Q3 Chairman:** I was just saying how Committee business was rather interrupted by an unfortunate event called the general election and then a recess, so that is why we have not seen you before now. Welcome indeed. Would you like to make a short opening statement before we get going?

**Mr Banks:** Yes, thank you very much, Chairman. Thank you for this opportunity, relatively early in the life of the Committee, to discuss this agenda which is of real national importance and vital to the success of the country. It is really good to be able to report there is some great work going on, some real significant progress being made, and at the same time there is a huge amount to do and some real challenges ahead. The LSC, Mark, the team and I are focused on delivering for employers, individuals, young people and adults; making a reality of the Government's priorities; ensuring that we can give as many, if not all, young people a great start; and providing that sort of platform for employability that adults need, as well as becoming increasingly critical to the success of business and, indeed, progress of individuals as well. Within that we are directing, as you know, more of our public funds towards the priorities and providing real strong leadership to the post-16 sector via *agenda for change*, which you know a little bit about, and importantly, within that, the development of our own organisation to do its job brilliantly locally, regionally and nationally which is what we have to do. Finally, I am a businessman. That is my day job, if you like. I got into this because I have seen the impact of a shortage of skills and qualifications, particularly among those not in work, because I have been involved for a long time with what was the New Deal Task Force and more recently the National Employment Panel. That is really where my interest in the skills agenda and the Learning and Skills Council was born. I have also seen the positive impact then that acquiring those skills and qualifications can have both on productivity and on the progression and development of individuals and

the beneficial effect that has on people socially as well. Those are, if you like, the two prime drivers and they really do inform so much of what we and I do within the LSC. I am looking forward to this opportunity of discussing with you some of the progress and, indeed, some of the challenges over the next few minutes. Thank you.

**Q4 Chairman:** Thank you very much for that. Can I open the questioning by asking you a question I asked the Secretary of State last Wednesday: what is the point of the Learning and Skills Council? Why do we need you?

**Mr Banks:** In a way, I may have touched on some of that, Chairman. In a sense, we are balancing the needs, wants and aspirations of employers and individuals locally, regionally and nationally with priorities that the Government has as well for achieving the productivity, competitiveness and personal fulfilment that individuals and we, as businesses and a country, need.

**Q5 Chairman:** Why is that so necessary post-16, when the Government seems, according to the White Paper and policy of progression over a number of years, to be moving to a situation where it does not want any real intermediary between the Department and schools? In a sense, that lack of intermediary is a hallmark of the present Government's policy. Yet when we get to 16, we need quite a large bureaucracy that uses a great deal of taxpayers' money to deliver post-16.

**Mr Banks:** I would prefer not to say too much about pre-16 because it really is not my area.

**Q6 Chairman:** You take the parallel?

**Mr Banks:** I do. I think the key thing here is this is not about intermediaries and policies, it is about making things happen locally and regionally and then adding it up to achieve these targets. That is the bit that only the LSC can do to join that one up.

**Mr Haysom:** May I add to that, Chairman, if I can. A useful way of looking at this is purely at the local level. I think the job of the Learning and Skills Council is to look across whole communities and to work with all the providers of education to make sure there is the right kind of curriculum mix, the right kinds of opportunities across a whole area. Our job is to try and make that happen and to do it, as Chris is saying, on behalf of employers and learners. I think, in a sense, that is one of the things the White Paper is talking about as a job for the LAs as a commissioning role on behalf of parents in particular. I think there is a useful way of thinking about it. We come at this very much from the angle

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**7 November 2005 Mr Chris Banks and Mr Mark Haysom**

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of the employer and from the learner. It is our job to look across the whole rather than on an institution-by-institution basis and to make sense of it. As we all know, it is a fairly complex world, and we are at the point where we are trying to take all the input to the providers to come up with the right kind of curriculum mix for those individuals.

**Q7 Chairman:** Is it not a rather overcrowded world, in the sense that we have the Regional Development Agencies, we have all sorts of other people involved, we have the new Sector Skills Councils? There is a lot of other people trying to deliver high quality training post-16, is there not?

**Mr Haysom:** I do not think they are there to deliver, are they? They are there to do specific jobs within what is a complex system, there is no doubt. We are there, I think, to be, in part, the interface that takes all that information, that knowledge, those inputs and then takes that to the supply side and, as I say, tries to work with colleges and other providers to deliver what is right for learners and colleges.

**Mr Banks:** The Sector Skills Councils are a really good example, I think. If they are successful, and at the LSC we need them to be successful, then we will get a really good articulation of what businesses need that is specific to their sectors. Then we will have something we can work with, working with the people who are able to provide learning and training. I have chosen to sit on the board of our Sector Skills Council, which is the Food and Drink Sector Skills Council, Improve, I put myself forward for that, if you like, to see the power of that interface and to make it work on behalf of our industry. It has a galvanising effect among those businesses within the sector. Of course they are relatively small organisations and they are not there to deliver, they are there to articulate what employers need and the better they can do that via the sector skills agreements and other mechanisms, the easier it is for the LSC to make sure that the provision that does happen on the ground meets their needs that are specific to those sectors. Although it looks complex, of course, if you are a business or a large employer, there is only one sector skills council or one Learning and Skills Council to deal with. In a way, our job is to try and make it as simple as possible. It is a very complex world and there are lots of people who are able to articulate how difficult and complex it is. We see our job as being partly about trying to make it as simple, effective and efficient as we can and by being able to look locally, regionally, nationally and by sector, we are in a unique position, I think, to be able to do that.

**Q8 Chairman:** Do you not set yourself up to be the Government's whipping boy or girl? That is the truth of it, is not it? Everyone blames you. The Department tells you to make cuts in a particular area; it is very convenient for the Government because people go around saying nasty things about the Learning and Skills Council rather than the Secretary of State and her Department. Is that not part of your job?

**Mr Banks:** Ultimately, they are our priorities. We have said, "This is where we are going to be spending the money", and they are agreed with the Government and we are responding to the needs of businesses and individuals. We have to own them and take, if you like, the criticism that goes with making some pretty tough choices.

**Q9 Chairman:** How independent are you, Chris? How often do we hear the LSC taking on the Government saying, "Come on, the Government is telling us to do this. We should not have to do this. This isn't in the best interest of the sector we represent." Are you not really part of the Department for Education and Skills rather than a vigorous independent champion?

**Mr Banks:** We are non-departmental rather than part of the Department, but I sense—and again Mark might want to comment on this—from where I see it, this is about agreement on the best way forward and on the tough choices that we need to make. Our job is then to make sure that what happens on the ground literally with individuals, colleges or other providers and employers all adds up to meet the overarching objectives. I do not shy away from that. I think these are the choices and the prioritisation that we think we should be making.

**Q10 Chairman:** Chris, that is terribly consensual, and I am very much in favour of consensus when you can get it because it moves policy in the right direction. How often do you have to go in to the Secretary of State, bang on her desk and say, "Over my dead body will this occur"? Where is the passion when you go in as an independent body and say, "Look, what you are telling us to do in cutting the number of staff . . .", or take another issue of the number of cuts you are doing to adult education, "... this won't do, Secretary of State, and if you push me any further, I'll go public or I'll resign"? I never see that side of that muscularity.

**Mr Banks:** It might be worth Mark talking a little bit about how that plays out in practice, but there is a good robust discussion on most of these issues, Chairman.

**Mr Haysom:** I think it is unlikely, Chairman, that we will ever fall out on a regular basis publicly, because I think that the way it should work, and is going to work well, is we do go in with passion and argue on behalf of the whole system. To make it work and to have the relationships of trust that we can go forward on, I think that is probably best done across a table rather than through newspapers, and we do. If I can come back in terms of the cuts to staff, because I do not want that to rest, that is nothing to do with the Department saying, "We want you to do this". It is everything to do with us saying, "We think this is the right thing to do. This is the way forward. This is what we want to do and it is our agenda". Similarly with *agenda for change* more widely, which I hope we will have an opportunity to talk about, that is very much the Learning and Skills Council developing the agenda, working with people right across the sector, saying, "These are the issues. These are the issues that we need to work on. These

are the things that are going to make a real difference. These are our solutions and we are going to get on with them". I simplify it because, as Chris would have it, there will be some robust discussions along the way. That is very much the way it works.

**Q11 Chairman:** I better move on before my colleagues get rebellious. If your job is raising the profile of skills in this country, why is it when you come and appear, nobody from the press bothers to turn up? We are not on television; there are no journalists sitting over there. In the time the LSC has been going, why have you not raised the profiles of skills to such attention that at least somebody turns up to report what you have to do? What is your budget now?

**Mr Haysom:** £10.6 billion.

**Q12 Chairman:** No press; nobody cares. What on earth is it? I know we have a pretty awful press and the BBC is getting worse in terms of coverage, but why is it this room is empty of media?

**Mr Haysom:** As you know, Chairman, I have spent my life working in newspapers, so I am better qualified to talk about why they are not here than anyone else. This is an agenda which is incredibly difficult to get people engaged in. It is not just us working at this; we have been talking already about the Sector Skills Councils who are investing heavily and doing the same thing. It is a tough challenge, but anything you and the Committee can do to help us on that, we will be delighted with.

**Chairman:** It was on a lighter note that question. Moving on to adult learning and Gordon is opening that.

**Q13 Mr Marsden:** You talked in your opening remarks, Chris, about priority and you have just said to the Chairman now that you set the priorities, and therefore I want to press you a little on the current priorities. We have got, have we not, a demographic time bomb in this country with skills and with adult learning in particular. There have now been three parliamentary reports: the NIACE Report, the All-Party Further Education Lifelong Learning Report and indeed the National Skills Forum Report, which came out last week, all of which said the demography of skills is going to be revolutionised in the next 15 years, there are going to be far fewer young people and far more older people. Yet you have signed up to a programme that beyond level 2 effectively is going to reduce opportunities for adult learners across the piece. How do you feel about that? Is that not a rather short-sighted approach?

**Mr Haysom:** This is a very difficult area, as I think we all know. Just before I answer the question, can I correct something I just said? I said £10.6 billion, I should have said £10.4 billion for the years 2006–07. I just want to correct that to make sure it is accurate. In terms of the priorities and focus, it is very much on young people, adults, basic skills and level 2. I think it is one of those situations where you have to say, "Well, where else are you going to start?" in terms of this huge challenge that we have. It is very difficult, I think, to argue against those priorities.

We have to give young people the opportunity to succeed. I do not think I have ever come across anyone in the sector who would argue against that. We have to address the huge skills-for-life issue that exists across the country and we have to focus on giving adults skills for employability. Level 2 is a kind of proxy and a starting point for that. No one is saying that we should be reducing provision beyond that point. I think the discussion there is about who pays and the balance of payment between the individual, the employer and the state. We have seen continued growth not just in terms of level 2 activity but also in terms of level 3 during this period. It is not true to say that we are pulling away from that wealth of adult education.

**Q14 Mr Marsden:** No one underestimates the amount of effort, time and, for that matter, money that the Government has put into this sector over the last few years. Are you not being a bit disingenuous in assuming that all of this other activity will go on regardless, as you radically, as is the case, reduce the amount of public funding going into adult learning at the moment? We have a situation where we know already from the Association of Colleges and from various other independent sources that on the back of this decision many courses up and down the land are being closed. You mentioned sector two—I raised this with the Secretary of State last week—*The Guardian* report that because the LSC has cut your childcare support funding by 25% that many people who are doing up to level 2, particularly women, women from an ethnic background and women who are unskilled, are no longer able to take up those courses. Those are not blue sky things for the future, those are actual real cuts now that are going to affect some of the priority groups that you are currently outlining.

**Mr Haysom:** Forgive me, I did not think I was talking about blue skies. I do recognise and we obviously recognise the challenge in all of this and what we are doing is focusing on those priorities for the reasons I have just said. That does cause a lot of our colleges to have some very difficult decisions to take about provision and support. The overall budget for adults, just so we are clear about that, is not reducing. What is happening is that we are having to move towards those priorities, as I have described. The impact of that is, as I say, some very difficult choices about those courses which are not directly contributing to those targets.

**Q15 Mr Marsden:** I understand that, but the Chairman has just said to you now why are you not in there banging the desk and you have given an eloquent explanation as to why these things are best done in private rather than in public with the Department. But presuming you accept—if you do not accept it, please say so—the seriousness of the demographic challenge over skills in this country over the next ten to fifteen years, you are laying out a programme of activities which is going to have or could have medium and long-term consequences, why are you not banging the table now, and saying to Government, "Look, chaps and chapesses, we

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**7 November 2005 Mr Chris Banks and Mr Mark Haysom**

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know that you have put a lot of money into this, but really if you insist on us cutting back in adult learner support in these areas, you are going to have big problems”?

**Mr Haysom:** What we are doing is moving funding towards those things which are going to help us with the demographic challenge that you talk about. I think that is going to become a bigger and bigger issue as we go forward. It is something I am sure Chris would probably want to talk about as well. We are moving things in that direction, we are moving things away from those courses that are not demonstrating progression, that are not moving people towards employability skills, and that is the truth of that. As far as the learner support is concerned, we have had some very tough decisions to make. The total learner support funds are increasing if you look at it in the round but there are some specifics we have had to deal with that have reduced some of the learner support that we have been given. No one pretends those are easy things to do. We have to do some of those things and focus on those resources.

**Q16 Mr Marsden:** If they were an easy thing to do, presumably you would not be in the position you are and be paid the amounts you are paid. You say, “Well, we have been looking to address these various issues”, and then just referred to some of the courses not being priority courses, but the evidence is coming in from all over the place that some of the courses that are being cut are not, if you like, peripheral courses, they are absolutely essential courses, some of the union learning rep courses, for example. If you are satisfied—I am not satisfied, but if you are satisfied—that your current strategy is not going to disadvantage some of those key targets, what are you going to do to monitor what is going on in the colleges to make sure that there are not cuts taking place on the back of your strategy which are going to hold this country in terms of the skills agenda over the next 10 to 15 years?

**Mr Haysom:** I think that is a really good question.

**Q17 Chairman:** A long one!

**Mr Haysom:** That is exactly what we have to do. As part of our remit, it must be to do that, to work with all the colleges, and other training providers—it is not just about the colleges—to make sure that they are delivering the right kind of provision for people across the piece. We have those conversations with them all the time. If we come across examples where a provision has been cut that contributes to targets and is essential in an area, then you can imagine those are going to be fairly robust discussions.

**Q18 Mr Marsden:** Will you give this Committee a commitment today you will monitor over the next six to twelve months the effects of these existing cuts that are being reported in the colleges and you will come back to this Committee with your conclusions?

**Mr Haysom:** Yes, indeed. I would be delighted to do that.

**Q19 Mr Marsden:** One of the big issues, and it is related again to the issues of both the groups you have identified and the groups we have been talking about, certainly in my neck of the woods in Blackpool, is the concern about getting small and medium-sized enterprises involved in the skills agenda. What will your priorities that you have established under the new funding regime do to assist that?

**Mr Banks:** I think that has been a very useful conversation because it has identified one of the real challenges. I think the view we have taken is we have to get it right for young people because that is a new start and we have to get that right. I think, as Mark was saying, the focus of the investment in adults is being prioritised more towards those things which we believe will give adults a better longer-term prospect which is of employability skills which we shorthand as level 2. That is the thinking behind that and one of the first comments I made was around being led by the needs and wants of businesses or employers as well as individuals and balancing those two off. The employer training pilots that we have been running in 20 different areas around the country have been very successful in identifying, particularly for smaller businesses, learning and training opportunities which are good for the individuals concerned, in that they are high quality, result in a good qualification and are good for the businesses as well. I think in the pilots, and keep me honest if anybody knows a better number than this, I have a recollection that the employer/small business—and most of these are small businesses—satisfaction with the training and learning which has been going on under the Employer Training Pilots is over 90%. So that is a good example of where we have been able to put in place a programme which meets the needs of businesses, which they can see a benefit from and which delivers high quality learning and training to the individual as well, delivered very flexibly to fit in with their normal life. In the coming year, 2006–07, there is a significant increase in the focus on what is not going to be called a pilot any more but the Employer Training Programme which will be national and which will enable us to provide something like another 150,000 high quality learning opportunities for individuals, the majority of whom will be working with smaller businesses.

**Q20 Helen Jones:** Colleges were instructed to reduce support for what is called non-essential learning. Would you like to give us your working definition of non-essential learning?

**Mr Haysom:** What we try and do is go through all aspects of the curriculum and try and identify examples of learning which contribute directly to our priorities and to our targets, those which contribute indirectly, so perhaps not leading to qualifications immediately but are stepping stones towards qualifications within the framework, and those which do not contribute at all to any of those targets and where there is no evidence of progression towards those.



**Q21 Helen Jones:** Let us have a look at that, because you talked earlier about wanting evidence of progression leading on to employability but the world is not as simple as that, is it? There are lots of courses run in my area, for example, courses for parents at school, help your child with reading, and they do not directly lead to a qualification but they are very successful in bringing people back into learning who may well have had a very poor experience of education in the past, and often you see those people go on and do something else. Do you not think those sort of courses ought to be protected and encouraged?

**Mr Haysom:** Yes, as far as public finances will allow us to. There is a harsh reality in all of this, that money is finite. I actually think it is a good thing that within those finite resources we are clear about what we think is going to make the difference. That does mean there are going to be some things which are more difficult for us to find funding for. But we are very clear in terms of working with colleges and other training providers up and down the land, that what we do not want to do is cut everything like that, what we want to do is identify those things which are really going to help people back into learning. There are hard choices; there really are. We cannot do everything.

**Q22 Helen Jones:** Do you not accept that when you are doing that the people who are hit hardest are some of the most vulnerable and some of the worst-off people, who have had a very bad experience of education and are often the most under-privileged?

**Mr Haysom:** What we do try to do is make sure there is the right kind of provision for those people to bring them back into learning and if a particular course they were hoping to go on is not available, we are making sure across the community, through every part of funding we can get our hands on, there will be opportunities for them to come back into learning. But there is a reality in this, that we cannot do everything that we would wish to do.

**Q23 Helen Jones:** With great respect, we are not talking about people who have often planned to come back into learning and are going to be seeking courses, we are talking about people who are gradually led back into learning, and if those particular courses are cut how do you know they are going to go looking elsewhere?

**Mr Haysom:** We are not saying that all of those courses are going to disappear, what we are saying is there will be provision across an area which will create opportunities for people to find their way back into learning, and they may be funded from European Social Fund money, they may be funded in part through the LSC, they may be part-funded by an individual and part-funded by a college. There are all sorts of opportunities. Again, I am not pretending what we are seeing here is something which enables us to keep running everything that is currently running, or was being run until a few years ago.

**Q24 Helen Jones:** Let us have a look at the economics of adult learning. We can park that one for a minute and we will come back to it when we know exactly how many courses have disappeared. There is an assumption now that colleges will have to raise fees for adult approved courses and the learner contribution is expected to go up roughly 10% I think. Do you not agree that once again that hits the poorest people worse, particularly those on low wages? If you are on certain kinds of benefits you will get exemption, if you come from a low wage economy, you will not. Is this not again skewing the system to those who can afford to pay?

**Mr Haysom:** I do think there is a real issue about the whole fees question and how it relates to people who are not earning very much money at all. I agree with you that if people can afford to pay, they should. I also agree that if people are on benefits or in other circumstances can get fee remission, there is a real question about people who are just above that kind of threshold.

**Q25 Helen Jones:** Have you done any research on what the likely outcome of this increase in fees will be? Are adults actually going to be prepared to pay it or will they vote with their feet?

**Mr Haysom:** There was a long consultation on this last year with the sector and there were some steps introduced then as a consequence of that to start increasing the fee assumption within the funding package. What we saw last year was that some colleges were quite energetic in pursuing the fees policy and in those circumstances we did not see a huge drop-off of numbers in learning; it varied enormously in different places but other colleges decided they would rather stop running the course than run the risk of charging fees. I do think there is a real issue there as well which is supporting some of what you are saying. I do think it is incumbent on us as the Learning and Skills Council to help to address that, because our funding methodology does not encourage colleges to take sensible risks in terms of running those courses, and that is one of the things within *agenda for change* which we are trying to address to make it easier for colleges. The other thing I would say about the whole escalation of the fees assumption is that we have been charged as the Learning and Skills Council with working with providers to help them with the spirit and to learn in a way you are suggesting needs to be learnt and to draw out the lessons and to help colleges through that period.

**Q26 Helen Jones:** Does your research include any look at the social profile of people taking courses? Because you could well have the same numbers taking courses but the profile of your students might change considerably.

**Mr Haysom:** It is possible, yes.

**Q27 Helen Jones:** In theory, for instance, you could keep people who are better off and have a decline in those people who are worse off. Is that what really what we want to achieve in adult education?

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**7 November 2005 Mr Chris Banks and Mr Mark Haysom**

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**Mr Haysom:** No.

**Q28 Helen Jones:** Are you looking at that? Will you be able to come back to the Committee with figures to tell us what is happening?

**Mr Haysom:** I repeat the point, what we are trying to do is to move our funding towards the priorities. We are trying to make sure in every part of the country that we have sensible stepping stone provision for people. That is what we are trying to do but we cannot fund everything. Within the fee part of this there is a huge amount of work to be done and I would of course be pleased to come back at a later time to talk more specifically about fees.

**Q29 Helen Jones:** If you are looking at funding, what do you say to the argument that the Employer Training Pilots are funded extremely generously and is that right? Are we not going to end up paying for training which employers would have bought into anyway while we are seeing reductions elsewhere?

**Mr Banks:** This is another really good question which is how do we make sure we are investing the public money in training and learning which would not otherwise happen. The evidence in the Employer Training Pilots is that the businesses we are engaging with are those which typically have not been engaging in learning and training of their staff and with individuals who have not had the opportunity yet to get to a first level 2. So we are very keen to focus the money on these initiatives which have a real opportunity to attract new businesses or employers and new learners. I do also think that the focus on first level 2 does help some of the more disadvantaged individuals from a learning point of view because inevitably there is a lot of demand for higher level skills as well—

**Q30 Helen Jones:** Only if you get them there first.

**Mr Banks:** That is absolutely right, but I am minded by the fact that if you are out of work you are more than twice as likely not to have a qualification than if you are in work, and that is why we need to be focusing on helping that group. Equally, we know over the next few years if level 2 is going to be almost the benchmark of employability we have to get as many people as possible up to that level so they can participate in the growth of the economy and for them personally. Ultimately if others were here they would be talking much more about the vital importance of us being able to compete with other countries and other economies which are developing many millions of highly skilled workers while we are still at the stage of having to bring large numbers of our people of working age up to a basic level of skill and employability. That is where we are at the moment, and in a sense that has to be a building block—we often call it a platform for employability—to allow people then to go on and learn intermediate and higher skills they will need later as well.

**Q31 Chairman:** We had a very good lobby of the House of Commons last week organised by the Association of Colleges and they produced some

very good people to talk about how the cuts were impacting on them. What came out of that was something I do not hear much from the Learning and Skills Council, that if you have a college sitting in a town, like mine in the centre of Huddersfield, Huddersfield Technical College, it is a community resource and it is seen as that and it symbolises continuing education for people who are older, people who are younger, all those intermediate ones, as a community resource. If you damage the fabric of that, it is no longer seen as a community resource which offers something for almost everyone, you have damaged something very, very important in the life of the community. The feeling I got from listening to the evidence last week is that you are in danger of undermining that culture of seeing the college as a community resource. Does that not sometimes worry you?

**Mr Haysom:** It is something I am aware of. I do spend a lot of my time, as you can imagine, out and about, visiting colleges, talking to principals, to chairs of governors, learners, you name it, and so I am acutely aware of that, and it is a very special responsibility I think for a college. That is why I do believe that we need a degree of sophistication in managing this whole thing to make sure we do not undermine the viability of colleges and their ability to stretch across the whole community. That is why in part we are going through a significant change ourselves so we can have a degree of sophisticated conversation with them to find a way through all of this. Yes, you are absolutely right.

**Chairman:** We have to move on to the funding of 16–18-year-olds.

**Q32 Stephen Williams:** Mr Haysom, we have met previously on the Public Accounts Committee where we talked mainly about other matters but we did touch on the funding gap post-16 and you will have heard Sir David Normington at that meeting, who was sat next to you at the time, say he felt, and it was his Department's perspective, that the funding gap was around 7% and then he moved his estimate slightly later in the meeting. The Learning and Skills Council commissioned a report from the Learning and Skills Development Agency which suggested the gap was 13%, and certainly the Association of Colleges which has spoken to all of us at various places over the last few months has latched on to that figure. Where do you think the percentage gap is?

**Mr Haysom:** I have heard all sorts of numbers, including the one from David Normington that day, and we commissioned a report from LSDA and we are inclined to go along with that as a working number.

**Q33 Stephen Williams:** So you accept the findings and you think 13% is broadly correct?

**Mr Haysom:** I think you can argue it any number of ways, but for the purposes of this discussion 13% is a number we could agree on.

**Q34 Stephen Williams:** It is closer to the mark than 7%?

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7 November 2005 Mr Chris Banks and Mr Mark Haysom

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**Mr Haysom:** I think that would certainly be our view, yes.

**Q35 Stephen Williams:** Can we look at some of the factors which lead to this funding gap. If somebody from my constituency, Bristol West, were going to the new Redland School which the Learning and Skills Council has partly funded, which is going to open in September next year, and they are going to study A-level economics, and their next-door neighbour went to the City of Bristol College to study A-level economics as well, at that point as I understand it the funding per head would be the same. Thereafter, various factors come into play which means this gap opens up, some of them to do with different census points for counting the number of people on that course, some of them to do with drop-out rates at the end, whether they complete and take the exam, some of them to do with the recoverability of VAT. Clearly VAT is a matter for the Treasury, not for you, but some of these things sound as if they are standards or regulations which must be under the control of your organisation, is that right?

**Mr Haysom:** You are absolutely right, it is a combination of different factors which are to do with unit prices through to methodology of funding, and when we spoke briefly about this at the Public Accounts Committee recently I said then that our *agenda for change* document has a specific section which is all about simplifying the funding methodology, and coming up with a methodology which actually enables us to move a huge amount of resource to the frontline rather than tying the resource up with people needlessly counting things on screen. But the other huge benefit from it is it is a funding methodology which can be extended across the whole system rather than just for colleges, and that is what we are trying to work towards, and that will have a big impact on the kind of issues you are raising.

**Q36 Stephen Williams:** Is that *agenda for change* document proposing to change some of those things I have mentioned like when you count the number of students on a particular course? As I understand it, at school they are counted right at the start of term in September, but at college they are counted twice, before and afterwards, and arguably the college figure is the more accurate.

**Mr Haysom:** On 21 September we announced some changes as far as the funding system is concerned for 2006–07, and within that there was reference to the fact we would be looking to achieve some reductions in the funding gap as a consequence of changing some of the methodology, and there are further opportunities to go down that road. It is not entirely within our gift, as you can imagine, because what we do stretches across schools and across all parts of the system—

**Q37 Chairman:** Not academies.

**Mr Haysom:** The funding methodology ultimately is the same, is it not? There are other differences with academies, we are aware, Chairman, but it is not

entirely within our gift so we need to achieve this with colleagues in the Department and we are busy talking that through.

**Q38 Stephen Williams:** Do you have a target percentage yourself within the strategy, say over the next two years, for reducing that gap?

**Mr Haysom:** I am not sure it is possible to quantify it quite like that. Part of the dilemma in all of this is understanding the impact on individual colleges and individual providers, because it will vary according to the mix of what you do. I do not think a crude percentage is necessarily the right answer. I would hope that what we have announced on 21 September will have the impact of maybe as much as halving the gap and taking it down to something approaching 7%. That is our immediate first step.

**Q39 Stephen Williams:** Will that be over two years?

**Mr Haysom:** That is by the end of the two year period, yes.

**Q40 Jeff Ennis:** So that takes us back to square one where we were a couple of years ago, if you reduce it back down to 7%?

**Mr Haysom:** I do not know whether I am qualified to answer. I was not here two years ago.

**Q41 Jeff Ennis:** How big a problem is this funding gap as far as the LSC is concerned? How much of a problem is it causing for you both locally and at local LSC level?

**Mr Haysom:** That is a really interesting question.

**Q42 Chairman:** You keep saying that.

**Mr Haysom:** There have been some good questions today. You have to give praise where it is due. I think it is a good question because it is a subject of conversation pretty much wherever you go in the sector, and whoever I meet and at whatever meetings, it comes up after a while and it is a question of fairness I think. If you were to look at it as a question of economics, and how well our colleges are functioning as businesses, which is one dimension I think we should look at, then you would say, “It is not really a material issue at all because our colleges are pretty overwhelmingly successful in the way they run their businesses and they are capable of running them at a surplus”, which the vast majority of them do. So on that level I do not think you can argue it is an issue. There is an interesting argument about quality and if you invest more in the workforce and so on, do you get better quality results? I think the evidence there is a little contradictory as well because what we have seen over the life of the Learning and Skills Council and education through FE is success rates increase by 10% for young people and 13% for adults over that period. So there is some contradictory evidence and that is why I say it is a good question.

**Q43 Jeff Ennis:** I guess to some extent it must impact more severely on areas like Barnsley, for example, where we have gone over to a more or less fully tertiary college system. In areas like that, where we

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**7 November 2005 Mr Chris Banks and Mr Mark Haysom**

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have gone over to a more or less fully comprehensive tertiary college system, what have been the main problems which have come through to the local LSCs?

**Mr Haysom:** In Barnsley?

**Q44 Jeff Ennis:** No, I am using Barnsley as an example, but the question is general.

**Mr Haysom:** It is difficult to articulate what they may be because the evidence is not that the funding gap leads to poor financial performance. There is poor financial performance but I have to say the correlation there is more with poor management than it is with the funding gap. Nor can I see a strong correlation with quality. I am not quite sure how I can answer your question beyond that.

**Q45 Jeff Ennis:** What about the issue of over-achievement of student numbers, which has faced some local colleges in terms of setting up agreements at the beginning of academic years and then, for example in Barnsley—and Barnsley has the lowest stay-on rates by the way—

**Mr Haysom:** Yes, I am aware of that.

**Q46 Jeff Ennis:**—Barnsley College recruited well over a hundred additional students to do sixth form courses and the local LSC initially turned round and said, “I am sorry, we agreed so many students, we cannot afford to fund those.” If that had been a predominantly sixth-form school type setting, there would not have been a problem.

**Mr Haysom:** I accept that point. One of the things we and colleges have to get to is being much smarter in the way we plan for growth and in fact the way we plan for numbers. I have just spent many hours over the last week reviewing the performance right across the country in the last planning round we went through to see how much 16–18 growth we had planned in and what the emerging pattern was. There are a number of places where they have over-achieved in terms of 16–18 and those are unfunded numbers. There are other places where there is under-achievement.

**Q47 Jeff Ennis:** I am looking at your memorandum. At the bottom of one of the pages with regard to the LSC’s Annual Statement of Priorities, you record six priority areas for 2006–07. The first priority of the six is to “Ensure that all 14–19-year-olds have access to high quality, relevant learning opportunities.” If the LSC are not going to provide the funding for sixth form courses, we fall at the first hurdle, do we not?

**Mr Haysom:** It is a difficult area, though, is it not, which is why I say the important thing here is to get the planning right. What no one would wish is for us to hold back a sum of money on the chance that College A may over-perform, College B may under-perform. We understand how much money we have got and we want to allocate it fully to meet demands in the system. That is what we try and do. That does mean our planning has to be, back to my sophisticated comment earlier on, at a sophisticated level with each provider to try and anticipate that.

**Q48 Jeff Ennis:** I guess in the lower demand areas we need to have some sort of flexibility within the machine, in order that if we do recruit more students than we originally intended it should not be a problem, but it is a problem at the present time, is it not?

**Mr Haysom:** It is an issue when our planning assumption between the college and ourselves is overtaken by additional growth, you are undoubtedly right. That is why I keep coming back to the fact that we have to get better at the planning side.

**Q49 Jeff Ennis:** Is the over-achievement of student numbers going to be a problem in future years like it has been this year?

**Mr Haysom:** If we can get better at the planning between us, it should become less and less of an issue, should it not.

**Q50 Jeff Ennis:** Is the problem with the colleges rather than the LSCs?

**Mr Haysom:** I think it is a problem which we share, I really do. I think we need to be better on both sides at anticipating growth and it is not just anticipating growth because there are some parts of the country, as we know, where the opposite may be happening, but there is demographic decline in that age group and therefore you have got to be able to factor that in. It is not an easy issue, as I know you are very aware.

**Q51 Chairman:** When you were before us on a previous occasion, you said you had been doing this research which was of the least well-performing regions in the country.

**Mr Haysom:** I am not going to fall for that twice, Chairman.

**Q52 Chairman:** Do you have a region which gives you particular concern still?

**Mr Haysom:** There are parts of all of our regions that I would have concerns about and I think that is probably what you would expect.

**Q53 Chairman:** You surprised us, you suggested the previous times it was the Eastern region where people had greater needs than in other regions. You do not have concerns about the Eastern region any longer?

**Mr Haysom:** I have concerns about individual parts of all of our regions and that is what I have spent the last week talking to my regional directors about and how we address some of those concerns as we go forward. Again, a big part of how we address those concerns is what we are trying to do in terms of our internal reorganisation to make sure that we have got the expertise which we need at every level within the organisation in every part of the country. That is what we are trying to achieve.

**Q54 Chairman:** You do not do a league table of the regions any longer?

**Mr Haysom:** It depends what you mean.

**Q55 Chairman:** You used to. You came to this Committee and said “You will be surprised, Chairman, it is not the North West or the North East, it is actually the Eastern region.” We were absolutely astonished.

**Mr Haysom:** I recall talking about regions that I thought performed very well. What we do is we understand by a number of performance measurements, not just regions, but where the parts of the regions, the sub-regions, I would not say in a league table, but where they would sit in terms of their relative performance. That is what we do all the time, we look at relative performance and say, “why is that happening there when down the road that is it happening?”

**Q56 Mr Marsden:** Who is performing really well at the moment?

**Mr Haysom:** Again, I would prefer not to get into it. I could tell you who might be performing particularly well in terms of this measurement but we have a very, very wide remit.

**Q57 Chairman:** You cannot tell the Committee any longer, given all your regional offices and your local offices, who is doing better or worse?

**Mr Haysom:** One of the things which we have pledged to do—and again given my background in newspapers will not come as a surprise—is to try and be a lot more transparent about all of this and about performance issues and we are working towards doing exactly that. I would be absolutely delighted to give you an awful lot of information about the relative performance by all sorts of performance matrix and to come back and talk about that another day, if you wish.

**Q58 Mr Marsden:** But, not today?

**Mr Haysom:** Not today, no. With respect, it is a hugely complex range of issues that we cover at the LSCs, there is not just one measurement which we can talk about.

**Q59 Chairman:** What we are saying is it did not used to be that complex because the LSC gave us that information.

**Mr Haysom:** The LSC gave you that information?

**Q60 Chairman:** Yes.

**Mr Haysom:** Forgive me, I do not know.

**Q61 Chairman:** Can we have those figures?

**Mr Haysom:** Yes, I am quite happy to give them to you.<sup>1</sup> As I say, we are moving towards trying to be transparent about all of this happening.

**Q62 Tim Farron:** Do you have a sense, or indeed, do you measure the impact of the funding gap on the differing nature and quality of provision between school sixth forms and FE colleges?

**Mr Haysom:** In part that was what I was referring to earlier, that it is quite difficult to see that quality gap between the different things which you pay for because we have seen a very rapid improvement in quality in FE provision.

**Q63 Tim Farron:** What about class sizes?

**Mr Haysom:** Again, there is no one answer to that, is there, because the range of provision that is on offer across all the different kinds of institutions vary in class sizes. I personally have sat in on classes in sixth forms, sixth-form colleges, FE colleges and all different kinds of things and seen all different kinds of class sizes.

**Q64 Tim Farron:** In terms of having any kind of figures to work with, there are some apples which you can compare with apples. A-level history being taught at Kendall FE college is also being taught at Queen Catherine’s School sixth form, and you can look at those figures and look at what it pans out at across the system, do you?

**Mr Haysom:** I have not got that information to hand.

**Q65 Tim Farron:** Do you ever look at those figures?

**Mr Haysom:** I personally do not look at those figures.

**Q66 Tim Farron:** Would you, perhaps?

**Mr Haysom:** I can go away and look to see whether we have those comparative figures to see whether there is a correlation in terms of the funding gap. It is not something I have explored in that way.

**Q67 Tim Farron:** You understand the point, in a sense, the funding gap is important in and of itself but the impact on the experiences of the young people, and not so young people in some cases?

**Mr Haysom:** You are absolutely right. One of the things, of course, we can talk about in terms of the experience for young people is if you ask the young people within FE what their experience is, they give an incredibly positive response about that experience. Yes, you are absolutely right—and again that is coming back to the previous question—the set of issues around the funding gap is not just about fairness, is it, it is about all the outcomes that flow from that.

**Q68 Tim Farron:** Now, in terms of building the case for closing the funding gap even further—

**Mr Haysom:** Which indeed we have done.

**Tim Farron:**—you can help yourselves in that respect. We would be grateful for that kind of information.<sup>2</sup>

**Chairman:** We are going to move on to the strategic and planning role of the LSC.

**Q69 Mr Chaytor:** If the budget for 2006–07 is £10.4 billion and this year’s budget is £9.6 billion that means there is a 12.5% increase year on year but, at the moment, you are going through an enormous

<sup>1</sup> Ev 21

<sup>2</sup> Ev 21–22

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7 November 2005 Mr Chris Banks and Mr Mark Haysom

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redundancy procedure which will result in hundreds of people being taken off the payroll. There is a discrepancy of the pressures on you to reduce the numbers of staff and yet you still seem to be talking about 12.5% in the next year.

**Mr Banks:** May I answer that, not least to give Mark an opportunity to breathe, but he may well want to come in and comment on this as well. The increase in the total amount of money that is being spent is, if you like, the money that is going, as you say, to the frontline. Broadly, the amount of money that is being invested in adult programmes is flat and there is an increase in the amount of money that is being directed towards younger people, and that is what we have been discussing here. The genesis of the reorganisation of the Learning and Skills Council was *agenda for change*, themes one to six, which again Mark was referring to earlier. In other words, if we want to make a really significant improvement in the outcomes for learners and employers, which was where we started, then the system has to be more flexible, more responsive, has to change a lot, be simpler to operate and, indeed, consistently high quality. We identified with the sector, with college principals and others, the things that would make the most difference to allow the system to focus on delivering a better learning experience for learners and employers. That was the main driver of it, if you like, to get real effectiveness from the total investment which we are making. Now, the driver in terms of the reorganisation of the LSC was how do we organise ourselves to be able to manage those new relationships strategically locally. We have been talking a lot this afternoon about why it is so important to have—the word Mark used was “sophisticated”—a real high quality dialogue with the providers of learning and training with other organisations at all levels within the LSC. The reorganisation is designed to get the balance right of skills and high quality people able to build strong partnerships locally, people who can then provide support at the regional level and plug into the regional priorities and agendas as well, and also deliver what needs to be done nationally. That was the main driver. Now, the outcome of that, and of course it is not insignificant at all, is that we will need fewer people to do it and it will cost less in terms of overhead budgets to run the system. I do want to make it clear—and I am sure Mark will want to comment—recognising there is an efficiency agenda as well, the driver here was how do we make sure that the LSC is able to do that job really well locally, regionally and nationally and design the organisation to do that. The current proposals that have been published are designed to make sure the LSC can do its job in that way.

**Q70 Mr Chaytor:** Will all the additional £800 million go into the frontline delivery of 16–18-year-olds.

**Mr Banks:** Yes.

**Mr Haysom:** Yes.

**Q71 Mr Chaytor:** By what proportion or by how much money will the central administrative costs to the organisation be reduced?

**Mr Banks:** There is a plan to reduce the total cost of running the business by up to £40 million and that will be redirected to the frontline as well.

**Q72 Mr Chaytor:** As a percentage of current admin costs?

**Mr Haysom:** The current admin budget is £219 million; it is £249 million, I think, including capital but it is £219 million. That is a significant reduction.

**Q73 Mr Chaytor:** Do you set the national strategy or does DfES set the national strategy for learning and skills?

**Mr Banks:** It has to be the Government. They are the Government’s agenda, are they not?

**Q74 Mr Chaytor:** As an organisation, are you merely the implementers of Government strategy?

**Mr Banks:** I used the phrase earlier “they are our priorities”, in the sense that we have to translate what the Government is seeking to achieve and the policy direction that the Government is taking into what happens locally and regionally in a way that makes sense for individuals and businesses and that is where our priorities fit in. Again, I think we were having the discussion a little earlier that this is ultimately an agreed way forward, the priorities which we have set and the way that we are managing the organisation going forward is in agreement with the Government because they set the priorities in terms of the overall policy direction.

**Mr Haysom:** It would be good to think that strategy was informed by what is happening out in the real world and, of course, we are the people that represent that. That is where our bit comes into play where we are taking the evidence-base to say “this is where we think we should be going” or “this is the possible outcome from whatever it is that you are considering.”

**Q75 Mr Chaytor:** When the LSC was launched it was established with one central body and 47 local bodies. Now, you have established a regional structure and am I right in thinking you are now also going to establish 118 local delivery partnerships which I do not think are referred to in the brief you sent to the Committee. We started off with a two-tier structure and now we have got a four-tier structure: national, regional, local and sub-local, or sub-regional and local. How is that compatible with the streamlining?

**Mr Haysom:** Can I brief you on the story about that. Some of you will be aware that when I arrived two years ago what I inherited was the 1:47 relationship, which you have just cheerfully described, where I had 47 local councils reporting to me, I also had national directors reporting to me. I had something like 55 direct reports; that is no way to run anything. What we did very quickly was to put in a regional tier of management to run the organisation and start to run the thing in the way you would expect an organisation of that scale to operate, so we put in nine regional directors. Those nine regional directors were not an additional cost, they also had



to run their own councils as part of that. What we have done in this reorganisation is to announce that we want to strengthen that tier within the organisation. Frankly we need to because there is a huge government agenda at regional level, which everyone will be familiar with, and we believe there are opportunities of doing things much more efficiently by doing them once in a region rather than four, five or six times. We can take an awful lot of administrative type functions to a regional level and do them once and save some of the money that I absolutely believe—passionately believe—should go to the frontline. The local partnership team is something which I think was always the missing bit as far as I am concerned because we talk about local Learning and Skills Councils but a local Learning and Skills Council is typically a county. Now, I have never been quite clear in what way that was truly local because I think it is quite difficult to describe that as local. What we are saying now is we want small expert teams with the ability to really reach into the local area. We have tried to map the country in a sensible way to do that, we have taken into account LAs, we have taken into account travel-to-learn areas, we have taken into account population and so on. We are moving towards having these small but expert teams right at the frontline to do exactly what Chris was describing, and what was being talked about earlier.

**Q76 Mr Chaytor:** How will they link in with the life long learning partnerships which already exist for the local authorities' strategic partnerships on which the colleges and other learning providers are represented? Are we in danger of just multiplying bureaucracy?

**Mr Haysom:** No, what we are in danger of is making sense of it. Whereas at the moment we try and interface with all those different things from a county level, a sub-regional level, what we are trying to do is to map so that it can work with local authorities and with other partnerships. We work really hard to make that possible. I do honestly think this is a huge step forward in terms of trying to make sense of that kind of complexity.

**Q77 Mr Chaytor:** Could I ask about the powers to plan at local or sub-regional level. Have all of the 47 LSCs produced Strategic Area Reviews for all the areas within their remit?

**Mr Banks:** Every local Learning and Skills Council every year produces its local plan, that is the mechanism for reflecting what the individuals, the business or other employers and the communities need locally. That is the key document for starting to plan the provision locally which informs the discussions Mark and his team have with the local providers of education and training. The local plan seems to me to be a really important part of the process and it is signed-off and approved by the local council. I would draw the Committee's attention to the fact that there are two parts to the Learning and Skills Council, some of you will know this I suspect. There is the executive team which Mark runs and then in each of the 47 areas there is an appointed

local council, we call them non-executives but essentially they are some employers, some providers, some other representatives of community groups who are there to make sure that the local plans meet the needs of local people. That is one key document. I cannot answer you precisely whether every single local Learning and Skills Council has come forward with a formal Strategic Area Review yet but I do know that in a large number of areas they have, indeed, been through those Strategic Area Reviews and are developing some interesting and innovative solutions for the future.

**Q78 Mr Chaytor:** Has the Schools White Paper not made all of that redundant?

**Mr Haysom:** In what way would that be?

**Mr Chaytor:** In giving more autonomy to schools, establishing schools as independent trusts, bringing in sponsors who will be the big players in developing those schools. We had a period of time in which the LSC was established and given a responsibility for Strategic Area Reviews. Very few of those Area Reviews have led to reorganisation at the 14–19 level in the areas and now the whole thing is being ripped up essentially because we are moving to a more market based system.

**Chairman:** What is the question, David?

**Mr Chaytor:** The question is has the White Paper not made the Strategic Area Review planning process redundant?

**Chairman:** Have they? It cost you a lot of money, did it not?

**Q79 Mr Chaytor:** How can you plan if schools are all autonomous?

**Mr Haysom:** Forgive me, it is an interesting question, is it not, because you may ask the same question, how can you plan when all of our colleges are autonomous? We do. What we do is we work with colleges, we work with schools, we work with all other training providers and what we try and do is act as a catalyst in every area that we are in to bring about change on behalf of the learner and on behalf of employers. I simply do not accept—forgive me—the Strategic Area Reviews have not brought about change. I am more than happy to send you an awful lot of detail about all the changes that have flowed out of our Strategic Area Reviews. It is one of those things, is it not, where if things are done quietly no-one really notices. If people see that one or two things do not go ahead, then people turn around and say “Well, that means nothing is going ahead”. I can send you an awful lot of detail, Mr Chaytor, to demonstrate the effect. The other thing I would say is that the Strategic Area Review process is now embedded within what we do for a living because we introduce something called business cycle where we describe how you do business in this sector. The business cycle starts every year with an annual statement of priorities. Then we take that down to a regional level, we take it down to a local and provider level and we start those detailed conversations about what needs to happen across the whole of the area to bring about the changes

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**7 November 2005 Mr Chris Banks and Mr Mark Haysom**

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which are necessary for employers and for learners. The Strategic Area Review process in a sense is what we do for a living, so that is how important it is.

**Q80 Mr Chaytor:** How many Strategic Area Reviews recommended the establishment of academies?

**Mr Haysom:** Again, I am not sure that is the way that we should quite look at this. We work incredibly hard to make sure that academies, where they are proposed, add to the provision that an area requires. We will be talking in detail with the academies' unit to see how we can make that academy plan fit within the provision that is required by learners and employers.

**Q81 Helen Jones:** Does that mean none of them recommended? Does that answer mean none? Is that a long-winded way of saying none of them do?

**Mr Haysom:** I am sorry, I was not aware I was being long-winded, I apologise.

**Chairman:** You were not long-winded.

**Q82 Helen Jones:** You were if you were just saying none. Is it none?

**Mr Haysom:** As I have just said, I am not aware of any making that recommendation. It does not mean that some have not been recommended through that process but I am not aware of any, sat here now.

**Q83 Chairman:** Mark, I have never known you be long-winded. Before you move off that, just very quickly, some people, if there were any media here or if we were on television today, might look at this hearing so far and say "When are they going to talk about real skills, something I identify with". Did any of these inquiries, coming from the regions, come up with real problems, shortages? When you came here last time a lot of people were obsessed by the shortage of plumbers and electricians, do you remember that?

**Mr Haysom:** I do indeed.

**Q84 Chairman:** That seems to have moved away, to some extent. One member of our Committee—who we miss a great deal from St Alban's—made it a great campaign, I recall. Out of all this people we represent would like to know, in your view, is the Learning and Skills Council terribly worried that some skills we vitally need for the future are not there and which are they?

**Mr Haysom:** That is exactly what we are doing at a local and regional level all the time. We are creating real things, bringing real skills to the area.

**Q85 Chairman:** When I asked you which was the lowest performing region, you were very reluctant to say which was the lowest.

**Mr Haysom:** Only because you trapped me last time, Chairman.

**Q86 Chairman:** I did not, you offered that information. It was not a trap. You are not long-winded and I do not trap people. The fact of the matter is when you put some real meat on this, okay

if there is not a national problem with plumbers and electricians now, is there a real problem that this region in London is not going to be able to have the skills for the Olympics in London? All these reviews, did they come up with anything which said "There is an emergency here, we have got to do something"?

**Mr Haysom:** Absolutely, that is what we have been busy doing. London and the Olympics would be a classic one, the Thames Gateway is part of that whole issue as well. One of the really urgent things that we have to tackle—not just in London, in fact this is a countrywide issue—is in construction skills and that is why we have invested massively in construction skills and creating additional provision all over the country. I have had the joy of going around opening some of those brand new centres that we have created as a direct result of the work we have done.

**Q87 Dr Blackman-Woods:** I am sure you will be aware that in some regions there have been disagreements between the local LSCs, the regional LSCs and the RDAs about the priorities for regional skills training. Do you think that the concordat that you signed in July of this year with the DfES, DTI and RDAs is going to solve those disagreements in practice?

**Mr Haysom:** I am not aware of huge disagreements in many regions. I think there has been a significant amount of progress achieved over the last year or two in bringing all of those things together. Do I think concordat on its own is going to achieve that, well I guess it is helpful, is it not, in spelling out how we are going to work together, and certainly I will be supportive of that. I think it is the relationships on the ground that have made the biggest difference over the last couple of years. When I arrived in this job, frankly, I was horrified at the amount of time that I had to spend, and a lot of other people had to spend working within the LSC and in other bodies, arguing about structures and how things should work. It did seem to me the most unproductive thing that we could be doing when our jobs should be to get on and make those structures work. I think there has been significant evidence and significant progress achieved over the last couple of years in doing just that, I really do.

**Q88 Dr Blackman-Woods:** If you said there were not disagreements, I think they were and there was evidence, particularly, in the lack of focus in terms of some regional skills strategies, but have we cracked that now with regional skills partnerships? Should that enable the identification of regional skills training to be better and to be more focused?

**Mr Haysom:** Yes, it should. As I say, I think we have moved on very significantly on this. The LSC's job is not just to deal with the regional priorities, what we have to bring to the party is a really clear understanding of the sector priorities. I think we also have to have an increasingly important job at city level and city region level which brings me back to the partnership teams we were talking about previously.

**Mr Banks:** If you are saying is there a commitment within the LSC to make the regional skills partnerships work and to make sure the sum of what we do delivers on the skills element of the regional economic strategies then the answer is absolutely. The process that we are going through to build our capacity within the LSC to operate at the regional level as a real agent of change in a sort of leadership role within the regional skills partnership is designed specifically to ensure that we are able, if you like, to pull off that trick of doing what is right locally, but in a context that when you add it up delivers what the region needs as well.

**Q89 Dr Blackman-Woods:** I think I was partly asking what is your assessment of how well regional skills partnerships are doing at identifying the needs for regional skills training. It is building on Barry's question but at a regional level. Are they being successful, are they being focused and if I can add in another question, in terms of prioritisation are they looking more to national level or regional level and are they looking internationally, where is the competition going to come from? There has been mention of that earlier and that is something which really concerns me because I represent a constituency in a region that could be doing better in terms of economic output and we do need to look towards the international competition. Is that informing the skills strategy? I am trying to find out where the balance is?

**Mr Banks:** The North East is one I can also feel very familiar with for business reasons. It seems to me here that the regional skills partnerships are all at a different stage of development, that is always the answer. It is very difficult because we remember when people used to describe the LSC as patchy, it was always very difficult, which are the good bits, which are the bad bits. The Regional Skills Partnerships we believe have the potential to do that, to bring together the RDAs who are, increasingly in my view, real strong partners with the LSC. I do think whereas it took us at the LSC some time to get ourselves organised to be able to be really good partners at the regional level I think we are now in a much better position to do that, and that relationship is working better. Those discussions, you are right, have to be informed by both, and the trick we have to pull off is which is local, regional and national within a context which allows us to compete internationally. You are absolutely right, for those of us who are involved in the market sectors which compete internationally, that is the competition and the benchmark, I agree.

**Q90 Dr Blackman-Woods:** Can I move on to a slightly different topic. Levels of participation in education at 17 are still quite low in comparison with OECD countries for this country. We have talked a lot about structures this afternoon and I would like to hear you say something about whether the change in structures or *agenda for change* is going to get at some of the cultural problems which underpin that low participation. Are you confident that is being addressed?

**Mr Haysom:** I think we made some pretty good progress in terms of increasing participation of young people. We are still behind and you are right to focus on an issue of 17, because I think there is a specific there. You will know from a conversation we had very recently that I have particular concerns about your part of the country, as I know you do, so there is a huge issue there. We are not going through structural change ourselves just for the sake of our health, we really are not. This is all about getting ourselves in the best possible shape so that we can deliver the change for the learner and for the employer, that has got to be what it is all about. That is what *agenda for change* is all about, it is shaking things in the system that people within the system have been concerned about for some time which are just getting in the way of the whole sector moving forward. I quoted some examples earlier, and I will give you one again. If we make the funding methodology so complex that a huge amount of the attention of a training provider goes in just managing that funding system then there is something horribly wrong, is there not, because they should be thinking about what is right for the learner, what is right for the employer and they should not have resource tied up doing that, they should be focusing that resource in the frontline. Things like that I really do believe will make a big difference as we go forward and the more we can do that kind of thing to simplify the system, I think the more learners and employers will benefit.

**Q91 Dr Blackman-Woods:** You are confident it is going to improve then?

**Mr Haysom:** I would not be doing it if I did not believe it is going to make a difference. Do I think it is all that needs to be done? Absolutely not, I see *agenda for change* as it is currently as a starting point.

**Q92 Dr Blackman-Woods:** Just one thing, Chris, you said earlier about relying very much on Sector Skills Councils to articulate the needs of that sector. How successful do you think they are currently at doing that? Are you able to work successfully with them if they do not articulate those needs properly and how do you know that?

**Mr Banks:** That is a really challenging one. I think the answer to that is the sector skills agreements which have been written by the SSCs that started earlier have been really useful in informing our decisions about provisions. I think there are some good examples of Sector Skills Councils that have been around a long time, equally a lot of them are past embryonic but they are still establishing themselves. The view that we have taken is that it is our job to ensure that we work closely with them and help them in whatever way we can to build that articulation of what employers need. At the same time the LSC is not solely reliant on the Sector Skills Council, we do have direct contact with a very large number, particularly of the bigger national employers, where we are having a much more strategic discussion and dialogue with them than we have ever had before. Historically those relationships with large employers

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**7 November 2005 Mr Chris Banks and Mr Mark Haysom**

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have tended to be on a transaction basis around apprenticeships or basic skills or whatever. We are moving to a more strategic discussion with them about workforce development within key sectors. I think that do element, which is within the LSC, known as the National Employer Service, which is a group dedicated to doing that, is the flip side of the employer training programme I was talking about earlier which is where we provide that support to the smaller business. I think on an individual company by company basis we are starting to have the right dialogue but clearly it will be very helpful to us if the SSCs can be sharpening the focus on what really counts across sector as well.

**Chairman:** It will be very nice if you and the Sector Skills Council at some stage said “Look, these are the real needs of skills, this is where if you are going to be looking for a job in three or five years you should be moving towards” so that young people in this country, and older people who are retraining, get some focus and some sense of direction. That was a comment. Some of my colleagues have been extremely patient, there is a lot of interest in this, Tim?

**Tim Farron:** I will be quick. It is following on those remarks, and also the Chairman’s earlier probing about meeting the needs of employers. I just wonder if you would comment on the obvious fact that lead-in times often for the provision of new qualifications—validation, accreditation, marketing and then delivery—can be really quite lengthy. Having worked in higher education myself and with colleagues in further education, I know sometimes that can be deemed as a badge of honour.

**Chairman:** This is supposed to be a quick question, Tim.

**Tim Farron:** It will be a quick question when I get to it.

**Chairman:** No, you will get to it now, what is the question!

**Q93 Tim Farron:** What are you going to do to assist accrediting bodies and lead bodies to ensure that they can make sure the courses they offer are still fit-for-purpose by the time they get taught?

**Mr Haysom:** I think this is a huge area for us to talk about, and I am not sure we are going to have time today. It is a question of qualifications and their relevance for employers as represented by the views of Sectors Skills Council is a very important one going forward. There is work being done on that. Personally I would like to see that work move a lot more quickly. I would like to see the decisions being much more under the control of Sector Skills Councils when they are ready to take those decisions about what is right for employers and individuals, I think it is very important. The specifics of how long it takes to introduce a new qualification, I guess I could answer a little bit wearily about the number of qualifications that there are existing in the system and the fact that there are already too many for learners and employers to understand.

**Chairman:** We are on to Section 4, and I want to call on Nadine to open the questioning on this section.

**Q94 Mrs Dorries:** Chairman, I do not think David realised he was doing it but he asked most of the questions on this section. He talked to you about the remodelling of your workforce and the Skills Strategy, so you have answered all those questions. I have got one, given that all my questions have been asked. Chris—I came from business to politics too—you talked about the interface that the Learning and Skills Council has with the employer. I am having trouble getting my head around that because I do not quite know why employers would go to you or why you need the interface with employers. Historically, supply and demand has always sorted itself out. If there is a sheet metal company in an area, the sheet metal workers will follow. I am not quite sure why the finance that you are using to interact with employers could not be better used to give a hundred kids in Barnsley training courses. It just seems a bit “jobs for the boys”ish to me.

**Mr Banks:** I am not going to comment directly on that, I am sure you will understand why! The majority of the interface with smaller businesses is through brokerage and through other intermediaries rather than direct with the LSC. Our job is to make sure—

**Q95 Mrs Dorries:** But you still pay for it.

**Mr Banks:**—that employers can get what they need. I will now speak as an employer. Throw me three balls and I will drop them all; throw me one and I will catch it. I think it is really important to try and make this system as easy to navigate as possible, particularly for the smaller business which does not have its own in-house HR department or very often its own training manager either. We have to find ways of enabling them to engage with the system and get what they need, and we cannot assume they will all be able to do that. I think for the larger businesses they need to talk to someone about their business overall, some of them do, and I would not say every large business does but if you are a national organisation do you want to have to go and talk to 20 or 30 different organisations that are all local and of course the answer is no. You need to be able to have a strategic discussion with people about workforce development, about the contribution that they can make and we can make to building the productivity. That is what the national employer service is about. It is a relatively small group of people, but it is a very important strategic discussion.

**Q96 Mrs Dorries:** I would argue that with you because if a small business needs to go to you to talk about how they are going to get the training, they should not be operating as a small business, they are not fit to. With a large business, the larger organisations, do they really need to go and sit down and talk with somebody about how their workforce develops? It seems like a waste of money.

**Mr Haysom:** What they need, surely, is the confidence that the right skills are being developed for them to be able to recruit those people over

time. There is a significant amount of research which we can share with you, which I am quite happy to organise to share outside of this meeting which demonstrates there are massive skills gaps around the country. There is a developing issue and we have talked about the ageing workforce and the demographics that take us in that direction. There is a massive issue there as we go forward. What we are doing is making sure that we understand what it is that employers are seeking to achieve in terms of the skills that they need and those skills are changing very fast and the competition is not now local, regional or national, it is global. We are working incredibly hard with all of the training providers to make sure they are responding to that need.

**Q97 Mrs Dorries:** I have got a Center Parcs village moving into my constituency and the local university is now running courses on tourism. Did they really need the Learning and Skills Council to tell them to run those courses on tourism or would the market have just adapted to the areas being more tourist-orientated anyway?

**Mr Haysom:** We would not have told the university to do that anyway because universities sit outside of our responsibilities.

**Q98 Mrs Dorries:** If they can do it and adapt their courses for the way the needs of the area are changing, why would it be necessary for you to be there?

**Mr Haysom:** Let us look at it this way, let us imagine it was colleges that were responding to that and putting on courses—

**Q99 Mrs Dorries:** I think it is actually.

**Mr Haysom:**—would we really want every single college to say “Ah, there is an opportunity, let us all pile in, let us all invent different courses, let us all try and work with that same employer, let us all try and take advantage of this new thing” or would we want to sit down across a community and say “how do we deliver what that employer wants in a way that makes sense for that employer.” I have to say that is the experience pretty much everywhere, where there is a major new investment such as that, the employer does welcome the fact that what we are able to do is work with all the providers to come up with an offer which is absolutely what they want rather than a free-for-all which is a duplication and a waste of public money. That is just one example, we can give you many, many more but I am happy to share some of that outside this meeting.

**Q100 Mr Wilson:** Chairman, you asked at the start essentially what was the point of your organisation and Nadine asked that in another round about way, I would like to put it to you in a slightly different way from that. You are cutting your staff by a third, as I understand it, why not cut it by 100% and give the money to business, to the CBI, or the IoD or somebody that could run the

organisation in the way that they want it run? Why not do it that way? Why do we need your organisation to do that?

**Mr Banks:** I think what we were saying earlier—remember the main driver here—we are trying to respond to and lead the needs and aspirations of employers, of individuals locally, regionally and nationally and by sector, so it is a very complex map. We are trying to do that in a way, which is part of the LSC’s role, to work with the sector—the providers, the colleges and others—to respond to that in a way that makes sense, again for the employers and the learners. It is a fine balance, is it not, I think, of those different stakeholder needs and our job is to make sure that we meet all of those. I think if you ask me which is the one that keeps me awake at night, it is the demand-led bit, personally that is the thing that we need to get right. Somehow we have to make sure that the whole system can then respond to those needs rather than just have them articulated. I think that is where this role locally, regionally and nationally comes in. It is somewhere between the demand and the supply. I like to see it at least as being led by the needs and wants of employers, individuals and communities but at the same time working with the post-16 sector to make sure we deliver it. Those are equally balanced and it is really important to keep that balance.

**Q101 Mr Wilson:** I can see why there might need to be an element of national and local planning, but just convince me why there needs to be an element of regional planning?

**Mr Banks:** What we do has to deliver against the regional economic strategy and the regional economic priorities.

**Q102 Mr Wilson:** You are doing it because somebody else is involved in doing it?

**Mr Banks:** Ultimately, when you add it all up, we have to be able to compete internationally, do we not, and so that means somehow in this we have got to be able to be brilliant locally, regionally and nationally.

**Q103 Mr Wilson:** We are competing as a nation, not as individual regions.

**Mr Haysom:** I think the way to look at it, from a regional perspective, if we are trying to look at it from the needs of a business or indeed of a learner, is that what we need to do across the whole region is to make sure that we are providing access to the right kind of training for those individuals and for those employers across a region because you cannot create that provision in every sub-region because that is not a terribly efficient way of doing it. You do need lots of provision everywhere but some you need to plan across the whole. Let me give you an example, one of the really interesting achievements of the Learning and Skills Council over the last few years has been the creation of Centres of Vocational Excellence and I think a number of people on the Committee will be aware of these centres. What we have done is to create

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7 November 2005 Mr Chris Banks and Mr Mark Haysom

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networks of these Centres of Vocational Excellence across a region so employers have got the right kind of opportunities across a whole region. It is not possible to do that everywhere locally. I think you do have to take a regional view of the world. From my perspective you need something which is above local and between national and region does that, I think that is the appropriate response.

**Chairman:** Possibly not in Rob's regions. You are in the South East.

**Q104 Mr Wilson:** I am not convinced. What was the process you went through that made you decide to cut a third of your staff?

**Mr Haysom:** We went through a huge amount of detail on this. I arrived a couple of years ago, we were in the middle of a restructuring exercise as I arrived. I have to say, it was an exercise which went on far too long and did not address the needs of the organisation because it ended up being all about cutting costs rather than getting the skills that we need. What we did this time round was to start at the very beginning and say "What is it we are here to do? How are we going to achieve this? What is the best structure?" so we have sought to reinvent the whole thing. The starting point for this is to pick up on what it is that employers are saying to us that we need to be doing, and providers saying "This is the kind of relationship we need with you" so we have taken all those inputs and built the organisation from that. The absolute starting point is to think about it as a local organisation. The essential building block for this new organisation is the local bit, what is it we need to do locally? What we need to do locally is to have a small expert team that can have the kind of discussions and dialogue that we have been talking about. They need a regional—for want of a better description—service centre to provide them with the information they require to support them in those frontline deliveries, and therefore we designed it in that way.

**Q105 Mr Wilson:** Essentially you are saying you came in there and found you were delivering things in the wrong way or you could deliver them in a better way?

**Mr Haysom:** Yes.

**Q106 Mr Wilson:** That is what you are saying?

**Mr Haysom:** We would not be doing it if we thought we were doing it absolutely the right way at the moment.

**Q107 Mr Wilson:** What assessment have you done to establish that those staff cuts are going to be workable and you can deliver exactly what you need to deliver?

**Mr Haysom:** We have done a huge amount of work, talking to an awful lot of people with a huge amount of experience in this light. We have designed it using their expertise. We have a whole set of criteria by which we have established how many people we need doing whatever role it is in whatever part of the country it is. That will be

everything from the number of colleges that they have to talk to, the size of those colleges, the number of other training providers, the nature of the population in that area and so on. There is a matrix of all of these different things.

**Q108 Mr Wilson:** Is that documented somewhere in a report or somewhere? Is it just around a need for somewhere?

**Mr Haysom:** That is a curious question.

**Q109 Mr Wilson:** I am trying to understand exactly what you have done in terms of written down evidence to justify the fact that you are cutting a third of your staff and where that is. You are talking in very vague terms and I want specifics.

**Mr Haysom:** Forgive me, I thought I was trying to be specific, I am obviously failing in that. Of course we have done a lot of detailed analysis, of course we have got all of that in writing, that exists. We have created a business case for this in the first place.

**Q110 Mr Wilson:** Have you published it?

**Mr Haysom:** We have published all the detail on the Internet. Are you not aware of that?

**Mr Wilson:** No, I am not aware of that, that is what I have been trying to get at.

**Chairman:** If I can put you two together on that. I must stop you there. I have two colleagues who want to come in. Gordon.

**Q111 Mr Marsden:** These new nine regional centres, how much power are you going to give the heads of them?

**Mr Haysom:** The regional directors?

**Q112 Mr Marsden:** Yes, the regional directors, how much power do you think you will give them?

**Mr Haysom:** I do not intend giving them more power than they have currently. There is a line management relationship.

**Q113 Mr Marsden:** You were saying earlier—I will not go through the Byzantine description of your bureaucracy that you gave us earlier again—that these reforms were designed to streamline, to make decisions quicker, to respond and all the rest of it and yet you are not proposing to give your regional directors any new powers to cut deals on their own, to deal with paperwork?

**Mr Haysom:** They have those powers now.

**Q114 Mr Marsden:** You are confident the powers they have at the moment will deliver the streamlined approach, the quicker response to the sector skill shortages and everything that we have been talking about?

**Mr Haysom:** I am confident that if we get the structures right and get the right kind of people and the right jobs in the region then, yes.

**Q115 Mr Marsden:** In which case, why do we need to have reorganisation?



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7 November 2005 Mr Chris Banks and Mr Mark Haysom

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**Mr Haysom:** Forgive me, I have just said we need the right people doing the right things in the right places.

**Q116 Mr Marsden:** You are not changing the personnel presumably?

**Mr Haysom:** The regional directors?

**Q117 Mr Marsden:** Yes.

**Mr Haysom:** They have been in post for a little over a year.

**Q118 Mr Marsden:** My colleague, Rob Wilson, has been rather sceptical about the regional aspect of this and, no disrespect, there are certain Regional Development Agencies perhaps working more coherently than others. Given that is the case, presumably you are going to want to have these people dealing very closely. If you are, then that is fine, you are saying you do not think you need to devolve the powers for the decision-making for yourselves at the centre?

**Mr Haysom:** This is all about a move towards devolution from the centre.

**Q119 Mr Marsden:** Sure.

**Mr Haysom:** I have not used those words, forgive me, but that is very much what we are all about. The last time I was here we talked about this, and the creation of a regional tier to enable us to start to move in that direction, and this will enable us to do it still further. There are all sorts of things which are constantly being pushed down the organisation.

**Q120 Mr Marsden:** What concerns me, and probably other Members of the Committee, several times in your evidence today you have said you took a great deal of evidence from this, it took a great deal of time to do that, no-one is querying your productivity, what we are querying, I think, is your ability to act and respond rapidly on it. One of the issues that I am trying to ferret out, if I can put it that way, is your ability at regional level to respond quickly to some of these issues. That is why I say, do you think your regional directors have enough powers of initiative and enough power to do that?

**Mr Haysom:** Yes, I do. What I do not think they have enough of at the moment is support around them. I do not believe there is enough consistency across the Learning and Skills Council in terms of that support. Let me give you an example. In the North West we have made great strides, and partly made great strides because we appointed a Regional Skills Director doing a particular job with a particular team around him. We do not have a consistency of approach on that. One of the things we are able to do is to do just that. There was a question earlier about our ability to respond to Sector Skills Councils, a very big part of what we have to do as an organisation is to make life easy for those Sector Skills Councils because they range from tiny organisations to very large ones. We are going to have a consistent approach at regional

level to enable us to do just that. I do not think, by the way, that is remotely Byzantine in terms of structure, I think it is a simplification.

**Q121 Mr Marsden:** No, that was not what I described as Byzantine, it was the previous thing you—

**Mr Haysom:**—inherited, yes.

**Q122 Mr Marsden:** The thing you are now replacing. My final question, which is a very specific question, I just want to confirm what you said earlier. Am I right in thinking that you said that the anticipation was that you were going to save £800 million through this slimming down process?

**Mr Haysom:** Absolutely not. What we are going to be doing is saving £40 million a year from this point onwards. Just for the knowledge of the Committee, when the LSC was created from its predecessor bodies, the FEFC and the whole of the TEC movement, that was an annual saving of £50 million that was achieved then as well.

**Q123 Mr Marsden:** You are saying £40 million a year. What I would like to ask you then is the £40 million a year you are going to save through this process, has that already been divvied up, as it were, or accounted for in your spending assumptions and priorities for the next three years?

**Mr Haysom:** It is going to take us a couple of years to achieve that, as you can imagine, in terms of a payback. Any of you who have done this in business will know you do not get it immediately. It is not in the current plans at the moment but it has been made very clear that anything that is saved is designed to go to the frontline.

**Q124 Mr Marsden:** When you have finally got these sums of money saved from the process, will you look again—bringing us circular to what we discussed—at whether some of this money might not be provided for some of the adult learners we were talking about?

**Mr Haysom:** As I said a second ago, and I am sure Chris will concur with this, one of our very biggest challenges as we go forward is this whole adult skills issue. While we make it really clear that the priorities which are identified we believe are the right ones, because it is difficult to say why they would not be, we do believe there is a very real issue as we go forward in terms of adult skills.

**Mr Banks:** Just to reinforce that, but also to say, to be very blunt about it, if we only deal with the skills of young people it will not be enough for us as a country. We are absolutely on the same page on that, it is where we are focusing now that we are really talking about.

**Q125 Jeff Ennis:** On the continuing theme of reducing the skills gap, Chairman, one programme I have been quite impressed with in Barnsley and Doncaster is the Entry to Employment programme for the hard-to-reach youngsters, for want of a better description, I think it is working. How

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7 November 2005 Mr Chris Banks and Mr Mark Haysom

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integral is that programme and the expansion of that programme to reducing the regional skills gap, shall we say?

**Mr Haysom:** I think it is a hugely important programme and I think we should be very proud across the country of what has been achieved through it. What has been particularly impressive in the last year has been that more and more young people have been coming out of those programmes with something very positive so they are coming out with employment or they are coming out with enrolment on a course and an increasing number of them are coming out and going into apprenticeships, it is still a small number but it is an increasing number. It is what we would call in the bureaucratic world, if I can use that word, a positive progression. More and more of our young people are getting positive destinations. I think the real issue for us to work hard on is what happens to those young people who are not even able to get on to the entry to employment stuff because it is not the right course for them, it is kind of a pre-entry to employment provision that we have got to make sure we have got across the country. That is the bit we need to work hard on to deliver.

**Q126 Chairman:** Apprenticeships, high dropout rates, you were concerned about it a year ago, are you still concerned about it?

**Mr Haysom:** Yes. Again, there have been some very good improvements in what we would call framework completions. More and more young people are staying on longer within the Apprenticeship but it is still not where we would want it to be. We still need further improvements and a lot of that is about the quality of the provision that is offered and we are working very hard to improve that. Some of it is about the nature of the frameworks themselves and whether they are absolutely right for employers.

**Q127 Chairman:** On some of these more specific areas we are going to have you back as part of our inquiry into learning and skills.

**Mr Haysom:** We would be delighted to come back.

**Q128 Dr Blackman-Woods:** Can you tell us why you published *agenda for change* ahead of the Foster Review and the Leitch Review?

**Mr Haysom:** We have been working on it for well over a year; we did because we went out and talked to the sector about what was important to them and we talked to them about what it is that they wanted to see changed. We did that during the summer of 2004 and the work was then carried on from there. We came to a point where we were able to publish and I was able to go back out on a series of road shows—which I apologise they were regional but it seemed to be the only efficient way of doing it—and fed back to everybody involved what had been achieved. What we did do was to make absolutely sure, because you would expect us to do this, what we were talking about in *agenda for change* was not going to clash in any way with what Sir Andrew Foster was talking about in his review of FE, and indeed, what Sandy Leitch is looking at in terms of his review. There has been a very serious attempt to align that work and to be able to say that is clearly stuff that the LSC should just be getting on with and working with the sector to sort out. What we do not want to do is tie that up for another year waiting for various reports to emerge, but let us make sure within that that it all fits together and that is what we have been trying to do.

**Q129 Dr Blackman-Woods:** Will you amend it if necessary or revise it after the Foster Review?

**Mr Haysom:** It depends what emerges, does it not?

**Chairman:** Certainly, we will find both of those reports very useful and we will be writing up our skills report after that. Can I thank you very much, Chris and Mark, for quite a long session. Hopefully, you have got some value out of it; we certainly have. Can I thank my colleagues and Gurney's who I slandered almost last time because I said they were Hansard and Gurney's, I believe the Clerk tells me, has been going longer than Hansard, not that these two ladies were there when they started! We ought to ask them sometimes about the high skills they develop in the job! Thank you all very much.

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#### Supplementary memorandum submitted by the Learning and Skills Council (LSC)

Further to the request from your Committee for additional information following on from my evidence on 7 November, I hope the following is helpful.

The Committee asked for figures giving performance levels across the LSC. This we have published in our annual report 2004–05, copies of which I enclose again for convenience. Pages 31–35 give a breakdown of various performance criteria and measurement against a variety of targets.<sup>1</sup>

The Committee also asked for the work we have done in looking at the funding gap between schools and colleges. In order to understand the full nature of the gap between schools and colleges, we worked with LSDA and the Association of Colleges to produce a comprehensive report into the gap, which I also enclose. This report went into considerable detail about what elements made up the gap and gave a financial estimate of how the gap might be closed.

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<sup>1</sup> Not printed.

In terms of action taken to reduce the gap, the LSC and the Department for Education and Skills have made a variety of commitments to close the gap. The DfES has confirmed that for young people in FE in 2006–07 it will match the Schools' Minimum Funding Guarantee of 3.4%. Taken together with other measures to correct technical anomalies, this is expected to reduce the gap from 13% to 8% by 2006–07.

As part of our LSC *agenda for change*, we are also working to bring consistency to the treatment of student retention and achievement across school sixth forms and colleges, which we can expect to narrow the gap by a further 3%.

I hope this answers the Committee's concerns on these issues.

*April 2006*

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**Wednesday 16 November 2005**

Members present:

Mr Barry Sheerman, in the Chair

Dr Roberta Blackman-Woods  
Mr David Chaytor  
Mrs Nadine Dorries  
Jeff Ennis  
Tim Farron

Helen Jones  
Mr Gordon Marsden  
Stephen Williams  
Mr Rob Wilson

*Witnesses: Sir Andrew Foster and Dr Robert Chilton, examined.*

**Q130 Chairman:** Can I welcome Sir Andrew and Dr Chilton to our proceedings. If you do not mind, once we get going I will be calling you by your first names, which will give a fair level of both informality and courteousness in this Committee. We try to strive for that balance, but that does not mean to say we will not ask you searching questions. You are both known as very competent public servants. I have known you, Andrew, from health days and in many guises, and Robert, you have had a wide experience in a number of all the professions. I always think of people like you as the heavy mob which the Government brings in when they have a difficult job to do, and possibly looking at FE is one of the more difficult ones. Is there anything you would like to say to start us off, Sir Andrew, or do you want to go straight into questions?

**Sir Andrew Foster:** No. Frankly, you will know that Charles Clarke asked me to do this a year ago. It has felt like a difficult and demanding assignment. Clearly the Government were keen and interested because they felt as if they had put a lot of strategic work into FE, but I do not think they felt necessarily they were making as much progress as they wanted to and they asked me to look at it and report about it by this time this year. Frankly, I am very happy to take questions because I think that will get us into the heart of things more quickly.

**Q131 Chairman:** Yes. Sir Andrew, with all your experience when Charles Clarke asked you to do this you must have said to him, "But there's a Skills White Paper, there has been a skills task force, there is Leitch coming out with the thing from the Treasury on this. Why ask me to do this when so many other people seem to be clamouring all over this already?"

**Sir Andrew Foster:** I do not know that he explained it in great detail to me other than saying, "We feel like we've put a range of different strategic work into this but somehow it doesn't ever seem to have pulled together in the way that we want it to, and I'd be grateful for you to look at it and give us some ideas about how this could be pulled together in a more coherent way."

**Q132 Chairman:** You are probably going to get another call to pull the Education White Paper together in the same way, Andrew. That was a little aside. Charles Clarke asked you to do this, so really he is asking you to give an overview of what are the

major challenges, and so on. That comes out very clearly from the report. Already you are getting a reasonable resonance to the report, but does it worry you that some of the vested interests like the Association of Colleges have welcomed the report? Perhaps you think now that you were not radical enough?

**Sir Andrew Foster:** I am slightly surprised at the level of acceptance which it has received, albeit the way the media played the report on the first day was to play up one of the particular recommendations about contestability, which was only one of sixty, and clearly the Association of Colleges did not like that very much, but generally I think they are being given very focus-studied attention about what the long-term direction is and in recognition of what they do extremely well, which I think is quite a lot. Also, I guess there has been quite a candid view in this report of challenging how the superstructure here, the Department, the LSC and the regulatory machine, works and sometimes does not work. I suspect that means that the AoC probably feel this is an objective view of things.

**Q133 Chairman:** Yes. In terms of when you came to look at this, you must have looked at this and thought surely at some stage, with all your experience in the public sector and as auditor within the public sector, here is this vast bureaucracy, the Learning and Skills Council, which is the intermediary between the Department and delivery of this FE function, and yet here is the Government producing a White Paper which actually wants to get away from any intermediary, local government, which again both of you know quite a lot about? It seems to want to have a direct relationship in funding and in policy direct with the schools, with independent schools across the nation, many more than colleges. Did you not at any time consider why on earth there is this vast learning and skills body as an intermediary between the Department and the colleges? It just seems that the two do not match up very well.

**Sir Andrew Foster:** I certainly did spend some time, and Bob and I spent some time talking about what were some radical options of different sorts of change, and clearly one would be that you swept aside some of the existing infrastructure, and clearly the LSC would have been one of those challenges that you could make. The more I looked at it, however, FE actually feels like a very complicated

situation. Its history in some ways feels like it is an accident about how it came together and it feels like it has had initiative upon initiative upon initiative, and I bluntly did not think eventually that the system was mature enough to be able to take something which went, let us say, directly from Whitehall to the locality. I think with most public services I have ever looked at you end up with a national level, a regional level and a local level. If you look at the Health Service and look at local government, you typically have that and I did not at this stage feel that this was a sufficiently developed set of arrangements whereby you could do that, but what I have gone on to suppose is that one reduces these organisations as much as you can because it does feel like the overarching regulatory arrangements are over-heavy, complicated and sometimes do not work very well.

**Q134 Chairman:** That comes through right throughout the report, does it not? There is a feeling that you are irritated by how much baggage the FE sector has to carry in order to get on with its job?

**Sir Andrew Foster:** Yes. I call it systemic problems, and if I were to give you two or three examples of what I mean, the fact that colleges were incorporated in 1993 and notionally given wide-ranging freedom, frankly then to put an LSC locality alongside which had detailed planning powers actually builds in conflict immediately because they have two different aspirations, in my view. That is what we say in the report. Secondly, I think quality matters a lot and I will not take you through them but there are something like five different quality and inspection bodies involved. In my book that is dysfunction. Then, frankly, I think at times there has not been enough clarity of roles between what the LSC does nationally and what the DfES does nationally. The point is, if you put all of those different things together I think that makes it quite difficult for colleges to do as well as they might if they have an overarching managerial system which does not have clarity. I think there are some challenges to be made to colleges, but I felt that one of the things I needed to do was to make a challenge to how the overarching system works.

**Q135 Chairman:** But you did not take the radical options which I suggested to the Secretary of State ten days ago, to get rid of the LSC?

**Sir Andrew Foster:** Clearly that was an option which I looked at and worked my way through. I do, however, think two things really. I do think that there is a place to look at regional economic context in terms of what "skills" needs to be. So I do think that there is a proper lightweight role to be played both at a local level to the local authority and other people there, at a regional level to RDAs and what the regions' needs are, and I think clearly there is a national need. A democratic government has an obligation to make its strategic direction. So I think there are roles at those different levels. I just think that they should be much lighter weight than they currently are.

**Q136 Chairman:** Your judgment in this was not tempered by the fact that the Learning Skills Council and the Department were sort of your secretariat?

**Sir Andrew Foster:** No, not really.

**Q137 Chairman:** I know your reputation. I was not trying to infer that you would not stand up to them, but these people are giving you the information and planning your itinerary?

**Sir Andrew Foster:** Yes. Maybe at a later stage Bob and I can tell you the different range of research that we put in place, 10 different levels of research, which we independently commissioned. So whilst we were administratively supported by the Department, I do not think they were ever able to stop us from making the challenge that we wanted to make.

**Q138 Chairman:** We will come back to some of these things, and my colleagues will be getting impatient with me, but one last thing I wanted to say in these introductory questions is, what was your impression of what the market out there was saying? We have interviewed the Director-General of the CBI, Peter Jones, and what comes across when you talk to the employers, the people who are going to employ the people who are trained, who want highly trained people, is that they do not speak with one voice. We now have the Sector Skills Councils, we have a whole range of organisations representing different sectors in trade associations. What was the impression you were getting from employers?

**Sir Andrew Foster:** A mixed one. You will see in the report there are some excellent examples of where colleges are in very good relationships with local employers and things are working extremely well. There is no doubt, if you look at some of the examples, that that is the case. However, when you then talk to the CBI you get the sort of messages they have brought out as this report has come out, where they are much more keen on the idea of these services being provided by private sector providers. They want contestability, they want responsiveness in terms of at the beginning of the day and the end of the day very competitive pricing. So I think the CBI has been quite consistent. The only thing I ended up saying back to the CBI, and which we say in the report, is that I would be critical of colleges in this area, but I also think that colleges have had a range of unfair criticism because I do not think many employers are anything like as well-organised on this front as they might be and I think there is a challenge to the CBI and employers to be made, which is how clear are you what your medium term skills needs are? Have you made a business case of how much it would cost? Have you then gone out to the market, be it a private provider or colleges, to have this conversation? In meeting employers, I frankly found that there were lots who had not done that and that there was some rank prejudice against colleges as well as some genuine criticism. I suppose a report like this is attempting to be objective and saying that if we want this to work we need to have some changed behaviour by colleges, but we also need to have some changed behaviour from employers, and

I do not think the CBI should be allowed to duck behind genuine criticism not to take the mote from their own eyes as well.

**Q139 Chairman:** Were there areas where colleges were more successful? In some of the visits I have made it seems that there is a better, more harmonious relationship between the employers in the community and the college when you are in an area where the manufacturing industry is still pretty buoyant and there is a regular relationship which has been honed over time. Where I have been to colleges where we have seen the post-industrial society arrive slightly faster and there are less of the traditional jobs and we are looking for training for new skills, there seems to be more of a problem of a match between local employers. Did you pick that up at all?

**Sir Andrew Foster:** Bob in fact did some work on that, if you would be happy for him to tell you about that.

**Dr Chilton:** Exactly that point. If I can reach back into my past, I come from Middlesbrough. In my youth the technical college knew exactly what it was relating to, the chemicals industry, the steel industry, ship-building, bridge-building, but the economy has changed. Those industries are still there, but it is much more diversified. So when you ask yourself, "Who are the local businesses?" an increasing proportion of people are self-employed, they are in small unit businesses, they are in the service industries and in some parts of the country that is a much more generalised pattern than in a place like that. So colleges need to relate to business, yes, but they need to relate to the economy of the locality and the region, and the nation eventually. That is why the Sector Skills Council process is so important, that it creates a remit, looking forward—Leitch will add to this—as to what is the economic remit for UK plc which you can then cascade down. Local employers will embellish that, embroider that. They will particularly focus on the productivity needs, once they have got employable people out of the local reservoir of the economy, then honing their skills to match what that particular business requires. The first task is to create that pool of employability. The second task is to be able to draw people out of that and hone that skill for productivity.

**Chairman:** Thank you for that.

**Q140 Jeff Ennis:** Sir Andrew, I guess a document which could be regarded as a sister document to yours would be the Tomlinson report, which looked at the 14–19 agenda. Unfortunately, the Government seems to have cherry-picked some of the recommendations from within that report rather than implementing the report in full. Is your report one which the Government ought to consider implementing in full, or could that also be cherry-picked, and if it was cherry-picked which bits would you like to still be retained?

**Sir Andrew Foster:** Well, I have just come this morning from listening to Ruth Kelly give a

significant speech at the Association of Colleges where her broad response to the report was probably more positive than I could have hoped for. Clearly, there is many a slip betwixt cup and lip. What she has in outline said today is that the Government wants to bring together some of what Leitch says with what the LSC has proposed in the *agenda for change* and what I have said. I think with what I am proposing you would need to do a substantial amount of it if you were going to make it work. In choosing not to go for radical change—and I do make it quite clear that I have actually been through quite a lot of big public service reorganisations in my life and I think I say in there somewhere I have seen them take a long time, cost a lot of money, and sometimes not deliver—I basically felt that going for evolutionary change where you work on the issues which really matter with the different places in the system is what I propose. If you started cutting back in any significant way from some of that, I think you would be in serious danger of not making it work. I think the most significant thing that I say is about clarity of purpose, and for me saying that you have an economic skills and employability mission as the prime mission is probably the most important thing. We might go on to that, because I do not say that FE should not do other things. I think FE, however, is badly understood by employers, the media and quite often by some politicians because it is not clear exactly what it does and I think having a stronger focus could make a big difference in terms of how it gets managed. So my answer is, very important is the notion of purpose in mission. I think you do need to look across how the whole system works and I would have to say to Ruth Kelly or the Government, or whoever, if there was a major cutting back of things I think you would be in danger of the basis of my recommendations not working.

**Q141 Jeff Ennis:** You have not attached specific timeframes to many of the recommendations within the report. Presumably that was deliberate. Why have you decided against that, milestones within the report?

**Sir Andrew Foster:** Yes, there are some which do not have them, but I am generally in favour of things happening as quickly as they possibly can. There is a number which have 12 and 18 months attached to them. I think that, if anything, quite a lot of public service change tends to end up happening too slowly and almost people have forgotten what its purpose was by the time they got round to it and somebody is starting to say it has not worked. I am not particularly joking. That does happen. So I would be in favour of rapidity and I think that is a major merit for not going for big structural changes. Most big public service structural changes take up to a couple of years before you even reach the starting gate and several early retirements, redundancies and political aggravation have happened. I would want to argue, why does this not start to get changed within the next six to nine months, because I think it aches to be changed, because I think some of the arrangements are really quite ineffective.

**Q142 Jeff Ennis:** The report focuses, as the Chairman has already indicated, specifically on the role of further education colleges. Given the fact that you were assisted in your deliberations by the DfES and the LSC, has that influence impacted on the recommendations within the report at all, do you think?

**Sir Andrew Foster:** Yes, I think the secretariat that I had were people who came from that. There were six people altogether. The arrangement that I had was that they were working for me during that time and I guess it would be only human that they would sometimes put what would be a DfES or an LSC point of view, but I think I was asked to do it because I had a history of 10 years running a big independent watchdog body and frankly I could not allow that sort of special pleading to be a significant issue. So what is in there is the result of people such as Bob and I having serious debate and discussion about what we thought would be effective, not special pleading by anybody.

**Q143 Jeff Ennis:** I am looking at the report summary you have kindly provided and on p.2 it says: "The causes of the contrast between achievements of FE colleges and the lack of comprehensive impact are many." One of the issues you focus on is that it says there is a mismatch between the aspirations of FE colleges and available funding. I am sure it has been pointed out to you, the current funding gap in sixth form provision between school sixth forms and FE sixth-form provision?

**Sir Andrew Foster:** Yes.

**Q144 Chairman:** Will your report have any influence on that particular agenda, the funding gap that should not really exist?

**Sir Andrew Foster:** I would need actually clarification of what the Secretary of State said this morning. She did make an announcement saying that the Government would plan to start closing some of those gaps over the next small number of years, taking it to 8%, I think, within three or four years.

**Q145 Jeff Ennis:** She said two years last week, but go on.

**Sir Andrew Foster:** Okay. Well, I am just in the main auditorium so I am not claiming to be absolutely vouchsafe. I think there clearly are issues around that. I think the Government clearly recognises it and I think it is desirable to move to close it.

**Q146 Jeff Ennis:** Do you recognise then that that further education funding gap is impacting on the quality of the students' education at the present time in FE colleges?

**Sir Andrew Foster:** I certainly think it is an issue, and I think it is an issue which needs attending to. When we start to look at what affects quality, I suppose we would get into an argument or a debate about causality, and when we talk about quality for me the key issue about quality would be the motivation of the learner, the student, and it would be the professional development of the teacher, the

lecturer. Those would be the two key things which would impact on quality. So we would have to start talking about the relationship between those, in my mind, and the funding gap.

**Q147 Chairman:** You have been doing this inquiry and you know this territory pretty well now, Andrew, and if you were going to give a lump of money is the priority for giving FE a lump of money to redress this particular balance in the teaching of A-levels students, or would your priority go somewhere else?

**Sir Andrew Foster:** I think it is something which does merit investment. I think I would probably phase it over a time. One of the things which stood out for me from doing this study—and Bob may want to help me here with this—is the need for further capital investment in FE around the technology it has. If you are going to drive for world-class technological skills, because the global economy is changing, there is no point in training people on old equipment which does not suit them for the jobs they go out to, and frankly some of the FE estate is very tired. It has not had the same level of investment. So I do make quite a strong argument here about investment. Bob may want to add to that.

**Dr Chilton:** Quite often when people talk about funding gaps there are, I think, probably at least three which I have come across. There is the gap between what a person teaching in a school is paid to teach at a particular level and the person in FE. There is a funding gap between the *per capita* allowance of each sector, but then there is another one and this is the one which the report largely focuses on, which is kind of a strategic issue. FE, as we know it today, describes itself as an adaptable sector. It is very responsive. It does an enormous number of things. If you tried to sum the cost of doing all the things which FE could do, it would be quite high. I actually do not know how high because nobody has ever seemed to have measured it. If you then measured all the things it should do, there would be a debate about what it should do, but it would be a lesser figure. Then if you tried to assess what it can do, it is probably a step down again. That is why you get a lot of rationing going on, sometimes not explicitly. If somebody seizes an initiative and says, "This must happen," something else gets displaced. We argue strongly in the report that there needs to be a model of this. There needs to be an assessment of what actually is the national requirement of FE matched against the capacity of FE and the funding. One of the frustrations of this review is that we have not been able to lay our hands firmly on that, or on another ingredient in the equation, which is how well they use the money they already have, value for money, and finding concise, sharp, incisive comparisons at that level. So when you get to the first two funding gaps there is quite a noisy debate about them, but in the absence of that financial context it is not easy to be precise about what the answer is on the first ones. Could they use existing money better? Are they doing the right



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**16 November 2005 Sir Andrew Foster and Dr Robert Chilton**

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things? Have we made the right strategic choices? If we resolve those matters, could you close the funding gap?

**Q148 Jeff Ennis:** My final question continues on the theme of the funding gap to some extent and I am going to take advantage of the fact that Sir Andrew is Chairman of the Learning and Skills Council, or used to be according to the cv. Have I misread that?  
**Sir Andrew Foster:** I have been Chairman of lots of things in my life, but not that. I was Chairman of the Bureaucracy Review Group.

**Q149 Jeff Ennis:** I apologise. I misread it. It was the Bureaucracy Review Group.  
**Sir Andrew Foster:** That was how I got to do this, but the year before I did this review I think it was Margaret Hodge who asked me to look at bureaucracy in FE, so I had a year before that.  
**Jeff Ennis:** It is a bit misleading.  
**Chairman:** Heads will roll, but if you would like to be Chairman! There is a misprint.

**Q150 Jeff Ennis:** I am sure you are well acquainted with the function of the Learning and Skills Council anyway, Sir Andrew, and it is really on that theme because earlier this year there has been a sort of tension, if you like, between the Learning and Skills Council and certain colleges in terms of the over-achievement of student numbers. That certainly applied in one of my own authorities of Barnsley. If we implement all these recommendations, will that tension in terms of the over-achievement of student numbers be dissipated?  
**Sir Andrew Foster:** I think it is difficult to guarantee that, frankly. What we argue for is a regional understanding of what “need” is and then a greater influence at local level. I think that increases the chance that you would not have that happen, but I do not think I could guarantee it.  
**Chairman:** Let us talk about now the purpose and the focus of colleges. Before I do that, Stephen indicates he has got a supplementary.

**Q151 Stephen Williams:** Just a supplementary on Jeff’s line of questioning. From my own visits to FE colleges in the city—Bristol college is one of the largest in the country, and there is a sixth-form college as well elsewhere in the city—the principals are very, very keen to draw the funding gap to our attention and we have questioned many other witnesses about this in the course of Select Committee meetings. I thought your report would give us much enlightenment, but it is only paragraph 210 in a 100 page report where I could find it referred to, which says: “During the course of the review we received many representations about funding and the funding gap and we understand these. However, we chose to take the position in our work of maximising the use of existing resources,” which is largely what you have just said. Presumably in order to draw up this report you did speak to many principals up and down the country?  
**Sir Andrew Foster:** Absolutely, including the principal of the Bristol college.

**Q152 Stephen Williams:** I am sure. I am sure that all of them would have drawn your attention to their concerns about the funding gap for A-level tuition. Why is there not more in this report?  
**Sir Andrew Foster:** Basically, because I continue to believe that the prime priority is to drive existing inefficiency which exists in the system and I think the argument is already a made argument. I did not see as one of my prime focuses the determination of extra funding to the sector. I saw it as seeking to utilise the existing resources more effectively. Frankly, all of my experience of doing this sort of work is that where extra resources go is the prime heartland of political debate. What I was trying to do was to look to see how you could manage it more effectively. The argument about where more resources would go is something which politicians have very strong views and feelings about and it seems to me it is a political responsibility rather than a review managerial responsibility.

**Q153 Tim Farron:** You say in your report that a residual rump of around 10% of colleges have persistently and continuously failed their communities. I am interested in your views and your experience of what those failing colleges have in common, and perhaps therefore what successful colleges have in common too.  
**Sir Andrew Foster:** The numbers we are talking about are the 389 colleges. I think there are 37 over the last four years’ worth of inspections which have fallen into the least satisfactory category. The pleasing news is that 21 of those 37 have improved, which actually currently leaves 16 in the least acceptable category. I only say that because there has been some contention about what the figures are. So it is a small number, but if you are a learner in one of those that is still not at all acceptable. I had a conversation only in the last week with David Bell, who clearly would have been involved in doing this, about what the characteristics are, wanting to consider it along with my own experience. Very often these colleges have poor leadership, very often they have poor retention rates, very often they have had poor and badly defined programmes, and very often they have had not very good satisfaction and success levels. So those are some of the characteristics which come through. In terms of what a successful college looks like, I think we have actually got a box in the report drawing very significantly on the Ofsted work, which does give a range of characteristics of the most successful colleges, and frankly one of the prime ones which stands out is about the quality of its own management, the quality of engagement with learners (I draw your attention to p.26, box 3), and then the nature of its engagement with local employers. So it is quite clear (there are about seven or eight points there of what are 29 excellent colleges) what the characteristics are. So we do frankly know some of the characteristics of “poor” and we do know the characteristics of “excellent”, and clearly the management task is to enhance the one and reduce the other.

**Q154 Tim Farron:** That is very helpful and the message is that bad colleges produce bad results. I wonder how one gets to become a bad college in the first place. I suppose I am looking at whether there are patterns with regard to catchment areas, size and location?

**Sir Andrew Foster:** I am not aware of there being completely consistent issues to do with rurality, downtown or size.

**Q155 Tim Farron:** The affluence of an area, for instance?

**Sir Andrew Foster:** Yes. I understand where you are coming from, but I think the single biggest feature is about the quality of leadership, as it is with many institutions, which is, frankly, where are the future generations of principals coming from? Are people coming from outwith? How strong is that programme? It seems to me that if it is a critical success factor, how you invest in the leadership of the sector, it is a very important issue.

**Q156 Tim Farron:** I do not want to re-hash the funding gap issue again, but it is just worth dropping in that perhaps an issue there is down to salary levels and the remuneration of managers in FE compared to HE, and indeed schools?

**Sir Andrew Foster:** Yes. I am not at all unsympathetic to the funding gap argument, but if you look at the best practice examples we have got here—and I have literally just come from two days of talking with a lot of principals—there are some excellent principals, if you look at the example in here of Leicester, and I spent time over the last couple of days talking with the woman who runs the big college in Newcastle. Even with a funding gap, there are excellent leaders delivering wonderful results and frankly our joint experience in the Audit Commission was that quality of leadership *in vacuo* of resources can still do excellent things. I am not, therefore, arguing for low resources, but to say that resources is the key issue towards excellent service is not correct. If you actually do a scattergram about the level of investment relative to the quality of the product, there is not a direct relationship between them.

**Tim Farron:** Absolutely. I am sure we all know some incredibly well-paid bank managers.

**Q157 Chairman:** In colleges principals are well-paid, comparatively?

**Sir Andrew Foster:** I suppose it depends on what your comparison is.

**Q158 Chairman:** Well, in comparison with university vice-chancellors there is not much of a gap between them, is there, with the larger colleges?

**Sir Andrew Foster:** You are probably talking about something from £100,000 per annum plus from the larger ones, I guess, £100,000, £110,000, £120,000. I do not have the absolutely *bona fide* information.

**Q159 Tim Farron:** Moving on to another area of the report, you talk about the importance of FE having a brand identity. You did talk about this a little earlier on. I just wonder precisely what you mean by that and how you think it would help FE?

**Sir Andrew Foster:** If I start, and Bob may want to add to this. Effectively, it feels like FE do three things. They already do employability and skills, they do a lot of academic progression through A-levels and they then do adult learning and leisure learning. If you ask, many people are not at all clear where their focus is and I think one of the reasons why FE loses out in the resource debate in Whitehall between politicians is because there is not the same level of ownership as there is for schools and universities. You will see we have penned the phrase “the middle child of the educational family”. It just does not seem to have got the resources in the same way. The argument of this report is that the economic skills and employability argument is a massively powerful one because of what is happening in the world economy and that we are falling behind as a country in relation to the economies elsewhere in Europe and if you were to put together a strong case around employability and skills that would make it very much more understandable by everybody in society what the prime role was and I think you could argue that that would end up having an enhanced role in terms of the level of resources which come FE’s way.

**Dr Chilton:** Just as a postscript, who stands up and champions FE outside FE? In the schools sector there is a great parent body there; in the universities, the professions, etc. FE is that neglected middle child and part of the problem is that it is not easy for someone to identify with it because it does so many different things. The emphasis on skills and employability gives it a potential champion, which is the economy, the business world, which is where it came from, but as it accumulated so many additional functions that became diffused. I am not saying lose those functions, but put a brand image out which builds alliances, friendships, support and champions beyond the sector itself.

**Q160 Tim Farron:** I do not want to follow you up on that because I know Helen is going to. The final question I have got is that there is concern amongst employers about the gestation period from the conception of a great course idea to the delivery of a course, particularly in the more technical areas where basically the courses are all but obsolete by the time they are on the books and being taught. Obviously, accreditation and validation are very important. How do you get around that problem so that you have got courses fit for purpose within FE without undermining quality?

**Dr Chilton:** I do not think we actually specifically looked at that question, but I think when you get the Leitch review you are going to get another dimension to this. One of the things which seems to be emerging is some evidence coming to Leitch that employers are spending about £20 billion on training for productivity. If you set that alongside the LSC budget you realise that actually an awful lot of

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**16 November 2005 Sir Andrew Foster and Dr Robert Chilton**

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employers are shopping around for the things specifically tailored to their requirements. When they come to FE, FE is locked into a need to deliver products which relate to a qualifications framework, hence they go through the various hurdles you are describing, and that clearly does slow things down. You heard me argue earlier and the report argues that there are two functions going on here. There is putting people into the employment workplace with a capacity to work, employability, and there is taking them out of the workplace and honing them for a particular business productivity. Employers are doing the second task and sometimes FE colleges are able to work alongside them and compete for that, but they do have this primary role of actually getting people fit for work in the first place related to the local economy. So I am sure you are right, this capturing of them and relating them to the strong qualifications structure does slow down their flexibility, and some of them have argued to us that they should have the ability to accredit their own courses. Of course, one of the problems with this world is that there are so many accrediting bodies and so many courses, so that option is a bit of a dilemma.

**Q161 Chairman:** Is there not another problem, because FE is incredibly flexible when it is looking for money? A principal sitting there with his or her team is incredibly adept, in my experience, of saying, "Oh, there's some new money from the DWP, there's a bit of money from the Home Office, there's a bit of money here," and the reason they are not focused on a core mission is very often because they are desperate for money and so, like a lot of organisations, they lose the plot because they are chasing money to employ people to keep the place running.

**Sir Andrew Foster:** I must say, I got asked exactly that question at the AoC event yesterday and my response would be that so much initiative ends up giving a fuzzy reputation and actually one of the reasons why colleges feel aggrieved is because they say, "Government, we have responded to you here, we have responded to you there, and we still don't get the money that you promised us." I think that clarity of purpose about what it is the Government wants this sector to do in the medium to long term and a degree more of reliability of the money focused around a longer term purpose would actually lead to FE colleges having some more independence and not being as dependent all the time on where the Government is on issues. It is for that reason that I argue for economic skills and employability.

**Q162 Chairman:** You are going to get questions in a moment from the rest of the team, when I give them a chance, but where I just came from on Friday, Kirklees council in Huddersfield were talking about community education, which very often actually ties into the other steps into more formal education, and in a sense in the report what comes out as you read it is that you are saying this is the core mission of colleges but you do not really say where it should be

placed, not really. You say there should be a better partnership delivering that, but where, on what canvass, with what focus?

**Sir Andrew Foster:** Probably in my first year looking at FE I spent a lot of time looking at how you would improve the efficiency and effectiveness of FE, but it is absolutely impossible to look at the effectiveness of FE unless you look at it in relation to what is happening in schools and unless you look at it in relation to what is happening at universities. You will see in the report that we argue that in fact having chimney-stacked approaches to how you manage these different significant sectors of the educational world is unhelpful. So I would be arguing that the Government should have a much broader and integrated education strategy into which these different parts fit. The answer to your question would then have to be, how do you have an overall approach? I think FE has lost out because it has not fitted in particularly well with the policies which are happening in relation to schools. The big school issue is, how many young people who have done badly in school or had a negative experience end up being the price that FE has to pay in terms of trying to socialise them? Yet that problem gets shipped out. I just do not think that is a very productive way of doing it. I think you should view the way you manage the whole system, and you will see that my challenge to the new Permanent Secretary of the Department of Education is that that is a way in which it would be better to manage things.

**Q163 Helen Jones:** I want to follow up this business about what you call in your report learning for personal community development, because you seem to envisage some of that being delivered through colleges if there is no other provider, but a lot of it being delivered through the LSC, local authorities working, I think, with museums and libraries and the voluntary sector. Does that not mean we will end up with a mish-mash with no one having overall responsibility for delivering that area of learning?

**Dr Chilton:** At the end of the day, it is who has the purse strings, who is commissioning, and this report would leave in place the local LSC structure. But we argue that it must be focused and understanding of what it is trying to achieve. It does not have to put all its money into general FE colleges and sixth-form colleges; there can be many other routes to achieving the objectives which we are setting for it. The concept of employability is not simply acquiring a vocational skill and a trade. For some of the youngsters it is learning to be able to get there at nine o'clock every morning. It is actually learning some very basic life skills to be able to get onto the ladder towards employability. This is not ruling that out when it picks that core purpose.

**Q164 Helen Jones:** Indeed, I understand that, but I think the question I am asking really leads on to one about staffing and resources. If a lot of these courses are to be delivered as you envisage, through voluntary sectors, through different parts of the local authority, are you confident that they have the

necessary staff who are trained to do that? Let us look at voluntary organisations as an example. How many voluntary organisations have staff in place with the qualifications and experience to deliver the kind of things you are talking about?

**Sir Andrew Foster:** I do not know that I have got good enough evidence to give you a substantial answer to that. The idea behind it is not saying, "Let's give this to the voluntary sector or other bodies willy-nilly." The idea would be, what are the needs of the area, therefore what are the priorities of the area, and then let us discuss who in the locality is best-placed to deliver them. I think what we were trying to raise in writing that particular paragraph was that there need to be substantial links in the community. I do not think it is, "Let's just offload," but I think there are places where the voluntary sector and other parts of the local community does have resource and does wish to be involved, but I do not think it was on an offload basis, it was on the basis of looking and seeing what there is in your community and making sure you respond to it to see whether it can provide that.

**Q165 Helen Jones:** But if the colleges' key mission is to be employability and skills—and there is an argument for that, I do not dispute that—then the rest of the learning will possibly have to be done through other bodies. If, for instance, we are talking about a local authority delivering it through museums and libraries, that has an on-cost for the local authority, does it not, in terms of the usage of staff, buildings and managers, and so on? Did you look at any of these issues?

**Sir Andrew Foster:** No. I think probably I need to go back to what you said at the beginning. In describing or proposing a prime role, a prime focus around employability and skills, I am arguing that that should be of paramount importance. I am not saying that colleges should not do the other things as well. I am saying, however, that they are highly desirable but not as important as the primary, and then that leaves local choice about whether the college continues to offer those services or whether there are other possibilities within.

**Q166 Helen Jones:** What I am trying to tease out from you is whether those possibilities exist in reality, given what needs to be put in place on the ground to deliver them?

**Sir Andrew Foster:** In the conversations which we certainly had with local government, you will know that local government is very interested in a range of these issues, wants to influence it and in many places would say it either has the resources or certainly has the wish to and would be interested to see how it could be developed if money could be made available. If we are talking about the local LSC as a commissioner, then it would have to be the money being made available.

**Q167 Helen Jones:** Yes, that is correct, but of course what we are already seeing in some of our colleges is that because of the emphasis on basic skills, adult

learning courses are either seeing a fees increase or they are being cut back. There is a tension between the two.

**Sir Andrew Foster:** There is.

**Q168 Helen Jones:** There is also an argument that some courses which do not fit the basic skills agenda are actually, as the Chairman said, a means of bringing people back into the education system who would not otherwise be there. Does your report make any suggestions as to how you solve that tension, bearing in mind that whoever deals with it there has got to be a pot of money to fund it? If the LSC is putting most of its money into skills and employability, there is no money for adult learning, or there is not much money for adult learning?

**Sir Andrew Foster:** I think that the position is exactly as you describe. I think we describe a position where one of the frustrations in the FE world is that they have had significant expectation put on them and they have consistently not had as much money to fulfil that expectation, and one of the frustrations of people with the FE and working in it is of not having enough money to do what they wish to do. Therefore, I argue for economic skills and employability on the basis that somebody has to make some priority choices and that actually it would be better for it to be clear what is a priority, because otherwise what people in colleges say is, "We're asked to do everything. We don't have the money," and we then end up being the fall-guy in the middle of that conversation.

**Q169 Helen Jones:** Indeed. You talked about the link between colleges and employers. I wonder if you had any suggestions to offer the Committee on what should be the link between colleges and the trade unions' learning representatives, who are increasingly responsible for seeing a lot of learning delivered in the workplace?

**Sir Andrew Foster:** We do mention it, I cannot remember exactly in which paragraphs, but certainly in the meetings we had with trade unions and in the meetings we had with the TUC and in the explanation they gave of the growth of learning representatives we were very supportive of them. We thought it was an extremely positive development. I cannot remember the paragraphs which are there, but we say it is a very good way of outreaching and we would encourage there to be contact between colleges and representatives, and I think we in fact refer to how that has developed in Denmark in an even more positive way than has happened here. So we stand in support of it and encourage colleges in that direction.

**Q170 Helen Jones:** But again, it can then be difficult to draw the line, can it not, on what courses the college will be involved in, given your emphasis on employability and skills? To give you an example, there is a very good set-up in my area where the bin men have learning things on site. Some of them would be doing computer courses, which I suppose you could say is employability and skills. Some of them do Spanish for their holidays. How would that

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**16 November 2005 Sir Andrew Foster and Dr Robert Chilton**

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work in practice under your proposal? Would it be funded differently? Would the LSC, through the local council, be looking after one bit and the college looking after the other? How would that sort of thing pan out?

**Sir Andrew Foster:** We are continuing to talk about the major governmental funding coming through the LSC to a local level and it would be from the local LSC to the local college, and it would have to be what were the priorities which had been established which met economic need in that locality. So the Spanish classes which you talked about would probably not fall into that category, but if you look at p.37 of our report, the chunk on trades unions, the example in Denmark, we are supportive of this but it does have to fit within what the available funds are.

**Q171 Helen Jones:** Yes, I understand that. The only thing which bothers me about what you are saying—and I agree with a lot of it—is that we could end up with a situation where if you are able to go into higher education, if you want to do Latin or classical Greek, whether it fits with employability skills or not you can. If you are a manual worker, we take a different view. Do you not see a difficulty in that?

**Sir Andrew Foster:** I suppose I am just practically thinking about the sums of money which are available and what the needs of the nation are. Where that argument takes you is a basic challenge between the funding for universities and the funding which goes into skills and people who had less earlier academic opportunities.

**Helen Jones:** Yes. I just throw it into the mix, because I do not think we think of higher education in that way. Thank you.

**Chairman:** Sir Andrew, the Committee is always encouraged when they can see witnesses thinking before they answer. That is not always our experience!

**Q172 Mr Marsden:** Sir Andrew, can I take you back to the skills area, which you have emphasised several times that you feel very strongly should be a core mission, and sitting here as the chair of the all-party skills group who am I to disagree? Indeed, we have produced a report emphasising many of the same sorts of aspects recently. But I want to ask you about what we mean by skills, because we have already had some discussion already about what might or might not be fundable. I have an example in my own constituency at the moment where young people who are in a foyer-type setting are having problems with funding from the local LSC in terms of some of what I would regard as basic bog-standard (if I dare use that phrase) courses to get them skills for life but which are not seen as such necessarily under the LSC's provisions at the moment. What are hot skills and what are cold skills? What are hard skills and what are soft skills, and what would be funded under the sort of core provision you are talking about?

**Sir Andrew Foster:** We do not make such a prescription, other than to say two things really. It does come back to how much money you are going to put into the system, which is a broad political

determination, and I think then the nation or the government of the day has an obligation to say how much money it is going to make broadly available, point one. Point two, though, is that what we are arguing for (and which the Government has started to set in place but which we have not seen the results of) is the strong determination of what are the economic needs of a region. That is why the whole apparatus has been put in place, as you will know, in relation to what RDAs have to say about the needs of their area, what Sector Skills Councils have to say, and that influencing very strongly what should be the skills priorities for a region and then for a locality. So I would say broad governmental determination here, but I think we have a chance of major development, as long as it works, of a much more systematic and organised approach to what happens in a locality and I just do not think that historically that has happened. My answer has to be an answer of principle.

**Q173 Mr Marsden:** Yes. The trouble is, that is not necessarily going to solve any of the problems on the ground which I am referring to, but let me take you on from that to the whole area of what the sector skills councils are supposed to do. Again, if I look at it from my neck of the woods in Blackpool, where we do not have certainly within the area (although we have people from the area working outside) a major traditional manufacturing situation. What we have is obviously a very strong important leisure and tourism area and lots of small and medium-sized businesses. Traditionally, FE colleges have not necessarily been very good at addressing either of those areas. As it so happens, before I get hit from a great height by my local principal, let me say that the principal of our FE college is making a determined effort in those areas, but what needs to be done? If we accept your description that economic growth and skills has to be a central core function, what needs to be done under this new direction to make sure that small and medium-sized businesses and courses do perhaps address leisure and tourism, which are going to make just as much money as some of the traditional courses for an area or sub-region, are treated on an equal playing field with the more traditional ones and with large companies?

**Dr Chilton:** One of the problems, if you are a small business, is that there are enormous demands on you to run the business and deal with government, and finding the extra time to then relate to the future development of a workforce with the FE college is rarely something which is a priority, so they are disengaged. We found a relatively small proportion of employers have engagement with FE, but you still have a fundamental interest in being able to find the right people to do the work that you want to do. That is why I think the Sector Skills Councils are so important, because they take a sector-wide, regional view of what the requirements are. They look at the industry, the economy locally, and therefore can act as a voice and a conduit for the collective experiences of people in business and various sorts of business. You then have to take that remit and find a way through the Commissioner, the local LSC, to then

buy the courses which businesses want and then stay in touch with local businesses. The big message in this report is about FE being able to relate to learners, being able to relate to other stakeholders, feeding those messages back into the system. One of the things which does seem difficult in this world, and I think it relates to the questions which Helen Jones has posed, is that if you said, "Look, I think bin men should be able to learn Spanish," what is the price tag nationally on a policy statement of that sort? We do not actually have a model which enables us to price up the policy implications of statements we might make, therefore we cannot put them all together and see where the hard choices lie and decide whether this commands resources against other demands on resources, or within FE where we would place the balance of our emphasis, upon which there would be a genuine debate amongst various stakeholders.

**Q174 Mr Marsden:** I would agree with that, but would you agree in turn that given we anticipate much of the growth coming from certainly medium-sized businesses in the non-manufacturing sector over the next 10–15 years, we have got to make that fit much more closely?

**Dr Chilton:** Absolutely.

**Q175 Mr Marsden:** Can I perhaps just take you on to another point, which you have touched on very briefly in your report but you did not elaborate and obviously there is a great focus, as you say, on skills and training. One of the things which our report, the skills report, was concerned about is the enormous implication of the change in demographics. You had Chris Humphries on your advisory group and Chris, as you know, waxes very eloquently on this. What are the implications of a change in demographics over the next 10–15 years where you are going to have far more adults needing re-training and re-skilling and far fewer young people even in the cohort for training and skilling? What are the implications of that for what you are proposing today?

**Sir Andrew Foster:** I think you would clearly have to change your commissioning, your broad national priorities as time went by, as you would at a locality level. So it would have to develop as the demographic changes developed, which is the thought that we had, but again we were talking about laying out the principles and trying to make it a more coherent system than we believe it currently is.

**Q176 Mr Marsden:** The demographic change is already happening. It will accelerate. Do you feel that the colleges and the LSC have got a handle on the urgency of this problem?

**Sir Andrew Foster:** It certainly is something which we talked to people about and certainly something which people are aware about. I do not know that it had a sense of urgency attached to it.

**Q177 Mr Marsden:** A last very brief question on issues of urgency. In some parts of the report you touched again on the commonality, which is

accepted, the sheer welter of numbers of qualifications and the problems with acceptance and recognition of that. I think you referred to that right at the beginning today. Is that something which you think is a short order priority for being addressed within the next 12–18 months, which I think is the timeframe you used?

**Sir Andrew Foster:** For me, the broad approach which the Government is taking seems a sensible one. The biggest challenge, frankly, is an issue of speed and I think you will see that we argue for the framework which is being proposed to be pushed at a faster pace than it is currently being pushed at.

**Chairman:** We would like now, Sir Andrew, to move to more general questions about quality and Rob Wilson is going to lead on that.

**Q178 Mr Wilson:** Sir Andrew, in light of some of the things we have been discussing, the initiative, the poor funding, the schools system exporting failing pupils, strategic confusion, is the fact that only 10% of FE colleges are failing a surprise to you?

**Sir Andrew Foster:** Probably not. I was trying to think just for a minute about failing hospitals, failing schools, and what the normal distribution chart is and frankly the level of complexity which has existed here is greater than I have seen in some other public services with which I have been involved in the past. I think the number of failing colleges is not a great surprise.

*The Committee suspended from 5.15 pm to 5.19 pm for a division in the House*

**Q179 Mr Wilson:** Could I just put the question I put to you in a slightly different way to see if I can tease out more of a response. Do you feel that the FE colleges have been relentlessly failed rather than, as you put it in your report, relentlessly failing their learning communities?

**Sir Andrew Foster:** There are two separate things I would say. One is that I think the system which we currently have has not made it easy for colleges, which I think is understanding your question better. I have some understanding, therefore, of the situation of colleges and that is where this report does lay a challenge to the Government, the LSC and the regulatory framework. So there is a challenge to Government. There is then, however, a challenge to under-performing colleges too, so it is not either/or, I am afraid it is both, and if the learner really is to be put first I think that this system has not been very good at resolutely bringing about change either, in under-performing colleges, but you will see that we do not just talk about under-performing colleges, we are talking about under-performing departments and that is equally as important as under-performing colleges. So we are challenging departments even in reasonably performing colleges or even excellently performing colleges. Basically, I am nobody's dinner guest in FE any longer because I have been quite critical and challenging of everybody, but I have done that after reflection because I think this is a system which has not had as much attention as it might.

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**16 November 2005 Sir Andrew Foster and Dr Robert Chilton**

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**Q180 Mr Wilson:** We have touched on resourcing before, but do you have any evidence that quality in the FE sector is closely connected with funding or the alternative?

**Sir Andrew Foster:** There are two things. One is a general response, having spent a year doing this work and 18 months before. Impressionistically, I do not think there is a strong relationship between the two.

**Q181 Chairman:** Between funding and performance?

**Sir Andrew Foster:** Yes. Bob and I both have the experience of having done really quite a lot of reviews where we have actually quantitatively been able to demonstrate that there is not a direct relationship between funding and performance. So I am saying two separate things. In a range of public service studies I have done, I have regularly seen that there is not a direct relationship. We have not done this work in quite that way here, but my impression is that there is not a direct relationship between the two. I would say there is a stronger direct relationship between the quality of leadership and performance than there is between the level of funding.

**Q182 Mr Wilson:** Just moving on then, it seems from the report that you would like failing FE colleges to go through a sort of similar process to failing schools at the moment. They get a notice to improve within one year, I believe, and they are obviously helped during that period to do that?

**Sir Andrew Foster:** Yes.

**Q183 Mr Wilson:** From what the AoC have said, they are not very happy about this idea of contestability after that period if they do not get any further. Will not allowing other colleges or private providers to take over these chunks of inadequate provision de-motivate staff and colleges give a negative picture to the various stakeholders?

**Sir Andrew Foster:** It could do, but the prime principle that I am standing for is that the learners' needs come first and that, frankly, having had several years when failing colleges have not been attended to just is not good enough as far as I am concerned. So that is more important than anything else. I therefore, though, say give a period of a year of intensive development. That is quite a big opportunity in its own right and anybody who really wants to, I think, should be able to make some change during that time. If you then had a period of inspection for this to be established, a period of development, that already means you have gone on for a year plus whilst learners are not getting a good service and I actually think that then looking to see whether another college, a voluntary provider, a charitable provider or a private sector provider could in this small number of cases run things is the least that learners deserve. So I would stand by what I have put in this report. The other thing I would say to you is that there is a lot of static around in the AoC. People like myself have been saying this over the last 24 hours. I reckon the very fact that this now exists as a possibility will change the motivations in

some places. It is my experience in public services that development phases go on for very long periods of time. I have quite often seen, when competition gets introduced, that you get really quite quick change in some situations.

**Q184 Mr Wilson:** You said there that a year is a big opportunity, but do you really think a year is long enough to turn around a failing college or department? What is your evidence for that?

**Sir Andrew Foster:** There certainly is evidence, I think, in some of the schools that that has happened and I have certainly seen in local government through the comprehensive performance assessment process that when you get really rapid leadership and action you can see significant change.

**Q185 Mr Wilson:** Okay. Just sticking with the evidence point, what evidence can you point to which suggests that the closure or the takeover of departments leads to better quality in the long run? Where is the information for that coming from?

**Sir Andrew Foster:** The argument about closure would be a last resort. Closure would have to be that there was not a need for the service, so I am not arguing because somewhere underperforms it should close. I am arguing you should find a provider who can provide the service as long as there is a case for that.

**Q186 Mr Wilson:** But if you cannot find an alternative, presumably you have to close?

**Sir Andrew Foster:** Ultimately, yes.

**Q187 Mr Wilson:** Just following on from that, who are you suggesting should have the final decision-making power to close?

**Sir Andrew Foster:** I am suggesting that should be in the hands of the Learning and Skills Council.

**Mr Wilson:** Thank you.

**Q188 Chairman:** Andrew, do you really mean private when you say "private", because when we read that in the White Paper in terms of schools becoming independent trusts within the state system, and foundation schools, we were hastily reassured by the Secretary of State that she meant private trusts, not private companies? You actually mean private companies like Capita?

**Sir Andrew Foster:** No. There are about a thousand private providers of different sorts of training services. I do not mean the bigger firms like Capita, I mean firms who are already providing these services and in the process of this review I met these people. They were not the major focus and their response to me was to say, "Colleges spend quite a lot of time complaining about the level of funding they have and what their capital provision is. If you ever gave us the opportunity—they have much more capital than we do, they have much greater funding—you would find our ability to make something of some of the situations which people have complained about for a long time. We already run these services, we are set up to run them," and in fact at the press



conference we had earlier this week we had some private sector providers there saying, "We believe we could run these services well."

**Q189 Chairman:** So the sorts of companies which run religious education, for example, those sorts of companies?

**Sir Andrew Foster:** Yes. There is quite a number of them, but a lot of the press coverage has focused on private providers. I am also saying that the excellent colleges which currently exist, of whom there are many, could equally be doing that and I think there is just the sense that you could quickly get another good college or an established provider; and you clearly would not give it to a poor one, you would give it to one where you had good quality evidence that they ran services as they are at the moment. So it is not an irresponsible suggestion at all for an excellent college or an excellent established provider, when you stand a chance within one or two years of turning something around which for the last five years has not run very well.

**Q190 Chairman:** Sir Andrew, I certainly do not see that as an irresponsible suggestion. I think it is irresponsible of the press with a good report like yours only to focus on that one element.

**Sir Andrew Foster:** Yes, that was the sadness of it.

**Chairman:** You will know that the other day we had the Learning and Skills Council here, which spent £10.5 billion of our taxpayers' money, and not one member of the press bothered to turn up.

**Q191 Jeff Ennis:** One supplementary question on this particular line. I presume, Sir Andrew, that TUPE would apply to employees then in the colleges which were taken over by private providers?

**Sir Andrew Foster:** That would need to be looked at thoroughly and in detail, but my expectation is that it probably would. We had proposed to the Government that this is a prospect. Clearly, if the Government is interested the full detail of how you achieve it we would need to look at it, but my expectation would be that what you have said is true.

**Q192 Jeff Ennis:** In a setting within an authority, for example, that was fully tertiary where they did not have any sixth form provision, if you had a situation whereby the ceiling fell in, shall we say, and the college failed the inspection, would this not cause an enormous upheaval for the students who were halfway through courses?

**Sir Andrew Foster:** You would obviously have to try and make contingency plans about how you managed it, but it is important to understand this is a relatively small-scale proposition. There are 389 colleges and 37 have been in this category. At the moment it is 16. So you have got to think that by the law of averages some of those 16 are going to turn themselves around and then you are going to have a contestability review. There is a danger—not that I am saying you are doing this—that it gets a disproportionate amount of emphasis. I think the level of attention it will get from the people locally,

if it motivates them to work things through more quickly, has got to be in the public interest as far as I can see.

**Q193 Chairman:** Could I just push you on where contestability comes from? Could I find that in the dictionary? Did you invent this word?

**Sir Andrew Foster:** No. We must walk in different circles. It is in quite regular use—

**Q194 Chairman:** It is a new one on me. It is interesting. You did not mint it yourself?

**Sir Andrew Foster:** No.

**Q195 Chairman:** I had a colleague once who said to the clerk, "Go away and mint me some new clichés," or something.

**Sir Andrew Foster:** Why do we not call it "competition" then?

**Chairman:** I like "contestability". I am trying to do a Melvyn Bragg on you!

**Q196 Mr Chaytor:** Chairman, we call it "contestability" because the DfES officials did not like "competition"! Sir Andrew, where there are clear examples of poor quality provision, either in a college or in a particular department or a section of the college, is it the nature of the management or is it the structure of the ownership?

**Sir Andrew Foster:** I think it depends, but my first instinct is that the nature of the management is the most regular, but it could be the second as well.

**Q197 Mr Chaytor:** If it is the second, if your argument is that contestability is inevitably going to drive up quality then why do you not recommend that other areas of provision (i.e the middle of the road sorts of areas) are subject to contestability as well?

**Sir Andrew Foster:** I think because I viewed it as being a way of challenging and discovering with those places which are already doing very poorly what can be discovered. I do raise similar questions for what is called "coasting" and I think you would need to see from the experience of doing this for the first few years how effective it was. It clearly has a chance of being extended if you found it was successful.

**Q198 Mr Chaytor:** You are very critical of the existing audit and inspection regimes being too top-heavy, and the quality control regimes also. In an area, for example, such as work-based learning the inspection reports show consistently that is one of the weakest areas of college provision, but they also show that private provision of work-based learning is also very, very weak. If your argument for contestability is to hold water then what kind of quality control mechanisms do you think should be in place for the private providers who are going to come and take in some of the weakest college provisions?

**Sir Andrew Foster:** Bob may want to speak about our general thinking about inspection, but you would have to have the same scrutiny proposals. We

are actually arguing for a change in scrutiny because, as you know, at the moment we have ALI, we have Ofsted, we then have advice being given from the LSDA, from the QIA and from the LSC and we argue for a rationalised approach to that and frankly we argue for not just looking at inputs but looking at what the impact is of what is happening. Relative to the way scrutiny has developed in other public services, these days in other public services if you look in local government at how the overall council is run, the corporate governance system, frankly the system which exists in FE is not only fragmented but it is very traditional.

**Q199 Mr Chaytor:** You are very attracted by the American community college model of self-regulation. How long do you think it would realistically take for us to move to that kind of system in Britain from the very heavy top-down model we have at the moment?

**Sir Andrew Foster:** With the American system, if you have studied it at all, community colleges had a terrible reputation 10 or 15 years ago and over the last 10 or 15 years they have put themselves on a better footing by having a stronger link with their local communities, but then they have been very much better at advocating their case very much around the economic needs of the area. The other thing they have done is to develop a peer review and self-assessment scheme. But your question was how long will it take. I think it could take five to 10 years before you actually got there. I am arguing that you should be even tougher on the under-performing and you should over a period of three, four or five years start to give increasing freedoms to those who are doing well. Clearly, what you would do is you would not let anybody be in a peer review self-assessment system until you were feeling very confident that they were excellent. So you would graduate it over a period of time and you would never let anybody migrate to that until you were clear that they had good standards. You will see from the model that we explain in there that we met the people who did it in and around New York and they were saying, "If you fail these you are going to go out of business."

**Mr Chaytor:** That is my next question. Is that realistic in the British system? There are big cultural political differences here. Is it realistic that a whole college serving one town can simply go out of business and come to a grinding halt?

**Chairman:** David, while you were out Jeff was thinking the unthinkable in Barnsley!

**Q200 Mr Chaytor:** So the answer is no?

**Dr Chilton:** In terms of your taking our thinking a little bit beyond where we stopped with the report, what is quite interesting in the States is that they will close down a school or a college, but they do not close down the delivery of education from that building because the next day it continues but under new governance and new management. So you can separate out the two issues. One of the ideas already in the system, which this report endorses, is hub and spoke. A lot of colleges want to be hubs, but not too

many are talking about being spokes, but if you are at the failing end of delivery and somebody else is skilled you can build an alliance to enable them to spoke quality learning so that it continues in the locality.

**Q201 Mr Chaytor:** Thank you. You also talk about colleges needing to listen more to their students, to the learners and to employers. Is there such a thing as the employer's voice or the learner's voice? Are we talking about huge numbers of different opinions here?

**Sir Andrew Foster:** If we separate them, because I think the needs and requirements are different, a very important thing for us was to meet and listen to what the learners said throughout this and you will see the report is peppered with what the learners said to us. We should tell you before we finish that there was a range of different researches that we had and one of them was interviewing in depth 100 learners of what their experiences were. What came through very strongly to me was that if learners were listened to—and many of these students, as you will know in this country, are people who are disadvantaged either through their educational or personal domestic circumstances—how much it increased motivation if people felt they were being taken seriously. So for me, how you listen to learners is a very important thing to increase motivation, and motivation seems to me to give you a really strong chance of improving quality. It is for that reason that we proposed learners' panels in all colleges and that the board of the college should then look at what the learners' panel says on an annual basis and it should be obliged to say, "We listened. This is what they said and this is what we are going to do about it, and this is what is not very good at all." We also thought it would be a very good thing that the LSC nationally had a learners' panel and that learners should be able to say what they thought about the national LSC. Before anybody says, "Gosh, this is so much gobbledegook," you will see in here there is an example of how this works in Denmark and it is very influential, and if colleges do not do it they get fined. They do do it and it makes students feel very good, and we involved the NUS in doing this and we had the NUS at the launch of this the other day and they said they had never been taken so seriously for a long time.

**Q202 Chairman:** You take that as a compliment, do you?

**Sir Andrew Foster:** I do think that the motivation of the students, especially if they come from a disadvantaged environment, is a key feature of quality.

**Q203 Mr Chaytor:** What if the views of the learners and the employers are in conflict, for example the learners in a particular area may be pressing the college to open a construction training facility at the local college and the employers say, "Well, we would rather have a regional facility run by the private sector"?

**Q204 Sir Andrew Foster:** I think the local commissioner and management of the college have to make a choice, but if I were to be managerially critical of this system it would be the supply side, that the colleges very often are running things to suit themselves, not malevolently but that is the way they have always done it, and I would like to see a much stronger input of what the student had to say and what the employer had to say. I think it is quite possible that they would be in conflict, but I think it would be a much better system if there was regular input of what employers said and what students said. That, I think, would make colleges even more relevant than they currently are.

**Chairman:** Roberta, you were going to take us through the last section, which is management challenges locally and nationally.

**Q205 Dr Blackman-Woods:** Sir Andrew, your report makes a number of interesting points about LSCs and I think one interesting observation is that they have often acted as a brake on FE development rather than an accelerator, but that *agenda for change* might enable them to operate more effectively. You say that the changes need to be monitored. Do you think it appropriate that LSCs will be monitoring themselves?

**Sir Andrew Foster:** I think that the DfES has an obligation to monitor what happens in the LSC. It is the key oversight agency of this and I think the DfES must have a critical interest in what comes out, but calling a spade a spade, the first few years of the LSC have been difficult and in the course of doing this exercise the LSC has been very substantially criticised. I do truly believe that the five or six themes in *agenda for change* are responding to the very substantial criticisms which have been made. The key issue is making sure those plans to do things absolutely happen. It is a key issue and I think the Government has an obligation to make sure that it happens.

**Q206 Chairman:** It has a role to play in that given that the LSC reports to Parliament through this Committee.

**Sir Andrew Foster:** Sure.

**Q207 Dr Blackman-Woods:** Do you think the DfES needs to give LSCs additional support in order to help them change, and what sort of support would that be, or is it purely a monitoring role?

**Sir Andrew Foster:** At the very beginning I think I gave several examples where I thought that the system did not work very well and my report says that at times during this period I think it has not always been clear what was the role of the LSC and what was the role of the DfES. I have said that at times I think the DfES has ended up almost doing things it has asked the LSC to do, and I think that is not very efficient. Therefore, the DfES is the Department of State, it has the Secretary of State who is making the broad policy and it has to be held to account for it, but I think there has to then be a trusting relationship between that and the LSC, which is its operational arm of its policy. But they

have to have a decent working relationship about how they are going to make those things work out, and at times in the earliest years of the LSC it did not always feel like that—so we were told anyway.

**Q208 Dr Blackman-Woods:** It is interesting, though, because you suggest that the LSCs need to promote a possible discourse about FE, and given what you have just said do you think they have the authority to do that, particularly to argue the case with Westminster and Whitehall, employers, etc?

**Dr Chilton:** They are in the best position. They are in a sense the body with the responsibility for regulating the market and provision. They should be able to champion it. They have the best information flows. If a positive message does not live in their mouth, we are in trouble.

**Q209 Dr Blackman-Woods:** So they have to do it really is what you are saying?

**Dr Chilton:** Yes.

**Q210 Dr Blackman-Woods:** Could I just ask one further question. I really like the way you have given the Permanent Secretary some work to do in terms of some recommendations about joining the various sectors together. Have you had a response from the DfES about them taking on this role of bi-annual conferences, etc?

**Sir Andrew Foster:** I met David Normington in this exercise during the summer and talked to him about it. It was probably not clear or known at that time that he was going to move on. I got the impression during that conversation that he had concerns that FE needed to be performing more effectively and that he wanted to reflect on and view the report as a whole. Clearly, what the Secretary of State has said this morning is that a lot of this seems sensible and sound but the Government wants to take time to reflect and consult on it, which is what I guess you would expect.

**Q211 Dr Blackman-Woods:** But are you confident that the DfES is going to adopt a more proactive role towards FE, if not promoting it then being very clear about what its role is in education?

**Sir Andrew Foster:** In the meetings I had with the Secretary of State leading up to this, because I reported to her on an interim basis as I did to the Chairman of the LSC, Ruth Kelly was genuinely keenly interested in this and I felt that she was very strongly interested to see how this could be made better. We will have to wait and see, but she gave quite a lot of time to this, clearly linking this to the 14–19 proposals, which I again got the strong sense that she felt very positive about. I got an impression that she was very keen to do something on this. I am not just mouthing those words, that was the impression she gave me.

**Q212 Stephen Williams:** Just a quick follow-up, Sir Andrew, and to return to the phrase which you mentioned a couple of times earlier on about the neglected middle child, which is in paragraph 194 of your report, where you say that a multi-billion

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**16 November 2005 Sir Andrew Foster and Dr Robert Chilton**

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pound public service with a quarter of a million staff should enjoy a bit more top-level commitment and representation. I am sure the transcripts of these meetings are well-studied in Number Ten Downing Street. Do you think that actually perhaps there needs to be a separate Minister of State for further education and skills, because currently the Minister of State level brings together higher education and FE? I am making no comment at all on the individual post-holder at the moment. Do you think that is too much for one Minister of State, and would FE actually have more of a national voice and be an equal partner amongst these siblings of the Secretary of State if it had its own champion?

**Sir Andrew Foster:** In truth, I did not go there. What I decided to say was that it absolutely needed stronger leadership and that almost it was a matter for the government of the day how it does this. Why I put that in was that people in FE did comment, for instance, that their Minister regularly gets called the Minister for Universities, not the Minister for FE, and it just absolutely reinforces, as I think I say in the report, that we reckon we came third. In truth, Bill Rammell—and I take the point you are making that this is about role, not persona—has been very actively involved, but nonetheless people do feel that they are a significant sector and yet they do not get the attention. So I suppose I was challenging the Government but not prescribing what the outcome should be.

**Q213 Stephen Williams:** But if you had an opportunity now, would you like to?

**Sir Andrew Foster:** I think I would want to leave it as a challenge to the Government rather than prescribe the opportunity.

**Q214 Chairman:** What about a Commissioner for Skills? Are you looking for a job?

**Sir Andrew Foster:** No, I have got lots to do.

**Chairman:** I know that.

**Q215 Mr Marsden:** Sir Andrew, your response to my colleague Stephen Williams just now brings me on quite neatly to the discussion of the national learning model, which you talk about in the report, but I want to focus specifically on one aspect of that and that is the relationship with HE and FE because we know that there is a significant amount of HE delivered currently by FE colleges. The amount will increase very significantly again over the next five to ten years. How do you see that affecting what you are talking about in terms of a national learning model?

**Sir Andrew Foster:** Bob in fact developed this part of our thinking, so I will ask Bob to answer.

**Dr Chilton:** Let me share with you an analogy which we did not use in the report, which was that we said FE is like Belgium.

**Q216 Chairman:** Why, because nobody knows anything about it?

**Dr Chilton:** It was for the reason that the boundaries of Belgium were defined by the wars of France and Germany, just as FE is defined by the territorial activity of HE and schools. And like FE, Belgium

also has two languages (sixth-form colleges and general FE). That is a very negative concept, because it is a boundary concept, it is a victim concept. There is a more positive concept. If you were trying to develop a common market, where would you put its headquarters? Bridge-building. There is a lot of vocational work which goes on in HE and there is increasingly vocational activity going on in schools, and the core purpose of FE as the epicentre of vocational gives it a unique pivotal role. Much of the HE which goes on in FE is of a vocational nature, so we did not see that as inconsistent. It is a porous common market of learning, and that is why you needed a common learning model, not the silos of France, Germany and Belgium but actually a trading matrix within which people could find their personal learning pathways.

**Q217 Mr Marsden:** I will not pursue your analogy and ask you to name 10 famous people in FE, but what I will do—

**Sir Andrew Foster:** Stephen Fry is one! Darren Campbell is a second.

**Chairman:** Paul McCartney, Jamie Oliver.

**Q218 Mr Marsden:** Okay, I stand corrected, but what I would like to do then is to pursue something which certainly has been fed back to me by people in FE, which is their feelings that actually the universities still (with honourable exceptions) really do not know what to do with people who progress from FE into HE, and in particular that the qualifications which people get from FE colleges and from the FE sector in general are still not sufficiently recognised by the HE sector and there is still not enough portability between the two sectors. Was that something which you looked at in the report as having a bearing on how effectively colleges worked?

**Dr Chilton:** To be honest, I cannot specifically answer the question you are putting, but I would answer this question, which is that in doing a mystery shopping exercise and entering FE and trying to think to myself, “I’m a 16-year-old who hasn’t done too well in school. What’s going to help me find where I want to be?” I got lost. The websites are confusing. The nomenclature is very varied and difficult. So if employers find that difficult, and if indeed some people in HE find it difficult to understand the value of the qualifications coming out of FE, then I am not surprised, hence the argument that there needs to be that relentless drive to rationalise the learning pathways so that HE recognises the strength of what is coming to it out of FE.

**Q219 Mr Marsden:** When I served on the Standing Committee a while ago now which set up the Learning Skills Councils there was a strong argument in the discussion in that Standing Committee about the universities of the HE sector being formally involved in the LSCs. Do you think it would be of help and assistance if there was a formal involvement from HE in the LSCs? I am thinking of that particularly in the context of what you said earlier about the relationship with Regional

Development Agencies and the way in which HE and universities, in some regions at any rate, are working much more closely in that area.

**Sir Andrew Foster:** Yes. You would need to look at exactly what the rationale for that was going to be, but how I think I would want to respond to that part of your question is that we have talked quite a lot in what we have said about some of the negative things that we found. I would want to draw your attention to the positive vision which we have painted of where FE could be. Some people find it unbelievable, but it is that you would need people to be going to university for some of their higher level academic work but the quality of vocational work which I think we should be aspiring to is absolutely top quality where people, having been to university, were looking to go for different levels of vocational training which allows them to become much more fitted for the job which they need and want to do. That is not how people in this country think about vocational activity. It has a second-class feel to it. We want to push it to the top-class. The second thing I want to say, and it is linked in my mind, is that the really good bit about the American system is open access community college onwards to university. Therefore, the poorness of that barrier both weighs for progression from FE to HE and then, though, that it was quite natural, having done your computer degree, that you actually needed to go out there and learn how to do things. I honestly think that if you are talking medium to long-term that would be the positive image I would want to paint. The other positive image would be of FE colleges which were relatively independent in a model which was self-regulating, and it was a very positive model, not one which had this rather snobbishness, "Other people's kids go to FE, my kids go to HE." That is the positive note and that is very much linked with some of the status which comes from links to universities, but I want it to go both ways.

**Q220 Mr Marsden:** I would agree with you absolutely. I would only say that I think we have a great deal more to do before we reach that nirvana.

**Sir Andrew Foster:** Yes, we do.

**Q221 Mr Marsden:** I would hope that you would use your good offices with the university sector to promote that position.

**Sir Andrew Foster:** There is a range of vice-chancellors involved in this whom I have had conversations with who are enlightened enough to

see that frankly the notion that FE was working-class kids' education is one for yesterday and deserves to be dumped. That is what needs pushing all around here and that is where high-quality expectation is not around whether you have a contestability review, it is actually about making this a real quality experience for a whole variety of reasons.

**Q222 Chairman:** Sir Andrew, where colleges and universities attempt to get together as one joined institution most of those attempts have ended in failure—Huddersfield and Doncaster, Bradford and Bradford College. Do you regret that?

**Sir Andrew Foster:** It does go back to some of the questions you were just raising. I think some of them work really quite well, but there have been problems. Another medium term vision you could draw is, why do we actually fund FE and HE separately? Look at Scotland. I went on a trip to Scotland. It was absolutely fascinating to me. Okay, it is a smaller country and it has many of the benefits in that regard, but they actually do their funding together. Now, that starts to open up a whole different set of things. I could give you a medium to long-term picture. If you wanted to bring these walls down you would actually start talking about funding them, but it takes you again back to the point which Bob was making about why we do not view all of these things in a more open way and it takes us back to how the Department manages these things, the Permanent Secretary's role.

**Q223 Chairman:** Sir Andrew, it has been a good session. We have enjoyed it and we have learned a lot. Just before you go, in terms of your 10 or 11 years heading up the Audit Commission, we are a scrutiny committee and we share that role with the Audit Commission. Do you think there are ways in which Select Committees can work better in the scrutiny process than we do at the moment?

**Sir Andrew Foster:** I think it is the more that you get all different sorts of ways of engaging with people so that you get to know the informal stuff, and I am sure you have mechanisms whereby you do that anyway through people who work with you, but the more that you can get opportunities to meet and understand in both a soft and a hard way so that you are not only in this sort of forum, which has strengths and joys to it as well as limitations.

**Chairman:** That was very diplomatic, Sir Andrew! Thank you very much for that and thank you, Dr Chilton. Thank you very much indeed.

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**Monday 28 November 2005**

Members present:

Mr Barry Sheerman, in the Chair

Mr David Chaytor  
Tim Farron  
Helen Jones

Mr Gordon Marsden  
Stephen Williams

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**Memorandum submitted by the National Institute of Adult Continuing Education (NIACE)**

**INTRODUCTION**

1. The National Institute of Adult Continuing Education (NIACE) is an independent non-governmental organisation and charity. Its corporate and individual members come from a range of places where adults learn: in further education colleges and local community settings; in universities, workplaces and prisons as well as in their homes through the media and information technology. NIACE's work is supported by a wide range of bodies including the DfES (with which it has a formal voluntary sector compact) and other departments of state, by the Local Government Association and by the Learning and Skills Council. The ends to which NIACE activities are directed can be summarised as being to secure more, different and better opportunities for adult learners, especially those who benefited least from their initial education.

2. Although supportive of the aspirations of the Government's skills strategy, NIACE believes it should form part of a broader lifelong learning strategy that acknowledges the contribution made by adult learning to a range of social as well as economic policy goals. This paper sets out our concerns and reservations about the impact of current policies on the further education sector.

3. Our central concern is that the number of publicly-supported opportunities for adults in England to undertake self-chosen education and training will decline steeply over the next three years—not as the result of a deliberate desire to reduce opportunity but as the unintended consequence of decisions taken for other purposes. We estimate that by 2009 there will be at least one million fewer places for adults in further education colleges and publicly-funded community education as a result of current policies. NIACE believes that such a reduction will make it harder rather than easier for government to raise the education and skill levels of the adult population with the objective of creating a more productive and competitive economy and a fairer and more inclusive society.

**FURTHER EDUCATION FUNDING**

4. Since 1997 Labour governments have invested heavily in further education but this year (2005–06) saw a cut of £65 million in the Learning and Skills Council's (LSC) budget for adult learning. This has led, in many parts of England, to course closures and rising fees. The Learning and Skills Council's latest funding document (*Priorities for Success*, October 2005), indicates that the overall sums spent on individually-chosen adult learning to 2007–08 (budget lines for 19+ FE; workbased learning; Personal and Community Development Learning and Ufl/learnndirect) are unlikely to keep pace with inflation. In addition the next public spending round will be exceptionally tight and future arrangements for the European Social Fund (which currently underpin the learning of more than 380,000 adults) will be less generous to the UK.

5. Having built up a lifelong learning infrastructure, it appears that the Government is either unable or unwilling to sustain it.

6. Some of the challenges facing further education at present are the result of flaws in the law. The Learning and Skills Act 2000 set up the Learning and Skills Council and provides the main legislative framework for the sector in England. Sections 2 and 3 of that Act impose a differential duty on the LSC in its treatment of people aged 18 and under compared to those aged 19 and above (securing the provision of proper facilities for the former group but only "reasonable" facilities for the latter). Whilst this was not overly problematic at a time of expanding budgets, it now stands in the way of addressing labour market and other needs for education and skills in a coherent way.

7. In effect, the more successful the Government is in encouraging young people to extend their initial education beyond 16, the less money there is left over to meet the needs of adult learners. Each additional young full-time FE student means approximately 10 fewer places for part-time adult students. The relationship is stark and direct.

8. This is a particularly unhelpful price to pay because of the demographic profile of the UK population. Until 2009 there is a temporary bulge in the numbers of teenagers aged between 16 and 19. Even without policies to encourage retention in education, this would mean a squeeze on funding and greater pressure on budgets for adult learners at the very time that upskilling the adult workforce is also of growing importance as more and more need or choose to prolong active citizenship and employment.

9. The Department for Work and Pensions' five-year plan commits the Government to raise the employment rate in the UK from 75% to 80%. This can only be achieved by raising adult participation in the labour market. Two in three of the vacancies predicted over the next decade will be filled by adults, not new young entrants to the workforce. Those groups who will be crucial for the achievement of this goal are people currently on benefits (especially Incapacity Benefit), or economically inactive (particularly women from certain ethnic minority communities), by migrants or by older people delaying their full retirement from the labour market. These groups have distinctive educational and training needs which may not be met as participation in FE narrows as a result of budgetary pressures. Furthermore, many from these groups are less likely than others in the adult population to have experienced educational success and be confident in their ability to learn new skills.

10. Budgetary pressures coincide with a government policy to rebalance the contribution that the state, employers and individuals each make towards the cost of adult learning. NIACE has supported a public debate of this issue over many years. We have consistently argued that a high-fee, high volume adult learning market with generous remission of fees as a right for those unable to afford to learn will result in more and different opportunities than low volumes in a low-fee economy. That said, although some individuals may need to pay more, the state needs to pay more too, and most importantly, so do employers. NIACE looks forward to the introduction of measures that will reduce, if not eliminate, deadweight within the National Employer Training Programme.

11. We recognize too that rebalancing will not occur without pain—from providers as well as from adult students and have welcomed the LSC's intention to help the system adjust with the minimum of destabilization.

#### FURTHER EDUCATION—PURPOSES

12. Earlier this autumn, NIACE published the report (*Eight in Ten*) of an independent committee of inquiry it had established into the state of adult learning in FE colleges in England, under the chairmanship of Chris Hughes CBE. The report suggested that the purposes of further education and training are threefold. It offers access to employability; it provides development, updating and career mobility for people in employment and thirdly it creates and sustains cultural value and social cohesion through the provision of opportunities for personal development and civic engagement. Whilst the first two purposes are not incompatible with those made by Sir Andrew Foster in his report *Realising Potential*, the third is largely absent from that document with the exception of one paragraph (59).

13. The first purpose, employability, is a primary concern of central government which seeks to secure an adult population able to play an effective part in the labour market. It includes Skills for Life provision and other "entitlement" initiatives (whether the current "first full fat" level 2 or something rather more supple) and a range of initiatives intended to help people to move from welfare to work. This dimension of activity should, in the view of the NIACE-sponsored committee, be supported primarily through public funding although we endorse the 2003 report of the Public Administration Select Committee (*Government by Measurement*) which noted the costs as well as the benefits of centralized target-setting as a tool for public service reform. This is of particular importance as in the area of adult skills, qualifications are a variable effective proxy for skills—offering a less utility to individuals and employers than for providers and government.

14. In the second arena, that of developing the capacity of people in the workforce, there is a broad acceptance of the direction of government policy. Improving the interaction between colleges and employers is rightly a priority and education for vocational purposes is a core purpose of colleges. The potential that sector skills councils have in increasing the volume of employer investment in this kind of learning is also critical, although the scale of the challenge they face should not be underestimated and the time may be approaching when a firmer regulatory approach may be necessary. We await Lord Leitch's report on skills with great interest.

15. How best to resource further education in the area of creating and sustaining cultural value and social cohesion, was also explored by the NIACE committee which was unanimous in agreeing that securing adult learning for creativity, citizenship social cohesion and cultural activity for people of all ages was a proper call to make on the public purse. We believe that the range and volume of opportunities supported from the public purse for adults to become more curious, reflective and better-informed citizens says something about the sort of society to which we aspire as well as to the sort of economy upon which it will be built. NIACE notes that, in 1943, when the UK economy was far less strong than it is today, the White Paper on *Educational Reconstruction* stressed the contribution that adult education was expected to make to democratic citizenship far more than to the acquisition of skills for the labour market.



16. Although NIACE recognises that the state can never meet every adult's wants and needs, we note that research from the Centre for the Wider Benefits of Learning (established by the Department for Education and Skills at the University of London Institute of Education) has demonstrated, through quantitative analysis, that the benefits of adult learning of any kind accrue to society as a whole as well as to individual people and employers. It has shown that this can be demonstrated in terms of improved health, well-being, civic participation, racial tolerance and other measurables. More recently, the analysis of youth cohort data by Professor John Bynner establishes a clear inter-generational effect whereby the children of parents with literacy skills below entry level 2, not just those without qualifications, are demonstrably more likely to be poor, unemployed and in poor health when they reach adulthood. Neither the additional benefits nor the costs of not investing enough in adult learning are yet captured in headline PSA targets for government departments and their agencies.

17. NIACE believes strongly that the skills agenda needs to be better integrated with the wider role that adult learning plays in cross-cutting public policy (see for example the ODPM/SEU report *Improving Services, Improving Lives*, October 2005, which does recognise the need for personal capacity-building and the well-researched positive link between adult learning and social capital, health and family life).

18. An opportunity to re-frame thinking and thus better realise the potential of more of the population appears increasingly to have been ceded by government to a narrower vision. Adult learning can deliver more than improved productivity and competitiveness for employers. At the same time, it provides a significant volume of higher education and access to higher education and, if allowed, it can build stronger communities, social cohesion and inclusion and cultural capacity. Finally and obviously, adult learning offers opportunities for personal growth and empowerment. All these are important public policy goals.

19. Clearly the role of learning in supporting economic activity is important but NIACE regrets the reluctance of the Learning and Skills Council to acknowledge and support the role that further education has in meeting other government priorities—for example, in health, social services in relation to those outside the labour market, in prolonging healthy independent living and the agendas of the Home Office and ODPM in citizenship and neighbourhood renewal in Treasury and DWP interest in financial literacy and the DWP focus on getting those on incapacity benefit back to work.

20. While NIACE recognises the public funding pressures on government, we believe that there is more to be done to maximise the public value of the available money. We regret that the LSC's explicit priorities do not appear to include its statutory duty (under section 4 of the Act) to encourage participation in learning, nor the necessary outreach work to enable what is needed to happen, nor to consider how to sustain adult progression routes from further to higher education.

21. Overall we believe it in the interest of actual and potential adult learners to challenge reduction in the overall investment in adult learning given the productivity issues and social challenges. We remain committed to maximising the benefits to adult learners whatever the social and political context. We will maintain our commitment to supporting the maximum level of achievement for adults inside and outside the current national qualifications system and continue to press for the swiftest adoption of the QCA Framework for Achievement. NIACE would be pleased to provide the Committee with further information about anything in this note.

November 2005

*Witnesses:* **Dr John Brennan**, Chief Executive, Association of Colleges, **Ms Pauline Waterhouse**, Principal, Blackpool and the Fylde College, **Mr Alan Tuckett**, Director, National Institute of Adult Continuing Education, and **Mr Colin Flint**, Associate Director of FE, National Institute of Adult Continuing Education, gave evidence.

**Q224 Chairman:** Can I welcome Pauline Waterhouse, Colin Flint, Alan Tuckett and John Brennan to our deliberations. Pauline, it is your first time in front of the Committee, so welcome indeed. It is very nice when we have someone whose MP is on this Committee. He is probably going to ask you some very nice questions, but I will not. Any other close relationships with constituency MPs that anyone wants to admit to, or a special interest? John, who is your constituency MP?

**Dr Brennan:** Andrew Murrison.

**Q225 Chairman:** Okay. We are post-Foster, post your conference, is there anything you want to say to kick us off or do you want to go straight into the questions?

**Dr Brennan:** Can I just make one or two general remarks?

**Q226 Chairman:** You can, yes.

**Dr Brennan:** Thank you for giving us the opportunity to give evidence. This is a very important inquiry that you are undertaking here, the first that the Select Committee has looked at on FE in a wider scale since 1998, so this is a substantial opportunity. I would like to say a few words, if I may, about Foster just to set the scene and a couple of words about some other issues which are linked to that. The first is simply to say that we very much welcome the Foster report as a comprehensive statement of the issues that are facing the FE sector at the present time. In welcoming that, I think we do welcome the recommendation that there should be a

sharper focus on employment as being the primary purpose of further education but, in recognising that, we do recognise that there is a range of issues that throws up for individual institutions which we want to see debated through the sector as we take that forward. We do believe that it is possible within the formulation that Andrew Foster has come up with to accommodate many of the key and important activities which colleges undertake. My second point would be to regret the kind of media coverage which accompanied the launch of the report. It was unfortunate that the focus was so much upon failing institutions and contestability. I would want to put it on the record, for the Committee's benefit, that the number of failing colleges is actually only about 4%, about 16 institutions in total. That is very similar to the proportion of failing schools in the system. I would say in that context that we do not have a problem with contestability *per se* and I would be happy to elaborate on that, if you want, in a minute. In other respects, we recognise that the report raises a range of issues for colleges which I think, on the whole, the sector is ready to grasp and wants to tackle around things like workforce development, ethnic minority representation and learner voice and so on. I think we are ready to respond to all of that. The bulk of the recommendations, about 75% of the total, are addressed to Government and government agencies. We think it is very important that Government should give very serious consideration to the full range of those recommendations because we do share the view that Andrew has developed that many of the issues which face colleges have to do with the structures within which they operate rather than the way in which they manage themselves. The report itself pays fairly limited attention to funding issues but, following the issue of Bill Rammell's letter of 21 October and the *Priorities for Success* document from LSC, we think there is a whole raft of funding issues which the sector is facing which I hope you will allow us to develop a little bit later on in questions.

**Q227 Chairman:** We have got yet another inquiry coming up with the Treasury soon, would that not more appropriately address funding?

**Dr Brennan:** You may wish to do that as well but I am happy this afternoon to develop some of that, particularly because of the impact on adult learning. Over the next few weeks, with DfES and LSC, we will be facilitating a debate across the sector about the report and the recommendations. We will be looking forward to a Government response in the spring and early movement then towards implementation of a whole range of recommendations to be taken forward. I think broadly that is the position that we would see in relation to Foster at this stage.

**Mr Tuckett:** Can I say something from NIACE's point of view? Firstly, for colleagues who may not know us, we are a loose and baggy non-government organisation in which most people concerned with adult learning right across post-compulsory education work together. There is no doubt that we

welcomed in Foster a willingness not to lose time and energy by restructuring the whole thing all over again, but on balance we were much disappointed with a report whose focus was on how this system needs to be five or 10 years out from now when we face two in three of the jobs of the next decade needing to be filled by adults because there are just not enough young people to go round, and no significant attention in the report at all to the inherited structural imbalance that might have been fine at the time of the Learning and Skills Act 2000, which says you meet the needs of 16–19-year-olds and spend what is left on adults, and the result of success with young people—not an intended consequence of government policy—with 16–19-year-olds is that up to a million adults are likely to lose their places over the next three years, structural changes to European Social Fund leading to an intensification of the pressures on budgets on adults, and yet where are the new jobs to come from? They will come from migrants, for whom there is a set of educational issues in the post-school arena. They will come from older people being motivated to stay on at work, but for whom the balance of motivation and of skills learning will be in a different mix than you would expect in young people preparing for their entry into the labour market. They will come from groups of women who are currently not participating in the labour force, particularly from ethnic minority groups. For each of those issues there is quite a set of challenges about the balance between full-time and part-time learners in the operation of the system and for the balance of funding that needs to be struck to make sure that we do not rob Peter to pay Paul, that we do not enable opportunities for young people to develop, as we are very pleased to see happen, but not at the expense of adults. I think NIACE's feeling about the report, but also the broader place we now find ourselves with the Skills Strategy, is that the Government has created a really impressive infrastructure for lifelong learning over the last seven or eight years and now seems not to be able to find the resources to sustain it. We were very struck by the speed and effectiveness of intervention in the school dinners issue when we clearly found we did not have enough money as a state to do something that was sensible and proper. It seems to us to be inappropriate to be disinvesting in the adult learning sector just now at a time when we think the economic and the social case is very powerful. We have had a long history in the UK of stop/start investment in adult learning. We too agree with Foster that the focus on preparation for engagement in the labour force is the right focus, but to our mind that focus is young people and adults both, not one at the expense of the other. Our concerns are a little more than the AoC's. We published a report, *Eight in Ten* a week or two before Foster and we launched it last week with the All-Party Group on Further Education and Lifelong Learning in Parliament. It makes a case for employability, for access to workplace learning, but also for culture and creativity to be fostered through the further education system, and we can see no case

that says today in a civilised society we need less of that than we needed a generation ago. That is our stance.

**Q228 Chairman:** Pauline, you are at the sharp end of all of this. Would you like to say anything? I do not want it to seem as though I am favouring the institutional spokespeople here.

**Ms Waterhouse:** From the college perspective, we would very much welcome the focus that has been given to the recognition of the contribution we make to economic development in our communities. I think Foster recognises that, albeit he is saying that colleges can do more, but nevertheless there is a real recognition of what we do. That is very welcome. Also welcome, in saying that we need to give a greater focus to employability and to economic development, he also acknowledges the important role that colleges play in terms of social inclusion and our renewed focus on the employability agenda should not be at the expense of social inclusion and widening participation or, indeed, the work that we do in terms of academic pathways. From my own perspective, my college very much welcomed that message. What I would like to say is perhaps what I feel the report does not emphasise sufficiently is that economic development and social cohesion are inextricably linked and we really cannot promote and foster economic development if we are not also underpinning and nurturing social cohesion as well.

**Q229 Chairman:** Certainly, John, I think we would all agree here that some of the press coverage was poor at the launch of the report and concentrated very narrowly on the issues that you suggested, plus getting out of proportion the notion that the private sector might come in at certain levels. We do find great difficulty getting the media to attend these. Is there any media here today? Just one. *TES*? We had the Learning and Skills Council with a two and a half billion pound budget and not one person from the media put their hand up. It shows an amazing lack of interest. When we deal with special educational needs, the place is full of journalists. I would have thought they are both important subjects but for some reason we just cannot crack media interest in skills. We will carry on with that campaign. Can I start the general questioning? Someone from outside looking at the figures might say you are a bunch of whingers really: "Here am I as a taxpayer, I pay my taxes and taxpayers' money flows into education", if you look at the real increase in taxpayers' funding of FE over the last eight years, it has been very generous but you are really not happy, are you? You have not said one nice thing about the Government, not one nice thing about an increase of 52% in real terms, it is all, "Why don't they do more?" or "Why don't they do it better?" Are you not being a bit ungrateful?

**Dr Brennan:** The answer to that is clearly no. I think you are unfair in suggesting that we have never acknowledged the huge improvements both in funding and in the policy environment within which we work. I think you will probably know that I have paid regard to that in evidence to this Committee in

the past and, indeed, in many other ways in public statements. I think in that sense, Chairman, that is not what the issue is about. We acknowledge the progress which has been made and we acknowledge that many of the policy objectives which have been set are ones which the sector itself would have wanted to aspire to which represent a considerable movement forward in terms of trying to improve the learning opportunities in our society. Where I think the problem lies is in the multiplicity of the demands which are made upon colleges and the very different pressures and pulls which are exerted on them which exceed the totality of the resources which are available, and therein lies many of the problems, coupled with an approach to the management of the system which has produced layers of bureaucracy which has imposed a considerable degree of micro-management and multiplicity of agencies within which it has to deal. It is a combination of all of those things, I think, which have created the stresses and strains for institutions; it is not the broader environment that you have drawn attention to.

**Mr Tuckett:** From my perspective, Chairman, not at all. I have celebrated the Government's success in achieving improved participation by young people and I think NIACE over a decade have supported, as a critical friend, developments the Government has made in work with adults. It is extremely difficult, if you are one step along the journey to the transformation of your life as an adult, if programmes which the Government is to be congratulated for developing disappear, not because anyone thinks they are not worth supporting any more but because money is tight. At that point, you would argue, there is a serious political choice for politicians of all parties to make about whether the short-term shortages of money are best dealt with by short-term intervention by Government while structures are changed, or whether individuals should have to stop/start in their engagement with the system. We are behind and have encouraged the Government in the view that there should be a higher fee, higher volume provision for adults, the balance between certainly company and state investment needs to be the right one but that nobody in the kind of international economic competitive climate that we are in can settle back to saying, "Actually we are investing enough already". We are not. To change the culture so that individuals pay more and we get levels of investment comparable with other people in OECD from companies will take time. What is to happen during that time? It seems to us that adult learning is not an optional extra once you have done the job, it is critical to the economic prosperity of the country and to social inclusion. It has got a number of benefits the Government has highlighted and then, as it were, parked. The double-dealing dollar issue: if you teach a woman to read and write, her children thrive as a result of it. Every time you inhibit someone from developing the confidence as an adult learner that they are after developing, you do not only affect their chances, you affect the chances of the people around them. I do not think Government's job is an easy one about where you invest, but it would be irresponsible

of us representing the interests, in particular, of adults who benefited least before to say it is okay to go three years with no significant investment and then find we are sometimes desperate with skills shortages because we have not got enough adults ready for the jobs that people need to fill.

**Mr Flint:** If I can just add to that. We would hope for a change in the statutory basis of the funding for adult learning. We do not think it is sensible, given the changes in demography that we are going to face, that the only amount of money that is available for adult learning is what is considered reasonable, which in effect means what is left over when other priorities have been met. We are concerned with the unintended consequences of policies rather than criticising the policies themselves.

**Ms Waterhouse:** There is a concern about the coherence of policy across the different sectors. If we look at the situation in relation to post-16 within further education, and if I can take my own college in Blackpool—Fylde—as an example: last year we exceeded our funding target with the LSC and effectively recruited more 16–18-year-olds and more 19+ students than we were actually funded for. That was to the tune of just under £900,000 worth of education that was delivered without any financial support from the LSC. We are likely to exceed our targets significantly again this year. At the last count we looked to be exceeding our targets by some 232 students. At the same time as we are in this situation in Blackpool, we have discussions going on with the Local Education Authority about the provision of a new 11–18 academy in Blackpool. My concern would be why are we fostering and stimulating these debates from DfES in respect of additional post-16 provision when the Learning and Skills Council cannot fund the provision that exists already in particular areas. That is of very, very great concern indeed, that there is not a coherence and a discussion between what is going on in respect of secondary schools and in respect of what is going on in the college sector.

**Q230 Chairman:** We can park that one for a little bit later, but I hear what you say. If you read Foster and the evidence we got when Sir Andrew came in, if you go back to the Dearing principles of who should pay for higher, I think there are some suggestions there for continuing education, it is between the individual, the taxpayer and the employer. Does not the employer, yet again, get let off rather lightly?

**Mr Tuckett:** Absolutely.

**Q231 Chairman:** When are we going to get to the stage when employers actually stump up a significant amount of money for the training of the people who add tremendous value to their businesses? What do you believe in terms of that kind of deficiency?

**Mr Tuckett:** For a long while I have been arguing that regulation is the best way and you can see an effective parallel in the way that health and safety has become a perfectly normal part of the regulatory environment within which British business works. A generation ago we had lots of industrial accidents

because we had a high level of voluntarism about the level of safety that operated in industrial places. If you move, as we did with health and safety, a small bit at a time and say in five years' time we will have workplace agreements, or we will have a plan together, you will find long before the five years are up that the vast majority of people operating in the economy will have adjusted to dealing with it. For those people who have not, if it is part of the terms of trade eventually that you develop the people who work with you, then that becomes a price that is shared right across the competitive environment. At the moment we have not got that right. There are things that are very positive about the aspirations of the Employment Training Programme to secure increased participation by adults, but with a pretty gloomy outcome in the first place with very, very high percentages of deadweight of either people who were previously training getting funded or people who because of regulatory arrangements in the wider economy are getting funded to do it. I think regulation is something which we have put because of experience in the 1960s as a sort of shibboleth, you cannot move in that direction, but we have tried voluntarism for a quarter of a century and clearly it is not providing the kind of step change politicians of all kinds arguably need to retain the competitiveness as a knowledge economy we need in the kind of changing international economy we are in.

**Dr Brennan:** I think we would equally question a number of aspects of the current Government approach to this. Like Alan, we see there is a need to embed a commitment to developing staff and training in businesses in a way which does not exist at the moment. The average amount which companies spend on training per employee per annum is £205 from the last survey. That is totally inadequate as an investment in human capital. We would see a series of issues relating to the current policy framework which really do call this whole approach which is being developed at the moment into question. On the one hand, you have got the *Train to Gain* programme, which is due to be launched next year, which effectively is free training for employers. Whereas up until now they may have had to pay for Level 2 training, in future that will be free and they will not have to commit to that. Equally, there is no guarantee that any of the money that they release from their existing training budgets as a result of the new programme is going to be reinvested in further training. There is no obvious benefit to the nation in terms of enhanced investment in training as a result of going down that particular road. There is a series of issues about whether that is going to inculcate an increased commitment to training and whether, in fact, the Government has thought seriously enough about a whole range of mechanisms to try and influence the demand-side of the equation, of which regulatory mechanisms are one but there may be others, financial incentives and so on. Just to give a small example: in the care sector, the introduction of regulatory and mandatory qualification levels for care staff has transformed the state of that industry

and it has transformed employer willingness to train. I think we have done far too little in that sense of trying to up-skill our workforce through those kinds of mechanisms. The other part of the equation is the price which is being paid for developing that strand of policy is we are seeing a reduction over the next three years of some 700,000 in the places available for adult learners and an increase for those who remain in the system who are outwith those priority categories of something of the order of 65% in the fees they would expect to pay. Just to explain that arithmetic in case it is not clear to the Committee how you arrive at that figure: the starting point for last year was that the assumption in the system was that an individual would pay 25% of the cost of provision and over the next two years that is going to move to 37.5%. That in itself is a 50% increase in the assumed level of fee. If you add three years' worth of inflation that takes you to something of the order of 60% over that three year period. I do not believe that any serious research has been done about the sustainability of that policy or about the willingness of individuals or, indeed, employers who are outwith those priority categories to pay those kinds of increases and all the past evidence has been that, in fact, there is a huge resistance to fee increases on that kind of scale. I think that one of the real worries we have about this policy is not simply we are going to see 700,000 places disappear, but actually we will see far more than that number disappear because individuals and employers will feel unable to pay for the enhanced fees that they are going to be charged.

**Q232 Chairman:** Some people who are not in this field would find that quite technical. What does that mean in terms of real prices for real courses? Standing outside, if one of my constituents said to me, "How much does a person have to pay for a course?" and I said it is going up from 25% to 37.5%, they would say, "Somebody else is still paying" and they might feel that is quite a good deal. Pauline, what does it mean in terms of real courses and how much are they going to cost?

**Ms Waterhouse:** If you look at it in terms of course hour—John will correct me if my arithmetic is incorrect in this respect—over the next couple of years you might be looking at an increase from about £1.45 an hour to something like £1.95 an hour. It is a significant amount, I do not want you to think it is something you can dismiss.

**Q233 Chairman:** Can you give us an example of real courses?

**Ms Waterhouse:** Somebody might decide to enrol on a GCSE English course because they feel that would really raise the stakes in terms of their employability and they might wish to have a Level 2 qualification in English. That would be a course probably of about 90–96 hours, so it is a question of doing the arithmetic in relation to that sum. That is a fairly significant increase for people.

**Mr Tuckett:** If you think of a full-time Level 3 course, you are dealing with very big sums of money. Of course we are encouraging employers to

pay in that area but not everybody is fitting the frame of how our Skills Strategy works out for people. If you are studying part-time within an entitlement area but you are not likely to finish within 12 months, which frankly is most adults who are not young adults without responsibilities, even within our priority areas you end up asking people to pay substantial amounts of money over time or to find huge amounts out of a family budget to get skills which properly we say now there is a public investment for. Beyond the 37.5% there is a swathe of courses where colleges, in anticipation or along the way with the changes LSC has been leading, have shifted from investing 180 to 30 million in courses that do not fit within the National Qualifications Framework over the last two years. The result of that is masses and masses of people who have grown used to the public offer being affordable, either paying not 37.5 but 100% of the real cost or going without provision at all.

**Dr Brennan:** I wonder if I could just offer you a couple of other examples. One is in relation to a college that I was at a few weeks ago which for a little while had run a programme of about 10 weeks or so four times a year. This was very much taster provision, trying to get people back into learning. They charged a very nominal fee, about £10 for this course for 20 hours or something of that order, because they wanted to encourage people back into learning. They were recruiting about 800 students per entry, something of that order. They recognised earlier this year that they could not sustain that, they were going to have to move to something more like a realistic fee, and they pushed the fee up to £50 for one of those courses. The result was there was a two-thirds drop in enrolment. That is not untypical of the kind of experience that colleges have.

**Q234 Chairman:** Could not my man on the Huddersfield omnibus say that perhaps you did not market it as well as you could, or perhaps the course was not as good as it should have been? If it was £10 for a 10 week course they would put up with a pretty sub-standard course, but if you are going to charge £100 for the 10 weeks then you need to be a bit sharper.

**Mr Tuckett:** It is just how you get the maximum return to the public interest and at what pace. I am in favour of higher fee contributions, I think the pattern of the way the Further Education Funding Council's awards to institutions worked inhibited fees staying alongside a kind of publicly defensible balance between individuals, the public interest and employers, but you have got to do it over a period of time. Night school adult education has traditionally charged significantly higher fees. What you find if you do a fee hike too quickly is people go away and they may come back in two or three years' time as long as you stabilise your fees, but what you cannot do is rush from being "pile 'em high, sell 'em cheap", to "let's run an expensive boutique" overnight, and I am afraid that is the way our fees policies look like they are working.

**Mr Flint:** We were encouraged to make a lot of free provision in the interests of widening participation which was one of the main aims of the Further Education Funding Council, if you remember Helena Kennedy's report. Colleges did that very enthusiastically and very well. There has not really been any kind of government-led programme to prepare the public or, indeed, employers for a major change in the way we do fund education. People in this country think education is free and believe it ought to be to some extent. Remember the row about fees in higher education. We have not had the same sort of debate in further education at all. Within a year, we have moved almost from heavily subsidised adult provision to no adult provision at all. There is another technical issue here about what is called "other provision", which you might not want to get into at this stage. Colleges are having to come out of "other provision" because it is not recognised within the National Qualifications Framework and that is another area in which the offer to the public is being seriously reduced.

**Q235 Chairman:** We are very interested in other provision and we are going to come back to that. A quick word from Pauline and then Helen wants to take up the questioning.

**Ms Waterhouse:** In relation to other provision, we were doing quite a significant amount of other provision for some of our employers and when it became clear this was no longer going to be funded we then, fleet of foot, as colleges tend to be, worked very hard to get the provision on to the National Qualifications Framework, and were successful in this. But then, having been urged to start to charge our local employers fees for this, I can give you an example of a very large employer in Blackpool who, when being asked to pay fees, and the fee amounts to £80 per head for each employee over the course of a year for the particular programme that Blackpool and the Fylde College is running for them, refused to pay that amount. They will not make that investment of £80 per head in their workforce. That is the kind of attitude that we are facing.

**Chairman:** I want to call Gordon quickly because, this being a constituency interest, we will give him a go.

**Q236 Mr Marsden:** I would not ask you on this occasion, although I might ask you privately, to indicate the company concerned. Is that not a pretty damning and disgraceful indictment of the attitude of business in today's world? Obviously there is an issue over what period of time and how many employees, but if you cannot get a major employer to put that sort of money upfront for what is clearly going to be a significant course to benefit all of their employees, how are we going to move more generally in the direction that is being discussed?

**Ms Waterhouse:** I would agree with you entirely, not least in a town where the future prosperity of that town is very, very much dependent, as you know as well as I do, on its capacity to regenerate itself. Intrinsically linked to regeneration is the need to improve customer service levels and customer

service skills in the town, and that was precisely the area in which the training was focused in actual fact. That particular aspect of the picture is a very despondent one indeed, yes.

**Mr Tuckett:** It is difficult, is it not, to add up the interest of the country by adding individual employers' interests together and saying, "That will add up to be what the country needs" because it could be perfectly rational for an employer facing tight circumstances to think, as so many of them do, including our own sector, that training is something to save on when money is tight, but that ends up being something that is completely not in the national interest.

**Q237 Mr Marsden:** I would suggest—at the risk of sounding too sharp—you can make the argument between the national interest and community interest but, and I have just come from a major conference where all of the key speakers were making this point, that is not just a question of national interest, that is a question of business short-sightedness and bad business practice. Any decent, successful employer wants to invest.

**Mr Tuckett:** Beating people up for the kind of culture we have created together in this country and how you move people from there seems to me to be a real challenge and to suggest, as John was saying, that we do not only have to think about what funding measures we put in place and what provision we put on offer but how we go about an active process of cultural change, I do not disagree with him.

**Dr Brennan:** If I may reinforce that. I think this is a message which we have been trying to convey to Government for some considerable time. What we need here is a significant shift in cultural attitudes in this country and Government needs to take a lead in that. Ministers need to preach the gospel that we need to have a very different approach to investment in learning, individuals need to recognise the need to invest more and employers need to recognise the need to invest more. We need policy mechanisms and levers which encourage people to do that. At the moment much of that is missing and until we put some of that in place, I think we are going to struggle to achieve the kind of shift that we all accept is desirable.

**Q238 Chairman:** The Government keeps coming up with initiatives and one of the most recent is the four Skills Academies. Are they not a sign of the Government wanting to change the culture?

**Ms Waterhouse:** They are, but, going back to the issue of coherence, if you consider the Learning and Skills Council as it was under its previous chief executive, we had the introduction of Centres of Vocational Excellence, which are making a difference, they are enabling colleges to engage more actively and proactively with employers and they are enabling us to raise the whole agenda in respect of training but, as far as the national Skills Academies are concerned, there is a need to link those with the very strong work that is being done by the Centres of Vocational Excellence. I think there is a danger

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28 November 2005 Dr John Brennan, Ms Pauline Waterhouse, Mr Alan Tuckett and Mr Colin Flint

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presently that sometimes when new initiatives are introduced, like the Skills Academies, there is no reference back to existing work that is already taking place on the ground successfully. That is not to say that it could not be improved, it could not be made stronger and more robust, but sometimes there is a tendency to look at initiatives in a kind of silo way without linking across the sector with previous initiatives which are being embedded and becoming successful.

**Q239 Chairman:** Were not the Sector Skills Council supposed to be consulted about where the skills shortages were? After consultation out came these four Skills Academies, that was the Sector Skills Council's response. Was that not the way it worked or were you consulted? Were you consulted, John?

**Dr Brennan:** I do not think the system worked that way. When the original CoVE initiative was launched we did not have Sector Skills Councils and LSC struggled to gather in industry intelligence, sectoral intelligence, about the needs of particular areas. The framework has been developed largely without reference to those sectoral interests. As Sector Skills Councils have come on stream they have begun to build up the database and exert influence, quite rightly, over the system. The initiative in respect of Skills Academies was one of Government saying to SSCs, "Would you like to bid for an academy in your sector?" Although there was encouragement to link into existing patterns of provision, that encouragement was not that strong and the models which have emerged are somewhat variable in that respect. It is certainly our view that unless you link those initiatives very strongly into the base which exists and use the influence which those initiatives can create to shift patterns of activity across the sector as a whole, then those initiatives are not going to be particularly helpful in terms of transforming the way in which the system works.

**Mr Tuckett:** Early on in the Skills Strategy we asked the Sector Skills Council to hit the ground running with a great deal of wisdom straight away. Our observation of the first few of the Sector Skills Agreements made is they all share a kind of fairly intelligent analysis of the demographic challenges facing the sectors that they represent but there is a serious gap between that analysis and any practical measures affecting adult provision in those areas. The worry we have is that an initiative like the academies will rebalance towards the things they already see how to do, the recruitment of young people, in ways that really will not work. If you add the first four of those agreements together they assume the recruitment of twice as many young people as there will be entering the economy over the next five years, and there are 20 more agreements to follow it. Where are they going to be recruited from? Our view is the BBC and media might work on a reasonable assumption that it will recruit as many young people as it wants but further education and shipbuilding are going to be struggling.

**Chairman:** Is that why the BBC cannot get anyone here? I thought it was a shortage of licence fee payers' money.

**Q240 Helen Jones:** Are all your members supportive of the Foster report's suggestion that colleges should become more focused on skills for employment? We constantly hear from colleges that they have a role in the community and they see that role as important, that they are not happy with the increases in fees they have to impose on some courses. Do they all support that move?

**Dr Brennan:** We are still at a stage of engaging in consultation around the system but certainly the reactions which I had through our conference a couple of weeks ago, through regional meetings I have been at, are that broadly speaking people recognise the value and the importance of that kind of focus. They do not want to lose sight of all those other agendas that you have referred to, and I referred to that in my opening remarks. Andrew Foster in the report formulating the approach made it clear that he was not seeking to suggest that many of those social inclusion objectives, objectives for young people and so on, should be discarded along the way but they should be seen as being a subsidiary and following on from that primary economic focus. In those terms, I think the consensus of view in the system, as far as I can detect it, is broadly in favour of that.

**Q241 Helen Jones:** He does suggest that what he defines as community education—we can argue about the definition of that, I am not sure what it is—should be done sometimes by colleges or sometimes by local authorities and the voluntary sector. Are you happy with that? Alan might also want to comment on that. If so, how is it going to work?

**Dr Brennan:** We have always had a diverse and plural system in which there is a multiplicity of providers in the system. Colleges provide a certain amount of what we used to call adult and community learning, and now perhaps call personal community development learning—the labels change from time to time—and they have a role in relation to that and that role may continue for individual institutions.

**Q242 Helen Jones:** Or not.

**Dr Brennan:** Alongside that, there have been many adult education institutions, higher education institutions and so on and, indeed, voluntary and private providers. I do not think anyone in the college system is unduly worried about that, that plurality will remain.

**Q243 Helen Jones:** I am surprised about that. I wonder if Alan would like to come in. I am worried about it because I am not sure that the capacity exists.

**Mr Tuckett:** I am worried about it too. We did not argue with the primacy of role or with the view that is there in Foster, but I think not adequately teased through, that there are functions in widening



participation that involve a broader curricula agenda in support of the achievement of the economic goals that you need to put in place for people to be able to get there. Ever since the Skills Strategy was published there has been a kind of remarkable gap in thinking of what really constitutes first steps provision in a country that trades for its living and the collapse of focus on modern languages in the public policy arena, which does not sit within the definitions the Government has been developing around the foci that Andrew has been looking at, they all present problems to us. What we have seen is a really positive step by Government in the Learning and Skills Act to create a national system of securing opportunities for adult learning right across the piece backed in the Skills Strategy with a secure budget and now, in practice, that budget stops being an absolute base of security and becomes more and more what is on offer, so we have seen in the college system, as I have said, a collapse from £180 million to £30 million expenditure on this kind of provision. That is real learners doing real subjects. It is absolutely reasonable to my mind for a pensioner to prolong active citizenship through engaging in learning. That saves the state money in terms of social work or hospital visits in lieu, as it were. It benefits a number of other government policy strategies as well that there are opportunities for adults to engage in learning that does not immediately have a labour market focus. If you are in rural Cornwall, if the college is not doing it, who is to do it? What we are facing is a diminution of offer for too many people. In the National Mental Health Strategy last year, the role of adult learning in colleges or outside them, of enabling people to put their toe back in the water, to engage in rebuilding relationships, is a perfect environment because the world does not fall down if you do not feel up to going next Thursday, exactly the sort of modest engagement with public support that people need in order to be independent. Without that kind of infrastructure there, what kind of expensive systems are we going to have to put in place to enable people to take a step back into the community?

**Mr Flint:** I completely share your concern. The *TES* headline the Friday before last, after the conference and Foster, was "Colleges are Skills Training Centres". I fear that may be the most powerful message that was taken from Foster and we are in danger of losing the infrastructure of adult learning.

**Q244 Helen Jones:** I would like to get Pauline's input on this for two reasons. One is, is it not the case that a lot of courses that perhaps would not be defined as skills for employment are a means of bringing people back into education? Secondly, if we try to define it, what is "skills for employment"? As a college principal, can you come up with a working definition of this which you think is useable in practice?

**Ms Waterhouse:** I think you are absolutely right that what constitutes skills for employment would have a very, very broad definition. If I think about some of the young people we teach, perhaps at the most basic level, I would argue that employability for those

youngsters would be in the very first instance, if they have come from a very chaotic lifestyle, if perhaps they are not living at home with parents, if they are looked after children or have been in care for sustained periods of time, just getting to college and being on time for their lectures, for me, is the beginning of the framework of employability, understanding the structure to a working day, being punctual, attending regularly. I think that would be one definition of employability. When we think of some of the most deprived members of our community, before they can engage in what would be traditionally defined as an enterprise course, we would need to be talking about trying to raise their levels of self-confidence, raise their levels of self-esteem, that they can take steps back into working life. I would agree with what other speakers have said, that in many cases it can be about that first steps provision, which is very much about raising levels of self-esteem and self-confidence before people go back to work.

**Q245 Helen Jones:** Do we not sometimes look at this the wrong way round. We look a lot at the supply side of education, should we not sometimes be looking at the demand side? How do we create that demand for learning, particularly among those who have traditionally not done very well in the education system? How do you go about that?

**Mr Tuckett:** NIACE started Adult Learners' Week as a way of using the media, which of course is trusted much more than any of us as institutions, to tell the stories of people whose lives have been transformed by learning as a way of encouraging other people to join in, and it has had an impressive track record over 15 years. The Union Learning Fund illustrates how you can use some kinds of intermediaries, trusted already, to act as brokers for people to arrive. We were responsible for hosting the DfEE Adult and Community Learning Fund and then its transition across to the LSC's Widening Access Fund. Of course, that work is coming to an end under these financial pressures, yet it showed time and time again that if you find key movers and shakers in a local community, however disadvantaged, however marginalised, what you get is a kind of adrenaline rush of engagement that people begin to see and ask different questions of themselves and join the kind of journey that arrives in colleges like Pauline's. That is something we rediscover and rediscover cyclically in the UK. Our view is the Skills Strategy was right to put an entitlement at Level 2 but it needed the steps up to it, and those steps include what we have just been talking about.

**Dr Brennan:** Just to add a point here, if I may. I think we all need to recognise that the path to employability will vary hugely from individual to individual and for some, they are a long, long way away from the labour market and you have to take them through that journey to reach the point where entry to employment is the right step for them. That is what this First Steps initial entry provision is all about. In the past, colleges—not exclusively colleges but colleges in particular—have been very

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**28 November 2005 Dr John Brennan, Ms Pauline Waterhouse, Mr Alan Tuckett and Mr Colin Flint**

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successful at creating much of that learning opportunity. Alan is absolutely right that the squeeze both in terms of funding and towards nationally recognised qualifications as being the only things which get funded in this system, and so on, are all creating pressures to close down those opportunities and that is very important in terms of individual access to try to improve their confidence, their capability and so on, but it is also important in terms of the ultimate supply of skills into the economy because if you cut that off at an early level people will not progress to the more advanced levels and in the end you find you do not have the skills of plumbing or bricklaying, or whatever it happens to be, that you need in order to sustain demand from the employer.

**Helen Jones:** There is not a line, is there? Can I go back to what I asked about dealing with what is called community education in the Foster report. In your view, are there people outside colleges with the necessary expertise to undertake that kind of work? If so, who?

**Chairman:** I would warn you that you cannot all answer each question otherwise—

**Helen Jones:** Other than the Chairman's.

**Q246 Chairman:** I am a special case! Otherwise, I am looking at the faces of colleagues and we will not get through everything. Can we have one or two of you on each question rather than all four of you.

**Mr Tuckett:** Masses of learning goes on informally outside the system but it privileges those people who can find it easily. What we think the public education system should be doing is guaranteeing routes for the people who benefited least first time round. I think with public investment we just will not see enough of that. That is the core of the argument, for public investment in learning for pleasure, learning for its own sake, assuming that we cannot quite predict the purposes that learners bring when they begin a learning journey.

**Ms Waterhouse:** There is also the issue of quality. As Alan has said, there are people out there who can deliver other than colleges and so on, but the issue is has the quality of what they are delivering been tried and tested in the way that college provision has, which is very, very rigorously quality assured, as you know. Yes, there is a problem in terms of capacity and I think there could be a danger if other people step into the arena—although where that funding would come from is not clear—the very people who most need the highest quality of provision would not receive it because it may be delivered in an ad hoc way by people potentially not best qualified to do so.

**Q247 Helen Jones:** One last question. I did ask this last week. If in higher education we are prepared to fund things which do not immediately relate to employment, and the example I gave was if you wanted to go and do Classical Greek or something, or if you want, like me, to read Chaucer, you can, but what is the difference in further education? Is there a logical reason why the two sectors should be different? If so, can you give it to us?

**Mr Flint:** I do not know what the difference is. Obviously the job of further education is very different from that of higher education but I cannot see that there is an important distinction to be made in that respect. There is a value in education and we should be encouraging young people and adults who have not had a proper opportunity the first time round. I would say, and I think all my colleagues would, that we failed very large numbers of the population. We all know that 45% of school leavers are still coming out without adequate GCSEs. We ought to be able to make a wide provision for all of those people wanting to come back into the system and we ought to be funding ways of attracting them back in, which is something the colleges have done very well. I do not think there is a meaningful distinction in that respect between further and higher.

**Helen Jones:** Thank you very much.

**Q248 Mr Marsden:** I wonder if I could probe further on this issue of skills and particularly the definition and the relationship between the bonus on skills that Foster recommends and the LSC and, indeed, the colleges. I do have to say, as Chairman of the All-Party Skills Group, we obviously welcome the focus that Foster put on it and it was something that was the subject of a report that we produced just two weeks before Foster's report. In that report we also talked about two other things. One of them was the demographic issue, and again this Committee challenged Foster on his lack of comments on that when he came before us the other week. The other was the relationship to small and medium sized businesses in terms of skills. Certainly, and Pauline will know this only too well, in my neck of the woods we have a very large number of small and medium sized businesses but they are not always by any stretch of the imagination the best people who are engaging with training of skills for a variety of reasons. I wonder if I could ask the college end, and maybe Pauline would like to chip in, how do we have a Skills Strategy that is going to engage and support small and medium sized businesses? What is the role of Government in that in terms of funding? What is the role of the colleges, because I think the colleges do have a role regardless of the funding structures?

**Ms Waterhouse:** The college is playing a very active role in relation to supporting small and medium sized businesses in the tourism and hospitality sector in Blackpool. We have a Centre of Vocational Excellence in customer service for resort tourism quality and we are engaging with local landladies and small hoteliers in very intensive customer service skills training. Colleges are able to do that and to engage small and medium sized employers in that kind of dialogue, provide training on their premises. A great deal is being done but we need to acknowledge the fact that there are all sorts of pressures and calls upon the time of people who are running very small businesses and they do not necessarily have at the top of their priority list the training and up-skilling of their very, very tiny number of staff they may be employing.

**Q249 Mr Marsden:** John, across the piece in terms of the whole range of colleges that the Association represents, is there enough engagement? Pauline has given a particular example in a particular place, but is there enough engagement by your members with the needs of small and medium sized businesses?

**Dr Brennan:** No, I do not think there is. A lot of it has to do with the priorities which have been set for the sector, the mechanisms and the regulations which surround what colleges are expected to do. In recent times, you have had considerable emphasis on issues like widening participation and skills for life, which are not primarily focused on business needs, and very little emphasis on trying to engage more with business until quite recently. The funding mechanisms do not encourage engagement with businesses, especially small business. You get paid for individual enrolments, you do not get paid for engaging with a business to deliver the programmes that are needed for that particular business. Equally, you get paid for standardised, off-the-shelf programmes which are approved for national qualification purposes; you do not get paid for customised programmes which are related to individual businesses. There is a whole series of mechanisms of that kind which, if you were to address them and reshape the policy environment, I think could do a lot more to engage small businesses.

**Q250 Mr Marsden:** Give me an example of what Gordon Brown might say in his Pre-Budget Report by way of Government incentive that in a practical way would encourage both small and medium sized businesses to invest in their employees and encourage colleges to engage with them?

**Dr Brennan:** One mechanism that we have suggested to Government is that you create a fund which you offer to colleges to engage with business. The fund has to be a partnership fund, so you say to a college, "You go out and find the businesses who need training, you work out what the training is . . ."

**Q251 Mr Marsden:** So the colleges would go out and be proactive to find small and medium sized businesses?

**Dr Brennan:** Yes, and you would design packages which suit the needs of those particular businesses and deliver them in ways which are appropriate to the needs of those particular businesses, so you have a much more proactive approach to developing training for this group.

**Q252 Mr Marsden:** Would that be a ring-fenced pot of money?

**Dr Brennan:** I think it would have to be in order to make it effective.

**Q253 Mr Marsden:** I want to ask about the issue of apprenticeships because this is something the Government has made major commitments to and is some way towards delivering, but it raises the question of what sort of apprenticeships are on offer and how they are monitored. I have examples, and I am sure other colleagues have examples, of where people have been put out on apprenticeships

following or during FE training and their experience with the employer has not been a happy one. What more should the colleges be doing to engage with the monitoring process in the apprenticeship area and what more should the Government be doing in order to get some of the skills benefits that we are all talking about?

**Mr Tuckett:** I thought you were asking John.

**Q254 Mr Marsden:** John initially, you might want to chip in briefly on that.

**Mr Tuckett:** I would like to have chipped in on the last one. On the previous issue, there are two points: firstly, when we heard the briefing from Lord Leitch, one of the things he said that surprised me was that SMEs do proportionately more training than large employers. I think the focus of the question is real about reaching tiny ones, but when it remains true that 46% of the people who work for the National Health Service get less than two days training a year, then you can see the scale of the challenge and the problem we have. I think that is one serious concern. The second one is the way in which we are all committed to a more skilled society, but it is an elision in policy between seeking more skills and seeking qualifications as the best proxy we have got for them. What the Small Business Council say on the Skills Alliance, which John and I sit on, is, to be honest, it is not qualifications, but it is can do, just-in-time skills building. It is not to argue against the role of qualifications, it is just not the exclusive focus on qualifications and the policy.

**Q255 Mr Marsden:** Forgive me, Alan, and I am speaking as someone who is a great champion of NIACE and everything that you do, but if I was a mean and cynical Treasury civil servant, I would say, "Well, that is a bit waffly, is it not?" You are expecting us to either ring-fence or to come up with an initiative to put hundreds of millions of pounds in. Where is the analysis of the output for that?

**Mr Tuckett:** Look at where we are going to be 10–15 years out. A significant proportion of the jobs we will be doing have yet not been invented. How are we going to skill people to engage with those? The kind of slow, sure, secure, auditable route of only working on the qualifications route will make sure that we can do all sorts of things we already understand and need to be able to do well, they will not necessarily help us with the creativity, the pizzazz, the imagination and the investment in blue skies thinking that will help us get where we want to go. What I am saying is if you were the chair of the Small Business Council—until the last month or two I did in the new technologies areas—what it is seeking is the kind of support to help people move from quite low bases to the very cutting edge of technological change and a qualifications only route will not help us get that.

**Mr Flint:** Part of this problem is that we are looking at the wrong qualifications anyway. The National Qualifications Framework does not work, as Ken Boston may well have told you. It is not a framework at all, it is a list. Until we get credit based qualifications measuring and rewarding small units

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28 November 2005 Dr John Brennan, Ms Pauline Waterhouse, Mr Alan Tuckett and Mr Colin Flint

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that build up to qualifications, the system is not going to work for industry at all. We are told that we cannot have that until 10 years from now. Foster and our inquiry both recommend very strongly that that needs to be much faster because the delay is doing a great deal of damage in this arena.

**Q256 Mr Marsden:** Most people would agree that the morass of qualifications is a significant barrier to employer acceptance of vocational qualifications. I wonder if I can take you on a little bit further on this issue of qualifications. How, at the end of the day, within the Sector Skills Council do we define effectively what are hard skills and soft skills, if only for the purpose of jumping through the various hoops that Government is currently setting up for funding? Is that not going to be more difficult for the Sector Skills Councils that are dealing in non-traditional subjects or harder to define subjects, People First for example, than it is going to be for some of the ones dealing with more hard edged traditional manufacturing skills like engineering or construction, brick laying or whatever?

**Mr Tuckett:** It is interesting to say “take up their work”, that employability and the softer skills involved with what is it that makes somebody not only have the technical skills to get going in work, which frankly employers see themselves as being able to underpin, but for young people—Pauline was talking about this just now—what are the employability skills that enable people to make a success of the transition from being students to going to work. It is true there for adults who are changing jobs and going back to the labour force as well. My sense of it is that when we really get a mesh between the college and the business environment working closer, we shall need softer as well as harder skills, but that does not make the job of the Treasury or of you in allocating where public money should go an easy one at all, but it is not a simple fix, that what we write down as the necessary elements of qualifications easily fit with what changing businesses are asking of the system. A lot of the criticism of colleges comes from the inflexibility of the arrangements that they have had to work to.

**Q257 Mr Marsden:** Pauline, can I very briefly ask you, in your judgment is People First going to have these sorts of problems in terms of pulling in the money for developing work and that if the new criteria, particularly adult students, remain as they are?

**Ms Waterhouse:** I think the issue is that in many instances employers do not want full qualifications anyway. What employers may well want are bite sized chunks of learning, so many hours' worth of learning which focus on building up a particular capacity and developing a particular skill. The tension that we face all the time in colleges is, as colleagues have said before, that the funding is driven by qualifications and, therefore, there needs to be a radical look at that.

**Mr Marsden:** That brings the whole area of portability within the sector between FE and HE which, hopefully, we will have a chance to return to a bit later.

**Chairman:** We have to move on. I am going to ask Tim to push you a little further on the funding priorities.

**Q258 Mr Farron:** It will be a little further, Chairman, because I have got to speak at the Youth Clubs' reception in about 15 minutes. You will be delighted to hear that you have either asked or answered a large number of my questions, perhaps making it easier. There is one question which I would like an answer to here and one question where I am looking for help from you, which I shall leave you with. Firstly, I agree with the comments you made earlier on about the concern with regard to the negative coverage with regard to the Foster Report. Andrew Foster identified in the report—he said it verbally to us—that “One in 10 colleges had relentlessly failed their communities”. You say one in 25, I hope I believe you. When we questioned him about this, we asked him whether he could characterise what were the characteristics of underperforming FE colleges, and we pressed him on it, and he said there was no real style or type of institution. I was getting at him as to whether there might be socio-economic factors or regional factors, and he said no. He said that essentially it was all down to bad management, that was the only common feature. I wonder whether you think that is correct. As part of that question, we were trying to pursue the possibility of whether the funding gap had any kind of impact and whether money was, at least in part, the answer. Is he right to say that management is the only real key defining feature? Secondly, was he also right to make no mention whatsoever of the funding gap in his report?

**Ms Waterhouse:** I think it is a very complex issue. Inevitably there will be issues of leadership and management. I think where there are issues of leadership and management, those are frequently allied to a lack of clarity about a college's strategic direction—Foster makes a great play of the complex missions that many colleges have to serve—therefore, it is hardly surprising that at times there are colleges that may fail to prioritise appropriately and correctly. I think the funding gap is a significant matter to take account of because inevitably if staff in the college sector, as they are, are more poorly paid than their counterparts in schools and, indeed, in sixth-form colleges when you compare GFE colleges with sixth-form colleges, then that is going to present difficulties of recruitment. Inevitably it is going to mean that sometimes good staff who are able to look for jobs in the secondary sector will start to do so eventually. Then you start to develop increasingly shortage areas where you cannot recruit, particularly in vocational areas where it is better for people in terms of their future career prospects to stay in the vocational occupation itself rather than coming into the college. I think there are issues such as that. Then there are issues relating to learner focus. If colleges do not have sufficient strong focus on the learner as an individual, if that

person is not getting genuinely impartial advice and guidance and, therefore, is not recruited on to the appropriate course, then that is another reason for a failure which then comes into the teaching and learning arena.

**Dr Brennan:** Can I add to that because I think these are complex issues and leadership and management clearly are an important component. If you have inherited an institution which is still occupying 19th century school premises, has not had equipment replaced for 30 years and in a whole series of ways is struggling to come to terms with the agenda which it is being presented with now, then clearly you do have a major problem and resources are an important part of the solution to that problem. Although in the short run there may not be a very strong correlation between levels of funding and success or otherwise in terms of overall institutional performance, there cannot be any question, I think, that over time under funding has an effect upon the quality of what you can do in your ability to deliver the outcomes that people expect of you. I think those issues are not simple and straightforward, and you do need to see it in those terms. The funding gap has a number of different manifestations. It is partly about the difference of treatment between different types of institutions, partly, as Pauline says, about the quality of the staff and how you can reward them, and so on, because of the resources that are available to you. There are a number of different facets of even that issue which need to be taken into account. Some of the studies which have been taken in the past of leadership in the FE sector suggest that it compares well with many in the private sector, that there is world class performance in some respects and not so good performance in other respects. The issue about the levels of underperformance in the system, we base our assessment on the data which Ofsted provide, which is of the order of 4% of institutions are significantly underperforming. You can obviously look at the system in other ways, but that is, broadly speaking, an expression of the levels of underperformance which exist. One of the things which has characterised colleges in contrast often to schools in this respect is that where colleges have underperformed significantly and then been put through a process of action planning followed by re-inspection, typically they have managed to turn themselves round in all the areas of underperformance. I think there is only one institution in the history of this sector which has failed its inspection on two successive occasions. I think colleges are very good at tackling those issues once they are identified, but they struggle because of the multiplicity of demands which are sometimes made on them to be able to deliver everything they are being asked to do well.

**Mr Tuckett:** I wanted to add two things to that. One striking contrast with most other industrial countries we look at is how unstable the culture of demand on our institutions is. I think it is rather like under old trees; all sorts of things grow if you leave them alone enough. The stability in Germany and America—I am not arguing for either of those systems, they are examples—makes a difference to

people learning the culture of what is good in the area. You do not have to be a major historian of the sector to find that the college is celebrated by government as the absolute pinnacle of what they are hoping for one minute but find themselves in trouble the next because they overbalanced an inch in that direction. We have not had a stable view of what we have been demanding of the sector.

**Q259 Chairman:** A dynamic economy.

**Mr Tuckett:** Yes, we need a dynamic economy.

**Q260 Chairman:** We have de-industrialised much faster than any others compared with the rest of Europe. It would be crazy if we had an FE system that pretended we still had a 25% manufacturing sector. We have a rate of 75% of people who work in the service sector. You are not suggesting we are still churning out people to make cars?

**Mr Tuckett:** No, goodness knows I am not suggesting that at all, but I am suggesting that the institutional drivers and changes we have been operating with have not helped with that change as well as they might. If you look at the areas of the work in the sector, they are consistently not as good as others: literacy, numeracy, ESOL, construction have been weak down the years. The way in which funding systems or structural systems have shifted have taken management and leadership attention on to the survival and shifting of the focus of the institution as a whole, sometimes at the expense of a focus on how you drive up quality in absolutely critical areas. I think the advantage of the success of all initiatives government took two or three years ago is its focus on curriculum development in that area. One of the very best things in Foster is that he did not go for yet another throwing of the balls up into the air and waiting a couple of years until they settled. We do not benefit from too much structural change, proper interrogation and, as John said, sister institutions as a whole turn themselves round. The harder question is how you turn round achievement across the more vulnerable areas of the curriculum.

**Q261 Mr Farron:** My final composite question, which I will not, I am afraid, hang around to listen to the answer to, but there is something I am asking for more generally is this: we have been talking about adult learning and other provision and the impact on that provision of the particular priorities on 16–19 and on the skills agenda. When we had the Permanent Secretary here he expressed a level of surprise with regard to the consequences, unintended or otherwise, of the changes on adult education. He asked me for information to demonstrate what those consequences might have been. In my constituency I have got plenty of examples. It is a rural constituency in South Cumbria, we have got a big FE college in Kendal and lots of small adult education centres. I can see the impact on both types of institution. My concern is—in my other hat I shadow Bill Rammell for the Liberal Democrats—I am relying on the information that I can find and I am not being sent

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28 November 2005 Dr John Brennan, Ms Pauline Waterhouse, Mr Alan Tuckett and Mr Colin Flint

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lots from people outside the constituency, from groups like yourselves, in terms of analysing what have been the hard results out there in the community of this change. What I am asking for is hard evidence of the consequences on adult education for the people who remain, but also in terms of providing us with the bullets to fire at Government to try and make sure that we stand up for adult provision as best as we can.

**Mr Tuckett:** Of course, it is not consistent across the country, that is the significant challenge we have had this year. If you take the piece as a whole, there is quite a measurable reduction in adult participation. The LSC's estimate on that is very straightforward about how many adults we expect to see hit by the changes in priorities, but it does not happen on a systematic and steady basis right across the country. Some authorities, local authority provision, have seen an increase in their budgets this year in neighbouring counties to ones where things have dropped. The same thing, I think, is true to some extent in the college sector this year. I think nobody can be in any doubt that it is going to get worse next year and the year after, and then ESF will come along and take away yet another raft of adult opportunities as well. I think the difficulty is you need to highlight the issue now, but it is not a tidy picture this time round.

**Chairman:** I have never had the experience of someone asking a question and not being able to stay for the answer, but never mind, it is not his fault, he had to go to another forum. Gordon, do you want to draw the curtains on this one?

**Q262 Mr Marsden:** I would because the issue is a substantive one, but I think there is another issue as well. I say in your presence, I am going to be a devil's advocate on this. Nobody here this afternoon thus far, maybe because we have not asked you directly, has expressed an iota of criticism or concern about the way in which the LSC has handled this process. It has all been blaming the Government or whatever, but surely LSC have some role in terms of mediating and moderating. If you are not happy with the fact that Government has taken this decision, why on earth did you not all go back to the LSC and say, "Stop being a paper tiger"?

**Mr Tuckett:** We did.

**Mr Marsden:** Okay, well you did not do it loudly enough then because it certainly has not come across to many people outside. The other question I do want to ask you is, is there not a danger, John, that some of your colleges will take the opportunity of accepting reduced funding over the next three years to get rid of courses, for example, "This is not really part of our core philosophy"? I think there are particular concerns about courses which take place perhaps off campus in other environments. I say this as someone who spent 20 years as a part-time OU teacher, before that a WEA lecturer, that some of those courses that take place off campus are the most valuable sort of gateway courses for bringing people into further education.

**Q263 Chairman:** At this moment I am going to say I want shorter questions and shorter answers. The trouble is we get on to this subject and all my Committee love this subject, so it becomes a seminar rather than questions and answers. That is a slight reprimand to all of you.

**Dr Brennan:** Effectively there were two questions in there. One is about the attitude towards LSC and the way in which it is managed and processed. We were quite vociferous last summer about some of the problems and the inconsistencies of treatment at a local level. At the end of the day, LSC was administering a policy which was determined for it, and that is why responsibility ultimately has to rest with Government. We have been critical, as you know, of LSC in all sorts of other respects. I think that would be my answer to that.

**Q264 Chairman:** The LSC has got no independence and no guts then?

**Dr Brennan:** That is an interesting way of putting the issue.

**Q265 Chairman:** Sometimes we have to call a spade a spade. In nicer terms, that is what you are saying, John?

**Dr Brennan:** LSC has not seen itself, I think, as being in a position to challenge Government about the direction of some of the policy decisions they take.

**Q266 Chairman:** Should it?

**Dr Brennan:** I think there are occasions when it should stand up for the system that it is trying to administer and the institutions it is trying to manage. I think that has not been the history of LSC. There were occasions when FEFC in the past did take that kind of stance with Government, but it has not been a characteristic of LSC in its existence. To take Gordon's second point, which is about the pressures on the institutions to cut back on some of the provision which they make,—

**Mr Marsden:** To be fair, I did not say pressures on the institutions, I said institutions taking advantage of the situation. I am being slightly unkind, perhaps, but, nevertheless, that is part of my question as well.

**Q267 Chairman:** "Institutions", do you mean getting rid of colleges? I am trying to do a *Sun* version.

**Dr Brennan:** At the end of the day—Pauline may want to comment on this—institutions see that they want to provide the widest possible range of programmes they can within the resources they have got. Most institutions see their mission broadly in terms of offering a range of provision for a variety of audiences at different levels across the specialisms which they are engaged in and they will seek to maintain that where they can, but where they are facing cutbacks in provision, then it frequently is an easy solution to close an out centre because you save yourself a significant amount of money by doing that. Institutions know that the consequences of that are often that you cut off opportunities for learners in particular localities, and they make those decisions with considerable reluctance in my

experience. They have to balance maintaining the financial viability of their institution and the totality of the programmes they are funded to sustain against the individual issues about particular types of provision in particular locations. I do not think anybody readily enters into a situation of saying "This is an inconvenience. This is a course we do not particularly like, so we are going to cut it out".

**Q268 Chairman:** Pauline, you would not do that sort of thing, would you?

**Ms Waterhouse:** It is true that when we have had to make difficult choices, we have had to look at what has been cost effective and what is not cost effective. It is quite true that delivery in the small community venues where the numbers studying on a particular programme may be below a viable number, that is where we had to look to take provision out. In the case of my own college, we have had to remove 3,000 adult places this year as a result of a £650,000 reduction to our adult funding budget. That has been significant. May I return to your earlier point in relation to colleges' stance with the LSC. I can assure the Committee that the majority of colleges take an extremely vigorous and robust stance with their local LSCs where there appear to be decisions being made which are not in the better interest of the local community. If I can give you one significant example where the LSC, in my view, did have autonomy in relation to what it was going to do with its budget and chose to make a decision which was really inexplicable. If we look, for example, at the work based learning budget in Lancashire, Lancashire's LSC's budget in this relation rose by 2.5% for 2005–06. In Blackpool, we have a significant problem in terms of low rates of post-16 participation and we have significant issues of attainment at Key Stage 4, so one would have thought that this would be an area where, in terms of work-based learning, the LSC was looking to stimulate participation. The college had a reduction in its work-based learning budget this year of 5%. The main private training provider for Blackpool had a reduction in its budget of 12%, so between us a 17% reduction, despite the growth in Lancashire LSC's budget allocation in this area and despite the fact that Blackpool, within the Lancashire sub-region, has one of the highest rates of people not in employment, education or training. That is the clear issue on which we are in rigorous debate and discussion with the LSC. Yes, there are many, many instances where we, in fact, do take them to task.

**Q269 Mr Marsden:** That will be an issue I will be taking up further. Alan, I saw you urging to get in. This thing about cutting off campus courses, is this something that concerns you? Is it not the case anyway that—it might save a little bit of staff time—it does not impact on the overall overheads of colleges, does it?

**Mr Tuckett:** I would like to mention something about the LSC too, if I may, and Colin may want to add to it. We will try and be short in the answer.

**Q270 Chairman:** I am holding my breath.

**Mr Tuckett:** I know, I am finding it hard! The issue is who misses out if you cut out off campus work. The argument is—it is part in supplement of something Helen asked earlier on—if other agencies are better at reaching the hardest to reach communities, those are the people you need to work with. Certainly my own experience as a practitioner is that if you wanted to engage Bangladeshi women in participation who are newly arrived in the UK, you had to start from wherever they felt safe and appropriate to go, not where it was convenient for us to provide the provision. Sometimes that leads you to slightly awkward decisions about health and safety, balancing the best conditions for teaching the subject with the only conditions that work to make it available to some people. Those savings are at the expense of the widening participation underpinning, which I think Foster mentions, but that does not help us to resolve the financial pressures on this. As for the LSC, I think there are three really significant issues that inhibit a simple critique of this. One is once you set up a non-departmental public body and you create a board for it, then its agenda is not quite the same as the remit it was given by Government. There is no doubt to my mind that from the beginning there has been a much clearer focus on its responsibilities in relation to young people and the workforce development issues than all those delicate issues about widening participation and inclusion that are there in its original remit. Secondly, if at set-up you recruit large numbers of people from techs, then what they will be really comfortable and experienced at is in the arenas that their previous experience sit with. There is no doubt there was a big under provision of people who understood how community development, social inclusion and the other goals worked together when it was first appointed. You could argue that more capacity work should have been done before now than that. The third thing is if you create public sector agreement targets to measure its success by, that narrow its focus to a narrow range of things, it is not wildly surprising if a publicly funded body seeks to address the target which is only a proxy for the complexity of the policy it is there for. I think all the grey areas have been vulnerable.

**Mr Flint:** A lot of evidence that, *Eight in Ten*, went into this is that many colleges cut the community provision because it was the easiest thing to do in circumstances where they had no choice but to cut.

**Q271 Chairman:** Thank you, Colin. That will be very useful. We did not have that. We have not been given that by FE.

**Mr Flint:** I thought we had sent copies.

**Q272 Chairman:** We have not received them yet.

**Mr Tuckett:** We will send them immediately we get home.<sup>1</sup>

<sup>1</sup> Not printed



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28 November 2005 Dr John Brennan, Ms Pauline Waterhouse, Mr Alan Tuckett and Mr Colin Flint

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**Q273 Chairman:** Can I take you on to the end of those very penetrating questions by Gordon. You have been making a passionate appeal for the inclusion courses and all the stuff that this Committee is very concerned about. If you ask somebody what has been the main campaign that we have heard time and time again from the Association of Colleges and others in this field, it is the parity of funding, not for this sort of thing, if you want that big chunk of new money, you want it for parity with teaching kids A-levels in FE colleges. It does seem a bit strange sitting here where on the one hand you are now all making this passionate appeal, but the one drum you have banging is for this qualification route and you want a lot of money to bring you up to parity. It sits a bit uneasily, does it not? Come on, Alan.

**Mr Tuckett:** What we are doing is saying all areas of education need treating with comparable seriousness, and where you are trying to do the same job in different institutions, whether that is educating a young adult at Level 4 in comparison with similar work being done in higher education, or whether you are doing it for a 14–16-year-old and you are seeing schools being funded in a different way, then the effect on the whole capacity of the system to be able to respond to all these other things we have been talking about is inhibited because you do not have the resources.

**Q274 Chairman:** That may be the case, but you did not win that argument in the report that we all received last week because that report actually said, did it not, that with the amount of money that goes in per head funding of A-level courses in that area, there did not seem to be a very close relationship with more resource going into it and what you can achieve? In a sense, here you are banging the drum, Alan, this is a lot of money, and it is in the real world, not a fantasy world. If that money goes into that provision, it is not going to go into community education, is it?

**Mr Tuckett:** I do not think the argument is that colleges need to be able to harmonise their provision course by course, it is in order to do a comparable job they need funding at comparable levels.

**Q275 Chairman:** Why? Perhaps you can do it more effectively and cheaper, that is what competition is about, is it not, a better quality result with less resources? Why does it always have to be the same for schools?

**Mr Flint:** Surely if there is a shortage of money in the system and good results are capable of being achieved on lower levels of funding, why can the money that is excess in those institutions not be diverted to adult learning.

**Q276 Chairman:** That is a very good argument, but it is also an argument that if we are talking about the older age group, and if we are talking about things which you are effectively arguing for, resources that flow in one direction cannot flow in all directions.

**Mr Tuckett:** There is a difference between our interests here today. John's responsibility and Pauline's is absolutely properly for the viability of institutions and colleges to be able to serve a multiplicity of goals. My responsibility and interest is to highlight what adults need to what the country needs for adults to have the chance for the kind of learning that will work for social inclusion and economic prosperity. To be honest, the argument about what happens in schools and colleges is one we are sympathetic to at NIACE. Properly funded colleges will do better at exactly the sort of social connections that we were discussing with Helen Jones and Mr Marsden before. They need to be adequately funded to do proper outreach work, to offer the kind of tutorial support, the kind of personal development strategies that we take for granted in schooling and which we argue curriculum area by curriculum area, subject by subject, level by level, in FE.

**Q277 Chairman:** John, is that just NIACE being nice to you?

**Dr Brennan:** Would that were so, Chairman. Let me make a couple of points from our perspective. We have placed equal emphasis on both those issues in our campaigning activities over the last few months. I would emphasise that you and your colleagues may have heard an imbalance, but certainly that is not the way in which we have pressed these issues. Certainly our analysis of the press coverage of parliamentary questions and correspondence around these issues, would suggest that adult learning has had at least equal, if not greater, coverage in terms of media and political attention to the 16–19 funding gap issues. We would say that we have in no way pressed the 16–19 issues at the expense of adult learning, but I recognise the point you are making, that if you do push too far in the direction of 16–19 it may be at the price of adult learning provision. I think one of the concerns that we have is that the way the Government has approached the question of resource allocation for the next few years is, in fact, to make some decisions around those issues which have not been the subject of any debate or discussion in the sector, so no one else has had a chance to have a voice about what is the right balance of priorities in this field. I think that is a matter of concern for us. There are a whole series of decisions which are being taken as part of the funding package for the next two years which have quite major implications and may not be deliverable in important respects, but which have not been the subject of any serious discussion with institutions and the people who have to deliver it.

**Ms Waterhouse:** Just to follow on from what John was saying, I think there is a very real issue about the fact that demographic change—and Mr Marsden touched on this earlier—has not been taken into account, apparently, in relation to funding decisions. We have both White Papers recently in relation to 14–19 education, talking about giving a greater predisposition towards supporting the opening of additional sixth forms and yet there appears to be no concentration on the fact that, in

actual fact, the demographics indicate in Lancashire we know we will have a 15% decline in the 16–18 cohort by 2016. Therefore, that seems to be at odds, this whole concept of a drive towards more coherent strategic planning, yet not taking into account what is happening in demographic terms. There is a tension and an inconsistency there which does not make for the best investment of resources or best value for money.

**Q278 Mr Chaytor:** So far we have talked largely about funding and priorities, but I want to ask about quality and put my question particularly to Pauline and Colin. What is the single most important development that could drive up quality across the board in FE colleges?

**Ms Waterhouse:** I have to say that in my view I think parity of funding is a major issue because I would take it back to a point I made earlier about the recruitment and retention of high quality staff. We know we have an ageing workforce in further education. We have a great deal to do in terms of trying to continue to attract the most able, the brightest and the best into our sector. We are not going to be able to do that if when young people who have just done a PGCE are determining whether to go into the FE sector or the secondary school sector, where they can get a greater amount than 10% in salaries in terms of their take home pay, what is going to attract them to come into further education. I am sorry to take it back to funding, but I think that one cannot emphasise this sufficiently. I would also say that colleges are beginning to see the flight of some of their best staff to the secondary sector, as I said earlier, the sixth-form college sector, because basically there are better paid posts, better opportunities for career progression, and we cannot have that. The quality of the sector is dependent upon the most able, committed and talented staff that we can possibly recruit.

**Q279 Mr Chaytor:** How do you explain the numbers variations of quality between different colleges and between individual departments within individual colleges because the funding differential applies equally across the board, does it not?

**Ms Waterhouse:** Yes, it most certainly does, although some colleges inevitably are more hard hit than others because there are some colleges which are very unstable financially and others, like my own, which are particularly strong, so inevitably that will have an impact.

**Q280 Mr Chaytor:** Is there a direct relationship, therefore, between the quality of those colleges that have been a cause of concern—John, I think in the AoC memo you referred to 4% of colleges now deemed to be in difficulty—and the level of their financial instability?

**Ms Waterhouse:** There can be.

**Q281 Mr Chaytor:** Is there?

**Ms Waterhouse:** Yes. If you take a section like construction, for example, where frequently colleges have underperformed in particular curriculum

areas, construction is one of those areas where it may be a problem. Part of the problem may well be because of an inability to recruit staff from the construction industry because basically the salaries on offer in further education are not sufficiently attractive. That is one of the reasons; I am not for one moment saying that is the whole reason. The reason for why curriculum areas, why sections, departments or whole colleges fail is multifaceted, it is very complex, and it would be naive to try to just say you can account for it by looking at one factor alone.

**Mr Flint:** I would agree with Pauline, but I think there are other issues as well. If we are to assume that the funding situation is not going to change dramatically in the near future, then I think we have lost. I think there needs to be attention in some colleges to leadership and management. I think Foster is right to highlight that as a problem, though I believe the figures that John has given us today. I do not think it is a serious problem across FE, but it is a serious problem in a very small number of colleges, and linked to that is the whole workforce development. I think FE has probably, across too many colleges, neglected the kind of workforce development that is necessary, as well as the issues which Pauline mentioned about the difficulty of recruitment. There is not enough consistent, coherent policy about industrial placement for people lecturing in technical areas. That is linked to recruitment as well and to pay, but it can still be addressed without burdening the purse. Then there are two others: I think there needs to be an inspection regime which is developmental and supportive rather than punitive. I think too much of it in the past has been punitive. There needs to be less inspection and less messing about with colleges, frankly, and more encouragement to develop good practice in leadership and workforce development. A fourth one to mention is I think colleges have lost control of the curriculum in a way that when I was a principal, in the early 90s particularly, we developed OCN courses to meet the particular needs of particular groups of students. We have lost all of that now, and I think there is a demotivation of college lecturers as a result. Colleges need to get some more strategic control of the curriculum, and I think that will motivate staff and help in the whole process of improved quality.

**Mr Tuckett:** One of the things Government has done really well on Skills for Life is to create a national platform of minimum training and competence for people to be engaged in the work. The same, but slightly differently structured, around Success for All, and the curriculum building, mentoring and coaching roles built into that I think point towards the kind of curriculum focused exciting development in the territory rather than just institutional structural debates about the way to go.

**Dr Brennan:** I wanted to make two points just to complement the points that have already been made. One is about perceptions. The Committee kept coming back to this question and the media focused on the question of quality. The reality is that quality is at a pretty high level overall. Let me quote you a

couple of statistics just to illustrate the point. Completion rates are one of the measures that we would use to assess whether institutions are delivering the right outcomes. On the most recently available data, college non-completion rates for 16–18s was 17% and for 19s-plus 15%. For universities, a comparable figure was 14.4%, marginally worse in FE, but not hugely so. Just for comparison, in the work-based learning sector, the non-completion rate was 54% in the most recent year. I make the point that I think we need to put this in perspective. There are issues around quality, quite rightly, and the Committee is right to focus on them, but let us not get this out of proportion. I think one of the things that is also not well understood in this debate is some of the complexities of institutional provision. If you normalise institutional performance success rates for the different patterns of provision that they deliver, what you end up with is quite relatively narrow variations in performance, not huge variations of the kind which the raw league tables would suggest. I do not think we understand sufficiently well in terms of research and professional practice what drives some of those differences, why it is that long Level 2 course performance rates are relatively low compared with Level 3, for example, and I think much more work needs to be done in order to provide a better research base to address those issues if we are going to drive performance up. I think that is important work which needs to be done if we are to secure that kind of long term commitment to continuous improvement that we all want to see. We should see it—to emphasise this point—against a background of a system which is not performing at all badly, and in some respects is performing exceptionally well. Satisfaction rates among learners are higher in FE than they are in HE and higher than in almost any other public service. We need to understand those aspects of quality and performance to put alongside some of the criticisms which people have been wanting to make.

**Mr Tuckett:** And higher for adults.

**Q282 Mr Chaytor:** The evidence suggests that the quality is gradually improving year on year, the number of colleges and difficulties are reducing themselves, but my next question is, if that is the case, is that not the result of the very stringent inspection and auditing systems that you have been critical of? Would the year on year improvements in quality over the last seven or eight years have taken place without a pretty oppressive mechanism bearing down on the colleges?

**Mr Tuckett:** I once went to Sweden for Malcolm Wicks to do a conference with the Swedish Education Minister. He said to me in the quiet of the moment, “Why do you spend so much time on policing the system rather than developing it?” I think there is not an issue about the value of external observation—

**Q283 Mr Chaytor:** But the previous 40 years have been spent on developing it, surely? The argument can only be sustained about policing the system since incorporation.

**Mr Tuckett:** When does the quality we are concerned about become variable? Behind your question is an assumption that since we started auditing it more heavily—

**Q284 Mr Chaytor:** Because nobody was measuring it beforehand.

**Mr Tuckett:** They were. They were not measuring it as intensively and we did not have quite such a dominant metaphor about the use of public money needing to be captured by audit regimes. I think there is no doubt that ALI, because they have had a developmental as well as a reviewing process, have been a positive force in the system. It is the question about how much of the investment you spend in that way and how much you spend on empowering people who teach and learn in the system to have confidence to peer group review and to develop the work together. There are real resource choices about where you strike that balance.

**Q285 Mr Chaytor:** Can I ask John, what parts of the existing auditing and inspection regime would you dismantle?

**Dr Brennan:** I think David has asked a very fair question in all of this. I think the emphasis upon improving data collection and improving measurement in the system has been hugely beneficial; I have no doubt about that. I equally agree that inspection is an important component in the process, both to provide public reassurance and to provide a stimulus to institutions. What I would say, though, is if you look at the inspection profiles across each of the three cycles which we have now been through since incorporation, they are not very different between each cycle. Individual institutions will have moved about a bit within those frameworks, but the broad profile is very similar across each one. I think there is an important question to be asked about how frequently you have to go and pull up the roots to check that everything is all right. The issues are about the frequency, the extent of the depth of inspection and measurement, and so on, in the system. I think we should be moving towards a system in which there is a lighter touch in respect of those activities and those institutions which are seen to be broadly performing pretty well, but a much tighter and sharper intervention in those areas where we know there are failings. I think the system should move to that kind of model of operation rather than a model which requires that every institution be subject to a detailed and comprehensive set of evaluations through inspection or in other ways all the time.

**Q286 Mr Chaytor:** Foster goes further than that, does he not, because he suggests the idea of self regulation amongst groups of colleges? Would you go so far?

**Dr Brennan:** Certainly, we would. AoC will be taking those kinds of ideas forward. We are engaged in a consultation now with the membership about taking that kind of proposal through, and we will be

putting those proposals to Government, to LSC and to a variety of other partner agencies as a basis for taking the system forward.

**Mr Tuckett:** With the caveat that the workforce development proposals in Foster also go forward so that we really enable staff to take those challenges on.

**Chairman:** Stephen, you have been very patient.

**Q287 Stephen Williams:** I want to take you back to a limited range of questions as well about leadership in the sector and just an observational idea Andrew Foster had about the funding debate. When he was here, he used a phrase that FE was the neglected middle child in education between schools, and that higher education gets huge amounts of both political attention and, as the Chairman was alluding to earlier, media attention as well. Who do you think should be the champion for further education? Should it be the Learning and Skills Council, which we have mentioned already, or should it be the Association of Colleges or somebody else?

**Dr Brennan:** If I can offer you an alternative formulation first before trying to answer the question directly. I would not see us as a neglected middle child, I would see us rather as a—

**Q288 Chairman:** Spoilt!

**Dr Brennan:** —strong and, perhaps, relatively silent elder brother who can be relied upon when a problem arises to get in and sort it out, because I think that has been the history of further education: give us a task and we get it sorted. We deliver the things that are asked of us.

**Q289 Chairman:** You missed your vocation, you should have been a diplomat.

**Dr Brennan:** To try and come to Mr Williams' question a bit more directly, advocacy is an important issue in all of this, and I think ministers have failed to act in that capacity. If you look, for example, at the press releases which DfES put out for the current year, I think there are 95 in respect of schools and nine in respect of FE, and the tone is often noticeably different between schools and FE in terms of the wording. I think ministers do far less than they could do to promote the system. I think LSC has done relatively little to promote the system, despite the fact that it has a statutory responsibility to promote learning. One of Foster's recommendations is that we do some serious work to address this issue of reputation and begin to develop a new strategy to tackle it. AoC is certainly up for that, and we will want to work with our partners to do it. I do think there are a range of responses which are required. If I may say so, Chairman, I think one of the responses lies in your own hands, that you started at the beginning of this meeting by drawing attention to the fact that there was little or no press interest in this, I would suggest that there may be an opportunity for you to call some representatives of the press before you.

**Q290 Chairman:** It has already been addressed. It is in hand, as they say. Does anyone else want to come back on that question? Colin, you are the most experienced of all four members; you have been in so many different aspects of this world.

**Mr Flint:** I have certainly worked in it a long time. I think Government ought to give some consideration to there being a minister for further education. It is important enough to merit that. I was thinking of the Foster Review and there is a wonderful quote from Stephen Fry, page seven, saying that after a ruined first attempt at education, something along the lines of "... Norwich City College saved my life and FE is one of the great unsung successes of British society". If we could pick up that kind of message, which is true, and Pauline knows, and every principal knows, that we change people's lives every year because we are working with a very imperfect education system still. We still have not solved the problems of secondary education and this Government is failing again because it should have embraced and endorsed the Tomlinson recommendations in full with a glad cry. Until we do that, we are going to keep an academic vocational divide and further education is going to be picking up the pieces and will not be understood by most ministers, most Members of Parliament and most of the middle class. That is our problem.

**Ms Waterhouse:** If I may add to what has been said. I would agree with the point about a minister for further education, but I also think what would be helpful is if there was more longevity of service in terms of people staying within that particular post, because I would imagine that no sooner has somebody mastered their brief, like certain post-holders in the past, than they have been moved on. This does not help. This does not help the service and it does not help colleges at all in terms of being understood and valued.

**Q291 Stephen Williams:** I am glad the two of you have taken up this suggestion of a minister for further education. That was something I put to Sir Andrew when he was here and he ducked it. John, I noticed you were slightly more reticent about whether you thought there should be a minister.

**Dr Brennan:** Sorry, I did not understand that you were asking the direct question. Yes, we would advocate the same position, that clarity of responsibility at government level would go a long way towards helping the system operate in a more efficient way because at the moment the division of responsibilities among different ministers means there is a lack of clarity and a lack of focus often on the issues which matter.

**Mr Tuckett:** I think you have a really difficult challenge. The political logic and the economic logic point in different directions. The political debate is acutely anxious about how children's opportunities get shaped and so on. The economic logic points you in quite a different direction, and probably colleagues in the media react more quickly to those short-time excitements of the political logic, but the championing, I think, clearly needs to happen in a variety of places. That was why we were very pleased

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28 November 2005 Dr John Brennan, Ms Pauline Waterhouse, Mr Alan Tuckett and Mr Colin Flint

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to see the LSC given a duty to promote and why we were disappointed to see the participation target drop because that would highlight the role that post compulsory further education plays in opening opportunities to anyone in society. The real problem we have got in the territory is not championing an argument about where public resources go, but overcoming the problem that too many people learn early and really well that education and training are not for the likes of them. If you cannot overcome that challenge, we cannot create the learning society which, in the end, underpins all our political parties' concerns for the future.

**Q292 Stephen Williams:** A more specific question on the Learning and Skills Council: Sir Andrew Foster in his report was supportive of their *agenda for change*, do you share his enthusiasm?

**Dr Brennan:** Quite simply, *agenda for change* is a helpful step forward in terms of focussing LSC much more strongly upon a series of issues, which undoubtedly have been problems within the system. I think it is yet to be seen what the real effect of that programme will deliver. I think we will want to work with LSC to try and deliver the objectives which have been set. I do not think that in itself addresses many of the bigger questions which Andrew Foster was seeking to address in his report, so I do not think in itself it is a complete answer to the issues that we now need to tackle.

**Mr Flint:** We would say the same thing as we said about Foster, that *agenda for change* is important, but if the LSC is looking at the challenges it has got to confront over the next five to 10 years, when the bulk of the people they are willing to support into learning are adults, it is not a very well geared system just now, and that is not an issue which is confronted or highlighted in *agenda for change* at all.

**Ms Waterhouse:** What is useful, coming out of *agenda for change*, is the restructuring of the LSC so that it will take us towards the path of self-regulation which Foster touches on in his report. Undoubtedly there is an issue, and there has been an issue, of colleges, like my own, being micro-managed by the LSC in a wholly inappropriate way. The move towards slimming down numbers of staff at the LSC and the move towards a greater regional focus will help us to have a more intelligent joined-up dialogue with the Regional Development Agencies to look at our regional economic strategies and to try to interpret those properly at a local level without constant and endless interference in day-to-day affairs, which is not appropriate. I think that is helpful. The other thing which needs to be mentioned about *agenda for change* as well is the focus on the business orientated aspect of college work, which is not dissimilar to Foster's emphasis upon employability and employee skills. That, though, needs to have a greater coherence and linkage with what colleges have already achieved through the Centres of Vocational Excellence because, basically, the Action for Business or the new accreditation or Kitemark which *agenda for*

*change* puts forward for colleges is all very well, but it needs to link up with these national skills academies and the CoVE network as well.

**Q293 Stephen Williams:** Chairman, if we have time, I would like to ask one final question on Andrew Foster's idea for a national learning model in his report, which he said should be published annually and should span schools, FE and HE. Colin earlier referred to the fact that people in this country think that education is free, and Pauline mentioned the difficulty of getting employers to make a contribution to education as well. Do you think this national model which would be updated every year is a helpful suggestion and do you have any ideas as to how it should be built up?

**Mr Flint:** It depends on whose model it is and how it is drawn up. One of the things that is not in *agenda for change*, and it is not really an area in Foster either, is a proper recognition of the need for a continued widening of participation. We still have very large numbers of people not engaged in learning. Unless the model includes that, then I think we will go on failing to meet the needs of many of the population and in the end of the economy.

**Ms Waterhouse:** I think the National Curriculum model has got to look coherently across both the secondary and the FE sector so that, in actual fact, we are not proposing to open school sixth forms in areas where, as I mentioned earlier, the Learning and Skills Council is unable to fund the capacity that already exists. I think, therefore, this need for coherence, taking into account the demographics as well, is what is absolutely essential; presently that is absent.

**Q294 Mr Marsden:** You have all endorsed the idea of a dedicated FE minister, but one of the things any such minister would have to tackle would be the continuing ignorance and slight disdain from certain elements of the HE sector for the amount of HE that is delivered via FE. I want to ask you very specifically, therefore, about the question of portability and recognition of qualifications. What can we do, what should Government do, to improve a situation where more and more HE is being delivered by FE colleges, but so far there has been a limited engagement by the HE sector and particularly, perhaps, by some of the more traditional universities?

**Mr Tuckett:** I did not say that about FE because I think a lifelong learning policy is what we need in which further education qualities have a profoundly central role to play. It is the work that matters, the opportunities for the people. There is no doubt over 15 years, if you look at HEFCE's thinking around what lifelong learning networks might work to, we shall see a blurring of the edges between further and higher education. My view is that a tertiary system will have the same reputational challenges you currently see between post-92 universities and other ones.

**Q295 Mr Marsden:** HEFCE have not moved very far. We had them slightly dragging, twitching and screaming when they came to the Select Committee on it, but they have not moved that far.

**Mr Tuckett:** No, they have not, but in time we cannot imagine we will not go down that route because the boundaries are too complex. The bigger challenge is how we talk about schooling in Britain and FE, and it seems to me that is the good argument for the question you were asking us about what Andrew Foster said.

**Q296 Mr Marsden:** I would like Pauline's view on that because she is at the sharp end of it.

**Ms Waterhouse:** I think through the development of the Lifelong Learning networks we are beginning to see universities taking a much closer interest in progression pathways. I think the Lifelong Learning networks, although they are in their infancy at the moment, are part of an answer to the question which you have posed, Gordon. That is the first thing. The other thing is that every university now, it appears to me, is increasingly taking an interest in how to develop its widening participation strategy. Certainly, in my own patch, if we take Lancaster University, of whom we are an associate college, there is an increasing interest in wanting to develop, through colleges like mine, progression into higher education on the vocational side, which it is acknowledged by traditional universities FE colleges are better served to deliver in terms of that agenda. I feel more optimistic than you, and I think there is an increasing recognition by traditional universities that they can deliver their widening participation agenda through the relationships they have with their local FE colleges.

**Q297 Mr Marsden:** John, have you had a bevy of Russell Group vice-chancellors beating on your door saying, "*mea culpa, mea maxima culpa*, we really need to do more with you, understand your qualifications and make our portability simpler?"

**Dr Brennan:** If I have, I have not noticed. I think your question is very fair. There is a lot that can be done to articulate the progression routes, the relationship between qualifications, to build links through Lifelong Learning networks, and so on, between universities and FE institutions and to be clearer. I think in the past HEFCE have tended to fudge the issues around what proportion of HE, and what kinds of HE, are delivered through the FE system, and so on. I think there is room for considerably greater clarity and support in policy terms for all of that. I think if we go down that road, then it does begin to address many of these issues about widening access to higher education.

**Mr Flint:** If I may add three very quick points. Firstly, if foundation degrees were given to FE to develop rather than to universities, there would be a lot more of them. Secondly, access courses are in danger at the moment because of the problems about courses categorised as "other provision" and about the funding, and access has been one of the great successes of the last 10 years. Thirdly, Andrew Foster took some examples from the American

community colleges, but I do not think he took enough. The integration of community colleges and universities in America, the two year and four year colleges, is a very good example which we could easily follow. He should be examining that as well, and so should we.

**Q298 Mr Chaytor:** From the FE point of view, what are the best things about the new Schools White Paper?

**Dr Brennan:** That is a very interesting question. From the point of view of institutions who are themselves independent, the idea of trust status, and so on, which gives schools greater independence is obviously not one that we are unsympathetic to. Although, I think in saying that, one has to recognise that it can be challenging managerially to operate entirely on your own and challenging in terms of leadership demands because you have to be responsible for the totality of your institutional activity and performance. We would not suggest that it is necessarily an easy road to go down, and it is not at all clear that many schools are thrilled about the prospect of going down that road. Where I think we are more concerned is about the messages which are encouraging institutional independence, about competition in the system, about the undermining of a planned approach to the development of provision and the changing responsibilities in respect of school organisation. It is not clear how that is going to work in a way which will ensure that you get planning of 14–19 provision in a coherent sense. I think we want to see all of those issues teased out in the debate which follows the White Paper and addressed in the mechanisms that the Government is going to create. I think without that then we just move into a much more competitive environment in which the idea of collaboration, which I think is a strong theme of what the Government is encouraging the system to do, will go out the window because institutions find it difficult to collaborate and compete at the same time. Competition tends to undermine commitment to collaboration.

**Q299 Mr Chaytor:** It is going to make it more difficult to build on the Tomlinson agenda, accepting Colin's point that there was not an outcry about the totality of Tomlinson, there was half an outcry and there is an opportunity to look at it again in 2008. Are you saying the White Paper is not going to progress the Tomlinson principles which the Government has set out?

**Dr Brennan:** I think we would certainly have questions about, whether it will deliver that. If it fails to do so, then we would be deeply concerned about the movement of the system if we start to undermine that idea of an integrated and coherent approach to offering a range of learning opportunities at a local level.

**Q300 Mr Chaytor:** You are concerned about increasing competition and proliferation of small sixth forms, and so on, but in the White Paper there is constant emphasis on the importance of collaboration, both between the trust schools and

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28 November 2005 Dr John Brennan, Ms Pauline Waterhouse, Mr Alan Tuckett and Mr Colin Flint

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other schools. Do you think it is a workable model for the 16–19 phase to have pupils attached to one institution, but spend part of their week travelling around between three or four different institutions?

**Dr Brennan:** I think there are a number of different issues which that question throws up. Some of them are issues of practicality, simply that movement of pupils between sites, and so on, raises all sorts of issues about timetabling, transport, and so on, which have got to be solved at the local level. Some of them may be soluble and some may be insoluble. I think a lot of work needs to be done to try and realise that. The extent of which they are soluble depends in part on the framework within which they are placed. If, for example, your funding framework is to say to schools, “You have money and you can buy or provision in other institutions”, then all of history suggests that it is quite difficult for schools to go down that road because they find it difficult to realise savings as a result of moving individual pupils out of classes, and so on, and therefore it becomes a major inhibitor. On the other hand, if your funding model is such that you have a ring-fenced pot of money which is there to support the development of this alternative curriculum offer for that group of young people, and that can be accessed by the partnership of institutions who are providing that, then you may create the right incentives and the right support to deliver that. A lot depends upon the mechanisms which you put in place around all of this. If we can get the mechanisms right, then I think you can solve a lot of those practical problems.

**Q301 Chairman:** Pauline, would you like to come back to any of this on the White Paper?

**Ms Waterhouse:** I was thinking about the very first point that David made a moment ago, which was what colleges feel is the best thing in the 14–19 White Paper. I would say in both of the recent White Papers on 14–19 education, I really welcome the emphasis that has been placed on functional literacy and numeracy and the real drive and will there appears to be to start to address those literacy and numeracy development needs of young people because, for myself, in the days when I was a teacher, before I went into management, what I would say is one of the key reasons why it was sometimes difficult to ensure young people passed their vocational qualification was because of the very, very real issues of literacy and numeracy skills deficits. I think that

is one of the key reasons behind people failing Level 2, Level 3 qualifications and, as we know, this then goes on to be a problem in the adult workforce as well. I think the need to address that, and the will that was there in the White Paper to do so, is very encouraging.

**Q302 Chairman:** Colin, you have had some strong opinions today. With all your experience, what do you think of the White Paper?

**Mr Flint:** My worry is an old worry, really. When I was working in the local authority in Solihull, we had a very good programme with local schools of link courses, which was funded by the local authority. It worked pretty well, except that schools did tend to choose the young people that they sent to colleges, and I fear that there may still be some of that even in the new arrangement and that it is going to perpetuate that academic vocational design. I am all in favour of good quality vocational opportunities being made available to young people, but I think they ought to be made available to all young people, not just those that particular schools decide will benefit from them, because there are dangers in that decision-making process.

**Mr Tuckett:** I wanted to talk about the parental involvement issue which the White Paper addresses and the challenges that presents. You can see how well it will work in areas where there are lots of articulate parents who are already engaged with all kinds of arenas of the way our world works. For the least engaged parents, I miss the focus on how you would support them to be effectively taking up the kinds of challenges Government poses for parents here and with that a lack of linkage, as it were, to extended schools, to community schooling into the role adults have in the support of young people's achievements. Related to that, a kind of worry that not giving the local authority enough powers to ensure that the plurality of purposes we have for schooling in our communities can be secured and not just those which individual groups of governors and parents recognise for themselves.

**Chairman:** We are out of time. Can I thank Pauline, Colin, Alan and John for appearing before the Committee today. You have been a difficult bunch to manage, I am afraid, because you are so knowledgeable and it is so interesting to listen to your answers, but it certainly honed up my chairing skills. We appreciate it very much, thank you.

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### Supplementary memorandum submitted by the Association of Colleges (AoC)

#### THE WHITE PAPER—FURTHER EDUCATION: RAISING SKILLS, IMPROVING LIFE CHANCES

AoC's general comments on the White Paper are as follows. We:

1. Welcome the vote of confidence in the college sector. In addition we welcome the recognition that colleges must help people develop their skills in the broadest sense so that they can deploy their talent, knowledge, resourcefulness and creativity.
2. Welcome the Government's prompt response to Sir Andrew Foster's report “Realising the Potential” and for the consultation that ministers and officials engaged in between December 2005 and March 2006.

3. Offer AoC's full support and assistance in implementing the proposals and reiterate that college governors, principals, managers and staff have proved their success in delivering reforms over the last decade.

4. Note that the White Paper does not fully address the skills challenge for the UK and is particularly short on action to deal with demand-side issues (low employer investment in training, unwillingness of individuals to pay for learning, low public esteem for vocational learning).

5. Are disappointed that the White Paper does little to reduce the large regulatory burden of colleges or the cost of the regulation to the public purse. Suggest that the Government is still unwilling to trust colleges to build on the successes of the last decade. Regret the limited nature of the commitment to self-regulation.

6. Regret that the White Paper does not alter the funding settlement for the college sector which leaves a significant gap between needs and resources and which will hinder progress towards 14–19 reform and improving adult learning and skills.

7. Note that the White Paper makes no mention of the potential of e-learning to personalise learning or to increase participation and achievement.

## CHAPTER TWO—A SPECIALISED SYSTEM FOCUSED ON EMPLOYABILITY

8. AoC supports the White Paper's formulation that further education should "help people gain the skills and qualifications for employability so that they are equipped for productive, sustainable and fulfilling employment in a modern society" and the recognition that the new mission and the drive to specialise should not necessarily be at the expense of breadth of provision in individual institutions.

9. AoC warmly welcomes the recognition for the distinctive role of sixth-form colleges and the promises to make it easier for them to expand and for new institutions to be created. We hope colleges are able to obtain funds swiftly when they do expand. The Committee will know of course that many general further education colleges—especially tertiary colleges—are increasingly focused on full-time provision for 16–19-year-olds and they of course should not be excluded from any initiative in this area.

10. AoC welcomes the recognition of the vital role of colleges play in delivering general and higher education and in particular we are pleased with the offer of capital funding for colleges with large HE programmes. We are disappointed however that the White Paper did not address a number of important issues, for example accreditation, part-time provision and the barriers to expansion for colleges in indirect funding relationships.

## CHAPTER THREE—A SYSTEM MEETING THE NEEDS OF LEARNERS AND EMPLOYERS

### 11. *Level 3 entitlement*

AoC strongly supports the new entitlement to free Level 3 tuition for those under age 25, and will look to government to extend the entitlement to older learners in due course. We note the entitlement will not take effect until 2007–08 which leaves colleges in some difficulties in determining fees for this group in 2006–07. We have concerns about the long-term funding for this pledge and will seek reassurances from Government that colleges will not have to pay for this entitlement from the rest of their adult education budget, causing further losses.

### 12. *New individual learner accounts*

The Government's proposed new system of learning accounts for Level 3 qualifications is due to start in 2007. AoC very much looks forward to working closely with Government in developing a detailed specification for the accounts and in ensuring the scheme works successfully.

13. AoC welcomes the Government's plans for a National Learner Panel to increase the role of learners in the system and supports the emphasis on colleges and training providers on involving learners and parents/carers of younger learners but we have doubts whether there is need for a separate, mandatory plan on this issue. For example it could be integrated into the development plans that colleges prepare every summer. We support the recommendation that colleges have two student governors.

### 14. *Train to Gain*

The Government's major new skills development vehicle is Train to Gain, which will cost £288 million in 2006–07 and £457 million in 2007–08. This scheme offers all employers free full Level 2 (equivalent to five GCSEs grade A–C) training for all staff not already qualified to this level. AoC has acknowledged the potential value of Train to Gain, but has called for a fair contribution from employers and for action to minimise bureaucracy. We hope that lessons have been learnt from the pilots and that measures will be taken to reduce the level of deadweight (training employers would have paid for but instead got for free) which the Institute of Fiscal Studies study of the Pilots found amounted to 85% of the total provision. We have



additional concerns regarding the timescale of the bidding process for Train to Gain which is currently running about six months behind schedule. This has led to colleges and other providers being given less than a month to submit their tenders for Train to Gain provision which will last for two years.

15. We also have concerns regarding the proliferation of standards created by the White Paper: CoVEs, Centres of Excellence for sixth-form colleges and the quality mark for employer engagement. We think that this will add to the plethora of differing demands on colleges and will only add to bureaucracy, compliance costs and confusion, particularly as the picture is being further complicated in many colleges by the endorsements and licenses to practice that are being developed by Sector Skills Councils. AoC would like to see fewer, stronger standards that relate to each other and that are linked to a simple, strong brand. Obviously we would want to see a central role for colleges in the development of these standards.

16. AoC welcomes the commitment to create a Foundation Learning Tier, the aim of which is to create a coherent set of courses below Level 2 in the national qualifications framework. We would suggest that the government place a high priority on free tuition for students aged 19–25 for these foundation qualifications.

#### CHAPTER FOUR—A NATIONAL STRATEGY FOR TEACHING AND LEARNING IN FURTHER EDUCATION

17. We support the modest rationalisation of inspection and quality improvement functions into Ofsted and the Quality Improvement Agency (QIA) but are concerned that the new arrangements do not internalise capacity for quality improvement within colleges, but build an expensive, external support system. We believe the Government should examine ways in which it could free up more of the £500 million spent on central management, so that it can be spent on teaching and learning.

18. AoC welcomes the commitment to improved advice and guidance but have concerns that the reform of Connexions will result in a further erosion of independent guidance for young people both at 14 and at 16.

19. We also welcome the plans to implement elements of the Little Report on students with learning difficulties and disabilities. Colleges would be willing to do much more in this important area of provision if they had access to funds currently ring-fenced to specialist colleges. We note with some disappointment there is no mention in the White Paper of resolving the issue of who pays for what between education and social services.

20. AoC supports the emphasis on staff development and continuing professional development (CPD) for lecturers, managers and leaders, however, we have concerns regarding the implementation of the 30 hours CPD and the cost to colleges. We suggest that new regulations on staff development should apply consistently to all LSC funded organisations. We welcome in principle the proposed principals' qualification and will be responding to the current consultation in the next few weeks.

#### CHAPTER FIVE—A FRAMEWORK WHICH SPREADS SUCCESS AND ELIMINATES FAILURE

21. Ofsted states that 2.9% of colleges are currently judged as inadequate. In addition, the last Ofsted inspection cycle showed that 7% of schools were judged unsatisfactory compared to 4% of colleges.

22. We share the Government's desire to continue raising standards across the system, but query the need for stronger intervention mechanisms to eliminate unsatisfactory provision. We are not persuaded that the case has been made for greater LSC powers in this area and are concerned to retain adequate checks and balances in the system. We restate the need to trust governors, principals and managers to develop effective approaches to making improvements.

23. AoC challenges the proposal for the LSC to have the power to force governing bodies to dismiss principals. We believe that that this compromises the powers of governing bodies, goes well beyond the powers that Government has in comparable areas of the public sector (See Parliamentary Answer given to John Penrose MP, 20 Apr 2006: Column 799W) and could create difficulties with employment law.

24. We support the proposal for a single, standard set of performance indicators will be used to assess quality, responsiveness and financial performance but note some unresolved issues, in particular how some of the indicators will be measured, how the composite score will be created and who will make the judgements.

#### CHAPTER SIX—FUNDING WHICH SUPPORTS OUR OBJECTIVES

25. A recent Parliamentary Answer given to Tim Farron MP said there were 9,600 unfunded 16–19-year-olds in colleges in 2004–05. We acknowledge that some of the colleges affected have received funding for these students in 2005–06 but there is no guarantee that this is 100% funding and the position can vary much across regions. Currently a school sixth form which over-recruits receives the extra funding “in-year” but the Government has pledged to ensure that as of 2006–07 colleges and schools will be treated in the same way—ie they will both receive funding the following year. AoC very much welcomes this decision and hopes that both colleges and schools will receive identical funding for all the “extra” students they recruit.

26. We welcome Ministerial commitments to narrow the funding gap between school sixth forms and colleges from 13% to 5% by 2007–08. But there remain a number of issues. As explained above there are issues in relation to in-year adjustments to funding. In addition, the minimum funding guarantee has been extended to colleges but many are being offered a budget increase per student for the coming year of less than 3.4%. It is impossible to put an exact figure on the likely funding gap in 2006–07 however AoC is concerned that the combined impact of the above factors may limit progress and result in the gap closing more slowly than Ministers intend. The Government promise to close the funding gap comes at a time when money is tight. The 700,000 young people in colleges (the majority of sixth formers) will continue to lose out.

27. In relation to adult education we ask that the Government take account of the fact that people in different economic circumstances have differing abilities to pay fees for their courses. The Government's changes to adult education funding do not take enough account of this fact. Indeed it is worth noting that the average salary in the South East is £25,521 (Payfinder research February 2005)—the highest in England—and therefore adults in this region have a higher likelihood of being able to afford courses at their local college than in other regions.

28. On average colleges expect to collect £300 million in fees from individuals and employers in the 2005–06 academic year. This is 5% of their total budget. Many college courses are free because colleges do not charge fees to sixth formers (anyone under 19), to adults on income-related benefits or those taking basic skills courses.

29. New research shows that FE students are willing to pay but are quite unaware of the size of the expected increases to fees. (Claire Callender, London South Bank University for LSDA, May 2006).

30. College leaders know that fees have to rise and many are doing their best to “sell” this message to their local public but they cannot do this on their own. The message has not been taken to the wider public or employers. There is no Government advertising campaign to publicise the message that learning pays and that investment is vital to business and individual success—as there was when changes were introduced to HE student funding.

31. AoC would emphasise in any case that the extra income that colleges might be able to raise from higher fees will not cover the funding shortfall. The cuts are not at all restricted to leisure and recreational courses.

32. A Statistical First Release (ILR/SFR09) issued by the Government at the end of March showed an overall reduction in the number of adult learners enrolled in colleges in October 2005 of some 150,000—and that the number of people aged 60 signing up for college courses has fallen by 25%. In fact all age bands over 30 the numbers of adult students who enrolled by 1 October 2005 was lower than the same date in 2004. For example the number of 55–59-year-olds dropped by 18.4% and 45–49-year-olds by 16%.

33. We welcome the decision to expand the Adult Learner Grant at a cost of £11 million but we do have concerns that the learner support budget of £145 million is insufficient for the growing demands being placed on it—in particular the need to provide childcare and support for low income students facing higher fees.

34. We will seek clarification about the plans to integrate the LSC and colleges into local Building Schools for the Future plans. Obviously we would hope that colleges have access to equivalent levels of funding.

#### *A new relationship with college and providers*

35. AoC regrets that three year funding will only be offered to excellent providers whereas four years ago all colleges were given this offer. In addition, we note that all schools have three year budgets, even schools with satisfactory or poor quality scores.

36. We welcome the offer of more freedoms to high performing colleges and invite the Government to extend this offer to a wider number of institutions in the interests of making the system work more effectively and efficiently.

37. AoC welcomes the statement that college governors should have a stronger role in defining a college's identity and in ending activities which are not being done well or which are not core to the mission. However, we note a contradiction with the power which the Government proposes to be given to the LSC to order governing bodies to dismiss their Principal.

#### CHAPTER EIGHT—IMPACT AND OUTCOMES

38. AoC supports the idea of a single outcomes framework to be developed for post-16 education, training and skills, so long as this encompasses higher education.

39. We welcome the announcement of a review of communications to promote the sector.

May 2006

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**Monday 9 January 2006**

Members present:

Mr Barry Sheerman, in the Chair

Dr Roberta Blackman-Woods  
Mr David Chaytor  
Mrs Nadine Dorries  
Jeff Ennis

Helen Jones  
Mr Gordon Marsden  
Stephen Williams  
Mr Rob Wilson

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**Memorandum submitted by The Skills for Business network**

**THE SKILLS FOR BUSINESS NETWORK**

1. The Skills for Business network (SfBn) consists of 25 Sector Skills Councils (SSCs), supported and funded by the Sector Skills Development Agency (SSDA). The network was initiated in 2002 and the final SSC was approved for licence in November 2005. Our mission is to ensure that the economy is equipped with the skills to achieve world class business performance by:

- identifying, defining and articulating employer skill needs within the UK;
- increasing the demand for skills from employers; and
- influencing governments and learning delivery partners to ensure those needs are met.

We are building a much needed bridge between employers and education so that the skills employers really need can be supplied in real time.

2. The SfBn is employer-led, with employers leading the network through membership of SSC and SSDA Boards. Since the first SSC was licensed in 2003, employers have become steadily more aware of the SfBn. Some eight in 10 employers are aware of their own SSC in the most mature sectors. Two thirds of employers having dealings with their own SSCs are satisfied with the services they received. Over eight out of 10 employers that had dealings with their SSC report that had had a positive impact in their sector over the last 12 months. The SfBn is already the best, and is rapidly becoming the authoritative, provider of information on the nation's skill needs.

3. The SfBn receives some public funding to augment that provided by employers to achieve its objectives. We are part of a governmental response to intensive analysis on UK productivity which demonstrates that a failure to improve the skills of the workforce will lead to a decline in global competitiveness. We take this relationship between skills and productivity as given. We accept that the exact relationship can, and must, be refined to prioritise investment in the skill needs of the nation. We further accept that this is for us to deliver. We are up for this challenge.

4. Sectors matter. International comparisons show that most of the overall UK productivity position can be explained by the relative size of high and low productivity sectors<sup>1</sup>. These variations between sectors strongly suggests that action needs to be tailored on a sectoral basis to be effective, this is particularly acute for Small and Medium Sized Enterprises (SMEs) who rarely have the capacity to negotiate bespoke provision. Sectors have common areas of interests which will provide a good means of engaging employers and incentives to change. Sectors are determined by what the employers produce. They compete for similar customers and share common occupations and skill needs. They are thus interconnected by similar economic, competitive and market conditions, technology, business strategies and ways of working. It is important that skills and productivity deficits are examined by sector to provide a basis for action. Sectors differentiation and specialisation needs to be clearly articulated so that skill demands can be identified and met and policy solutions sufficiently tailored to optimise their effectiveness. General solutions (for example setting targets at a particular qualification level) which do not differentiate between the actual needs of employers will always be sub-optimal.

**EMPLOYERS AND PROVIDERS: GENERAL**

5. One of the problems we face at present is that employers and educationalists have not got a common language to express mutual concern. Employers understand markets, pricing, margins, and supply chain competition. Educationalists understand teaching, targets, the key stages of the national curriculum, and the levels of accredited qualifications. It is imperative for future competitiveness that employers are assisted to articulate their needs in language that educationalists understand and can respond to. Equally it is important that the education and training system is transformed to become part of the supply chain of skills.

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<sup>1</sup> Jagger *et al* (2005) "Sectors Matter: an International Study of Sector Skills and Productivity". SSDA Research Report 14.

It is a primary function of Sector Skills Councils to provide this translation and set the direction of transformation. Employers simply want a competent workforce; it is up to the rest of us to make the skills-delivery system fit for purpose. Again, we are up for this challenge.

6. We do not accept that there is a natural conflict between meeting the learning wants of individuals and the skills needs of employers. For example, in Higher Education, those courses which are most in demand from potential students are those that have a predominantly vocational content and intent. However, there will be major mismatches between the supply and demand for knowledge and skills if we continue to have a national purchasing system aimed primarily at meeting the, often ill-informed, wants of the learner. It is all too easy for teachers and careers advisors to tread the usual “A-level” path. A better balance must be struck, by improving the information available to learners, by incentivising learning which will meet skills needs, and by clarifying the purpose of the organisations and institutions which comprise the learning delivery system.

#### BUILDING LINKS BETWEEN EMPLOYERS AND FURTHER EDUCATION AND OTHER TRAINING PROVIDERS

7. The Further Education system (including provision in other settings) is vitally important to the supply of skills for the nation. To this end we warmly welcome the Secretary of State’s acceptance of the main conclusion of Sir Andrew Foster’s report: that skills development should be the primary mission of FE. Our own submission to the review focussed on this as the single most important issue to be resolved. However, what is vital is that there is sufficient quality provision to fulfil this economic objective, whether or not this provision is a Further Education College is not of prime importance. FE colleges, private training providers, or new public private partnership arrangements could all achieve this objective.

8. We need a network of providers whose identity, purpose and drive is to meet the skill needs of the local/regional economy which connect effectively with both actual and potential members of the workforce to meet evolving labour market needs. And this needs to be developed within a consistent policy context with clear objectives for all.

9. In locations where the FE sector is assigned this function, it should be the primary objective of the College. Funding, from all sources, should be contingent on the extent to which it achieves this objective.

10. We acknowledge that there are already a number of initiatives that are moving in the right direction, and the Skills for Business network is working closely with key partners (DfES, LSC, QCA and DTI) to help make these initiatives a resounding success:

- The *National Employer Training Programme (NETP)* is the first funded initiative to target the skills needs of the existing workforce. Given that 73% of the workforce of 2020 is already employed, this must become an increasing source of active learners. However, if the programme is used primarily to meet a general level 2 target (where the relevance of the learning to a local employer is not the first concern) the outcomes will be sub-optimal. The success of NETP will depend on meeting the needs of individuals and employers. To this end we warmly welcome the level 3 pilots which have a greater chance of realising this dual purpose. That the provision supplied under NETP will be contestable and brokered on behalf of employers will help redress the imbalance between supply and demand.
- *National Skills Academies (NSAs)*. Employers are investing in the skills of their workforce (£23.5 billion per annum on best estimate), but in return they want control of what, when and where the learning takes place. They are looking for and should expect a return on their investment. The key issue is why so little of that investment by employers is directed at public sector providers. Our best estimate is that only 6% of employer expenditure on training (excluding wage costs) is spent with public institutions. The conclusion must be that public providers are not always meeting the needs of employers. This despite the finding of the LSC Skills Survey that where employers have used FE colleges satisfaction rates exceed 80%. NSAs are a bold and genuine opportunity to change the drivers of provision to meet the needs of employers sector by sector. It is early days yet, but we take comfort that the four NSAs to start operation in September this year are being led by the relevant SSC.
- *Centres of Vocational Excellence (CoVE)* reassessment. Now that we have completed the SfB network it is right that the intelligence each SSC has on the needs of employers is utilised to define provision which meets those needs. We warmly welcome a reassessment of CoVEs which utilises the strength of that intelligence. There is good reason to hope that future CoVE networks (working to the demands of a NSA where present) will better meet the needs of employers, sector by sector, in both quality and flexibility of delivery.
- *Sector Skills Agreements (SSAs)* are UK wide compacts between employers and the funders and providers of education and training. SSCs work with employers and key partners to identify the actions they will take to deliver the skills necessary to achieve productivity at internationally competitive levels. The LSC in England has been a particularly active partner and shown a significant degree of commitment to the process. Where SSCs have evidenced qualifications of choice and can be specific about volumes and numbers to be delivered, the LSC have produced a purchasing strategy which is fed through to providers via the LSC planning cycle to direct their

purchasing for the following year. The LSC are currently developing this in a regional context through Regional Skills Partnerships where appropriate, which will form part of the future SSA regional action plans. The development of a sectoral provision strategy to bring coherence to the disparate landscape of FE provision. This will encompass looking at apprenticeship models, reviewing the CoVE network and the development of Academies.

- *Sector Qualification Strategies* (SQSs) are being developed to increase the influence employers have over the design and delivery of vocational qualifications across the UK. SSCs and other sector bodies are working with key partners to define and support the implementation of reforms to vocational qualifications over the next 5–10 years. The detail of the work is being finalised, but Sector Qualifications Strategies should lead to vocational qualifications that support increased productivity across the UK, by contributing to skill development in the workforce.
- *14–19 Implementation Plan*—ensuring that by 2013 all 14–19-year-olds can access an entitlement that covers acquiring and developing functional skills and employability skills within their mainstream schooling (embedded within GCSEs, A-levels and the new specialised Diplomas). The 14 specialised Diplomas are being developed by employer led (through SSCs) partnerships and will ensure that young people of all abilities can access a vocational curriculum that will both increase the success rates for those who are less likely to achieve 5 A–C GCSEs and those who need more stretching curricula. LLUK is working with the Training and Development Agency to develop the workforce strategy to support the implementation of the specialised Diplomas.
- *The agenda for change*—This will reshape how the LSC works with the other key players in planning, funding and supporting colleges and other providers to become more focussed on “skills for employment”. We have a particular interest in ensuring the SfBn are leading the development and endorsement of the Quality Mark for colleges. This will ensure our employers can have confidence in it. The SfBn welcomes the internal staffing changes in the expectation that this will improve national sectoral communications and regional coherence. We particularly welcome the clear statement that LSC will work with LLUK to develop the skills of the teaching and learning staff and assessors in colleges and other providers.

11. All this is taking us in the right direction. And we are well aware that there is much excellent provision out there, but is still far too patchy. So we know that much more is needed. We look forward to influencing the Government’s formal response to the Foster report and we hope this will include a radical programme of renewal giving the nation the providers and provision it needs.

#### WORLD CLASS PROVISION

12. Employers know that if they do not compete effectively and efficiently, their company dies. The same is not true of publicly-funded colleges and institutions. The FE system for the near future must: deliver what employers need; where employers need; when employers need. To achieve this objective, the Skills for Business network made a series of recommendations to the Foster Review. To employers engaged with the network these remain valid.

13. The Skills for Business network continue to recommend, on behalf of employers:

- That the planning and funding authorities in the UK are required to ensure that sufficient provision is available to meet the projected skill requirements of each local economy, each year, every year;
- That Sector Skills Agreements become the starting-point for the local planning of provision; that a comparison between the provision stated in SSAs and that which is currently available is made in each Local LSC area, this to identify both needed provision which is not available and provision which is no longer required; that each Local LSC should work with its suppliers (including Colleges) to develop a three-year plan to deliver the skill needs articulated in SSAs;
- Rapid development of “hub and spoke” Skills Academies so that sector needs drive the nature and volume of provision, and that all FE Colleges only deliver curricula endorsed by National Skills Academies (where existent);
- That FE Colleges are made less accountable to the purchasers of provision and more accountable to the consumers of provision, by:
  - collection and publication of destination information by College by subject;
  - passing the Adult FE budget and NETP budgets to a system of brokers which access employers and meet their needs by buying from a range of potential suppliers;
  - reduce monopoly suppliers of government-funded provision by making all supply contestable; and
  - by FE colleges having a core fund to develop and maintain their capacity to respond flexibly and swiftly to changing demands.
- Greater workplace based provision, with colleges having the flexibility to deliver into a market which no longer operates on a 9–5 working week;

- That college success is measured by the impact they are having on meeting their customers needs, not through the achievement of targets set by Government Agencies;
- That the new Quality Improvement Agency (QIA) adopts customer satisfaction as its main criterion of quality, and establishes programmes which drive-up quality and performance; and
- That poorly performing FE Colleges should be allowed to fail, with provision being put to external tender; and well-performing Colleges should be allowed to succeed by expansion and increasing the scope of their provision.

#### DEVELOPING THE WORKFORCE WITHIN FE AND OTHER TRAINING PROVIDERS

14. Because skills are of central importance to improving productivity, long term economic growth and a fairer society then equipping the learning and skills workforce to be world class has to be a major priority. To achieve this specific objective there is a unique SSC—Lifelong Learning UK—which is dedicating the skill needs of employers in the education sector. LLUK will be working with the Department, the Association of Colleges and others on planning for the workforce within FE and the wider Learning and Skills sectors to meet the challenges set out by Foster.

15. The Foster Report is a snapshot in time and, under “Success for All” and “Equipping our Teachers for the Future”, LLUK are making strides towards reforming the infrastructure which supports the workforce delivering learning. These reforms are intended to fully professionalize the sector whilst recognising the skills of those that work in it. Particularly:

- Initial Teacher Training;
- The 14–19 workforce;
- Skills for Life workforce;
- Continuing Professional Development;
- Management and Leadership (in partnership with the Centre of Excellence in Leadership);
- planning for the workforce within FE and the wider Learning and Skills sectors; and
- standards for the profession (due for completion in March 2006).

16. These steps, if fully supported through all the policies that this sector needs to address, will ensure that those that supply education and training have the world class workforce that is needed.

#### CONCLUSION

17. The Skills for Business network warmly welcomes the opportunity to discuss with the Committee the future of Further Education in England. There is a growing consensus that this future must be characterised by increased engagement with employers and their skill needs. The Government has given us a job to do—to ensure that the employer voice is known, articulated and influential in the planning and delivery of skills provision. We are up for the job.

*January 2006*

*Witnesses:* **Mr Mark Fisher**, Chief Executive, Sector Skills Development Agency, **Mr David Hunter**, Chief Executive, Lifelong Learning UK, and **Mr Terry Watts**, Chief Executive Officer, ProSkills, gave evidence.

**Q303 Chairman:** Can we welcome Mark Fisher, Terry Watts and David Hunter to our proceedings. It is very good to have you here, in some cases for the first time and in others we have seen you before. I was going to suggest, Mark, if you would like to have a couple of minutes to introduce yourself and your organisation and then I will give the same opportunity to each of you. I am not exaggerating when I say just a couple of minutes, a thumbnail sketch.

**Mr Fisher:** Thank you, Chairman. I am Mark Fisher, Chief Executive of the Sector Skills Development Agency. The Agency is the body charged by Government with developing the network of 25 Sector Skills Councils, regulating them, monitoring them, supporting them, encouraging them, managing them to deliver the employer voice into the skills system. I have got with me two colleagues: Terry Watts, who is Chief

Executive of ProSkills, which is the Skills Council dealing with the process industries, anything from quarrying through to printing, and David Hunter, who deals with Lifelong Learning. They will say a bit more about what they do. Essentially, I am the regulator of the 25 Sector Skills Councils.

**Q304 Chairman:** You get your salary from the Government?

**Mr Fisher:** I am a non-departmental public body, so I am funded by the taxpayer, yes.

**Q305 Chairman:** Thank you. David Hunter.

**Mr Hunter:** Lifelong Learning UK is the Sector Skills Council for higher education, further education, work-based learning, libraries, archives and quite a few other things as well, including the Youth Service.

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9 January 2006 Mr Mark Fisher, Mr David Hunter and Mr Terry Watts

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**Q306 Chairman:** Including the Youth Service?

**Mr Hunter:** Including the Youth Service. You do not often think of our employers as employers, they are vice-chancellors, principals of colleges, work-based learning providers, adult community education providers as well. We represent the employment side of all that. We are about bringing about a change in the workforce to respond to the needs of the demand side.

**Q307 Chairman:** Thank you for that. Terry Watts.

**Mr Watts:** Thank you. I am the Chief Executive of ProSkills, the Sector Skills Council for the process manufacturing industries, which include extractives, quarrying, mining, printing, as Mark said, glass manufacture, coatings and building products, so bricks, concrete, that sort of thing. There are half a million employees across the country, 27,500 employers, a very important industry for buildings and construction and all those employers in those industries, and we represent the needs of those employers.

**Q308 Chairman:** How do you relate to other people in the construction industry, the CITB?

**Mr Watts:** We are the supply side. We provide the materials for them to do the building with, so we get on the ground the primary sourcing of those sorts of things.

**Q309 Chairman:** There are one or two odd ones in that list though, are there not?

**Mr Watts:** It is quite an interesting list, yes. When you get inside the industries they have similar processes and we have done a lot of work identifying the issues which they face and they are very similar across the industries, things like health and safety, the ageing workforce, attraction of young people into the industries, management and supervisory skills, those sorts of things. They are very consistent issues across the industries.

**Q310 Chairman:** Both of you, your wingers, Mark, were set up with a £1 million grant from the Government to get you started?

**Mr Watts:** We get £5 million over three years.

**Q311 Chairman:** That is much more than I thought. I thought it was only one million.

**Mr Watts:** It is about £1.4 million every year.

**Q312 Chairman:** Each year?

**Mr Watts:** Yes, for the three years. There is a five year licence that we have to be a Sector Skills Council, to be the voice of employers inside the network, and we have certain things we have to do for that money and then the employers contribute their time, effort and money as well to help us provide the rest to do their representation for them.

**Q313 Chairman:** It is a very interesting time. As you know, we have got quite a long running inquiry on further education and skills. As I said outside, we can get distracted by White Papers and whatever is happening in other parts of education, but we have

been consistently keeping on with this long-term look at further education and skills. That is what we want to focus our questions on today. I want to ask in terms of the two major inquiries into FE at the moment, what have been your feelings about the contributions of these two major inquiries? I know that one has only partly reported but the Foster report has come out. What is your view on what they have added to the discussion and debate on the skills in our country?

**Mr Fisher:** Can I deal with Leitch first of the two?

**Q314 Chairman:** Surely.

**Mr Fisher:** We had a pretty major involvement with the first part of Lord Leitch's inquiry and that is now into the second phase when he is going to be thinking about solutions having identified the problems. I think he has brought a clarity to the scale of the issue in a sense. He has brought a clarity about the scale of the productivity challenge, about the scale of the skills challenge that we face and put it back to Government and to employers to meet the challenge, both in terms of targeting the publicly funded skills sector on the needs of employers and then getting employers to invest more of their own money. That is a very fair challenge and he has set that out in a pretty crystal clear sort of way. We are very pleased with this report. We are hoping now that he will have the same degree of clarity in coming to solutions over the next six months and, again, we are hoping to work with him on what those solutions might be because a sectoral perspective of what those solutions might be is really important. Turning to Foster, again we support the broad conclusion of the Foster report, we support the fact that he is wanting colleges to have a clear focus on skills and economic productivity, that is really, really important, and we support the various changes he is suggesting to the whole mechanism and the way the system works. We think if they are fully pushed through, developed and implemented by Government, that will be an important step forward in the way that FE is responsive to the needs of employers, and we are very anxious that should happen.

**Q315 Chairman:** Any other comments from Terry or David?

**Mr Hunter:** Yes, I would like to comment. I very much appreciate the coherence that Foster brought about. If there is one word that you could use to describe Foster, it is that it brings coherence to the supply side sector. I very much support the core purpose, the economic role. The other thing that I think is very useful is the concept of planning across these sectors, the national learning model that he speaks of, so that what happens in HE and FE and work-based learning and schools, et cetera, connect the layers of policy and I think that is a very positive way forward. That is the way we are working as a Sector Skills Council, having that spread right across. Those are some of the key things I am very keen on that he has said. Of course, the Workforce Strategy is something that we are working on with

the Department in relation to our Sector Skills Agreement which will go across those sectors in the next 18 months.

**Q316 Chairman:** Most people in this country are looking to you to really deliver on skills in a way that they have not been delivered in the past. We have had a long history of changing the names, we have had NTOs, ITBs and even governments with the same parties have changed their minds about this area, changed the titles. What guarantee have we got that the new system is going to deliver where the others failed or certainly seemed to under-achieve?

**Mr Fisher:** I think that it has yet to be proven fundamentally is what I would say. The infrastructure is right. People seem to recognise that 25 sectors are a really powerful way of representing employers. We have some extremely powerful employer representation on the boards of the various councils and you can see that active engagement. In my view, now we have got two or three years really to drive that through the supply side, to make that visible, to work, to be reflected in the nature of qualifications, to be reflected in the quantum of training and the supply and design of the system, in the performance incentives for colleges and all sorts of ways that would lead to a genuinely demand-led system. The Government has done a set of things which seem to be right. Foster is pointing in the right direction. Leitch has signalled the big changes needed. The sectoral dimension is absolutely right in my view but we have got to deliver on this and I think your challenge is an entirely fair one. If we do not deliver then they will change the badges again and I think that would be a mistake. We have really got to make this system work and we have got two or three years to really do that.

**Mr Hunter:** In our discussion with Leitch, he said that compared with what went through before the Sector Skills Council approach is a breakthrough. It is a much more systematic approach with the Skills for Business Network, with labour market intelligence collected in a more coherent way than ever before, bringing national occupational standards together under our umbrella, with the Sector Skills Agreements, with the Academies and with the sector groupings, the public service sector, which we are very much involved in, and the others, social care and justice, *et cetera*, working much more closely together. In fact, in our sector we are training a lot of people who come through from the MoD and other organisations like the health service, nursing, the fire service, and it is important to have that co-ordination as never before. This is a really good and useful partnership way forward.

**Mr Watts:** I would agree with that. My anxiety is that we need to respond. In setting up SSCs, that is a promise from Government that employers will have a voice in directing the way that training education is delivered and the door is open. The employers have joined and supported us, they have given money, they have given time and people and the SSCs are engaged very heavily in each of their sectors. We now need to see the response from the supply side, from education at all its levels, to deliver

on that. There is a huge opportunity out there. Industry spends an estimated £23 billion on training its workforce and if you add that to the tens of billions that Government invests as well, we can really make a difference if we co-ordinate that together. One of the things that came out of the Foster review was the National Skills Academies and that is an example of how that might work driven by the Sector Skills Agreements. All the components are there, all the jargon is there, but if we can build it together through the SSCs there is a huge opportunity to deliver the increased productivity that everybody wants to see. I am not aware of anyone who does not want to see that work.

**Chairman:** Thank you for those opening answers.

**Q317 Helen Jones:** Can we explore this concept of skills for employability because while what Foster says is very interesting, it is quite a difficult concept to define, is it not? Could you give us your definition of skills for employability? It might be easier to say what do people learn that are not skills for employability?

**Mr Hunter:** This could be an interesting discussion. Literacy and numeracy, ESL—English as a second language—ICT, under soft skills that Leitch particularly referred to, are absolutely essential for all of us as we seek to get on to Level 2 and move forward. I will let you add in from there.

**Mr Watts:** It is also making sure the attitude is right. Employers want someone who can read effectively and write effectively to do the job that they are needed to do and if they are going to move jobs or have the opportunity of growing themselves that needs to be of a reasonably high standard. It is also the attitude to be willing to take on new tasks, willing to grow their responsibility, and as technology changes, as systems change, as the markets change in this world of globalisation and hopefully growth then people need to be flexible in the workforce as well. The flexibility is another thing. As well as the IT and the reading and writing abilities, it is the attitude to be able to adapt to the working environment as it is changing ever more quickly with the way industry is going.

**Mr Fisher:** It is more than just a definition of skills to me, it is a systemic design issue. It is about how you link up Welfare to Work through colleges and training into employment, how you get a supply chain that brings people out of dependency into jobs. Colleges clearly have a role to play in there. Technical definitions of what we mean by skills for employability are really important but at the end of the day what really matters is that people have a secure route through the Jobcentres into employment. The colleges have a vital role to play in that. It was a disappointment to me—I worked in Jobcentre Plus for four years before I took this job—that colleges were not more involved in the New Deal than they were. To me, that was partly because we had not really cracked this route out of unemployment through to employment. It seems to me if we can move to a system where colleges are focused on the needs of employers, it will help with



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9 January 2006 Mr Mark Fisher, Mr David Hunter and Mr Terry Watts

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employability and help with this dual role dealing with disadvantage as well as dealing with employment and bringing those two things together.

**Q318 Helen Jones:** That is a very interesting answer but it does raise the question, does it not, that there are some courses which are currently being cut in colleges which are perhaps essential for that very route that you are talking about. If we are talking about people who perhaps have had a bad experience of education in the past, it is very difficult to even get through the door of a college to start, they often begin with courses which are perhaps not certificated, do not lead to a job but are an essential step on the road to that. In your view, how should those courses be dealt with and funded in the future? Do you see them as part of this whole package or do you see them as add-on extras that should be done by local authorities or voluntary organisations or whatever?

**Mr Fisher:** I think one of the issues we have here is the universal Level 2 target. I can quite see why we have a universal target because they have a hugely powerful instrument but, at the end of the day, it does mean the number of things we know employers want, for example part qualifications or some of the things you have been describing, those sorts of small courses, lose out, in the way of funding to privatisation. I would like to move to a slightly different world where what employers want, which could be small courses, it does not need to be the whole of qualifications, is what is given through the supply side, so we can genuinely be responsive in that sort of way. I recognise that would make quite significant changes to the funding methodologies and other things.

**Mr Watts:** What employers really want is competent workers and whether that is through a qualification or a part qualification or some smaller training, it does not really matter to the employer at the end of the day because as long as they know they are competent to the job and they will be able to be effective in the workplace, that is what they want. I think with the changes that are being discussed and the way the system looks like it might evolve, then we will be able to provide that and, to a considerable extent, you can provide, through this existing infrastructure, those part courses or shorter bits of training which will gradually build into a qualification which is good for the individual. Meanwhile, the employers sees someone develop in the workforce and doing the things that they need them to do. We can do both if we get it right.

**Q319 Helen Jones:** I think that is true, but shall we look at the more difficult area. Mark talked about the whole welfare to work package, and the very people who are perhaps falling through the net are those people who cannot come straight in and do a qualification or a part qualification, you need to get the confidence to go back into education firstly. They may have been out of the workforce for some time, they may be people with particular difficulties or whatever. How are they going to fit into this overall package you are describing? I do not dissent

from anything you said, but the most difficult people to target and get back on the road into work are those people who even lack the confidence to take one of those qualifications or part qualifications to start with, are they not? How do they fit into the picture with Foster's Report?

**Mr Watts:** They are the very hardest ones to tackle. My personal experience has not been with many of those people, I did some of that in the IT industry. I will give you an example of some practical activity that some employers have just asked us to undertake, it is the coatings industry. We meet as a group and there are 20 or so employers who get together on behalf of the industry across the UK. They have got an issue with attracting people into their workforce, especially young people. They would be willing to take on young people and pay them to do work as work experience, give them placements, give them meaningful tasks to do in the workplace so they can be acclimatised to work; no qualifications or anything, just acclimatise to coming into work and seeing what goes on in their industry. It is part of a recruitment drive, if you like, on behalf of the industry. They will pay them a small amount of money, they are young people so they would not need a great deal anyway, I guess and they are getting work experience. We are giving them meaningful things to do. In return what we would do is work out that when they come along, the employer does not have to worry about the basic health and safety, what it means to work in a coatings factory or a plant and what it is about. The requirements on them to behave in the working environment will teach them that in a few days of induction before they arrive there and they will do some effective work. It is not quite answering your problem, it is not long-term unemployed people or people who have had a role, who have a long experience at the moment, but that possibly could be extended. That has come from the employers, they have asked us to do that to try and help them there. I think it demonstrates that employers have got ideas and answers to some of these problems themselves, enlightened self-interest, and they are willing to work with us to do that. I think that is one of the things the Sector Skills Councils can bring.

**Chairman:** I am conscious that I cannot allow for all three of you to answer each question.

**Q320 Mrs Dorries:** David, you said that Lifelong Learning was involved in education across all the sectors, I am a bit confused, do you not think there are many organisations involved in education already? Where do you think the LLUK can bring value into the FE sector?

**Mr Hunter:** Our organisation is about strategic workforce planning. There are a lot of other organisations, like the AoC and others, that represent colleges for other things, but this is the vital thing, to bring a systematic approach to workforce planning that we have not had before and the key tool for that is our Sector Skills Agreement. I think the danger is not all the organisations that are there, but the overlap between organisations. One of the things which I appreciate about the new Quality

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9 January 2006 Mr Mark Fisher, Mr David Hunter and Mr Terry Watts

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Improvement Agency and the Quality Improvement Strategy that they are developing is the fact that all the supply side organisations are going to be clearly linked through that so that we all know what we are doing, when we are doing it and how we are doing it. We are a core partner there along the Centre of Excellence in Leadership and the Learning and Skills Council and the inspectorates, et cetera. I think that is what makes the difference. Just to emphasise, this is the first time we have tackled strategic planning across this sector for workforce issues and that is so vital. That is going to lead to a new qualification strategy, new qualification standards from 2007 for FE, work-based learning, adult community learning, same standards linked to a licence to practise, so this is about the professionalisation of the sector which has not happened in England before.

**Q321 Mrs Dorries:** Given that you are so new to it, do you think you are the best placed organisation to undertake it?

**Mr Hunter:** Some of us are not that new to it, some of us have been involved in this in other organisations. For instance, I have come from the Further Education National Training Organisation and I was Chief Executive of the Association of Colleges in Northern Ireland. We come with a lot of experience, but there is also a lot of synergy between what happens in HE, FE, work-based learning, adult community learning, libraries and the youth service. There is a lot that we all bring to that to break down those. When we did our initial survey as to what employers wanted from us, they wanted us to break down the barriers, break down the silos, have a clear standards and qualifications strategy right across those sectors and to have much more flexibility than we have had in the past and that is what we are about and that is what our Sector Skills Agreement will show.

**Q322 Mrs Dorries:** Foster suggested that the DfES should publish a comprehensive workforce development strategy, do you agree that this is a priority and that the DfES should be taking the lead in this?

**Mr Hunter:** We have got a shared responsibility with the DfES on that very issue and that strategy will work well within our Sector Skills Agreement, which will run for probably an 18-month period because it will cover all the five sectors I have outlined. Yes, I think that is important and I hope we will have a clear definition of what the Department's role is and what our role is in some form of memorandum of agreement early in the new year.

**Q323 Mrs Dorries:** Where should effort be principally focused in the development of a further education workforce?

**Mr Hunter:** The teaching and learning context is very important, the support side as well and also leadership and management. I have just outlined to you some of the quite exciting things that are happening in the teaching and learning context, the professionalisation approach. In the next two years

we are working and are on track to have 90% of the workforce qualified in teaching and now we are going to bring in this new qualification that will extend their skills beyond where they are now. That is our first priority. Leadership and management are there as well as appropriate support for support staff.

**Q324 Mr Chaytor:** My question is also for David in the first instance. In the Foster Report, the two recommendations about workforce development do not make any reference to Lifelong Learning UK. The first is about the workforce development plan and the second is about the management training programme. Who is going to draw up the workforce development plan and who is going to be responsible for the middle-management training programme? Will it be officials of the Department or will it be your own organisation?

**Mr Hunter:** We are in discussion with the Department about that at the moment. We are very clear that we have a lead on workforce issues in practically making those changes in concert with them. Middle-management will be the work of CEL, supported by ourselves because we have the standards and we will probably quality mark the work that CEL does, Centre of Excellence in Leadership, but we will work in partnership with them and we have a memorandum of understanding on that.

**Q325 Mr Chaytor:** Remind me what CEL is?

**Mr Hunter:** Centre of Excellence in Leadership. It is the organisation that does the leadership training for the Learning and Skills Sector.

**Q326 Mr Chaytor:** Do they cover the leadership training for the whole of the sector?

**Mr Hunter:** The Learning and Skills Sector, yes.

**Q327 Mr Chaytor:** In terms of the information about current staff, levels of qualifications and skills shortages et cetera, who has the responsibility for that?

**Mr Hunter:** Labour market intelligence is our responsibility, we have just taken that over from the Department at the end of last year.

**Q328 Mr Chaytor:** The Department had it previously, but they did not do anything about it, so it is not much of a responsibility, is it?

**Mr Hunter:** I think I would beg to differ, there is a great responsibility.

**Q329 Mr Chaytor:** Let me rephrase the question. Did the Department carry out their responsibility because my recollection is whenever I ask parliamentary questions about the experience, training and qualifications of staff in FE colleges, the Department always said this was not their responsibility, it was a matter for individual colleges? Is there a body of information in the Department about the workforce within FE colleges?

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9 January 2006 Mr Mark Fisher, Mr David Hunter and Mr Terry Watts

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**Mr Hunter:** We have just published a report at the end of last year on FE workforce, I would be happy to send you a copy.

**Q330 Mr Chaytor:** Was that based on the information the Department had collected?

**Mr Hunter:** That was information which was collected by the LSC in the staff individual record which had not been analysed before. I think this is the first time it has been analysed and colleges can benchmark themselves against what is happening in the regions, et cetera.

**Q331 Mr Chaytor:** Are the LSCs going to continue to collect that through the SIR?

**Mr Hunter:** No, after next year I do not think they are and we are very concerned about that. We are going to have to find, as the new organisation charged with this responsibility, another way of doing this. We are in discussion with the Department about that at the moment.

**Q332 Mr Chaytor:** This is an interesting example of the confusion in the area, is it not? The Department says it has a responsibility for the work for development which is passing across to you. They claim they have been collecting information but, in fact, it has really been the LSC and the LSC is now refusing to collect information in the future. Is that a fair and accurate description of the situation we have?

**Mr Hunter:** Yes, it is quite a useful overview.

**Q333 Mr Chaytor:** Can we get an absolute commitment from yourself, David, that your organisation will cut through all this overlap and application of responsibility and take on supreme responsibility for the co-ordination of this?

**Mr Hunter:** That is what we are determined to do because you cannot make appropriate decisions and workforce planning without clear, consistent and coherent labour market data. That is patchy right across our five sectors. I regret that the LSC are not going to collect this information and that is because of their anti-bureaucracy approach, but the problem was—and it is almost an own goal—that information was not used in the past to inform strategy. We are on the game now to do something with it.

**Mr Watts:** In each of the sectors, one of their primary objectives is to make sure that they are the source of information on skills within their sectors. One of our key jobs is to make sure we have that information, not just for Lifelong Learning but for all of the sectors.

**Q334 Mr Chaytor:** Mr Watts, in terms of your sector, will your organisation be responsible for labour market intelligence?

**Mr Watts:** Absolutely, we are the only ones who have got a view of it across the whole of the UK and that is one of the key things that we offer, the infrastructure.

**Q335 Mr Chaytor:** What was done by your predecessor sectors?

**Mr Watts:** The predecessor to Proskills were a number of National Training Organisations who did the best they could based on the information, resources and money they could find to do something. They were not necessarily funded, they were only funded on a project basis primarily. Many of them did other things as well as be the strategic body on skills, they were training organisations, trade bodies or something like that.

**Q336 Mr Chaytor:** If we go back in time, it is 30 years since the Manpower Services Commission was established. They were superseded by the TECs and the LSCs. All of these organisations have a responsibility for market intelligence and now we are starting almost from scratch again, are we not?

**Mr Watts:** It is not from scratch. To become a licensed Sector Skills Council we did a lot of work to find out what information is out there already, so there is information out there. The first stage of the Sector Skills Agreement—which all of the SSCs are doing as they get to the right stage, and we are starting ours now—is to make sure you have got the best information and top it up with primary research where it is necessary and make sure you get a sustainable route for that information. As David said we have got to do that to give advice on where the direction is. The difference is we get this £1.3 million, which is not a huge amount of money to fund all the things we are asked to do, but it does give us the security of tenure, that we can plan for doing that on an ongoing basis. If we do not give that credibility, we cannot influence, and that is one of the key things we have to do.

**Q337 Mr Chaytor:** Mr Watts, what do you see as the main difference between the new Sector Skills Council and the old industrial training board?

**Mr Watts:** I have had experience of NTOs. I used to work in e-skills NTO before it was the Sector Skills Council. The main difference is that we have the opportunity to influence the strategy and the various people involved in the supply side. We have got the voice of employers and employers are supporting us far more than I believe they supported the NTOs. In theory and on paper we have the voice and the opportunity to sit at the meetings and influence the strategy, the White Papers that are mentioned in the report. The NTOs never had that length of tenure, if you like, we were never there for long enough and never established long enough to be able to do that. Sector Skills Councils are invited to comment now, hence we are here. I think that is the main significance, that employers can have a voice in the supply side now.

**Q338 Chairman:** Mark, are you keeping your head down there? Are you unhappy that this data is not going to be collected any more by the LSC? Is it going to hamper the work of the Sector Skills Councils?

**Mr Fisher:** I think both David and Terry have quite rightly said that LMI is an absolutely essential part of what the Sector Skills Council is, it is the lifeblood of Sector Skills Councils and if they have not got that data they cannot function, they cannot articulate for the supply side what it is they need. I am disappointed with the situation David has described but I am very pleased that he has picked up the mantle and he is going to seek that LMI out. I expect every one of the 25 Sector Skills Councils to do the same in their sectors.

**Q339 Chairman:** Would you like us to call the LSC in and ask them about this? Why are they giving it up, apart from what we all applaud, cutting bureaucracy? If this is a vital tool we should have the information, should we not?

**Mr Fisher:** I think if David has found a way through this then we may not need to call them in but if there is an issue I would like to come back.

**Q340 Chairman:** David, have you solved it or not?

**Mr Hunter:** I hope to solve it but if I do not I will come back to you.

**Chairman:** Okay, that is a good promise. Onwards and upwards to funding, quality and contestability.

**Q341 Mr Marsden:** If I can start with you, Mark, on the issue of funding. I am always suspicious of great national debates, they rather suggest something that goes on for years and years and never establishes anything but, nevertheless, Foster talks about a national debate about what those contributions should be to funding, and obviously that includes employers, but we have already heard from my colleague, Helen Jones, in her questioning, and you also said, David, about the importance of funding soft skills in order to reach some of the skill levels that are going to be very apparent. I wonder if I could start by asking you what responsibility you think, and what responsibility Sector Skills Council members think employers have for funding of some of these intermediate skills which are essential to the basic skills revolution that we need to see.

**Mr Fisher:** The Government takes the view, does it not, that Level 2 is for Government and Level 3 and above, outside HE that is, is primarily for employers. The real issue, it seems to me, is how do you get from the situation we are currently in to a world where employers as a whole invest more. That is the critical thing. If you look at the fundamental productivity problem of the UK and the fact that we acknowledge skills is part of the answer to that, we have got to find some way of getting more investment between employers and Government. It seems to me that one of the routes to getting more investment is to make the publicly funded system more responsive to the needs of employers. Skills academies is a really good example of that where the Government is prepared to put some money in and employers are prepared to put some money in. I think the Government probably needs to be a bit more flexible in terms of what it is prepared to fund and what it is not to lever more employer investment than it currently does.

**Q342 Mr Marsden:** You have gone off at a slight tangent from my question, but do I interpret that response to mean that basically you do not think that employers should be picking up the tab for soft skills?

**Mr Fisher:** I think it would be difficult to persuade employers to pick up the tab for Level 2 and below, if that is the same language you are using. You can persuade employers to pick up the tab for skills above that but it is quite important that in a sense they see public funding is prepared to make a contribution too.

**Q343 Mr Marsden:** Forgive me, I was not necessarily suggesting that they should pick up the tab. What I was trying to say, and my colleague, Helen Jones, has already alluded to it, is that we have a dangerous situation here where there is a group of people, not least people who are socially excluded, not least people who do not have these qualifications, who everybody agrees have got to do these courses and all of these various things before they can get on to the ladders which Government has targets for, but other than assuming that they are in a position to increase their contribution substantially nobody seems to be talking about how that is going to be funded. Perhaps what I ought to say, to put you on the spot a bit, and I accept your analysis, is that if that is the case should you not be bashing on the door of ministerial colleagues and saying, "Look, unless you are more flexible and unless you allow the LSC to be more flexible about the sorts of courses that they fund there is a great clump of people out here who are just going to miss out on the first step of the ladder"?

**Mr Fisher:** I think you are absolutely right. It is our job to bash on the door of the Department, the ministers and the Learning and Skills Council to say they have got to be more flexible. One of the reasons they have got to be more flexible is we have got to create a system that is responsive to the needs of employers and, as we discussed before, the needs of employers could be for part qualifications, for part courses, for all sorts of things which are not within one of the big national targets that Government currently sets. We do need to move to a more flexible system where that can be done.

**Q344 Mr Marsden:** Can I take you on to a comment that was made in the submission that we received from the Skills for Business Network, which obviously you support and fund. In the submission they talk about the importance of different sectors and they refer to the need for action to be tailored on a sectoral basis. I am quoting from paragraph four of their written evidence to the Committee. It says they need "to be tailored on a sectoral basis to be effective, this is particularly acute for Small and Medium Sized Enterprises who rarely have the capacity to negotiate bespoke provision." Given that is something they have flagged up, does it not also flag up the broader issue to do with SMEs, which is the extent to which SMEs themselves engage in training, particularly in the area of apprenticeships? What do you see as your

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9 January 2006 Mr Mark Fisher, Mr David Hunter and Mr Terry Watts

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responsibility with the Sector Skills Development Agency in terms of supporting and developing that? Maybe when you have said that, if Terry or David want to add a quick comment.

**Mr Fisher:** I will ask Terry to comment on the practical things he has been doing to engage SMEs. Clearly Sector Skills Councils have a responsibility to represent their whole sector. A number of the sectors are comprised largely of SMEs and they need strategies to engage. They do not need to physically engage with every single one of them but they need to be representative so that when they present their coherent voice to the supply side, it is the voice of the SMEs in the sector as well as the big employers. That is quite a big effort and we are putting some work in with the Small Business Council as to how we might improve the engagement we have with SMEs because we recognise the importance of that.

**Mr Watts:** One of the key things we offer is we try to support SMEs because the larger companies have the economies of scale to invest in HR professionals and work out the skills and training that is required and get suppliers to provide bespoke training for them. SMEs do not have that luxury, they are often too busy just trying to survive in business rather than doing that. We need to make sure that when they go to their local college or Business Link or whatever they get directed at some training that meets their needs without a lot of customisation and does provide them with the right skills and development tools that they need to improve the productivity of the workforce. That is the key thing that we do. We are doing that already. An example is that the automotive skills have got a young apprenticeship programme running where they have got 500 students in 17 different school and college partnerships with employers going through those sorts of programmes already. We need to make sure that the provision when it is there at the point of use, if you like, is packaged in a way that makes sense to employers so they can see how it can benefit their business. Also, our job is to make sure that those intermediaries, because there is only a small number of people in each of the SMEs, the Business Links, the Small Business Service, bank managers, accountants, whoever they are, know when someone has an issue which relates to skills they can point them in the right direction to get some help.

**Q345 Mr Marsden:** They also need some backing from the LSCs at local and regional level for that and that has not been terribly forthcoming in the past, has it?

**Mr Watts:** One of the issues is to get through the bureaucracy of the LSC you need to understand an awful lot about government funding which SMEs have not got the time to do. If we can simplify it and become a broker, in modern parlance, that would help them as well.

**Q346 Mr Marsden:** Can I come back on a final question and this comes out of what you are saying but I want to talk about the issue of apprenticeships and also retraining older people. There have been a number of reports, the All-Party Parliamentary

Skills report and other reports, that suggest we are going to face a very severe skills gap in the next 10 or 15 years because of the demographic change. I wonder, David, in particular, given your hat, what you think your role is in terms of bashing on the door of Government to make them aware of that, and I know certain things have been done but what do you think we need to do more to expand the opportunity of provision for retraining and apprenticeships for older people.

**Mr Hunter:** I very much support what you were saying about the retraining of the workforce. 75% of our workforce for 2020 is already in service now and that needs continual tweaking and refining. If I could put another angle on this. My immediate concern is the demographics of the workforce in the learning and skills sector. In the next eight to 10 years we will have to replace maybe 430,000 roles in all the sectors we have responsibility for across the UK. What are those roles going to be? How are they going to be performed? What is the regional context? That goes back to mapping them out with great labour market intelligence and looking at that by region and beyond. That is a very big issue for us because we may not have the available workforce to train up in the sophisticated more professional way I am talking about and all the reforms I have already mentioned. We may have to look outside even the European Community for people to come in in that context. This is one thing we are finding with the Sector Skills Agreements that have already gone through, that there may not be the workforce in this country to provide those roles. Those are the very big issues that we are tackling and there are not a great deal of answers yet.

**Q347 Mr Marsden:** Are ministers tackling that?

**Mr Hunter:** We are certainly putting it in front of ministers and saying, "This is the situation. This is a suggested way forward in relation to the Sector Skills Agreements" and their own strategic thinking is building into that and saying, "These are our suggestions. This is what we have got to do". I would not say it is an impending crisis but it is a very serious situation for all Sector Skills Councils. I am particularly concerned about the supply side of education training across the four countries of the UK and it is a very, very big issue for us.

**Chairman:** I am conscious of time. Thank you, Gordon, for those very penetrating questions.

**Q348 Dr Blackman-Woods:** Following up on the supply side issues, were you disappointed that Foster did not make more radical recommendations about opening up further education to the market to increase competition? I do not mind who answers.

**Mr Fisher:** The issue for me is not so much about contestability or those sorts of issues. To my mind, anything that improves performance I am up for. Anything that levers better performance from colleges or Jobcentres or whatever it happens to be, one should support. The issue to me is the metrics. The issue is how you are judging performance and what judgments you are making about what is a good college and what is not a good college. I think

one of the changes we should seek to make if we are going to drive genuine employer demand through the system is to have colleges judged on how responsive they are to employers, how good they are at providing the sorts of courses that employers want as opposed to just qualification chasing. It is really important that we get the metrics right and if we get the metrics right then we can look at judgments about competition and contestability and that follows the metrics, it seems to me.

**Q349 Dr Blackman-Woods:** David, do you want to comment?

**Mr Hunter:** The Audit Office report on *Improving Skills for Employment* showed the very big problem, the straitjacket that colleges are in with full qualifications working against PSA targets and the *agenda for change* that LSC are thinking through, the revamping of the funding mechanism, may help colleges to be more flexible than they have been before. There should be great opportunities for colleges as the Sector Skills Development Agency and the Skills for Business Network are putting forward the demand side approach to respond to that and I know many colleges are responding in very practical ways.

**Q350 Dr Blackman-Woods:** So you think it might get better. We have got some information that says: "Our best estimate is that only 6% of employer expenditure on training, excluding wage costs, is spent with public institutions. The conclusion must be that public providers are not always meeting the needs of employers". Are you saying that is the case and that it might get better?

**Mr Hunter:** I think it can get better. My figure is 15%. It must get better because the needs are that great.

**Mr Watts:** From my perspective, the National Skills Academies are the opportunity to make sure that does get better. If you are going to have a National Skills Academy you need people who are going to do the training, the providers, and there is already a very well established UK-wide network of colleges, CoVEs—Centres of Vocational Excellence—and provision out there. It depends on how the academies eventually work out but it could work out that they drive a lot of that provision and then the colleges will need to respond or the academies will find the resources from outside. There is a lot of opportunity to make things better and a lot of colleges are responding. There are some very good colleges out there and we need to try to stop them competing with each other and try to share best practice a bit more.

**Q351 Dr Blackman-Woods:** Is there a danger that we could go overboard in terms of focusing training on what employers want, so, in fact, employers are determining what is fundable and what is not? Is that a real danger or not?

**Mr Watts:** I think the Leitch Report was quite helpful to my employers in this in that there are two agendas being recognised in skills, one is the entry level, Level 2, the skills for work type agenda, which

is the one that you need to get people into employment, but then once they are there, to make them more productive it is the Level 3, 4 and 5 training which people want and employers want to see that. We are not, therefore, driven quite so much to worrying about people who are not in the workforce yet but by the people who are there at the moment, so as long as we maintain those two agendas I think it is a big opportunity. We are not able through our employers, however influential they are on us, to drive the mechanism and that is right because we have got other people who are also going through a form like the QCA, the Learning and Skills Council and the various other bodies that will temper any sort of enthusiasm we have for a particular direction. I think between us there are enough checks and balances. Certainly, we are getting employers to drive it. The other thing we must not forget, okay, the LSC is £10 billion of workforce development money, that is a lot of money, but employers spend £20 billion, surely between us we can make £30 billion worth of effort. I know some of you have worked in SMEs, as I have, trying to find a good piece of training to do anything is really hard, time-consuming and you often waste money. If we can make that process more efficient for employers, then wherever they get it from, we will get much more value for money for everybody.

**Q352 Dr Blackman-Woods:** Should we be trying to get employers to use the public sector more or, in your view, does it not really matter as long as the provider is providing what employers want?

**Mr Fisher:** We should be getting more employer leverage over the £10 billion which is spent through the public sector. If it is meant to be about skills development and vocational training, it must be driven by employers, therefore, what you would expect to see are those percentages you described increase and, of course, satisfaction with colleges and new provision increase. The by-product of that will get employers to invest more of their own money. I am convinced that we have got to do both these things to lever up skills investment and productivity.

**Q353 Dr Blackman-Woods:** I think it is widely acknowledged that Foster gave quite a measured report on further education, that he concentrated on what was good and did mention what was poor about FE still. Do you think some of the criticisms about the FE sector are overblown or are they reasonable?

**Mr Hunter:** That is a difficult one for me to respond to, Chairman. The thing is consistency. FE colleges are excellent and we can all reel off brilliant examples of good practice, however, it is good in parts and it is the consistency right across the piece which counts. Hopefully the measures which are in Foster will make that difference and have that consistency right the way through.

**Mr Watts:** If I can give you an example of that. There has been a lot of progress in the extractives industry recently and over the last few years and it is very hard for colleges to keep up. Doncaster College

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9 January 2006 Mr Mark Fisher, Mr David Hunter and Mr Terry Watts

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was chosen by the industry to do one of the training courses which they needed, it is not an apprenticeship but an induction type programme. The lecturers were not able to keep up with the latest trends, so what they did was they employed lecturers during the holidays to work on sites in the quarries and the extractives industry, topping up their salaries. You end up with someone who works in the college when the college is open, part-time or whenever, they balance their job and keep right up to date with the current practice because they are a line manager in the quarries as well.

**Q354 Mr Wilson:** You seemed to suggest in one of your answers that you wanted the private sector to get its hands on the £10 billion currently in the public sector to pay for training, I do not understand the rationale behind that. Why would you tax businesses, as we do heavily in this country at the moment, and then redistribute money from the public sector back to the private sector? Why not just cut out the middleman and let the private sector purchase its own training?

**Mr Fisher:** The way I would describe it, I would like the private sector to have influence over the £10 billion and I would like the qualifications obtained through that to be what employers want and what employers have designed. I would like the quantum of training in sectors and regions to be what local employers are saying they need. It is a step beyond to say we give the budgets to local employers or brokers or whoever because I think there are probably good reasons why the Government, for example, funds the Level 2 entitlement, because of things like market failure and the evidence that is the right thing to do. I am sure we can make a system work whereby more of the money is held by employers or held by other people, but at the moment our task is to try and make sure the £10 billion the public sector does spend is deployed on what employers want.

**Q355 Mr Wilson:** The anecdotal evidence that I see as I go around—I see a lot of businesses—is that there does not seem to be any real evidence that the money which is going into this is really influencing this in a positive way, that it is making real progress in terms of the overall skill levels within the UK plc, therefore, the £10 billion you are referring to does not seem to be very well spent at the moment. Do you think there are ways in which this could be improved?

**Mr Fisher:** I am sure there are ways in which we would like to improve it. We want to make sure that the money the Government spends on vocational education and training is deployed much more directly on things employers have said they want, whether that is the design of qualifications or the quantum of training in different places. I am sure once we have got 25 Sector Skills Agreements deployed, which really articulate precisely what is needed by different sectors, then we will have more levers to get the machine dancing to that tune. At the moment, we have an infrastructure which is not quite there yet, but I am encouraged by the fact, as

Lord Leitch said, that the sector is the right way to do this and once we get the whole machine working, we will get better information which will help to move the funding. I share your scepticism at the moment about the real value for money that money represents because I do not think we are quite there yet in making it do what employers want.

**Q356 Mr Wilson:** Finally, what would your measure of success be in those terms?

**Mr Fisher:** My ultimate measure of success is to increase the productivity of the country and the supplementary measure is the amount of skills investment which is made by employers and through the public sector. I suppose other measures might include employer satisfaction with colleges and other parts of the publicly funded system and the response to this.

**Q357 Chairman:** What do you say to the people who query it? Is not one of the national skills academies focused on financial services?

**Mr Fisher:** It will be, yes.

**Q358 Chairman:** Certainly, as Chairman of the Committee, I have had representations that if you are looking for an area where there is the most provision out of the private sector, that is the financial services and this is totally unnecessary. How do you react to that sort of thing?

**Mr Fisher:** Interestingly, we did some research a month or so back which was quite heavily featured in the newspapers about the relative productivity challenge sector by sector, and financial services UK-wide is one of the sectors where there are bigger productivities used than other sectors. Some of the sectors like agriculture are world leaders, but the financial services is not. I am quite pleased that we are getting a skills academy in financial services because I think the need there is quite significant.

**Q359 Chairman:** This was a private sector whinging on to protect their own interest?

**Mr Fisher:** I do not know, but I am pleased with the outcome.

**Chairman:** I shall send a copy of this discussion to the organisation which talked to me.

**Q360 Jeff Ennis:** I wonder if the witnesses could begin by describing the relationship between the Sector Skills Councils and the SSDA and working with the LSC, both at regional and local level and if there are any differences there or nuances that you need to draw to the attention of the Committee?

**Mr Fisher:** Fundamentally, the UK is one of the few places that has both sectors and regions. Most countries either have a sectorial approach or a regional approach, which gives us some interesting tensions. One of the key issues for us as a network is to deliver through the regional tier, through Regional Development Agencies and the Regional Skills Partnerships and that requires us to have an active presence in every region and, of course, also in Scotland, Wales and Northern Ireland because we are a UK-wide body. That has proved to be quite

difficult for us to manage, to make sure we engage in all those places, but we have to be because that is where decisions are made about skills.

**Q361 Jeff Ennis:** Do you see that as a hurdle that you have had to jump over?

**Mr Fisher:** At the moment, to be honest, to me it does feel a bit like a hurdle. Our job is to ensure that sectorial priorities are what happens. If a Sector Skills Council has got a Sector Skills Agreement which reflects what the needs of its employers are, our job is to ensure that is implemented UK-wide. At the moment, we need to negotiate that through the RSPs and through the devolved administration. We are very happy to do that, but it does require a lot of negotiation and being present in all the places, meetings and all this other stuff, to get it through. On the other hand, the Government has a regional focus on enterprise and development and you need to balance those two things.

**Q362 Jeff Ennis:** Obviously, I think if we are going to be successful in training it has got to be at a local level. We have already had a number of questions from Gordon about the need for flexibility at a local level I am wondering if you feel that the LSC have enough latitude to direct funding where it is needed at the local level?

**Mr Fisher:** I do not think there is enough flexibility to meet the needs of employers everywhere.

**Mr Watts:** There is a challenge which comes with the local level as well because if you are an employer in one area, you may have an office somewhere else and you do not recognise you are in a different region because you do not notice that you are crossing a border. From a funding perspective, you could be on the other side of the world. There are barriers that cause that. From an engagement perspective, certainly I and my colleagues would welcome the regionalisation of the LSCs—there are nine regions—because you can at least get around nine regions, getting around 47 LSCs to try and influence their spend on behalf of employers in their area is very, very difficult to do.

**Q363 Chairman:** They have got a regional structure now.

**Mr Watts:** Yes, they do and we are beginning to see that kick in and that is welcomed, but you still have to engage with a local level for the spend. It is very important that spending is done locally so that you can meet the needs of the local employers, but it also needs to be flexible enough so an employer in one county 10 miles away does not miss out on the training that somewhere else gets just because of their postcode.

**Q364 Jeff Ennis:** Do you think the local and regional LSCs are unduly constrained by existing national targets?

**Mr Fisher:** I think our view is that greater flexibility would be really helpful in terms of reaching the genuine needs of local employers and what the Sector Skills Agreement is actually saying.

**Q365 Jeff Ennis:** Obviously we have got 25 different Sector Skills Councils and some have been established over a longer period than others, some are very new. Are all the SSCs up to speed yet and functioning appropriately?

**Mr Fisher:** They are not all functioning at the same level, some are really very new. We only recommended the licensing of government skills before Christmas, so that is the last of the 25. They are at very different stages of development and obviously one of the tasks of the SSDA is to bring them all up to a consistent level of performance. That is going to take us a little while, but some of them are improving very quickly and I am quite pleased with them.

**Q366 Jeff Ennis:** When do you think they will all be up to speed then? What sort of timeframe?

**Mr Fisher:** One of the key products is the Sector Skills Agreement and at the moment the time they have rather inherited since it is not going to be until some time in 2007 whereby we have 25 Sector Skills Agreements and we will try to accelerate that if we possibly can. I think if we are really going to deliver for employers, we have got to bring that timetable forward.

**Q367 Jeff Ennis:** Is an impediment to national UK plc, whatever you want to call it, the fact that not all the SSCs are functioning as they should be at the present time?

**Mr Fisher:** Obviously I would prefer it if they all were fully functioning and fully deployed and I think one would be in a better place to respond to a whole set of things which are happening at the moment but, in a sense, we are where we are. Our job is to bring them all up to speed now and I am just glad that we have got 25 in place.

**Mr Watts:** I am fairly new, only four or five months in the Sector Skills Council, but my SSA will be ready by next September, so we can accelerate things where we need to.

**Q368 Chairman:** Have you got enough new blood in these SSCs? There are a lot of recycled people. Terry, I am not talking about you, but there are an awful lot of recycled people, just change the name and the same personnel are there. Have we got enough vigorous new entries coming into these SSCs?

**Mr Fisher:** I am pleased by two things. One is that the chief executives of the councils are a genuine mixture of people. A lot of people come out of the employment sectors for which they are working and obviously some people have been in training for quite a lot of time, but there is a good mixture. I am even more encouraged by the level of serious employer engagement on the boards of these councils, which is obviously the real power, and the authority and the chairman. They do represent a really serious cross-section of the top levels of those particular industries, and I think that is what is going to drive success.



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9 January 2006 Mr Mark Fisher, Mr David Hunter and Mr Terry Watts

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**Q369 Chairman:** We want to cover questions on qualifications to finish the session but one quick last question on this section. A lot of small and medium enterprises, a lot of people, including Members of this Committee, when they look at the whole network of skills in one region, let alone in the UK or England, find it very confusing. If you look at just Yorkshire and Humber, my region, at the number of organisations that are dedicated to doing something on skills, not many people understand what they are doing, what is different between one group and the other, how they interrelate. As one of your tasks, have you ever thought about an organogram for people like us and people like SMEs so you can track who does what and who relates to what but, incredibly importantly, where you start when you want help?

**Mr Fisher:** One of the things I did when I was thinking of applying for the job was I put “skills” into Google which turned out to be a big mistake given the number of different bodies that came out. Yes, employers desperately need help through the number of bodies and how they access help, funding, support and training. A key role for Sector Skills Councils is not only to give coherence in terms of what employers want but also to present a coherent face of the system to employers. A number of the councils are very deliberately trying to put themselves between employers and the whole edifice and say, “You talk to us, we will deal with all the wiring behind” and that might be one successful way through it.

**Q370 Chairman:** But you cannot give the Committee an organogram?

**Mr Fisher:** We can try. Certainly we can try.

**Chairman:** We very much wait with bated breath for that. Two quick issues on qualifications.

**Q371 Helen Jones:** The Government has gone down the road of setting up these specialised diplomas at 14–19 rather than following the route Tomlinson recommended. How keen are employers, in your view, to get involved in the design of these diplomas? Do they have enough knowledge of the system which is being set up?

**Mr Fisher:** I am very pleased that the Sector Skills Councils are being given a lead role in terms of helping design those diplomas with the employer voice as part of that structure. There is enough knowledge within the councils to help the employers through the technical issues and the specialist issues to do with the design of diplomas and qualifications. A number of councils are really working very actively now on diplomas and qualification reform. The proof of the pudding will be in the eating. I am encouraged so far by the engagement we have had and the amount of employer engagement there has been.

**Mr Watts:** Employers see it as a route of careers advice, if you like, because young people do not come into manufacturing, not because they would not have a good time and earn lots of money and have good careers but because they do not know about it and they read that manufacturing is in

decline, but the four million people working in all areas of manufacturing are still doing quite well. It is a good way for young people to be exposed to different industries at an early level rather than having to wait for anecdotal stories or things they see on TV and stuff like that.

**Q372 Helen Jones:** A question for David: do we have an appropriately trained and skilled workforce to deliver these diplomas? Bearing in mind the difficulties we have already heard about in FE in keeping people up-to-date with skills, we are going to need to deliver proper training to youngsters down to 14. Do you think we have the right skill mix to do that?

**Mr Hunter:** I am really glad you asked that question. We have had considerable discussion with the various elements of the DfES, the skills side, the vocational education side and ourselves with the Training Development Agency for Schools. We are working on a joint plan and a draft has just gone in today. This will be the starting point of some cohesion between the skills sector and vocational education in the training of the workforce. I am more confident about the FE side even though in construction skills and areas like that there is a definite deficit, something like a 30% shortfall, we reckon, on the staff that we will need. We are working with CITB construction skills and we will be working with the Department in having a recruitment campaign to bring people into the sector for the latest skills, et cetera. We all know the difficulties there but we are seeking to deal with that situation immediately.

**Q373 Helen Jones:** Can you tell me how you will do it because in certain areas, for instance, why should you come into education and training when you can earn a lot more by practising your own skills outside?

**Mr Hunter:** Absolutely, but there is another side of the coin of people who do want to make that change. We have never had a recruitment campaign for our sector as a career of first choice. We have seen very successful campaigns from the police service and social care, et cetera, on a national basis that have brought in quite a lot of interest. We will see what comes but we are hopeful that we will be able to make up that deficit.

**Q374 Mr Chaytor:** Can I ask Mark a quick question about the Sector Qualification Strategies. Does every Sector Skills Council have to produce one of these?

**Mr Fisher:** Every Sector Skills Council will produce a Sector Qualification Strategy.

**Q375 Mr Chaytor:** By when?

**Mr Fisher:** We are still discussing the timetable with the Department.

**Q376 Mr Chaytor:** How will that work or mesh with the Framework for Achievement work?

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9 January 2006 Mr Mark Fisher, Mr David Hunter and Mr Terry Watts

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**Mr Fisher:** Again, we are in discussion with QCA and the Department about how all of these various issues dock together.

**Q377 Mr Chaytor:** At the moment it does not mesh?

**Mr Fisher:** There is a great will to make it mesh, we just need to sort the meshing.

**Q378 Mr Chaytor:** What about the 14–19 Implementation Plan that was published just before Christmas? Does that not pre-empt some of the work that might be done by the Sector Qualification Strategies?

**Mr Fisher:** Yes, except of course the Sector Qualification Strategies are far more than just 14–19, potentially they go into HE and all over. The 14–19 is a component of the whole. We have got more work to do to get that all glued together. It is essential that we do that because qualification reform is one of the

biggest things we can do for employers and the most visible thing we can do. If we had vocational qualifications that met the needs of employers as opposed to the jumble we have at the moment that would be a huge step forward.

**Q379 Mr Chaytor:** Lastly, is there an agreed view amongst the 25 SSCs about the Tomlinson recommendations that the Government has half adopted?

**Mr Fisher:** I do not think there is an agreed view. I do not think we have an agreed view on that.

**Chairman:** Can I thank you very much, Mark Fisher, David Hunter and Terry Watts, for what has been a very stimulating session. We would like to remain in contact with you, of course. I do not think you are able to get on a tube today, but whatever conveyance you are on, if you think of something you should have told the Committee, please be in contact with us. Thank you very much.

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### Supplementary memorandum submitted by Lifelong Learning UK

#### RESPONSE TO Q317 (HELEN MARSDEN) AROUND EXPLORING THE CONCEPT OF SKILLS FOR EMPLOYABILITY

The “skills for employment” focus in Foster’s review is ambiguous. Based on informal consultation with our employers, an understanding of the sector and the needs expressed by other sector skills councils and the regional priorities, we would suggest that the core publicly funded (predominantly LSC resources) parts of FE colleges and other provision could cover:

- Equipping young people with skills for employment suitable for the 21st century economy;
- Giving a “second chance” to those young people that for various reasons did not “succeed” at 16 or 18 elsewhere;
- Ensuring people with poor basic skills or those furthest from employment gain marketable, transferable skills and the confidence to continue learning;
- Offering retraining and skills enhancement opportunities, particularly towards sectors that are priorities or where there are good local opportunities, to adults in employment; and
- Developing the capacity and expertise to deliver world class employment focussed provision that is bought by employers or individuals.

Where it comes to ensuring young people and adults have the expertise to develop professional skills for the economy FE and other training providers hold the expertise with the industrial, commercial and other sectors.

What specifically constitutes “skills for employment” is being articulated within the Sector Skills Agreements, with these shaping, for instance, the content of the 14–19 diplomas and where regional non-mainstream funding is spent already. They should all be in place by 2008 at which point they are expected to shape all of what the LSC procures and a significant proportion of the learning procured through HEFCE.

Colleges may continue to have or to develop provision funded from other sources—HEFCE, European budgets, RDAs or Local Authorities; employers and individuals—but this would be in addition to their core purpose.

#### RESPONSE TO Q320/Q321/Q322 (MRS DORRIES) AND Q324/Q327 (MR CHAYTOR) ON THE ROLE OF LIFELONG LEARNING UK, OUR RELATIONSHIP WITH OTHERS IN SUPPORTING SKILLS TRAINING ACROSS THE UK AND HOW WE SUPPORT FE WORKFORCE DEVELOPMENT NEEDS IN THE WAKE OF FOSTER

LLUK was granted the licence to be a Sector Skills Council in 2005, bringing together five NTOs with expertise in workforce development and developing standards to be used by employers in FE and other sectors that deliver learning. We also brought in fresh expertise, with over two thirds of our staff new in post in the last six months. They bring experience and knowledge of workforce development, information management and research, qualifications and policy, with staff from organisations such as the LSC, LSDA, QCA, RDAs, inspectorates, the Audit Office and senior managers from colleges and the private sector. This wealth of expertise has been brought together to ensure our employers across the United Kingdom get a service that will ensure our sectors have the world class workforce needed to meet the challenges as set out by Leitch.

We did not appear extensively in Foster because at the point at which he was consulted we were a very new organisation. We have now been licensed by the DfES, with agreement from DTI, to address the FE and wider Learning and Skills Sector workforce development needs and workforce data requirements and will be addressing this across the UK through our Sector Skills Agreement which the Department has recently agreed to fund.

We are, as we touched on in the session, already supporting specific elements of the FE and wider Learning and Skills workforce in England. In particular we have or are developing programmes around:

- Initial Teacher Training (Qualified Teacher Learning and Skills).
- Teachers and support staff working on the 14–19 vocational diplomas.
- Support Staff across Learning and Skills sectors.
- Youth.
- Libraries.
- Family Learning/Working with parents.

Blackpool and Fylde College are an excellent example of how we already support FE colleges in their workforce development requirements. They actively use LLUK standards to shape their performance management scheme, supporting recruitment and development of existing staff and hence contributing to their excellent standards as reported by Ofsted in their last inspection.

Our role also includes collecting and analysing data and information on workforce needs (we will shortly receive responsibility for the statistical work from the DfES Standards Unit). From this we would also expect to play a key role in any “single data agency” as suggested by Foster. We will let the Committee know if there are problems with the core data set—the Staff Individualised Records—being collected.

Attached is an electronic copy of our recently released analysis of the Staff Individualised Records that we touched on in the session. It can be downloaded at:  
<http://www.lluk.org/documents/reports/analysis-of-sir-data-20051124.pdf><sup>2</sup>

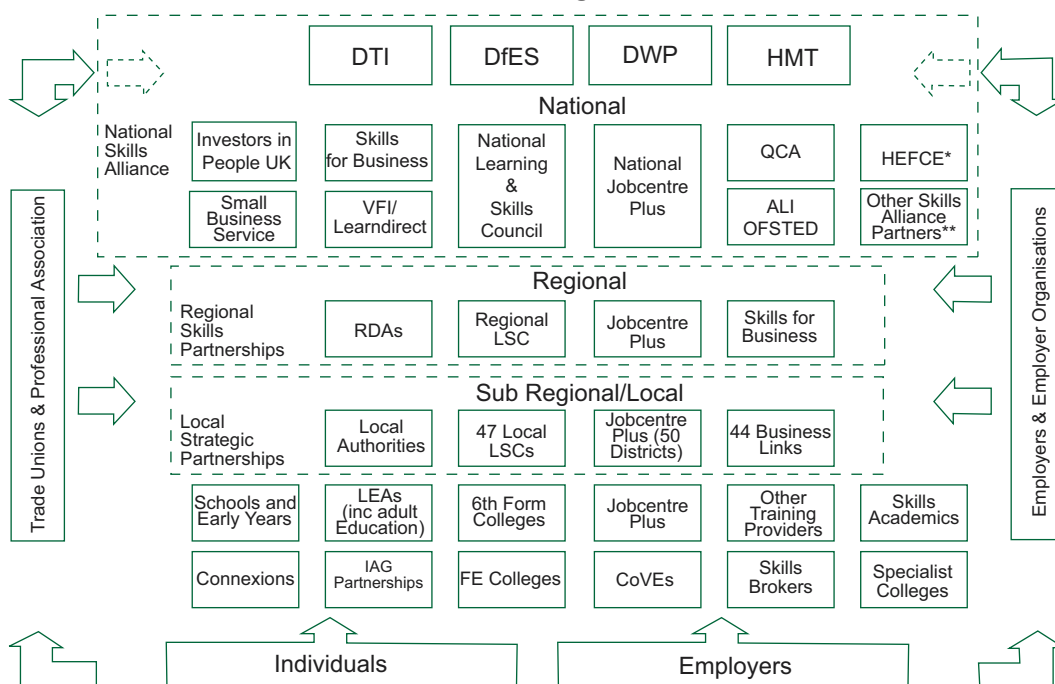
We add value to the quantitative data we hold through extensive interactions with individual employers and through the umbrella and representative bodies of our employers. We have key Principals of colleges and Chief Executives of training businesses on our Council and other standing advisory panels in the four nations. We also build relationships with employers through events and forums, as well as on an individual basis as appropriate.

At LLUK we work with all the other key agencies involved in the planning and funding of skills and training. In Annex 1 are the relationship charts that were in the Leitch review. These are a helpful starting point to see the key organisations and departments we work with. For instance around standards development we link with the Centre of Excellence for Leadership (CEL) in development and delivery of our management standards, with Parenting UK on standards around parenting and family education, with the LSDA, which will be QIA, on the continuing professional development of teachers and support staff in FE and other providers and with the Higher Education Academy on the development and delivery of standards within universities. At a strategic level we have close relationships with other agencies and support bodies such as the Training and Development Agency for Schools, the Learning and Skills Council, Museums, Libraries and Archives, the Higher Education Academy, the Association of Learning Providers, the inspectorates and the Association of Colleges amongst others.

Our core business is ensuring the Learning and Skills Sectors have access to the information, advice, support and high quality training supply so that our employers can be world class.

<sup>2</sup> Not printed.

**Chart 5.6: Departments and delivery agencies for educational skills in England**



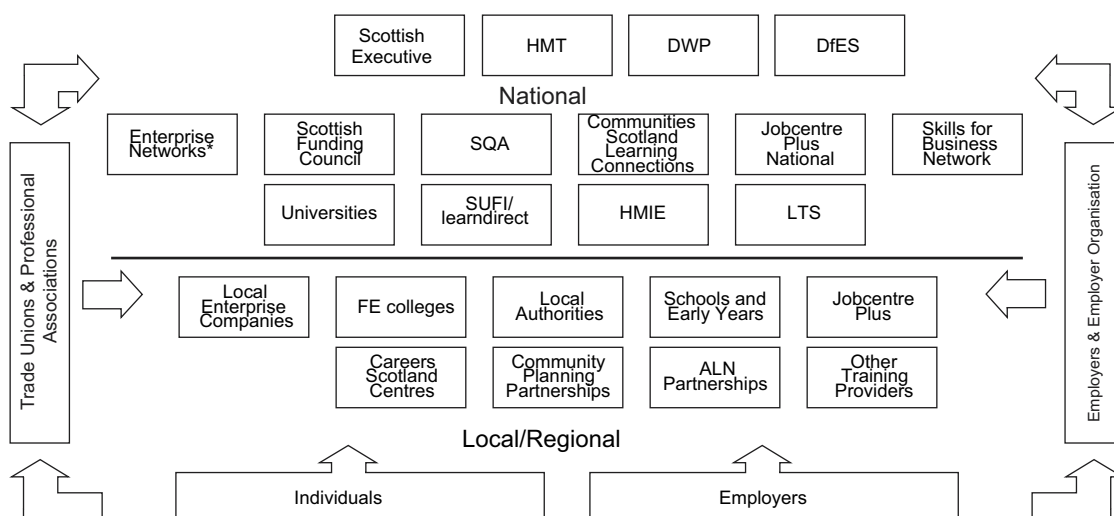
\* HEFCE is also a part of Regional Skills Partnerships.

\*\* The skills alliance also includes the Small Business Council, Connexions, TUC, CBI, National Institute of Adult & Continuing Education (NIACE), the Association of Colleges (AoC) and the Association of Learning Providers (ALP).

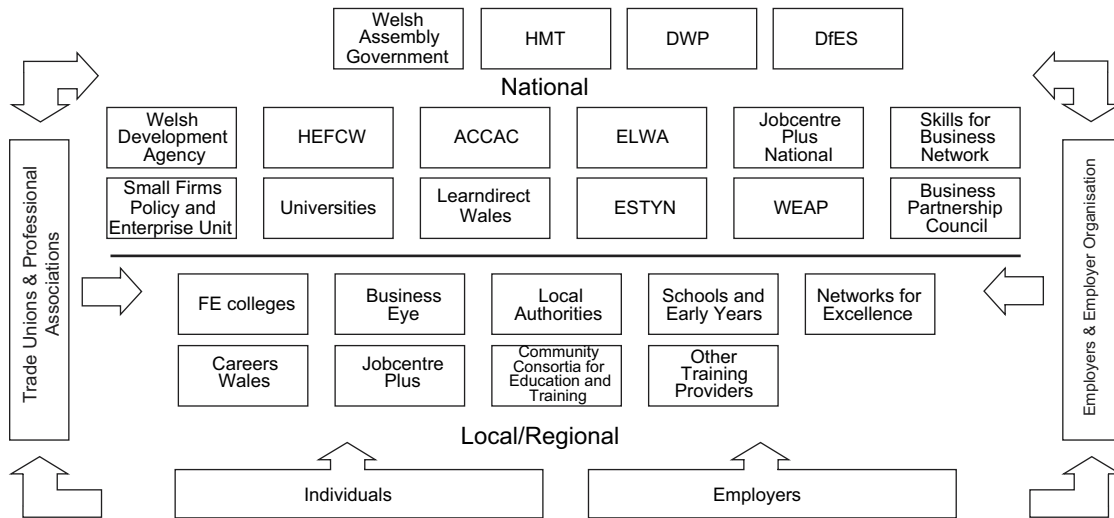
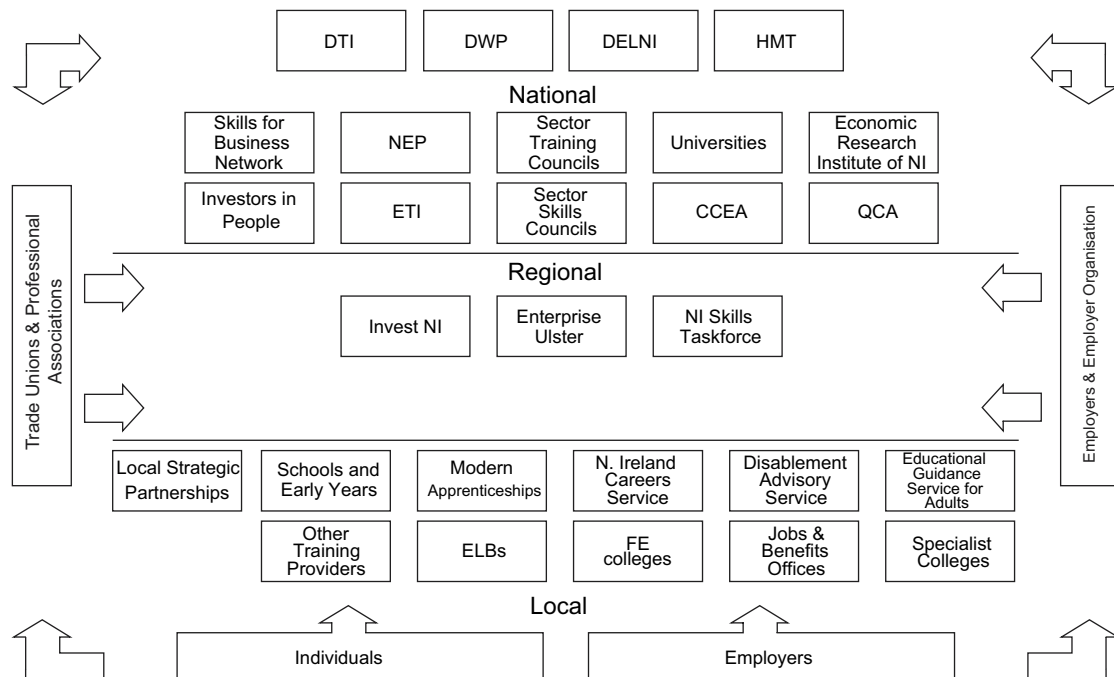
(NB some institutions have been omitted in order to focus on those responsible for engaging adults and employers in developnig skills)

Source: <http://www.hm-treasury.gov.uk/media/0F7/F0/pbr05-leitchreviewchapters-619.pdf> p114

**Chart E.1: Departments and delivery agencies for education and skills in Scotland**



\*The Enterprise Networks: Scottish Enterprise and Highlands and Islands Enterprise incorporates our all-age careers service, Careers Scotland; Futureskills Scotland; business support services and local enterprise companies.

**Chart E.2: Departments and delivery agencies for education and skills in Wales****Chart E.3: Departments and delivery agencies for education and skills in Northern Ireland**

Source: <http://www.hm-treasury.gov.uk/media/0F7/E2/pbr05-leitchreviewannex-221.pdf> p156-7.

January 2006

## Memorandum submitted by the Association of Learning Providers (ALP)

### THE ASSOCIATION OF LEARNING PROVIDERS (ALP)

1. ALP is a trade association with 425 members. They are predominantly work based learning (WBL) providers with 75% contracted to the LSC. Well over 100 also deliver to Jobcentre Plus and 50+ hold Ufi contracts.
2. Two thirds of its members are in the not for profit sector, including some 50 colleges of FE; the other third being private sector businesses.
3. Members are estimated to deliver up to 75% of all Apprenticeships, together with over half of Entry to Employment (E2E) and Employer Training Pilot (ETP) provision.

### UNDERSTANDING THE HISTORY

4. In order to respond properly to Sir Andrew Foster's recommendations and address the need for more effective work based learning for 16–19-year-olds it is important to understand the existing situation and the degree to which current activities inhibit the maximising of the input available from work based learning providers.

### ACCESS TO GOVERNMENT CONTRACTS

5. Access to Apprenticeship, E2E and ETP contracts is fully open to any provider who can meet and sustain the quality criteria set out by the LSC. This "contestable" arrangement will also be available for the new employer training programme, "Train to Gain", planned to commence in April 2006. The opportunity to provide other 16–19 and adult training remains restricted to FE colleges and, in a much more limited way, to Adult and Community Learning (ACL) providers (mainly local authorities and voluntary sector organisations).
6. Despite the intent and apparent provisions of the Learning and Skills Act 2000, independent providers are only able to access the broader range of Government contracts as franchised (sub-contracted) providers to FE colleges. All activity/performance under these arrangements is attributed to colleges, with the frontline provider remaining "invisible". Colleges retain between 5–65% of the LSC funds as a "top-slice" to cover administration (the average is between 20–30%). This money is not available to provide frontline, direct training. It is estimated that between 5–10% of FE delivery is via franchising. During 2005 this invariably high quality, high priority provision has been radically reduced by colleges as they have sought to minimise the effects of budget changes on their own institutions and staff.
7. High quality, demand led provision of the type the Government, through the LSC, now wishes to purchase, delivered by independent providers is currently being cut because of the unexplained inability of these providers to access direct contracts with the LSC.

### WHY THESE FUNDING RESTRICTIONS STILL, AFTER FIVE YEARS?

8. The following, from the LSC paper on "Funding Flows and Business Processes" in 2000, outline an intent which has still not been delivered:
9. "Future flexibility will involve greater freedom for providers to diversify into new types of provision: for instance, work based training providers might move to running vocational A-levels as well as NVQs. This could lead to the emergence of a cadre of multi-functional providers . . ." (para 5.20).
10. "The LSC will be able to contract directly with further education providers and other private and voluntary sector organisations" (para 1.8).
11. "The normal relation of a local LSC and a provider—or partnership—will therefore be a direct one. However, we do not wish to preclude on level of subcontracting by a provider where it can add value. Subcontracted providers would of course retain the option of contracting direct with the local LSC if they wished" (para 5.45).
12. These and other connected issues are presented in more detail in Annex 1, a transcript of ALP Chairman Martin Dunford's presentation at ALP's 2005 National Conference, and Annex 2, one of ALP's submissions to Sir Andrew Foster as part of his review FE.<sup>3</sup>

### THE FOSTER REVIEW OF FURTHER EDUCATION

13. Annex 2 presents most of the key issues ALP raised with Sir Andrew during his review. Annex 3 shows in bullet point form the one-page summary of our key points, submitted during his final drafting stage.<sup>4</sup>
14. We are pleased with the overall thrust of his report, particularly with his recommendation for a clearer focus—skills and employability—for the sector. His report rightly acknowledges the need not to threaten the fundamental stability of the college sector, which we agree should properly stay at the heart of both

<sup>3</sup> Not printed.

<sup>4</sup> Not printed.

16–19 and adult training. Significantly, however, he has argued for an increased level of “contestability” to enable “new providers” to enter or develop further within the sector. It will be important that these providers are offered a direct contracting relationship with the LSC and not positioned as mere sub-contractors to FE colleges. Increasingly quality of provision should be the main, if not sole, criterion for the awarding of publicly funded contracts.

15. It will be important that the DfES accepts these recommendations and the overall thrust of Sir Andrew’s report when they formally respond in the Spring of 2006.

#### 16–19 PROVISION—APPRENTICESHIPS

16. As the main deliverers of Apprenticeships ALP members have been disappointed that in 2005 they have had to cut back on recruitment, and indeed turn away, both employers and young people seeking to access Apprenticeship funding. The reasons for this were two-fold. Firstly—to use the word of the Adult Learning Inspectorate’s (ALI) Chief Inspector—the “spectacular” increase in quality leading to more Apprentices staying on the programme longer, to completion, and therefore using up higher levels of funding. This welcome problem, of success, was however compounded by the inadequate assessment of the costs of other funding changes introduced for the 2005 accounting year.

17. This led, early in 2005, to providers being told they would not be paid for delivering the volumes set out and agreed in the contract. Providers had no alternative but to immediately curtail recruitment despite the increasing demand. The LSC and DfES were able to respond in part to this situation and found an additional £38 million mid-year, but the LSC still had to impose an arbitrary 50% payment limit on many providers which has led to an underpayment to those providers of circa £25 million.

18. The continuing increase in quality and achievement, and the associated costs, is now leading to a reduction in full Apprenticeship volumes as providers select more carefully those young people most likely to complete their Apprenticeship. These developments will have a significant impact on other 16–19 provision as young people are unable to access and join work based learning.

#### 16–19 PROVISION—ENTRY TO EMPLOYMENT (E2E) AND OTHER PRE-APPRENTICESHIP PROVISION

19. The increased selectivity currently being adopted is causing young people who wish to enter the work based learning route to seek other options. There has been an explosion in 2005 of young people—30,000—on programme led pathways in colleges. These will typically be working towards their key skills and technical certificate elements. This is a welcome pre-Apprenticeship route, but it is not yet clear how many of them will transfer to full employer-led Apprenticeships. This will need careful monitoring to ensure this approach is successful and cost effective. Failure in linking these college based students up with employers will lead to partly trained young people without jobs. Linking them directly with employers from the outset—as WBL provision does—will, at worst, ensure they are “part trained” with a job and, at best, enable them to fully complete their Apprenticeship.

20. The higher levels of pre-selection within Apprenticeships will mean those unable to secure an Apprenticeship place and not prepared to choose a college course will increasingly seek a place on E2E. This in turn will increase the likelihood of those at greatest risk and in greatest need being unable to find an E2E place. Having already decided against staying on at school or in a college, these young people are more likely to become one of the Not in Employment, Education or Training (NEET) group.

21. ALP therefore predicts that many 16–19-year-olds who do not wish to stay on at school or enter a full-time off-the-job course in a college will not be able to find an appropriate WBL-based course of their choice and will leave the quality training arena, either for a low paid job without training or by entering the so-called “alternative economy”. It will be essential to find more WBL training places in response to the preferred choice of 16–19-year-olds. Failure to do this will prevent any further reduction in the NEET group and may even precipitate an increase.

#### QUALITY AND REPUTATION OF WORK BASED LEARNING

22. In his recently published Annual Report (November 2005), ALI Chief Inspector David Sherlock asserted the “coming of age” of the WBL sector, urging the DfES and LSC to fully use and trust the sector and its providers as key players in delivering the government skills strategy. His assessment was based not only on the recent and continuing dramatic increase in full Apprenticeship completions, but also the far more extensive range of outcomes achieved within the programme.

23. Full Apprenticeship completions, quite rightly, remain everyone’s goal. The failure, however, to fully acknowledge the achievement of significant numbers of NVQs, other vocational qualifications (technical certificates) and key skills—especially when gained by those who have struggled most throughout the whole of their schooling—has devalued the achievements of young people and damaged the reputation of work based learning in a most unfair and unhealthy manner.

24. In 2002 the performance of 30 Apprentices was tracked and their success evaluated under Apprenticeship performance rules and FE college performance rules. The outcomes under FE rules showed a 70% success rate. The identical outcomes under Apprenticeship assessment rules were less than 30%. Despite this proven non-comparability we are still assessing FE college performance at a creditable 72%, whilst Apprenticeships are quoted at 40%. The assessment of FE college success includes the separate counting of individual NVQs, key skills and an extensive range of “short courses”. These same achievements are not counted in the overall assessment of Apprenticeship success.

25. Young people, parents and their advisers need a much more accurate assessment of comparable success rates to understand the real success of WBL if we are to ensure those young people best suited to learn and progress within a WBL route are encouraged to make what, for them, will be their correct choice.

26. Close to half of all those on Apprenticeships currently fully complete them. Of the remainder, a further 12% gain a full NVQ; of the rest, others complete a portable technical certificate (invariably a qualification in its own right) and many more achieve key skill passes not obtained during 11 or more years at school. All of them are in employment. They do not have to get a job, as they already have one. This reality clearly demonstrates the value and success of work based learning, and when fully explained makes it rightly comparable with the overall success rates within the FE college sector. It is essential, if we are to properly promote the value, reputation and effectiveness of the whole 16–19 sector, that more accurate, and we would suggest honest, pictures are drawn presenting the comparable performance of various parts of the sector.

27. Development of the skills necessary for a competitive 21st Century economy means that more young people, of all ability levels, need to be attracted into work based learning at an earlier stage. The reputation and promotion of the sector, together with sufficient resources to support it, constitutes one of the core elements and challenges of a successful skills strategy.

#### ADULT LEARNING

28. The recent clarity regarding Government priorities for funding as set out in the two skill strategies has clarified the focus for all training providers. This priority has been helpfully reconfirmed by Sir Andrew Foster in his proposal that FE colleges, and the sector as a whole, needs to focus primarily on “skills and employability”. ALP agrees with this priority focus but, even if we did not, it is tremendously helpful to have such a focus confirmed in order to direct our efforts and expertise.

29. It, of course, means that other types of training—leisure, personal development, etc—will need to be funded by a combination of individuals and/or employers. This is right. It will, however, not happen naturally, nor overnight. What is now required is a comprehensive and sustained Government-led marketing strategy to outline the benefits to both individuals and employers and start to shift the long-established culture in the UK of free, or highly subsidised, training from further education. Simply expecting providers, colleges and independents, to extract greater sums from their users is not the answer and wrongly places the whole burden of a change in public policy onto them.

*January 2006*

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*Witnesses: Mr Martin Dunford, Chair, and Mr Graham Hoyle, Chief Executive, Association of Learning Providers, gave evidence.*

**Q380 Chairman:** Martin and Graham, can I welcome you. We are very grateful that you have been able to come before the Committee and enlighten us about the role of your organisation. You have been listening to the evidence from some of your colleagues from a rather different part of the sector, who I am sure you work with on a day-to-day basis. Can I ask you, whoever wants to take the lead, perhaps Martin, to give a thumbnail sketch for a couple of minutes on what your organisation does and why you exist.

**Mr Dunford:** Thank you, Chairman. I am the non-executive Chairman of the Association of Learning Providers which is a body representing about 450 providers of learning, including about 50 FE colleges. Graham is our Chief Executive. As I say, I am non-executive and in my day job I am the Chief Executive of a company called the Training Business Group which is part of the Rehab Group which is a major independent charity based in Ireland but we

are run on very commercial lines. Just to give you an idea of what we do, there are about 40,000 enrolments a year, many of those are FE and Learn Direct, Jobcentre Plus, and about 2,000 enrolments for young people on Entry to Employment and apprenticeships. We work at the end of the scale that was talked about before basically around social inclusion and getting people back into learning and so on, hence the large number of Learn Direct. We formed the Association of Learning Providers in 1999 without any employees just to start lobbying Government with the Learning and Skills Act clearly coming, at that time trying to promote the voice of the independent learning provider. For today we have two key issues: to try and see how we can make better use of the independent sector in this area and, from your point of view, to find out if your review is about FE with a large “F” and a large “E” or a small “f” and a small “e”. I was on the Foster Review Advisory Group and this was a big debate.



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9 January 2006 Mr Martin Dunford and Mr Graham Hoyle

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It was quite clear in the end that it was about colleges but I think Sir Andrew has done a pretty good job of including as much as he could about what we believe is about £800 million of the £9 billion that is being spent at the moment through the independent sector. Those are the two main issues for us at the moment.

**Q381 Chairman:** Graham, do you want to add anything to that?

**Mr Hoyle:** Very little. I have been Chief Executive for three and a half years which was when the Association decided to take on some staff, having had a couple of years without them. My own background was running TECs and Business Links for a decade, and previously about 20 years in the Employment Service, so I have got experience across the broad area. As Martin has said, the vast majority of our members deliver to the LSC and a very significant number deliver to Jobcentre Plus and learndirect as well, so we do cover quite a broad canvas, including about 50 colleges of further education.

**Q382 Chairman:** Do you not supply direct to employers then?

**Mr Hoyle:** Yes, many of our members will directly supply. That is not monitored as such. The common factor is that all of our members supply to one of the government funding agencies, all of them do that. A proportion of them will spend a proportion of their time in direct commercial work and that can be marginal or that can be 80% of the total. That is as it stands as an interest factor. I was interested in some of the earlier conversations about the CBI's 20 billion on its own. A lot of our members will be facing in both directions and taking government money but also taking direct commercial money from employers.

**Q383 Chairman:** Who are some of your biggest members in terms of turnover?

**Mr Hoyle:** The big players will be Protocol, VT, CITB, who are well known to you, Martin's company, TBG, is quite a large one, HCTC is another large company, and so on, Remit.

**Mr Dunford:** If I can add two large charities, Rathbone and NACRO, you may have heard of them, that are in the Association as well.

**Q384 Chairman:** You have been around since 1999 and there have been some quite serious changes even in that short period of six years. Are you happy with the way things are going? Are you content? Would you like to see the old system prevail? How do you feel about where we are now?

**Mr Dunford:** My personal view is the LSC have more or less started again. We have got *agenda for change*, which hopefully, with the Foster review, if the main recommendations are implemented, is basically going to start to enact what is in the Learning and Skills Act. One of our criticisms to Charles Clarke, Ivan Lewis and every minister we ever met was, "why have you not implemented the Act?" The Act very clearly states about an open

market, about buying from whoever based on quality. For whatever reason, and there are all sorts of possibilities for that, that has not happened. It has been very slow. However, we are where we are. As long as *agenda for change* moves and some of the contestability points in Foster are implemented, and I do not mean taking over failing colleges, I mean looking at who is good at what and looking to individuals and employers to see where they want to buy from, if we get to that open market we will be content, to use your word, but we have not been content for the last four or five years.

**Mr Hoyle:** Can I take that forward. What has been missed over these last four or five years is the opportunity to fully exploit the potential of all training providers, whether they be independent or colleges. As Martin said, we represent 50 or so colleges, so on this occasion it is not an independent or public sector issue. All of the organisations have been working within a restricted area, it may be a geographical area if you are a college, it may be unable to get a direct contract if you are an independent provider, and what that has done is restrict the capacity of all providers to fully exploit their skills, to develop their skills, which is the shared agenda for us all.

**Q385 Chairman:** What protection does the public have from your organisation in terms of allowing them to understand who are the high quality providers and, to use an expression I should not really use, who are the cowboys? What do you do to put your imprint on it: "If you are in our organisation no cowboys are allowed"?

**Mr Dunford:** It is a very competitive market. Some studies were done a few years ago by city analysts where people were looking at venture capital and the venture capitalists determined that it was the highest risk market outside of oil and mineral exploration. If you are an independent provider and you do not deliver, both in terms of volume and equality ie end results, you are out.

**Q386 Chairman:** It is the marketplace that decides the quality?

**Mr Dunford:** It is not a perfect marketplace and independent providers are a big mixture of large PLCs, large charities to local authority departments and so on, and certainly it has not been a pure market. If you look generally over the years, there are about 900 contractors to the LSC currently, (independent ones outside of colleges) and there were about 5,000 in 1992 through the TECs, there were 2,400 in about 1998. All this is good in a way, I am not saying all of those people were cowboys, you did get people coming together, a lot of them were too small, and if you have an employer focus, which a number of our members have, you are not restricted to the locality because employers, as we have heard in the previous session, do not just work in one place, they want to buy from who they want, maybe 20, 30, 200 miles apart.

**Q387 Jeff Ennis:** On the point you have just raised, Chairman, the Department went through a phase a few years ago where in terms of provision in the independent sector “big was beautiful”, shall we say, they were just looking to the big independent sector providers. Have we got away from that sort of strategy now so there is room for the smaller providers?

**Mr Dunford:** I did not know there was one.

**Q388 Jeff Ennis:** It is my personal feeling because I thought that a number of independent providers in South Yorkshire bit the dust because they were too small.

**Mr Dunford:** I am not sure that was the Department’s strategy. The LSCs in some areas took a very unenlightened view of saying if you have got less than 50 trainees you are out, rather than looking at some of the other factors they should have looked at. It was not across the board there, I must say, it was local and in West Yorkshire I think that was particularly the case.

**Chairman:** I had better confess, I have just realised that I was a chair of a training provider at that time.

**Mr Marsden:** You were not given the chop, were you?

**Q389 Chairman:** I think we were squeezed a bit.

**Mr Dunford:** You might have had 51 trainees.

**Chairman:** For a charity.

**Q390 Mr Wilson:** You say that your members were the forefront of measures to engage employers in the training of their staff, what is your evidence for that?

**Mr Dunford:** It is the core business of most of our members. Personally speaking, it is part of our employer division within TBG and we do a lot of adult learning. Many of our members, some of the large ones that have been listed, that is their mission and that is what they do, they work with employers to train their staff and get them qualified.

**Q391 Mr Wilson:** How hard is it to engage companies in training their staff? Is it persuasion or engagement?

**Mr Dunford:** I am glad you have asked that because we tend to look at employers as if they are one species, and certainly it sounded like that in the previous session with the Sector Skills Council. They are very, very varied both in terms of ethos, size and what they are about. You can have a small employer who really believes in training because of the leadership, you can have pretty large organisations that are quite poor at it, but to answer your question generally, it is quite hard. It is not that easy to sell to employers the benefits of training, so you have to be quite good at it to be successful.

**Q392 Mr Wilson:** Why do you think it is hard to sell the benefits of training to employers? Do you think they do not believe that training will give any improvement to the productivity of their staff at the end of it? Do they think it is a day out on a jolly? What do you think is the reason behind their thinking?

**Mr Dunford:** The sort of training we sell, for example with apprenticeships, is long-term stuff, it could be 10 months to two or three years for an individual. One of the big fears that employers express is poaching and people moving on. It is a constant theme that you hear. Having said that, there are nearly a quarter of a million apprentices and there are lots of people on employer training pilots. I am not saying it is impossible, I am just saying it is not an easy sell. It is one of those things that you have to convince people about. For example, in selling anything you need proof sources, “What is in it for me?”. Maybe your staff turnover will go down, you are asked about those sorts of things, progression. A number of the employers that we work with see those as real benefits.

**Q393 Mr Wilson:** You say you use evidence to prove that these things work. For example, on staff retention, what sort of evidence do you use or are there other better indicators for business to look at?

**Mr Dunford:** In our own organisation—I will let Graham speak on behalf of the other members—we try and get them to speak to other employers, that is usually the best way of doing it because you can give evidence and they do not have to believe you.

**Mr Hoyle:** Can I pick up a couple of the issues. Going back to the initial question about why do we believe we are capable of engaging employers. There has been a debate for the last year or so on how to get various organisations to engage with employers, and what is fascinating is I talk to my members, who are somewhat bemused by the question, because the simple answer is it’s what we do. We are not doing anything else, we engage employers and look to offer training and development to their workforce. It is quite interesting, the concept about how one gets best practice or how one increases employer engagement and start putting targets against it, which has been discussed. It is a lit fire to my members because it is what we do. In terms of how easy it is, if I can pick that one up, there is another element I would like to add to that. My members tell me they go to an employer and one of the limitations, as recently as two years ago, was they only had one product in terms of government funding in their portfolio, which was apprenticeships. They would walk in and talk to an employer about developing in the workforce and they would do anything you want as long as it is apprenticeships because the other things that were available through government support were not available to my members because they were not directly contracted with. That is beginning to ease out. There is no question, there has been real movement. I come back to your opening question, Chairman, that over the last five years there has been a movement to make more of the Government’s supported product line available to a wider range of employers, so we can now go in and talk about apprenticeships and skills for life, we can look under the Employer Training Pilots, the Train for Gain and so on. That is starting to make it much easier to sit down and talk to employers about what can we do to bring together a package of your money and

government money for a workforce development package. In a sense, this answers the first question, I think we are beginning to move in the right direction.

**Q394 Mr Wilson:** From engagement, what are the factors that make independent providers better able to meet the needs of employers?

**Mr Dunford:** They might not be; one of the winners of contestability will be the best colleges. This is all about who is good at what they do and about focus. It is why most providers, there might be some, would not want to take over a whole college because most providers are focused on a particular sector or common group or both. For example, if you become an expert in hospitality, your employer/employees are ex-chefs or silver-service waitresses and so on, you become very linked to that employment sector. Two of our biggest members, one is Remit only deals with motor mechanics and another one only deals with people training to be in the electrical industry for electrical installation, both very large organisations.

**Q395 Mr Wilson:** Correct me if I am wrong: the independents do get a lot more of the work with employers than the public sector.

**Mr Dunford:** I think about 80% of apprenticeships.

**Q396 Mr Wilson:** Would that not suggest that the independent providers have some secret recipe that perhaps the public sector does not have?

**Mr Dunford:** I think it is Graham's answer, which is that is what we do, that is your *raison d'être*. We talk about the nine billion and then employers as if that is all going there, much of the FE spend, for example, is on A-levels, these sixth-form colleges and general further education, as if that is what FE has suddenly become, all about employers and the skills, and we would say you cannot drag a horse to water. I know a number of college principals who do not want to get involved in apprenticeships and employer training pilots. One of our concerns is through Foster and through answers like you got from the Chief Executive of the SSDA, there will be a push to make colleges better at doing this, and I am not sure there is a market failure and a gap which exists that we need to do that.

**Q397 Mr Wilson:** What are the current percentages between the independent and the public? Is it 80:20, something of that nature?

**Mr Hoyle:** It depends, if you take apprenticeships, it is about 75:25, if you take the employer training pilots—we know that from an answer in the House in July—it is 69:31, so it is a similar percentage there where the market has been opened up and where we have access to it. If I can come back to your question, what have the independents got that colleges have not, the answer is correct, there ought to be nothing. If you look at what you have got to have to be successful, and colleges can have and do have this as well, they have got to have an employer focus, which is what we do, they have got to have flexibility that covers opening hours and terms and conditions of

staff and they have got to be fast on their feet and not necessarily be tied to capital building. If you put those together, you can respond very flexibly, very quickly, to immediate employer demands. Those options are available to the independent and the public sector. I think if you start looking at your percentages of 65:25:35, or whatever it is, what you are finding out is how the different sectors have utilised those strengths, and I think probably the one word which separates many is flexibility, fast on your feet.

**Q398 Mr Wilson:** In your paper to the Committee you argued that independent contractors are currently being unfairly prevented from competing for publicly funded training, am I correct in that?

**Mr Hoyle:** Correct.

**Q399 Mr Wilson:** Do you think Sir Andrew Foster went far enough with his suggestion, for example, on contestability for further education?

**Mr Dunford:** I was on his advisory group and spent a lot of my time trying to convince him—it very much was only an advisory group—that this was a key factor. If you take a learner focus, if you look at government rhetoric about demand-led and choice, it is the only way to go, particularly if you focus on vocational training and employer choice. Maybe there is a different argument for general education around 16-year-olds, however, the short answer is probably not far enough, but it is there. It basically says that there should be a contestable market and a learner focus. If you have a customer focus, it should come.

**Q400 Mr Wilson:** Do you think there is spare capacity in the independent sector to pick up any slack from poorly performing colleges?

**Mr Dunford:** Yes, massive.

**Q401 Mr Wilson:** Again, what is your evidence for that?

**Mr Dunford:** Colleges are located in particular geographical areas to serve that local community largely, whereas an independent provider can be like that or it can grow and go where the market is and where the demand is. Frankly, to turn on the ability and turn on capacity to deliver for an employer, where you start in one place and they want you to do it somewhere else, is quite easy to do and it comes from getting results in the first place. The contingent factor would be the workforce and how many people are out there—we heard about this earlier—qualified to train and deliver. If you solve that problem, we can expand. My organisation was a tenth of its size 15 years ago, there are others that are growing even faster.

**Q402 Dr Blackman-Woods:** A large part of the report you gave to us covered apprenticeships. I wonder if you can summarise briefly for us what you think the main problems are with apprenticeships at the moment and how they can be put right?

9 January 2006 Mr Martin Dunford and Mr Graham Hoyle

**Mr Hoyle:** I am happy to take that on board. The premise of the question was the main problems with apprenticeships and how they can be put right.

**Q403 Dr Blackman-Woods:** It is because you are fairly negative, or at least your conclusion is that everything is not rosy.

**Mr Hoyle:** I think the problem was that perhaps the paper was not very clear in the way apprenticeships are assessed, recognised and evaluated because I do believe they are far, far better than the way we describe them. That comes back to what we consider to be of value within the apprenticeship system. If you look at the Adult Learning Inspectorate report of November and, indeed, the statistics from the LSC, the proportion of young people who fully complete their apprenticeships is rising dramatically and needs to go further, but what worries us, however, is there are a lot of other things that apprentices gain of real significance and success even though they may not complete the apprenticeship which can be in some sectors because the apprentices are pregnant or they change jobs. There are lots of reasons why they move somewhere else which are not negative. Our concern is that the apprenticeship programme was wanting to get as many people through to full completion as possible but it also enabled a lot of youngsters, especially those who struggled at school, to get their basic skills, to get a technical certificate, to get an NVQ that is of tremendous value and counts as success elsewhere in the broad sector, but these do not count, it is all or nothing. That is where our concern is.

**Q404 Chairman:** An apprenticeship traditionally does not have a qualification linked to it, does it?

**Mr Hoyle:** Not the original ones. If you go back before the reinvention of modern apprenticeships in 1994, they were wholly owned and wholly funded by employers. That is not where we are now. We have very, very considerable public expenditure, £800 million a year or thereabouts, and what has come with that investment, which is welcome, is an expectation that elements of the apprenticeship will include key skills as mandatory, a complete NVQ 2 or 3, a technical certificate. What you have had introduced in the last 10 years with the government expenditure investment has been a series of mandatory elements not chosen by the employers. You have got a mixed economy within the apprenticeships and it has to be evaluated differently. What we are saying is, having done that, let us count and give real credit to the young people for achieving all the elements. That is where our main concern is. We believe they are successful and will continue to get more successful.

**Q405 Dr Blackman-Woods:** I think that is fine and that has helped. You say that a lot of young people cannot get access to apprenticeships so they go into other work-based learning routes. Is there a problem with them doing that? Is it an issue of branding, that they are doing other qualifications and work-based

learning that they do not recognise as an apprenticeship and perhaps we need to do something about the branding?

**Mr Hoyle:** Can I kick this off and I am going to ask Martin, who is heavily involved in this issue in his organisation, to come in. What concerns us at the present time is as the quality of apprenticeships goes up, and there is a level of funding constraints in there—I do not want to get on to funding too much but it is a pretty critical issue—as young people are staying on longer, drawing down more money to completion, and providers are becoming more selective, making sure they have picked the youngsters who will complete the course, you are getting a smaller programme. That is happening now. That is happening as we sit here during this year and we are doing some work with our members to try to ascertain the size of it. It will not have hit the official figures yet but the programme at the moment is contracting. What concerns us is the young people who want to get on to apprenticeships but cannot and what is going to happen to them because we are really worried that they are going to be pushed down to the Entry to Employment or a programme in a college and that is going to squeeze the people at the bottom end, the people who are most at risk for whom these alternative preparation courses were designed. We are seriously worried that there is pressure down the bottom of the line and the people most in need are going to be floating around the bottom and leave the quality training game. That is our concern, but you operate in this area, Martin.

**Mr Dunford:** That was a full answer given the limited time, Chairman.

**Q406 Chairman:** So what is the bottleneck? Is it funding or is it lack of placements, or both?

**Mr Hoyle:** To be honest, in certain areas lack of placements is an issue and has been throughout and in some industries it is still difficult, and it would be wrong for me not to acknowledge that, but that is not what I just described. What I just described was the fact we are going to move to a situation where there are placements and youngsters who wish to take them up who will not be allowed to, they will not be selected or whatever, and our concern is what happens to them until they are able to—

**Q407 Chairman:** Why will they not be, because of the high rate of drop-out?

**Mr Hoyle:** Because of the increased selectivity on the part of providers who are going to make sure—

**Q408 Chairman:** The percentage of failure is quite alarming in some apprenticeships, is it not?

**Mr Hoyle:** It depends on your definition of the word “failure”, Chairman.

**Q409 Chairman:** If someone said to me there was a 10 or 20% failure rate in terms of failing to complete apprenticeships I would be concerned, but we are talking much higher rates than that, are we not?

**Mr Hoyle:** The full completion level is now pushing 50%. Eighteen months ago it was a third. That is a massive increase. You have got to understand what

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9 January 2006 **Mr Martin Dunford and Mr Graham Hoyle**

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is happening with the other 50%. The other 50%, for the most part, are changing jobs. We would love them to stay in that job and complete the training period, that is the aspiration.

**Q410 Chairman:** Has that analysis been done? Is that anecdotal or do we know that for a fact?

**Mr Dunford:** If I can come in there. The research into success of measures and work that the LSC have done we believe was prompted by the Association of Learning Providers where we gave talks at the LSDA summer conference back in summer 2002 and it was picked up by the press. Basically this alluded to these types of issues. What we have to remember is that people on apprenticeships are learning at work as opposed to being at college or school or whatever where the prime focus is learning and the qualification. That may be the case with traditional apprenticeships, say at British Aerospace or whatever, but in the service sector, for example, which is the expanding sector in terms of employment, that is not the case. There is not a tradition of learning and so on. There had been no analysis at all on staff turnover so we did some through the Institute of Personnel Management which showed—these figures have been bandied around like Digby Jones' 23 billion for at least five years and the LSC have picked them up now—56% staff turnover in retail, 52% in hospitality across all ages and higher in the younger age group. There is that issue. The trouble is this always sounds like excuses. If framework achievement in a sector is on average 35%, and that is pretty poor, whilst you bash everyone that this is rubbish at 35%, it means you are not picking out the organisations that are getting 40 or 50 and those that are getting five or 10. That is my main point, we need some sophisticated measurement. If somebody is getting 40 or 50% framework achievement in hospitality, for example, that means they are very good at it. As a member of the general public that does not sound very good, does it, 40 or 50%. It also means there are people at the 5 or 10% end, although the LSC and ALI are moving away from that between them. For example, in London it is very difficult to get successful apprenticeships. My success rates in my organisation in Central London are not nearly as good as anywhere else and we put that down to staff turnover.

**Q411 Dr Blackman-Woods:** Given the turnover in some sectors that you have described, how realistic is it to expect employers to put more money into apprenticeships, which is clearly what we need if it is going to expand?

**Mr Dunford:** These are the big questions you get to when you start to examine this and the LSC say it is for the SSC to come up with a framework that suits the particular industry. At least they are starting to talk about frameworks now and maybe changing them, but people have been saying this for two or three years and the frameworks are just the same.

**Q412 Dr Blackman-Woods:** Do we need some further work on this to fully understand?

**Mr Dunford:** I think so. The level of analysis is almost emotional. It is an average of 50% or 40% and is it not poor, whereas in some sectors the average might be 70%, and then you get benchmark figures and targets maybe for that sector which are if you achieve 50% you are doing well because of the danger of averaging.

**Q413 Mr Marsden:** I wonder if I could just press you a bit further, Martin. I am very interested in what you were saying, not least because in somewhere like Blackpool hospitality issues in terms of training are very important, as indeed are stay-on rates and turnover. In the paper that you submitted you bang the drum, and you have banged it again today, for work-based learning and that makes me want to ask you the following question: you heard in the previous session the concerns of us on the Committee about the engagement of SMEs with training and you also heard my particular concerns about older employees getting training. Is there a particular role for your sector in terms of meeting those needs in the future, say over the next five to 10 years? If so, what does Government need to do more to enable you to do it?

**Mr Dunford:** I think there is. We are just starting an adult apprenticeship pilot at the moment which is funded by Government for unemployed ethnic minority origin people in IT. It is a very small programme of 30 people. It is about engaging those people who otherwise perhaps would not go to college or a traditional institution. Although we focused a lot on employers and contestability, on that side of things, one of the points we want to get across is we can do so much more, and your question alludes to this. For example, for adults in traditional basic skills and employability skills, we have argued that key skills, for example, within apprenticeships should be called employability skills because we would all be able to understand what everyone is talking about much more. Choice of provider is not just about quality, how many people read all the Ofsted reports or whatever before they make a decision? It is about location, mode of work, "Are you open 51 weeks of the year? Are you able to take me? I want to come and do the learning? Is it a nice friendly environment? What is the success rate?" It is very much about customer service, like any market should be. In my own organisation, as I say, 19,000 enrolments on FE this year nearly all at the basic skills end for adults and there is a huge issue there. As to what Government should do about it, I just do not think they have got enough money because part of the problem is there are a lot of initiatives and a lot of statements about what the Government wants to achieve but even last year with apprenticeships a number of our providers were not fully funded.

**Q414 Mr Marsden:** You do not think it is that money is being wasted because of duplication of initiatives?

**Mr Dunford:** It could be, and I think there is a lot of deadweight as well, but that is a personal opinion. Someone talked before about the Government funding things and then spending the money back,

and a lot of apprenticeships are delivered in the Navy, the Army, the forces and some very large PLCs. There is nothing wrong with that, but if money is really tight, like any business if you want to target a particular sector, be that SMEs, be it adults with basic skills needs, you have to be very clear about how you market it and what you allow to be funded and what you do not allow to be funded. With ILAs, which most of our members were never involved in, the policy intent was basic skills for people below Level 2. What led that was the one million participation target, so they got the ILAs from whatever routes they could get and there were adverts in the *Sunday Times* every week for copy editing and all the rest of it and get your ILA. In other words, there was a clear policy intent from ministers but the target took over, in my view.

**Chairman:** Stephen has been very patient indeed this afternoon.

**Q415 Stephen Williams:** I would like to ask you some questions about the role of the Learning Skills Council, the Department for Education and Skills, the Government in general and the relationship between the three. When Andrew Foster was before us he said there needed to be a more trusting relationship between the DfES and the LSC, which rather implied that he did not think there was much of a trusting relationship between the two at the moment, and essentially there needed to be less micro-management perhaps by the Department of the LSC at a local level. Do you agree with that general assessment?

**Mr Dunford:** I am not sure how much micro-management does go on at the local level. As I say, looking forward, I think a hell of a lot of things have changed and through his bureaucracy review group where he made the same point about the relationship between the DfES and the LSC and the Foster review of FE, it seems to me, because we do not work in the LSC so we do not experience it, things are improving. As I said in earlier remarks, we very much welcome *agenda for change*. There are elements of detail we will work through with the LSC but it seems to me the only way of implementing the fundamental tenets of the Act. It was quite amazing how for the first three or four years the people who worked in the LSC did not seem to know what the policy intent of forming the LSC away from FEFC and the 72 TECs was, they just behaved as if they were bits of both as opposed to this organisation to create demand and also purchase from a mixed learning economy.

**Q416 Stephen Williams:** Do you have any suggestions as to how the relationship between DfES and the Learning and Skills Council should develop in the future?

**Mr Dunford:** Graham you meet the officials more than I do.

**Mr Hoyle:** I think the issue here is for those two organisations to establish a greater clarity about where their respective responsibilities start and finish. I can remember discussions before the LSC was set up, where people were arguing that the big

problem was going to be the tension between the national LSC and its local offices. That was a real issue and has now been resolved, I think. I always felt, and said at the time, the bigger issue was going to be the relationship between the DfES and the LSC. I think Foster was quite right to say that needs to be clarified. Policy is going to stay within the DfES because of the ministerial involvement in that, quite rightly, and although £10 billion makes the LSC a very powerful organisation, at the end of the day overall policy and direction has got to stay with the DfES. It would be unwise for the LSC to start delving into that. Similarly, having set up the policy, if you are going to set up an organisation and give them £10 billion to deliver, then you ought to allow them a fair amount of freedom to deliver within policy parameters. That sounds pretty logical and one would argue probably should have happened. I think what Sir Andrew tripped over was the fact that clarity is not yet there. That is as an observer from the sidelines. If that is a major problem, and if Sir Andrew says it was he obviously found it to be the case, the quicker it is resolved, the better.

**Q417 Stephen Williams:** Mr Dunford, you just welcomed the *agenda for change*, the Learning Skills Council's own proposals, their own restructuring, and previous witnesses have done that as well. Do you think it goes far enough? They have gone through several restructurings since they were set up, do you think they have got it right now at last?

**Mr Dunford:** I do not fully understand that because there has not been much talk about the 148 local groups. As I understand it, that sounds quite good. Probably the previous local was not local enough, but too small for the back office functions of finance directors, operations directors and so on, so we welcome the regionalisation agenda on one end and it remains to be seen about the local. For example, I work in Tower Hamlets, Barking and Dagenham, Brixton and so on, do you get a much more local focus rather than the whole of East London or Central London? If that happens, I do welcome it.

**Q418 Stephen Williams:** Another thing that Sir Andrew Foster developed when he was here giving evidence was this concept of FE being seen as a sector on its own between broadly a schooling and HE and skills spread across the three, I suppose spread more thickly in FE. He recommended the national learning model in order to bring some sort of coherence to the whole and also to explain how the Government allocates its funding. Do you think there is any merit in a national learning model?

**Mr Hoyle:** I am not quite sure if this is the point you are asking. One thing I am quite clear about is that although Sir Andrew looked primarily at further education colleges, I think his report made it quite clear that he was still trying to get into the whole of the sector. He did not want to use the word sector, as I recall from some of the paragraphs, I cannot remember what word he used now. Certainly we would go along with that, that we do need to move away from FE equals colleges equals one part or their sixth-form colleges, which are really quite

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9 January 2006 Mr Martin Dunford and Mr Graham Hoyle

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different. There are work-based learning providers, there is community learning, mainly within local authorities. We have got to start moving away from these subsets and trying to think they may be different and in opposition to each other and describing much more of a comprehensive flexible sector. If that is what he was after, then we would support that entirely and move away from these subsets. Also then, lumping them all together and getting wrong comparabilities, we have alluded to some of those things earlier on in the discussions.

**Q419 Stephen Williams:** Mr Dunford, you were on his advisory group, presumably you have got more of an insight into what he was after.

**Mr Dunford:** If he means that what he is after is we get rid of some of the examples I am about to describe where you can be a provider to the LSC for, for example, entry to employment apprenticeships but you cannot for FE provision in ESL or basic skills, so you have to subcontract it to a college, this is quite dangerous, in fact, because when the pressure on the adult budget occurs—which has happened this year—what the colleges do, some of them, not all—maybe I would do the same if I was running one—is put institution first, learner second, and they drop most of these subcontract arrangements with perfectly good providers. I made 60 people redundant over the summer because some of the FE colleges we have worked with have just stopped the provision and its target bearing basic skills, adult provision which the Government wants and the LSC wants and in the end the LSC failed to intervene. If anything, they need more power to be able to do that, but they are extremely sympathetic that provision should continue. I know this has gone on in Derby, for example. Their intention was the 12 partners they work with they would terminate immediately on hearing about their budget. I think there was some movement after that, including with ourselves. That was what happened. You can be delivering what the LSC and the Government wants, basic skills and adults, and lose it all. This is why the contestability issue and the implementation of the act is so important, which makes it really very clear that sort of thing should not happen.

**Q420 Stephen Williams:** Some final questions on the role of Government as a whole as a champion of skills and FE. One of the ideas that Foster suggested was a biannual conference where the permanent secretary of the Department would meet with the various skills providers. Presumably you think that is a worthwhile initiative?

**Mr Dunford:** Absolutely, yes.

**Q421 Stephen Williams:** I will repeat the question I have asked all witnesses who have come before us on this particular inquiry about the Government, and I will caveat it in the same way. It is in no way a comment on the current post holder. Do you think FE and skills are championed enough by Government and in order for it to be championed enough it needs its own internal champion as a minister? The current post holder, Bill Rammell,

covers FE, skills and HE. Do you think there would be merit in there being a single government minister for further education?

**Mr Dunford:** Certainly having worked in this activity for 15 years, I would say the championing and promotion of skills has never been greater; whether that is enough, I do not know. I would hate to see the title “Minister for FE” because people misinterpret it as colleges. We do have a Minister for Skills and I would stick with that title. Certainly having meetings with Phil Hope and hearing him talk and so on, I think we are championing skills and I am sure we could do even more.

**Mr Hoyle:** Again, my answer is exactly the same. Whether we want a specific focus I am not sure, we certainly do not want FE. I agree, I have never known skills—I know that is not quite what your question was—so far up the political agenda and I have been in this game for quite a lot of decades and I welcome that. I am sure a greater focus would always be welcome, so we look for it. I do not think we ought to minimise the rise up the political ladder which skills has done in the last few years.

**Q422 Mr Chaytor:** Can I come back to the question of apprenticeships and the problem of non-completion. Is not the real solution, rather than putting more money in to create more places for people not to complete, to change the structure of the apprenticeships so they are more portable? Have you made any proposals along those lines?

**Mr Dunford:** I was on the End to End Review of modern apprenticeships, I think it was 2003, and portability is really a very important issue. This is when a pure employer focus does not work. You have staff turnover in all industries in a healthy economy and if you are a young person who is halfway through an apprenticeship and you leave, unless the provider follows you, is there when you leave, finds out where you are going and it is in the same industry, you are lost. We do need to look at portability and we need to look at a clearing house for applicants for apprenticeships because one of our members turns down about eight in every 10 applicants because they have such a demand—that is in electrical installation—because those people obviously are interested in apprenticeship and learning at work and maybe they can be referred somewhere else. Certainly we need a mechanism for when people do move, so that you can follow them if at all possible.

**Q423 Mr Chaytor:** Are you aware of any detailed work that is being done to look at this?

**Mr Dunford:** I am aware that recommendation of the End to End Review is being picked up, and I was given an update on what is going on but I cannot find it at the moment. Portability is a big issue. This whole issue of staff turnover has never been looked at, it is sort of ignored. It is sort of a 40% completion rate and you are learning at work and people change jobs. It is quite difficult when you are selling to the employer and the individual at the beginning, to

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 9 January 2006 Mr Martin Dunford and Mr Graham Hoyle
 

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come up with, “If you move job this is your moving pack, this is what you can take with you, this is the number you ring” and so on and so forth.

**Mr Hoyle:** Can I provocatively add one little bit to that, and it is a shame the earlier group have gone, they would not like it. I think there is a danger. What I generally support is putting employers much more in the driving seat in terms of design. Overall, that is the right general direction but there is a danger in going too far. It almost comes back to the point you were making about employers used to do it all themselves anyway. One of the weaknesses of the traditional apprenticeship scheme was only in some sectors and it was very much geared up for the particular need not just of the sector but often the particular employer. Very good apprenticeships were good for employees. We have Rolls-Royce where I live and Rolls-Royce employees were not as transferable as people would have had them believe. We have got to be very careful with the SSCs and the employer-led, which I generally support, that they do not start playing around with frameworks too much because I have heard some of them, for instance, are now talking about dropping technical certificates, and I can understand an individual employer saying that. Someone else mentioned diplomas. If they start taking out, if you like, the knowledge-based elements of it and then we start positioning apprenticeships alongside the new diplomas as they come online, we will completely devalue apprenticeships in the future and do them inestimable damage. I think there are some real tensions here about the correct oversight and direction which should be given by employers, and the way they have got to be positioned within the total educational framework of 16–19 and beyond.

**Q424 Mr Chaytor:** Whose responsibility should it be to take these ideas forward, considering the implications of turnover and working on more portable apprenticeships? We have now a huge number of agencies working in the skills field, who should take the lead on this?

**Mr Hoyle:** It comes back to your question about the relationship between DfES and the LSC, and it can only be within a choice of two, in my view, it has got to be within there. Again, you are back to the policy of delivery discussion, which I alluded to earlier on, so I would not back a particular horse at the moment, but that is where the answer has got to come from. I think these things have got to be put together and discussed as a whole and quite critical decisions made.

**Q425 Chairman:** This has been a very refreshing session because, in a sense, you are slightly outside some of the evidence we have taken because you are in the independent sector. You have heard what the last group of witnesses said and we have had a good session with you. Is there anything you would like to tell the Committee in terms of improvements that you would like for the skills sector, that you think are the priorities, because this is your opportunity, you are on television and it is going to be all written down by our team here? This is your moment.

**Mr Dunford:** We think contestability—which is an awful word—competition or learner choice and demand-led, implementing it is the most important issue. We would like to see a suite of work-based learning programmes which address the NEET group with a wider entry to employment right up to foundation degree. We think that way the target of the Government for 50% into HE can be better achieved and would be more realistic and, from an economic point of view, would be better and a continued focus on apprenticeships and work-based learning. We are concerned about Sector Skills Councils losing that focus because of having to generate income. We have had the experience of TECs being targeted to generate income and become self-sufficient and so on. I am concerned that when you read what the Sector Skills Councils are supposed to do, then you look at RDAs and the regional LSC structure and so on, they are not even properly knitted together. We have got the situation in Greater London at the moment with the Mayor and the LSC. I think there can be greater coherence and Foster does talk about this. Certainly, from our point of view the direction of travel is the right one. The Government is spending more money on skills, it is higher up the agenda, and it is our job to make sure the independent sector is higher up the policymakers’ agenda too because there is a lot more we can do. We do not want to stay in this box of, “They do work-based learning work with employers”, for example adult apprenticeships, basic skills for adults and many other things.

**Mr Hoyle:** You would not expect me to attempt to upstage my chairman, so I shall not, but I will make an offer, if I may, and this is seriously. If any Members of the Committee at any stage want to have a look specifically at work-based learning providers or if there is an element you feel you are not fully up to speed with, we would be delighted to lay on a visit or some kind of programme for you.

**Chairman:** That is a kind offer. Martin Dunford, Graham Hoyle, we have learnt a lot, thank you.



**Monday 16 January 2006**

Members present:

Mr Barry Sheerman, in the Chair

Mr David Chaytor  
Helen Jones  
Mr Gordon Marsden

Stephen Williams  
Mr Rob Wilson

*Witnesses:* **Mr Maurice Smith**, HMCI, Ofsted, **Ms Penny Silvester**, Divisional Manager, Post-16, Ofsted; **Mr David Sherlock CBE**, Chief Executive and Chief Inspector, Adult Learning Inspectorate and **Mr John Landeryou**, Assistant Director of Inspection, Adult Learning Inspectorate, gave evidence.

**Q426 Chairman:** Can I welcome you John Landeryou, David Sherlock, Maurice Smith and Penny Silvester. Thank you very much for coming. You know that this inquiry into Further Education and Skills is something close to our hearts. It is a long running inquiry and we will eventually be writing it up; we have had some very interesting evidence recently. I would like to start today by congratulating Maurice Smith on becoming the new Chief Inspector. I do not know how many chief inspectors I have got through, but it is quite a few. I was doing *Teachers TV* with one of your predecessors, Mike Tomlinson, who was speaking well of you. Shall we get started? You know the topic and you know what we are after today. This is your first performance together. Is the merger a done deal now?

**Mr Smith:** It is.

**Q427 Chairman:** Maurice, do you want two minutes' worth to give us your view on the FE sector?

**Mr Smith:** We were not asked for opening remarks and therefore I have not prepared any specifically. As you have asked, there are two things I want to say in relation to the focus of this Committee. Firstly, we welcome the Foster Report; we find his comments on inspection interesting. I am sure we will be asked about that during the session. Secondly, we welcome the Secretary of State's decision to expand the remit of Ofsted and include functions of the Adult Learning Inspectorate in that expanding function. David and I met professionally for the first time last week and we hope we will have a very positive way forward in getting the best of the Adult Learning Inspectorate into the new functions of Ofsted which will be implemented from 1 April 2007. You might be interested to know that the Secretary of State has invited Richard Handover, the current chairman of the Adult Learning Inspectorate, to be the chairman of the strategy board that takes that implementation programme forward. We are looking forward to working with Richard and we meet with him for the first time in that capacity formally tomorrow. With regard to the sector itself I am going to rely a great deal on my colleague Penny Silvester in terms of witness, but I think in terms of my briefing and my look at it so far this is a sector that is improving, has increased focus and we hope it is a sector which will go forward with its improvement to provide the skills necessary to take the country forward.

**Q428 Chairman:** We are aware that in the relatively recent times there was a degree of disquiet about the FE sector and I think when Ofsted first took over that responsibility for jointly looking at some of these areas with the Adult Learning Inspectorate what surfaced were some pretty sharp criticisms of the quality of provision. What has happened in the intervening but quite short period to make you feel confident to say what you have just said?

**Mr Smith:** Looking back to the beginning of the previous inspection programme it must have been disturbing to find that between 13 and 14% of colleges in that first year were judged to be inadequate. I know David is going to express a view about how the programme moves over time but it is certainly good to see in the last year of that programme only 4% of colleges fell into that judgment category. We are in a new programme of inspection now, beginning in September this year. It has had a slow start because we are introducing a lot of new inspection programmes. Six of the 15 colleges that we have inspected so far in this term have previously been judged to be inadequate and are now judged to be satisfactory, good or better. That is also pleasing to note and therefore the proportionate number of colleges judged inadequate drops further. There was only one college judged inadequate on a second occasion.

**Q429 Chairman:** Is the FE sector much more difficult to appraise because it is not as simple as judging improvements in GCSEs or A-levels? You have this vast range of different courses and complications, how competent is the inspection process if it really does not have this hard data to crunch?

**Mr Smith:** In a sense I think it is schools that are unusual in that they have very sophisticated hard pupil data. As you know I have some previous experience in the early years field where there is no data at all really. We inspect in the social services field, in the adult field, in a range of fields where data is softer, where inspection activity has that qualitative element. I think we can be confident in the joint skills of our inspector colleagues that they come to the appropriate judgment based on what they see and observe.

**Q430 Chairman:** Would you accept that data is important for your inspection process?

**Mr Smith:** Yes.

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16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

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**Q431 Chairman:** Then how come other witnesses who have come to assist this Committee were appalled that you are going to stop collecting certain kinds of data that gives us an idea of what is going on over time in the FE sector? Is that something that you are concerned about? You must have seen the representations we have had about the cessation of the collection of certain kinds of data in the FE sector.

**Mr Smith:** That is not something I am wholly knowledgeable about.

**Q432 Chairman:** Does Penny Silvester know about this?

**Ms Silvester:** Do you mean in terms of teaching and learning, from the new inspection regime?

**Q433 Chairman:** Yes.

**Ms Silvester:** We have moved to a new proportionate system of college inspections whereby we have identified different categories of colleges. We have had three rounds of inspections now so for some colleges we know that they have been performing well in each of those three rounds. For those we offer a lighter touch inspection, but what we do is to focus our resources on those colleges that are either satisfactory or inadequate to put in much more resource to actually inspect. As a result of that obviously in the better colleges—the good and excellent colleges—we are not looking so much at teaching and learning but we are gathering data on teaching and learning from the satisfactory and inadequate colleges. What we are also doing is carrying out a series of subject surveys across all 15 areas of learning to make sure that we are getting data on teaching and learning across all 15 areas because if we are only looking at the information relating to satisfactory and inadequate colleges it will skew the samples. So we are going out and, on a three year cycle, looking at 15 areas each year to gather that data.

**Q434 Chairman:** Mr Sherlock, when you were fighting for your independence and you came before this Committee you were very worried that the inspection systems of Ofsted and the inspection systems of ALI were very different in the sense that not only do you inspect but you hang around to help improve rather than the ruthless approach of the Ofsted gang. I do not think you said exactly that.

**Mr Sherlock:** It is charmingly put, Chairman.

**Q435 Chairman:** Have you now lost all your reservations?

**Mr Sherlock:** I think it is a little early to say that we have lost all our concerns. I think what did happen was that as a result of the consultation the original proposition changed somewhat. Some of the rougher corners—if I may put it this way—were knocked off and I think we are reassured by the process. We are reassured by the role that Richard Handover is taking; we are reassured by a joint commitment to build on the best of all of the existing organisations rather than simply absorb the CSCI

and the ALI into an existing structure. We are reassured by all the comments in the Government's response to the consultation to the effect that the particular needs of all the constituents are served by the new organisation and will continue to be specifically served by the new organisation. I think we have an awful lot of work to do together to actually realise those commitments probably in a dwindling resource base and probably a sharply reducing resource base over the next two or three years. That tends to alter all the assumptions about the nature of inspection and the relationship between the mandatory bit funded by the state and the bit that is legitimately paid for by providers themselves. I think we have an awful lot of work to do together to determine what an inspectorate for 2010 and beyond is going to look like. I think it is pretty much for sure it is not going to look like any of the organisations which currently exist.

**Chairman:** We will come back to that, but let me press you a little further on measuring success and quality. Helen is going to ask you some questions.

**Q436 Helen Jones:** Following on from that you know that Sir Andrew Foster recommended that there should be different measures of quality in measuring FE including student experience and the impact on local skills needs, for example. Is it possible to develop systems of inspection which can do that? I can quite see how it might be possible to develop them on student experience, but is there not a difficulty in measuring impact on local skills needs because you have to define the area that you are measuring? People cross boundaries to go to further education colleges and so on. What are your thoughts on what he suggests?

**Mr Sherlock:** I think it is one of the most interesting suggestions in the Report. You are absolutely right, and London, of course, is always the worst case in these discussions because of the complexities of travel to work areas and so on. I think it is something that is thoroughly worth trying to do. Whether we can do it or not I do not know. The basic premise of the Foster Report that general FE colleges should be focussed on employability seems to me to be right. The disappointing element of the Foster Report from our point of view in that regard and many others is that he does not actually follow that on to look at the knock-on consequences and I think that is one of them. I think it is something we would want to try to see whether we could assess the impact of employability on the local community and employment rates and skills shortages in the local community. That is something we certainly do not have a method for right now.

**Q437 Helen Jones:** Are you saying that there is not the expertise within Ofsted to do that? I am thinking of my own area, for instance, where people come into work from Manchester or from St Helens. They are not necessarily trained within the area. Yes, we know what the skills gaps are but measuring the impact of colleges on meeting that is very difficult. Do you have the expertise to do that?

16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

**Mr Sherlock:** I think we have the expertise but I think it is one of those things that would take an awful lot of change throughout the system. It would mean, for example, that colleges' own missions would need to be very much more specific about serving the communities that they do serve. They need to be much more particular rather than the rather generalised mission statements that most of them have right now about what they are trying to do. At the moment colleges intervene very often extremely effectively where you have an emergency like the closure of the Rover Group for example, but much less so in terms of servicing the general community most of the time when the needs of that community in employment and other terms are very much more difficult to nail down. I think you would need to see changes right the way through the system and a much more specific set of missions to allow that to happen and probably a narrower mission. I agree with Andrew Foster there; I think that narrowing down the missions of further education colleges is probably necessary if there is going to be the kind of cultural shift that he is talking about.

**Q438 Helen Jones:** Would that not also require colleges to become much more skilled at forecasting the skill needs in their local areas because we are not after all training just for immediate requirements, we are training for what might be needed in the future. Do you think that they are able to do that or become able to do that?

**Mr Sherlock:** I think they could become able to do that but again I suppose one of my disappointments would be that Foster has set himself a sort of self-denying ordinance, if you like, against recommending structural change. Certainly we did a report some months ago—the back end of last year in fact—on the Australian system. Andrew Foster quotes that in his report. I think one of the interesting things about New South Wales, for example, is that they decided that they needed new criteria to determine what a college was and where it should be located rather than what we have which is essentially the legacy of an industrial past. We are relying on a fairly haphazard pattern of mergers and takeovers and so forth to rationalise that or alter it in terms of current economic needs. What the Australians did was to decide that a viable institution in the long term needed to have a turnover of about a hundred million Australian dollars (£40–£50 million) in order to be self-renewing in capital terms. They rationalised out 130 colleges to 10 institutes in New South Wales and they focussed them hard into the vocational agenda. They stopped them doing their equivalent of GCSE re-takes, A-levels and so on and so forth and those went into the schools. I think if you make that kind of fairly far reaching set of recommendations about missions I think it has an awful lot of knock on consequences which need to be faced up to.

**Q439 Helen Jones:** That is very interesting. He also said that value for money was much harder to measure in further education than in some other

areas. Do you think it is possible to develop better value for money measures and does that have to go along with restricting what colleges do—refining down their mission if you like to skills for employability—or can value for money measures be developed that work in other areas as well like adult education?

**Mr Sherlock:** It is one of the major debates about social value and how you measure it and so on and so forth. I do not think we yet have tools for measuring social value. It would certainly require colleges to be much more particular about what they are trying to do in order to be able to measure their success adequately but not necessarily restricting it in the sense that it might be totally utilitarian and nothing else.

**Q440 Helen Jones:** I am not advocating that.

**Mr Sherlock:** I am sure you are not, but I think the whole business of measuring added value and so forth is actually in its infancy. We did some work some time ago, as I think you know, which the Cabinet Office felt was useful because I think it is possible to develop methods by which you can measure benefit from social investment from the colleges, from the inspectorates and so forth. It seems to me to be one of the things which is essential in terms of developing modern government.

**Q441 Helen Jones:** Is there not a risk though that that could become the equivalent of another set of targets and unless we develop, as you say, the adequate measures for measuring social benefit, what we will see is a loss of courses in some areas (as we have seen with some of the funding decisions) because we cannot develop the criteria for measuring, let us say, the effect on people's health with the money we save in health services. I am thinking, for instance, of elderly people learning and that militates against the agenda of lifelong learning which you are also trying to develop.

**Mr Sherlock:** Yes it does, and that is the appeal, I think, of the Foster agenda. If we were looking at adult community learning in the framework of community development more widely in the ODPM type of agenda rather than the strictly educational one, I think we would get some very different views of its value. Certainly that was one of the things we were seeking to advocate in my last annual report, that the thing that distinguishes adult community learning from simply adult education for other purposes is that democratic engagement with local government, local people and so forth, and a real regard for the totality of the needs of that area.

**Q442 Chairman:** I was a bit worried when you talked about narrowing the mission; Helen pushed you on that to some extent. Narrowing of mission sounds very clinical in a sense. It does mean cutting all sorts of people out of the general focus of FE and continuing education. I recently visited Morley College across the bridge here. They are doing a wonderful job. There are only four colleges like Morley College in London as I understand it. If we

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16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

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have a government that believes diversity is at the heart of what we should do in secondary education, is it rolling out or is it steamrolling over diversity in the FE sector? What chance do new experiments like the Morley College have these days (that dates back to 1840)?

**Mr Sherlock:** I think we have invented something new over the last five years which is the learning and skills sector. We had, five years ago, a rag bag of colleges of various kinds; (sixth-form colleges are a fairly new invention in terms of a national mission); work-based learning, adult community learning and, indeed, specialist bits of the provision like learning in prisons and in the armed services and so on. I think we are now, for the first time, seeing all of those as part of the same set of provision and I think we are also getting to the point where you could regard them as of sufficiently similar standard that people are able to choose the one that fits their lifestyle best. In those circumstances general FE colleges which have tended to do whatever anybody asked them to do and what they felt that nobody else was offering (if you like they became a safety net provision); I do not think they have any longer to adopt that role. I think it is possible for them to be more specific and to concentrate on what they do best, leaving others to do other bits of what they do best within the strategic planning envelope set down by the Learning and Skills Council and JobCentre Plus.

**Q443 Chairman:** That sounds all right, but I have just had lunch with Sir Richard Sykes from Imperial College. He and I were both saying that our educational careers were saved by our local technical colleges. We did not do very well at school and we pitched up at the technical colleges (myself at Kingston Technical College and he at Huddersfield Technical College) and we did our A-levels. You could pop in and you could find the appropriate course for you. Is that all going to disappear?

**Mr Sherlock:** I have had a very similar personal experience with my daughter; she did precisely the same. She went to a very good sixth-form college, hated being with an intense group of 16–18-year-olds and went to the local technical college and learned alongside adults and was a great deal happier and more successful. I think you are right; I think having that range of alternatives is important but I do not think that all of them have to be provided by general FE colleges. The point is that there is actually an emerging wider variety of different kinds of provision, in different kinds of ownership, offering courses very often at home, at work, in the community which actually opens out learning opportunities rather than narrowing them.

**Q444 Chairman:** So rich diversity, not standard technical colleges.

**Mr Sherlock:** I would hope so, yes.

**Q445 Mr Marsden:** I would like to go to look at the area of apprenticeships and your attitude as a group to that and, indeed, to the measurement of it. This

time last week we had evidence from the Association of Learning Providers who expressed some concerns and dissatisfaction about the way in which apprenticeships are currently measured. Certainly there is a great gap between the impressive figures of people who sign up for apprenticeships and the completion rates. Maybe if I could ask you first of all, Mr Sherlock, in your inspection processes looking at apprenticeships why do you think success rates for apprenticeships are much lower or appear to be much lower than in FE generally? Obviously there are great variations in completion but the apprenticeship area seems to be a particular problem.

**Mr Sherlock:** I think the blunt answer is that there is no incentive for completing them. I think there are all sorts of circumstantial problems about taking an apprenticeship. You are working at the same time; you may be succeeding and maybe moving to another part of the country and you stop doing the award, or your new employer does not pick it up. All of those kinds of things are problematical and they will not be resolved until we have a proper credit accumulation and transfer system. However, I think there is a really serious problem of having no real apprenticeship award so that you go through, you get an NVQ, you may be doing some technical certificates, some key skills, as much as you actually need to do the job but without the incentive of somebody coming along and saying “Well done, you’ve achieved something overall for the whole diet of the apprenticeship”. Why should you bother to do it and why should your employer bother to support you to do it? I think people take what they want out of the apprenticeship diet and then stop when they have what they think is enough for their current purposes. That is the basic problem.

**Q446 Mr Marsden:** What you are saying is that portability is the key issue here.

**Mr Sherlock:** Yes.

**Q447 Mr Marsden:** What are the mechanisms that you as inspectors can use to advance that process?

**Mr Sherlock:** I think we have seen huge improvements in the quality of work-based learning in general and apprenticeship in particular over the past four years. I think it is a fantastic example of partnership working because the Department for Education and Skills has ironed out an awful lot of bugs in the system. LSC has ironed out the funding bugs. Things like the Apprenticeship Taskforce have raised the profile and the credibility of apprenticeship among senior industrialists. There has been a great deal of work to raise the integrity level of awards. I am sure John will say a bit more but certainly when we started out in 1998 as the Training Standards Council we came across an awful lot of Spanish practices in terms of the measurement of NVQs and so forth. That has gone; touch wood, we have not had any scandals in work-based learning for a number of years. I think there has been a general tidying up and professionalisation of work-based learning and

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16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

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apprenticeship which is coming through in our improved grades, which have risen out of all recognition. It is showing to some extent in improved success rates for learners; it will show up even more when the means of describing success is standardised as it will be across colleges, work-based learning providers and sixth forms in due course. At the moment work-based learning is seriously disadvantaged.

**Q448 Mr Marsden:** Is one of the problems that actually we talk glibly about apprenticeships but you have become a very, very broad area and sometimes it is chalk and cheese. The general apprenticeships that you might get for instance working a small business—if they are prepared to take you on—in becoming an electrician is totally different to the very precise, very targeted, very well-developed apprenticeships that companies like British Aerospace would have, for example. Is part of the problem that we are comparing chalk with cheese?

**Mr Landeryou:** There are differences between the sectors that have a history of apprenticeship—construction, engineering, for example—and others, especially the service industries where it is a rather newer concept. Hairdressing would be a good example; retail would be another good example. There are also differences in the way employers in those industries regard apprenticeship. Some regard it as the essential pre-requisite for working in that industry over the longer term; some regard it just as a foundation level of training for, I suppose, very much a disposable workforce. There are differences even in that sense. Those sorts of differences have also plagued apprenticeship recruitment in the past in that we are still working through a history of too many people being on the wrong apprenticeship in the wrong place simply to fill quotas rather than with a realistic prospect of success. We are now getting much better in ensuring the right people are in the right places and working at the right levels. There has been a major shift over the last three years in balance between those who are following apprenticeships at a level three level and those who are following level two apprenticeships. That correction towards level two will actually start to show through in figures fairly soon.

**Q449 Mr Marsden:** We have some criticism before the Committee—not least from FE colleges—that the LSC has attempted to micro-manage their policies too much. Is the area of apprenticeship an area perhaps where the LSC has not done enough macro-management?

**Mr Landeryou:** Perhaps before two years ago that was true. They certainly are now managing apprenticeships on a macro level and also seeking to find ways of reducing the bureaucracy in apprenticeships as well. There is a LSC internal report due to be published soon that starts to look at that on a far more system-wide basis than has been done before. Hopefully those trends to micro-manage are going away and we are now starting to concentrate on targets at the right sort of level.

Certainly the targets for improvement and framework completions that have been set over the next two to three years are quite ambitious and would move apprenticeships actually to the same overall success rate as long level three and long level two courses in FE.

**Q450 Mr Marsden:** I wonder if I could ask Mr Smith, in terms of the new process of inspection that you are going to be developing in the new structure, what can you do to assist the process along. I am thinking particularly of two areas which have come up before the Committee, one is on the issue of apprenticeships, one is the issue of encouraging and therefore measuring more precisely the results of apprenticeships with small and medium sized enterprises; and secondly, apprenticeships with older employees. I say that not in a sort of pedagogical vacuum but because all the statistics suggest that we are going to have to look at both of those groups increasingly to fill some of the skills gaps over the next 10 to 15 years.

**Mr Smith:** I think I would like to come in a bit on the back of what David and John have said, taking the question forward. You asked about the principle of inspection of apprenticeships. This is, of course, an area largely speaking that is with the adult learning inspections at the moment so it is something we are not well based on but it will come to us and, as I said in my opening remarks, as will our colleagues from the Adult Learning Inspectorate come with it. The issues that raise themselves that go across this, are a variety—portability, standardisation of accreditation issues—cause difficulties for inspectorates. If there is a very, very wide variety of apprenticeships and things to measure then I think it makes it more difficult—to use Foster's words—to enable comparisons to be made across the sectors. If people are moving with their jobs and therefore having to re-engage with a college or different work-based providers then I think that provides difficulty for them in terms of completion. I think there is a difficulty, as David has already outlined, in that if you are at BAE Systems at Warton and you come out with your apprenticeship it does feel quite different from coming out from hairdressing.

**Q451 Chairman:** Is that not a bit snobbish, Chief Inspector? If you had been at a top salon in Huddersfield or London and you had done your apprenticeship in hairdressing you have every right to come out feeling pretty proud about that.

**Mr Smith:** Absolutely, although I have never been to one of those salons. Of course you have every right to feel equally proud but I am not sure that is the general public's perception; they will pick the name of the salon. If I could illustrate it in a slightly different way, if a member of the general public wants something done with their electrics or their gas they get a man who is Corgi approved or who has level 13 or whatever it is in their established profession. It is standardised across wherever they do their learning and they come out with their ticket

16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

and when you hire that person you know in a sense what you are getting for your money. If I go to Headmasters hairdressers I am not quite sure that I know what I am getting for my money and that is where I think the difference is.

**Q452 Chairman:** Corgi is a very special case though. Most of us who hire a plumber or an electrician have no such guarantee. What is the equivalent of Corgi for electricians?

**Mr Smith:** Level 13.

**Q453 Chairman:** So you would check standard 13?

**Mr Smith:** I would check whether they have it or not.

**Q454 Chairman:** The lights have all gone out, you cannot get any heat or electricity and you are looking for an electrician with level 13. You are going to phone up and say you are desperate, have you got level 13? I think I believe you.

**Mr Smith:** I do think this is different from getting your hair cut. That is not derogatory to hairdressers.

**Q455 Chairman:** I am just pointing out to you, Chief Inspector, that Corgi is the one that all of us know with gas and the danger of the house blowing up and so on. We all know Corgi.

**Mr Smith:** And there lies its advantage.

**Q456 Chairman:** As I was saying to you, there is a comparison with electricians and plumbers and other people we use for very sensitive tasks in the domestic realm that there is nothing identifiable like Corgi, is there?

**Mr Sherlock:** Can I say first that there are a number of hairdressing companies with very, very high standards. Toni and Guy got grade ones across the piece in the last year; Andrew Collinge in the north west has very high standards too. The beauty of those organisations is that they train for the entire trade; they train for the national stock as well as for their own usage. I think there are some very high standards but picking up your general point it is an awful lot easier to apply NVQs and the apprenticeships frameworks and indeed to inspect where you have a very tight regulatory background. For example, if we look at people who are fitting aircraft engines then they are used to going through the check list with everything they do. They are used to all the tools being checked in and checked out and so on and so forth so that the inspection regime is very straightforward, very easy. I do not think that because you have to use a wider range of judgment for things which are softer skills the level may be different. I think John's point is one maybe worth picking up. We now have a ladder of awards rather than trying to cram everything into A-level equivalent, level three. I think it is perfectly possible to make sound judgments about things where softer skills are required or people skills.

**Q457 Chairman:** You are sliding away from the Corgi point.

**Mr Sherlock:** I think you are right, Corgi is one of the very few skills where you have to have a licence to practice.

**Q458 Chairman:** What I wanted to get out of you guys is that the fact there is a member of this House in the previous Parliament and now in the House of Lords whose child died because an electrician wrongly wired the house. I would like you to tell me how we could get a Corgi—as in the gas industry—in other important trades of a similar line. I see no sign of it.

**Mr Sherlock:** You could do it but it would mean you would have to take out much greater regulatory powers over a whole range of different industries.

**Q459 Mr Marsden:** Perhaps now we have established that we are not going to be gassed but we may be electrocuted we could return to the questions that I was raising about the issue of SMEs and older people. Maurice Smith, I think you were beginning to say a few words about that.

**Mr Smith:** I do not think I have anything further to add. I would rather that David and John who are in this business come in on this really.

**Mr Sherlock:** I think in SMEs there is a very good model in group training associations and certainly we have advocated that there should be specific encouragement for launching more group training associations outside their heartland in engineering and construction. I think it is a very, very effective way of proceeding and because it has grown from the bottom up there is a real commitment from the companies that are members of those group training associations. They are very high quality by and large and do a good job. With older people again one of the things that we feel strongly about is that there should be more adult apprenticeship. I think the success rates for adults tend to be very much better than they do for 16–18-year-olds for all the natural reasons that they are already settled on their careers and so forth. I think the support for adult apprenticeships particularly, as you mentioned, at a time when the demographic drivers are as they are would pay very substantial dividends.

**Q460 Mr Marsden:** Is that something that could be reflected more prominently? I am not saying this as a criticism of what you have done previously; I am merely saying that we recognise it. Could those two areas be more prominently recognised in your inspection processes?

**Mr Sherlock:** I do not think it would make any difference in inspection process terms but I think there are two pieces of infrastructure missing there which we have drawn attention to repeatedly in the past and which I think are still gaps.

**Q461 Mr Wilson:** Mr Sherlock, you were pretty opposed to the merger with Ofsted when you came before this Committee before. If I remember rightly you were pretty trenchantly opposed to it; it was not just a case of shades, it was pretty much black and white at the time and it was certainly a lot more than

16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

knocking off a few rough edges which is how you described it to the Chairman earlier on. Is what has changed that you have lost the argument and now you are left to make the best of a bad job? What has really happened is a takeover by Ofsted.

**Mr Sherlock:** I think Maurice probably needs to come in on some of this but yes we were opposed to it. My board was opposed to it. Yes, we have lost the argument but I think there have been some modifications in the proposition in the course of that debate. I think the interesting thing is that if you look at the Government's response to the consultation what they say, if I am right, is that there was a majority of employers, work-based training providers, adult providers who were against the proposition. In other words, there was a majority in further education who were for it. I have yet to see the actual responses to the consultation but what that means I think is that there are a group of people out there who perhaps feel they have been overlooked at this stage. In the process of developing the new organisation, we have to recover their confidence and their belief that they are being properly served. We have the will to do that, that is for sure. I think it cannot be done by a takeover of ALI and CSCI by Ofsted; I think we need something which is much richer than that and that is what we are committed to try to produce. It is going to be an interesting 15 months. We met for the first time last week and the signs at the moment are very good; that we will have real professional cooperation in doing what we recognise is a complex job but a necessary job. The argument is over. What we have to produce is something which properly serves all our customers.

**Q462 Mr Wilson:** In essence you are making the best of a bad job because it is a takeover.

**Mr Sherlock:** I think it is an interesting argument.

**Q463 Mr Wilson:** What is the size of Ofsted?

**Mr Sherlock:** Ofsted is considerably bigger than ALI.

**Q464 Mr Wilson:** Who is going to be chief inspector for the organisation?

**Mr Sherlock:** I guess it will be appointed by the new organisation.

**Q465 Mr Wilson:** It is likely to be someone from Ofsted, is it not?

**Mr Sherlock:** Not necessarily. I would have thought that the whole child protection area is equally strong. If you are looking at relative sizes I think Ofsted's turnover is about £200 million at the moment; ALI is £25 million; the 18% of the Commission for Social Care Inspection that is going in is about £20 million in value. There is no doubt that the combined ALI and CSCI is about a quarter of the size that Ofsted is at the moment. I do not think that that necessarily means that the constituencies that we serve are unimportant or will be overlooked. If you take a long view of this—my first inspection job was with the Further Education

Funding Council in 1993—an FEFC inspectorate was set up when the original HMI for Schools was broken up and the schools bit went in the direction of Ofsted and the further education bit went to FEFC and the higher education bit went to what eventually became QAA. What you could say is that that is actually being joined back together again and what I would hope would happen is that in joining it back together again we would take advantage of all the things that we have learned while we have been separated in the ensuing 12 or 13 years. I think if we do that we will get something which is very rich and very interesting.

**Q466 Mr Wilson:** To what extent do you think all those fears you had that you expressed to the Committee have been allayed?

**Mr Sherlock:** I think they have been to some extent allayed by the Government's response to the consultation.

**Q467 Mr Wilson:** What fears have not been?

**Mr Sherlock:** I think we have a number of guarantees, as I say, about building on the best; facing our different constituencies. We will look at branding sensitively to ensure there is some reassurance to our various different customer groups. I think we have a measure of reassurance about those mechanical things. The trick is going to be building a culture which is capable of addressing in a sensitive kind of way this very wide constituency of different customer groups. I think we have a nervousness about becoming part of the Civil Service, I am bound to say; I have never been a Civil Servant before.

**Q468 Mr Wilson:** Surely that is not the only thing.

**Mr Sherlock:** No, but I think the cultural issues that go with that are the things that worry us. The comments from people like the Institute of Directors and the CBI were very much about engagement with the interests of employers and maintaining that edgy, difficult relationship between the public and the private sector. We need to carry on doing that and move probably a little bit further towards the private sector within an organisation which has got very, very substantial regulatory duties in child care and other areas.

**Q469 Mr Wilson:** So you are worried that a new organisation may not be able to continue that fine balance with the private sector.

**Mr Sherlock:** I think it is bound to be a worry but we are committed to trying to resolve that worry.

**Q470 Mr Wilson:** Moving on to the split between your responsibilities and the Quality Improvement Agency, do you have any concerns about splitting those responsibilities?

**Mr Sherlock:** Yes. Again one of the things that was won was agreement that Excalibur would become part of the new inspectorate. Maurice's briefing paper to the Committee suggests that he sees a role much more widely for Excalibur in terms of

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16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

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developing good practice for the whole of the remit and I think that is a very exciting prospect. There is very little that we have to hand over to QIA. The direct service in terms of serving individual companies that we carry out and which we are being asked to stop carrying out is carried out by serving inspectors on secondment. They will come to the new inspectorate; they will not go to QIA. There may be a problem of a whole range of services which simply stop happening.

**Q471 Mr Wilson:** You argued once again in the consultation period that it was unwise to split those responsibilities. Do you still feel it is unwise to do that?

**Mr Sherlock:** Yes, I do. I think this is a fear. I can understand the fear about confusion between the different roles and so forth; I think that is a perfectly reasonable one and it has been, for example, in financial regulation, one that has been fulfilled in practice where consultancy firms which were also auditors really did get their functions overlapping in an unhelpful way. In our particular area and with the kind of safeguards that we applied I think it was an unjustified fear. There is a huge amount to be gained in our particular area where very often there is no choice but to contract with particular providers. If one finds shortcomings you have to try to rectify them. There is a limit to how much an inspectorate should be involved in that; it should not be taking over from the consultancy industry. Nevertheless, it has a duty to put people on the right lines before leaving them.

**Q472 Mr Wilson:** Bearing all that in mind, how would you intend to work with the Quality Improvement Agency? What are the things you can do to make sure you have a very close relationship?

**Mr Sherlock:** I think it is very difficult to say until QIA is more tangible. At the moment we are giving about a day a week of director time to working with the QIA in terms of developing its own mission and approach. Until we actually see what it looks like in action it is difficult to answer that one.

*The Committee suspended from 4.38 pm to 4.49 pm  
for a division in the House*

**Q473 Mr Wilson:** Foster argues that inspection should be increasingly aimed at self-assessment. You are presumably aware of that. Does that sound the death knell for the inspectorate's work in further education?

**Mr Landeryou:** I think Foster also says that this is in the medium term; he is talking about five or 10 years minimum in terms of his timescales. The question is what does self-regulation actually mean and it is something that is much trumpeted but very seldom explained in a degree of detail. Even in Foster the main American example that is quoted comes from higher education rather than further education. I think it is a concept that needs a great deal of thinking through before we start to get too excited about it.

**Q474 Mr Wilson:** What do you think it means?

**Mr Landeryou:** I think it basically means, in the light of some views in colleges, "leave us alone to get on with it; we will tell the rest of you what is good and what is not". A more sophisticated view is slightly different to that. The approach that we have taken across the two inspectorates is probably some sort of middle ground whereby even in the cycle of inspections that we are running at the moment the colleges that have demonstrated themselves to be the very best over the last cycle of inspections and who have maintained student success rates after that period as well have a very, very light inspection indeed, sometimes without a substantial on-site visit at all; purely an annual one day monitoring visit. That is probably getting closer to what a more sophisticated view of what self-regulation actually means with some sort of minimum outside moderation. Self-regulation is difficult in some senses because according to most of the indicators the colleges that are good at the moment are not the ones who have always been good. That is true in terms of both inspection results and success rates in terms of achievement as well. It is difficult to predict who will stay good.

**Q475 Mr Wilson:** Should you be helping them to improve their self-analysis over the next five to 10 years, did you say?

**Mr Landeryou:** I did not say anything; five to 10 years is what Foster quoted. We are already doing that. The current round of inspections places far more emphasis on a college's ability to self-assess accurately. It also calls on us to make a judgment about the ways in which the college has demonstrated its capacity to improve, in other words its ability to self-generate improvement.

**Mr Sherlock:** Colleges have been self-assessing annually since 1994 so they have had a time to get better. I think 121 colleges were classified as good in the first FEFC cycle, 1993–97; only 28 of those were still good in our last inspection cycle. There is a very substantial turnover of about 40% from cycle to cycle.

**Q476 Mr Wilson:** You said it was Foster's five to 10 years; is that a reasonable period?

**Mr Landeryou:** I think it depends what you mean by self-regulation.

**Q477 Mr Chaytor:** I would like to ask Ms Silvester about the workforce in FE and in particular how would you characterise the FE workforce as against the workforce in primary schools or secondary schools?

**Ms Silvester:** It is more varied picture. There are recruitment issues in some particular subject areas in the same way that there are in schools and certainly a survey by Ofsted a few years ago of teacher training showed that the quality of the initial teacher training was not as good as it could be, particularly in teaching new teachers how to teach their specialist subjects. Also, looking at the differentiated model for the range of teachers that are coming into FE



16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

who have different skills and the qualifications and training they were receiving was not matching it. Therefore the workforce is varied. There are certain curriculum areas where we know that teaching and learning is weaker, for example construction engineering and foundation studies where they do worse than other areas in the curriculum. In terms of the teachers I would say there are some outstanding teachers in FE; the preparation and the teacher training is getting better but it needs to focus on special studies.

**Q478 Mr Chaytor:** In terms of a workforce development strategy on which Foster plies a lot of emphasis, what should the priorities be?

**Ms Silvester:** It should be around helping those teachers who need to have extra development, particularly in those subject areas that I mentioned to give them more intervention, more structured support in order to improve those skills. The DfES Standards Unit have developed teaching materials and are focussing in on those areas at the moment to actually enable them to develop and improve skills in those areas.

**Q479 Mr Chaytor:** Do you think there ought to be a greater emphasis on initial teacher training qualifications for staff in FE?

**Ms Silvester:** All teachers in FE should have a teaching qualification.

**Q480 Mr Chaytor:** They do not have.

**Ms Silvester:** There is no requirement that they do and they are moving towards that.

**Q481 Mr Chaytor:** Do we know what proportion of the existing workforce has that initial teacher training qualification?

**Ms Silvester:** I do not have those statistics with me; I can come back to you with those if you would like.<sup>1</sup> There is a move to improving the numbers that get it and also around improving the quality of that initial teacher training they are receiving. Foster mentioned up-dating and the need for secondment to go back out into the industry to keep up with those skills and I think that is a good point.

**Q482 Mr Chaytor:** That is expensive.

**Ms Silvester:** It is expensive and it is also finding time for those staff to be able to go back out to do that. Mind you, in colleges now people do not have the length of holiday that they used to have and many colleges use that time for the lecturers to go back to get some up-dating.

**Q483 Mr Chaytor:** A lot of the emphasis in the Foster report on the workforce development side is not so much about teaching but more about management. He makes a big play of the small proportion of senior managers who come from outside and sets this target of training 50 new people

from outside every year. Does that chime with your experience as well or is this something that Ofsted would have drawn attention to?

**Ms Silvester:** The fact that most managers are actually from the FE sector itself?

**Q484 Mr Chaytor:** Maybe there is a degree of inbreeding there. Is this fair criticism?

**Ms Silvester:** It is very true. Most of the senior managers within colleges have come up through the sector themselves. However, many lecturers in FE have actually had experience in industry before they came in so therefore if they have moved up through the lecturing route, through middle management and senior management, they do actually have some industrial background or business experience behind them. It is maybe not as incestuous as you are saying.

**Q485 Mr Chaytor:** He is talking about the senior management being pretty inward looking and he makes references to bringing more people in from outside and adopting the best practices of other public services.

**Ms Silvester:** Some colleges have brought senior managers in from outside. It has not always been the most successful because they do not understand the intricacies of the business.

**Q486 Mr Chaytor:** This would not necessarily be something with which Ofsted agree wholeheartedly.

**Ms Silvester:** What we would want to see is good quality managers in those posts who understand the sector and who are committed to driving up the quality within colleges.

**Q487 Mr Chaytor:** On the whole question of workforce development one of the problems is that nobody really knows the figures because the data collection has been a bit haphazard. What do you or any other members of the panel think about this question of data collection of workforce development? We had an evidence session last week where there was a bit of a tussle about this as to who should be collecting the data. I see that Foster suggests it could be the Higher Education Statistics Agency or it could be the LSC; the LSC seems reluctant to carry on doing this work. Should the body that collects the data be the body that is responsible for driving the workforce development strategy and, if so, which body should it be? If not, why not?

**Mr Sherlock:** I would have thought it should be the LSC; the LSC is the strategic body for the sector and I cannot see any reason why it should not do it. I think it is in the best position to add some impetus to the collection of the data. We have been working on the "collect once, use many times" principle since the beginning of this cycle in 2001 and LSC data are fairly reliable and getting better. In colleges we would rather have them more up-to-date than they are but they are getting better and I cannot see any reason for changing now.

<sup>1</sup> Not printed.

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16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

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**Mr Landeryou:** I would say it should either be the LSC or Lifelong Learning UK who you took evidence from last week. The important thing is that we actually have a view of the post-16 workforce as a whole. At the moment we have the reasonably good view of the FE workforce and further education colleges; we have almost no information about the people teaching in adult community learning or work-based learning or learndirect. We do need a sector-wide strategy that goes much broader than FE if we are to truly inform our view of the labour force. There is a lot of movement between the different components of the sector, particularly at the teaching level.

**Q488 Mr Chaytor:** Your view is that the LSC should collect the data and Lifelong Learning UK should be responsible for the workforce development strategy.

**Mr Landeryou:** I think it is equally plausible that Lifelong Learning UK could collect data although they lack the same direct strategic levers that the LSC can bring into play.

**Chairman:** Have you had discussions with your colleagues in these other agencies and given them a bid of a prod? Otherwise we will have to look to the Department to sort it out. It is much better to sort it out amongst friends.

**Q489 Stephen Williams:** Up until the summer of 2004 some pilots for employer training were studied by the Institute of Fiscal Studies and have been reported on recently in the *Times Education Supplement* as well. The IFS reported that only about 10–15% of the training was effectively additional on top of what would have been provided anyway, so 85% of the training would have been provided by the employer without a government subsidy. Does that match up with your understanding of what is going on in the sector as well?

**Mr Landeryou:** Probably not as starkly so as that. I think there are probably two factors that play into this. Whenever a new initiative is announced large companies tend to be better placed to take advantage of it immediately, simply because they are part of networks, they have their feelers out and they have the staff in place to be able to exploit the opportunity. There is also a not unnatural desire on the part of those leading those initiatives to actually get participant numbers up, get them through the system and get the system working. I think as we now move into the national roll out of what will now be Train to Gain there are two important safeguards that need to be put into place and, indeed, are planned. One is this notion of brokerage between employers and learning providers. Providing that brokers are targeting to actually bring it to the market—SME's for example that are not normally those that will take up training as immediately as the bigger businesses—then we should start to see less of that displacement activity that we were talking about. It is very important that brokers are charged with that rather than pure volume. It is also important that the way in which Train to Gain,

established locally, allows for a diversity of learning providers in the market so that some of the smaller private organisations who have been very good at interacting with SMEs can actually bring those sorts of businesses to base in the same sort of way.

**Q490 Stephen Williams:** Train to Gain, as I understand it, has a £700 million budget for the next two years which may be something my other committee, Public Accounts Committee, will want to look at in future. The National Institute for Adult and Continuing Education said that it might make more sense to invest government money on adult learning in general. Is that something you would support?

**Mr Sherlock:** We would certainly support investment in adult learning and I think it is, shall we say, counter-intuitive to see a greater and greater reliance on adults to keep the workforce going over the next few years and to be seeing apparent cuts in the funding of adult learning. That does not seem to be a good match. I think our experience of the effectiveness of ETP when it was at the pilot stage and Train to Gain now is that actually some very good work is going on. It seems to us that there is a complementarity between apprenticeships which are capable of preparing people for a career or changing a career if we were able to get in more adult apprenticeship funding, and Train to Gain which is in fact a much more short term business of training somebody for a particular job. I think as a range of complementary tools they seem to us to be pretty effective.

**Q491 Chairman:** It is a pretty damning report from the Institute of Fiscal Studies, 85–90%. Even 50% would be worrying. Are you shrugging off the Fiscal Studies report?

**Mr Sherlock:** I do not think we are shrugging it off but it is not something that we have the data to either agree or disagree with. However, behind that whole question the 500 pound gorilla standing in the corner is getting a much more worked through relationship between employers and the state and individuals in terms of who pays for what. One of the things that concerned us, just harking back to the whole business of merging, was that one was beginning to see employers come forward and take an active role in the provision of learning which certainly we felt was something that could be developed in order to answer that particular question, the “who pays for what” question. I think we can pick that up again, but it remains a priority which is the only way in the long term of tackling the kind of problem that Mr Williams raised.

**Q492 Helen Jones:** We have received quite a lot of evidence about adult training courses having their fees increased or being chopped altogether. In your inspections what have you picked up about what is happening in those kinds of courses and have you given any advice to Government resulting from that?

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16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

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**Mr Sherlock:** It is bit early really. We have heard a lot of anxiety about what might happen; what we have not yet seen is any obvious impact in terms of the quality of the programmes or, indeed, the number of people on those programmes.

**Q493 Helen Jones:** Do you accept there have been fee increases in a number of areas?

**Mr Sherlock:** Yes.

**Q494 Helen Jones:** Does that not by itself reduce adult learning opportunities for those who are not so well off?

**Mr Sherlock:** I think so, or it may do. I think, however, a plausible case has been made that as a proportion of the costs the fees are still very low. I think that to increase it in a random kind of way does not seem to me to be a satisfactory way forward. We do need clearer ideas in principle about who should pay for what, who should receive subsidies at what level and so on and so forth. I would much rather see the whole thing done in a proper national debate about the way that adult learning should be funded rather than seeing it emerge piecemeal from funding pressure.

**Q495 Helen Jones:** Let us have a look at that because you referred earlier to adult and community learning. Foster suggests that a lot of that might come under the remit of local authorities, but there are an awful lot of other courses which adults take which they take for the pure enjoyment of learning. I wonder if Mr Sherlock or the Chief Inspector has a view on what should happen to those courses. Are we really serious about having lifelong learning or not?

**Mr Sherlock:** One of the most visionary things we have seen since 1997 was the Green Paper *The Learning Age* and I think it is regrettable that we have yet to see that followed through into hard policy. I certainly believe that there is a huge social role to play for learning for its own sake. If you look at the quality of adult and community learning the best of it tends to be in things like family learning where there is a very much more direct relationship between the provision and the local community where adult community learning providers have taken real account of local needs and sought to address them—very often through the agency of the local authority so there is a democratic dimension—then the quality of the work tends to be higher than where you see it as something which is simply repetitive and the same group of people are doing the same sort of programme year in year out. We would want to see that connection; I think it is important but it does not mean to say that learning for its own sake should be pushed out of the equation.

**Mr Smith:** I would agree with my colleague. In advance of the hearing I pulled out a quotation that said, “We want an educated workforce as well as a skilled workforce” and although Foster concentrates his comments on skills and employability I think there is a very strong case that learning for learning’s sake and education for

education’s sake for the whole community is an important aspiration. I agree with David that that requires a coherence between a number of partners and stakeholders within a community and I think that government policy in relation to the use and opening of schools for that purpose is a worthy one. I would laud that and think that this is something we would aspire to. I am not quite sure how much of that is the business of the inspectorate, but it is the business of educationalists and we should aspire towards it.

**Q496 Mr Marsden:** Chief Inspector, I would concur with your overall philosophical sentiments there and I would also go with the fact that it may not always be specifically the role of inspectors. What I would like to press you on are some of the areas of unintended consequences which are now being revealed in the wake of this capping which your inspections, particularly of FE colleges, may throw some light on. The Foyer Federation which you may know provides training and support and accommodation for young people who have been socially excluded have reported countrywide and certainly in my own constituency of Blackpool have reported to me that they are unable to get funding for Gateway courses because the LSC has not seen this as a priority. Incidentally I understand this is something which pre-dates the new capping proposals. In addition, there is an area of soft skill courses not least in terms of people who have taken an access course at FE in the hope of going into HE. The Association of Colleges and other bodies as well have produced statistics to suggest that FE colleges are actually increasing in some cases three or four times the amount on the back of these new government and LSC directives the costs for those courses. To what extent have you in your inspection processes seen some of the unintended consequences of these things that fall through the gaps?

**Ms Silvester:** The courses for disaffected young people who have dropped out of school are something that FE colleges have picked up. I have looked at a lot of work looking at young people who have fallen out of school and who have ended up with various training providers and have ended up in FE colleges and are doing a good job. The focus on 14–16 within FE has actually grown dramatically as you may well be aware of the last few years and it is certainly providing a real opportunity for young people to re-engage who have been out of that for some time. It is happening in pockets; if they happen to be picked up in an area where there are relationships with FE organisations and where there is the will from the local authority or others to fund it. In terms of the soft skills under the new funding arrangements, it is still quite early days to see what is happening since the new LSC funding arrangements have been put in place.

**Q497 Mr Marsden:** I accept you may not have inspected since, but there have been a whole alarming succession of announcements which have been monitored and collated by the Association of

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16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

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Colleges which is being scrapped and dropped. I quote again from *TES* last week: "Two thousand IT college places going at Brockstead College. Range of subjects including massage and electronics disappearing at City College, Norwich. Cuts in childcare support at City of Bristol College." There is quite a long list now.

**Ms Silvester:** Obviously if the funding is not available then colleges have to re-focus in particular on the basic skills for adults and on Level two first time courses. It is something we can certainly monitor and keep an eye on to see the effect it is having.

**Q498 Mr Marsden:** When I looked into this area in my constituency—particularly the Foyer area and some of the other related issues—many of these funding issues problems have come around section 98 funding which is all other provision. In the past when you have done your inspection of FE colleges do you specifically inspect for how effective colleges are in respect of section 98 provision?

**Ms Silvester:** We look at the range of curriculum that is on offer and therefore look at the needs of the local community and whether they are being met or not. We look across the whole piece, the local community, the needs of learners and the courses that are available within the college and we will comment if we feel that there are areas that are missing from the curriculum.

**Q499 Mr Marsden:** Chief Inspector, in the light of the concerns that the Committee and others have expressed and in the light of the particular issues that I have raised in respect of section 98, are these areas which, in your inspections over the next 12 months and as you develop a new inspection regime, it would be possible for you to focus particularly on?

**Mr Smith:** I am sure they are and I have been very interested in your questioning. I think particularly the shape of the new Ofsted with its wider role in terms of the childcare role for the Commission for Social Care Inspection would lead us in that way. Going right back to Helen Jones' first question of the session, the Foster Report recommended—and if I may refer to his words in paragraph 229—that inspections should have "a strong element of area assessment and community" (I miss a word out) "impact". I think this is exactly what you are getting at here. These are issues, they will not be specific to Blackpool but they will be specific to areas where particular courses meet the needs of that community. As David highlighted earlier it is so important that these are coherent within a community and meet the community's needs. Helen Jones was referring to the different types of demand you will get from St Helens and Manchester et cetera; we do not have that breadth of inspection methodology at the moment. We do not go out and do a needs analysis of the community or each institutional inspection. Of course that will add to our responsibilities and at a time when we are constantly being bombarded with demands to

constrain our responsibilities by Foster in the same breath, so to speak, then we do find ourselves a bit between a rock and a hard place I am afraid.

**Q500 Chairman:** With the demographic changes that we have if we do not have skilled people in our country to do the jobs we need them to do we are going to have to rely on the re-training of older workers. An assessment from Ofsted and ALI on that aspect of where we are might be quite useful.

**Mr Smith:** That is something more suited to our survey work as opposed to our institutional work.

**Q501 Mr Chaytor:** What does the Ofsted evidence following the joint area inspections suggest about the strength of collaboration between 14–19 providers?

**Ms Silvester:** Again it is a variable picture. Collaboration takes a long time to get established and we have seen that over the two or three years that we were carrying out 14–19 area inspections that actually it got stronger as time went by. There are examples of outstanding collaborations as you see in Knowsley where all providers are working together to provide a really coherent 14–19 offer. In other areas we have schools not talking to each other and certainly not talking to the FE college or working together. We published a report in November of last year which actually gave very clear messages about the quality of collaboration that is taking place right from the example I just cited through to Knowsley. However, people are getting better at it and the longer that people work together the partnerships improve, certainly through the increased flexibility programmes. Over the two or three years that they have been offered we have seen a management structure put in place, quality assurance structures are taking place. It is getting better but it takes a long time for people to trust each other.

**Q502 Mr Chaytor:** You think it is indisputable that this kind of collaboration is the way forward.

**Ms Silvester:** If the commitment to offer all 14 lines of learning in a particular area is going to be met there is no other way that you could do it except through collaboration, particularly for the 14–16-year-olds within schools because no school would be able to offer those 14 areas of learning.

**Q503 Mr Chaytor:** In the Foster Report in the section where he deals with this he talks about there needing to be a new requirement on all providers to collaborate. Would you go so far as to say there ought to be a legislative duty on all providers to collaborate?

**Ms Silvester:** I think every area needs to look at the range of learners and the ease of access for its learners to these 14 areas of learning. If there is one large college that is providing it then that might be something they could do but they should be able to share their practice to other people and particularly to schools.

16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

**Q504 Mr Chaytor:** If you have recalcitrant providers who are reluctant to collaborate, how do you deal with that other than through having a specific legislative duty to do so?

**Ms Silvester:** If they are not providing the 14 lines of learning for their learners then there has to be some other structure to be put in place.

**Q505 Mr Chaytor:** Do you think these sort of collaborative networks fit easily with the ideas in the current education White Paper about the increasing independence of schools?

**Ms Silvester:** From next year each area will have a very clear strategic plan about how they are going to deliver this so all the schools and colleges will have to talk together about how they are going to make that happen. No matter what their status they will have to do that.

**Mr Sherlock:** This may be a terrible thing to say in this particular forum but I think there are limits to what you can achieve through legislation. I do not think you can make people collaborate in that way, particularly because a lot of the people who need to collaborate are private businesses who simply choose whether they want to take part in this market or not. I think what you can do is use one of the other things that Foster suggests, that contestability should be applied. You can certainly make it a condition of contract that people work together. If that is combined with showing them clearly why they should work together and energising them in a positive kind of way then I think it will work. I think it does need to be something that people see some point in, given the fact that normally they are in competition with one another.

**Q506 Mr Chaytor:** Looking in more detail at the emerging 14–19 year curriculum and all these different lines of study with the specialist departments, do you feel that employers are having an appropriate voice in the development or is this being driven top down by the educationalists?

**Mr Sherlock:** I think we are still waiting for sector skills councils to really bite and to take a real part in it.

**Mr Landeryou:** The sector skills councils are engaged currently in the diploma development groups so in a sense the route ways are being determined by employers. The question will really be the extent to which in each individual sector the SSC itself engages with its constituent employers. That really is the key issue.

**Q507 Mr Chaytor:** Do you have a feel for how that is developing at the moment?

**Mr Landeryou:** Personally no, I do not. I think it is probably quite early to tell.

**Mr Sherlock:** Some much better than others I think. Media would be working well; I think IT is probably working reasonably well; engineering would be. Others probably have further to go.

**Ms Silvester:** There are five lines of learning that are going to be piloted in 2008 and those include the ones that David has mentioned, including health

and social care and engineering. Those sectors have actually started to engage in the development of the diplomas.

**Q508 Mr Chaytor:** Engineering is one where the employers may not yet be as engaged as they ought to be.

**Mr Sherlock:** The Engineering Employers Federation and others have taken a leading role in the formation of training for a very long time; a very positive role. That is not one of the ones that I would worry about.

**Q509 Mr Chaytor:** On the structure of qualifications generally the Foster Report points out that there are five thousand different qualifications, 115 different awarding bodies and he calls for greater coherence. Why do we not have this? In England we seem to be further behind than the Welsh and the Scots in trying to bring coherence and credit based structure. What has happened to the framework for achievement?

**Mr Sherlock:** It is moving ahead steadily but I think it is a fairly complicated thing.

**Q510 Mr Chaytor:** Why is it so complex for the English but not for the Welsh or the Scots?

**Mr Sherlock:** It is vitally important that it moves forward quickly. Looking again at the Australian experience I think it makes a huge difference to the landscape of adult learning if people can reliably expect to move jobs, move locations and their credits follow them. It makes an enormous difference. Looking at a college like Newham, for example, which seems to operate almost entirely in the adult learning field, it is doing all the kinds of things we would all want it to. In other words it is offering very short, six week modules which can be aggregated over time with gaps into a guaranteed university place. If that has to happen almost outside the system then there is something wrong with the system.

**Q511 Mr Chaytor:** The framework for the achievement process is moving forward.

**Mr Sherlock:** It is moving, yes.

**Q512 Mr Chaytor:** It is not in crisis.

**Mr Sherlock:** No, it is moving forward.

**Q513 Mr Chaytor:** The general view is that it is moving in the right direction.

**Mr Sherlock:** Yes.

**Q514 Mr Chaytor:** How do you feel that that is compatible with the other suggestion that Foster puts forward that some of the higher performing colleges ought to be able to have their own autonomous qualifications? There seems to be a contradiction there: in one sense a move to a coherent national structure and on the other hand a suggestion that individual colleges should do their own thing.

**Mr Sherlock:** I do not think they are compatible and for my money I would go for a national structure.

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16 January 2006 Mr Maurice Smith, Ms Penny Silvester, Mr David Sherlock CBE  
and Mr John Landeryou

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**Mr Landeryou:** I entirely agree. I do not believe they are compatible; they seem logically inconceivable to me. One thing I would like to add to the last point about the framework for achievement, the key issue really now is the awarding bodies' willingness or otherwise to accept the sharing of intellectual property rights on individual units of qualifications. If they do not do that it means that each awarding body will have virtually the same unit under its own name and that really has been the issue the QCA has been arguably reluctant to push as hard as they should.

**Q515 Mr Chaytor:** This really is the stumbling block.

**Mr Landeryou:** I believe that to be the stumbling block, yes.

**Q516 Mr Chaytor:** Coming back to the question of individual colleges, apart from Sir Andrew Foster does anybody else believe that individual colleges should start awarding their own qualifications?

**Ms Silvester:** No.

**Q517 Chairman:** Are there clusters of under-performing colleges? It came to my notice recently that there are several struggling comprehensives all clustered in Kent. Do we have clusters of under-performing FE colleges?

**Mr Smith:** We have regional variations and an unusual regional variation in Hampshire in terms of very effective colleges.

**Q518 Chairman:** Any at the other end?

**Mr Smith:** I cannot explain what the situation is in Kirklees.

**Q519 Chairman:** Greenhead College still has the best record; it is an old sixth-form college.

**Mr Smith:** Perhaps we should highlight that weaknesses are much more prevalent in independent specialist colleges. This is an area of concern for us as inspectors. These are colleges that serve the needs of young people with learning difficulties or on the autistic spectrum of disorders. I think that is an area where there are more judgments of inadequate than in any other category.

**Q520 Chairman:** Could we have a note for that for our inquiry into Special Education?

**Mr Smith:** Of course.<sup>2</sup>

**Q521 Chairman:** Is there anything you want to tell the Committee before we finish that you have not been able to express?

**Mr Smith:** If I may, Chairman, in response to Mr Wilson's questions because I did not get an opportunity to speak, our view also is that the deal is done; the line is drawn. We do not see it as a takeover; we see it as an expanded remit for Ofsted and we are looking forward to welcoming our inspectorate colleagues from the Adult Learning Inspectorate and using their expertise and building on that expertise to make a better inspectorate for children and learners. This is not a win/lose thing; this is about creating something better for this country. I am committed to that; I know David is; I know our chairman is. That is where we come from.

**Chairman:** Well said, Chief Inspector. A marriage made in Whitehall if not in heaven. Thank you for your attendance; it has been a good session.

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<sup>2</sup> Ev 108–109.

### Supplementary memorandum submitted by Ofsted

#### INTRODUCTION

1. Following Ofsted's appearance at the House of Commons Education and Skills Select Committee on Further Education on Monday 16 January 2006, I undertook to provide you with a briefing note on Independent Specialist Colleges (ISCs) for your inquiry into Special Educational Needs.

2. This briefing note provides the general facts and figures in relation to ISCs and Ofsted's recent inspection findings.

#### BACKGROUND

3. Independent specialist colleges are colleges that make provision for students with learning difficulties and disabilities, ranging from hearing and visual impairment to autism and cerebral palsy and from moderate to severe/profound learning difficulties, many covering more than one area of disability/difficulty.

4. They offer a range of individual learning programmes from day release to full-time residential programmes, and of differing lengths, to young people aged from 16–25.

5. Suitable therapies, personal development, training and further education programmes are also provided.

6. Some are run by established charities such as the RNIB, SENSE and SCOPE.

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## INSPECTION FINDINGS

7. Those in receipt of Learning and Skills Council (LSC) funding are subject to joint inspection by Ofsted/ ALI in accordance with Part III of the Learning and Skills Act 2000 (a few are schools and therefore subject to school inspection but that provision funded by LSC is subject to the college inspection).

8. There is considerable polarisation in the quality of these colleges: overall, they do not form one homogeneous group.

9. The inspection cycle of ISCs from January 2002 to June 2005 covered 68 inspections of all LSC funded ISCs (three of which were full re-inspections). There are around 65 such colleges (subject to some fluctuation).

10. Within these inspections 26 colleges (38%) were found to have inadequate leadership and management.

11. A total of 24% were judged to be inadequate overall. Following re-inspection this has reduced to 19%.

12. ISCs have not responded as well to re-inspection as Further Education/sixth-form colleges.

13. The early signs are that the weaker colleges lack the management capacity, and cannot find the support, to meet the challenge of re-inspection.

14. Two colleges were re-inspected in 2004–05: both remained inadequate and none of the curriculum areas originally found unsatisfactory in those colleges had improved significantly.

15. Under the new inspection cycle commencing in September 2005, six ISC inspections took place in autumn 2006 and of these, two were judged to have inadequate leadership and management but none were inadequate overall. The one inadequate provider inspected in the autumn term 2005 was found to be satisfactory.

## SUMMARY

16. I hope that you will find this information useful. Please do not hesitate to contact me if you require any further clarification.

*January 2006*

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**Wednesday 15 March 2006**

Members present:

Mr Barry Sheerman, in the Chair

Dr Roberta Blackman-Woods  
Jeff Ennis  
Helen Jones

Mr Gordon Marsden  
Stephen Williams

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**Memorandum submitted by the National Union of Students (NUS)**

**ABOUT NUS**

1. NUS (National Union of Students) is a voluntary membership organisation comprising a confederation of local student representative organisations in colleges and universities throughout the United Kingdom that have chosen to affiliate. We have nearly 750 constituent members—virtually every college and university in the country. NUS represents the interests of around five million students in further and higher education throughout the United Kingdom. It provides research, representation, campaign work, training and expert advice for individual students and students' unions.

**SUMMARY**

2. NUS particularly welcomes the Foster Review's emphasis on empowering the learner voice. Despite claiming to provide an adult learning environment, FE colleges all too frequently fail to allow students any input into the education they receive. NUS conducted a survey (NUS, September 2005) amongst FE students' unions and the results show that provision for student representation in the sector is patchy, under-resourced and under-funded.

3. NUS urges the Government to use the opportunity presented by the Foster Review recommendations and the imminent White Paper to continue the transformation of the FE sector by implementing an effective and overtly valued system of student representation. This system should support and motivate students as co-creators of their own learning and helps colleges to create and embed a complementary responsiveness to their learners' voice.

4. NUS believe that the best way of achieving this is by creating a legal requirement for a minimum structure of student representation within FE colleges. This should be enforced through a formal audit trail, including linking it to colleges' move towards greater self-regulation. Adequate funding is also absolutely essential as Foster recommended that student representatives must receive training and be supported by mentoring staff who have received training. With these measure in place, we can be assured of colleges' commitment to the principles of engaging with their learners as essential co-producers of desired educational outcomes.

5. NUS would also like to use the opportunity of the Committee's investigation into Further Education to raise important issues relating to the curriculum and to funding. NUS believes that there is a clear danger for a two tier system to emerge within the FE sector, which will favour Sixth Form Colleges (SFC), who focus on delivering academic qualifications to high achieving pupils, at the expense of General Further Education (GFE) Colleges, who deliver a wide range of qualifications to learners of all abilities. We believe that the solution to this would be the creation of a Level 2 general education option which "fits the learner rather than the learner fitting the curriculum". This would be based on "phase not age", with pupils taking the examinations when they are ready to do so rather than at a set age. This flexible approach to FE would diminish the stark differences between the two types of FE providers.

6. In terms of funding, NUS would like to highlight the 13% funding gap between schools and FE colleges. This has a particularly worrying race aspect, as FE colleges have much higher rate of Black and Minority Ethnic (BME) students.

**BACKGROUND INFORMATION**

*Foster and Learner Voice*

7. NUS was pleased to play an active and substantial role in Sir Andrew Foster's Review of Further Education. His recommendations on the "learner imperative", threaded throughout his report, represent a real opportunity to substantiate a voice for the "neglected middle child" of the education system. In particular, we are pleased with Foster's recommendations that "FE colleges should consult learners on



major issues impacting on their learning environment. This should be part of a college learning entitlement” and “The Government should ensure that there is more training for learner representatives in colleges to ensure they are equipped to participate effectively.”

8. FE perceives itself as offering a uniquely adult environment for socially, economically and culturally diverse learners. Its demography successfully includes second chance learners; learners who have less access to social, economic and cultural capital; and those who traditionally undervalue educational opportunity, but can nonetheless transform themselves through it. However, the reality is that FE’s “Adult Environment” is partly mythological. Our students report that it is often conservative, paternalistic and run in the interests not of learners but of colleges as providers, who market but do not deliver the expected adult environment.

9. This reality is amply illustrated through the development survey that NUS conducted amongst students’ unions in FE colleges in 2004–05. The results show that arrangements for student representation are extremely patchy in the FE sector. Whilst some colleges have implemented effective systems, others lack adequate resources and training, and others still remain completely non-existent. Of the 373 FE colleges affiliated to NUS, approximately 35% do not even have a functioning students’ union. The survey gathered the responses of students’ unions that are more established, so members should note that the true picture is considerably worse than even that presented by this survey.

10. A complete copy of the survey accompanies this submission.<sup>1</sup> However we draw members’ attention in particular to the following statistics:

11. The survey found that the average level of funding for students’ unions is only 0.02% of a college budget, translated as approximately £5,000 per annum. Further, 19% of students’ unions reported that they receive no funding at all.

12. One third of students’ unions do not have seats on academic boards, and only 57% have seats on other college committees.

13. 21% reported that the student governor is not elected, and 23% of colleges do not provide funding for trainers.

14. Whilst most colleges (92%) indicate that they do have a course representative system, half report that the course representatives do not sit on the course/faculty boards, and 73% do not provide any training.

15. The majority of students’ unions report that the college does not consult them when they are devising college procedures for complaints, discipline, health and safety and campus security.

16. NUS believes that this lack of consultation with, and representation by, students, has a damaging effect on quality, outcomes, motivation and the very perception of education by those whom the sector seeks to transform. Because Foster made an overdue, welcome and considerable effort to listen to and reach out to our members across the sector, he accurately identified this mismatch between intention and practice.

17. It is also worth noting that the Foster Report’s recommendations on the “learner voice” match into a range of government policies:

- public sector reform that seeks to empower the “user” through “the public value discourse”;
- quality improvement models for public sector providers;
- citizenship in post-16 education and decline in political and civic participation;
- widening participation and the “English social justice model”.

### *Curriculum*

18. NUS would like to raise again a set of interrelated issues we brought to Sir Andrew Foster’s attention during the course of his Review, and which remain unresolved. This issue is the development of the 14–19 and adult curricula, and creating the most effective institutional, organisational, funding and quality assurance infrastructure to deliver this.

19. The FE sector is hugely diverse, delivering education and training ranging from Basic Skills to Level 4 to over four million learners of all ages in a wide variety of settings and modes of study. However, within this diverse sector, there are sharp differences between two types of post-16 institutions, namely between General FE colleges (GFEs) and Sixth Form Colleges (SFCs). What we have here is a division of 14–19 versus adult provision; academic versus vocational (the 14–19 White Paper, DfES February 2005); and Level 3 versus Level 2 (14–19s have an entitlement up to Level 3, adults do not). GFEs provide the widest and most educationally inclusive post-16 and adult curriculum on offer. GFEs make provision for all ages and all levels of prior attainment and a vast range of subjects. On the other hand, SFCs focus on academic subjects and cater almost exclusively to 16–19-year-olds with a certain level of attainment, measured through number of GCSEs obtained.

20. NUS believes that there is a clear danger that a two-tier system will emerge within FE, based on academic versus vocational education. We also believe that it is overly optimistic to believe that this will be a system where academic and vocational education have a parity of esteem, because vocational education

<sup>1</sup> Not printed.

is inevitably seen as remedial. 46% of young people at age 16 do not achieve five good GCSE's (A\*–C) and are therefore effectively barred from SFC's. These young people can go on to study for a vocational qualification in GFC's of course, but there is a clear danger that GFE's are then associated with lower levels of achievement.<sup>2</sup>

21. Geoff Stanton argued in his curriculum paper for the Foster Review that because there is no post-16 general education option at Level 2 (or below) that is not GCSE repeats, this lack of flexible progression routes for the “bottom 45% will remain our Achilles' heel”. Similarly, due to this lack of an appropriate general education option at Level 2, vocational education remains “indelibly associated with lower levels of achievement”.<sup>3</sup>

22. NUS believes that this is indeed “an Achilles heel” in the FE system, a major, structured lack of differentiation in the current, post 14–19 White Paper curriculum toolkit available to GFEs that forces the learner to fit the curriculum on offer, rather than making a flexible curriculum offer that fits the learner.

23. This danger is only compounded by the fact that all of these routes for the 46% who do not achieve “five good GCSEs or equivalents at 16” are associated with GFE institutions. But it surely follows that for the 46% of students with nowhere else to go, the GFE should have the most flexible curriculum offer, a wide range of progression routes and high quality student support. That is currently not a nationally underwritten curriculum offer, although some GFEs are building this kind of Level 2 post-16 general education option locally: NUS would cite Lewisham College, Newham College and City of Bristol College as exemplars in this context.

### *Funding*

24. There is an equally urgent need to fund colleges fairly—ie in comparison to schools—as the 2005 publication of the delayed LSDA Report<sup>4</sup> commissioned by the LSC shows. Since then, the DfES has also published useful FE participation statistics<sup>5</sup> that show that the proportion of black (African and Caribbean) students aged 16 studying in FE colleges at Level 2 and above is 14%. This compares to their distribution in the general population of 8%. Similar data from the 2002 Youth Cohort Study<sup>6</sup> shows that, when SFCs and GFEs are taken together, 22% of Black 16-year-olds are studying in state schools, 57% are studying in FE. Similar, though slightly less stark figures (in each case just over double the school-college proportions) are shown in the same study for Pakistani and Bangladeshi students.

25. NUS is not suggesting here that these proportions and their relation to funding differentials are in any way deliberate. However, an unintended consequence of the 13% funding gap is that there is a de facto ethnic dimension to funding outcomes, an insupportable and contradictory aspect of FE's diversity that should be immediately addressed.

### RECOMMENDATIONS

26. In response to the Foster Review, NUS has developed specific proposals that will help the FE sector to become genuinely transformative and adult.

### *Learner Representation/Student Representative Bodies*

27. NUS recommends that every college be required to establish, fund and recognise an effective learner representation system, based on effectively supported and trained student representatives.

28. These student representative bodies should be an integral part of colleges' quality improvement and curriculum development regimes. Colleges should be initially audited by Ofsted in order to ensure compliance, and this should eventually develop into an internal, learner focused quality improvement machinery. Colleges would be monitored on the sufficiency and adequacy of the support given to the development of such structures, which would operate inside the existing legislative framework of the 1994 Education Act, with a model based around “initiating” of student representative activity rather than mere consultation or feedback. Auditors must be satisfied that such a system is in place before any move by a college from self-assessment to self-regulation.

29. Foster's “college learning entitlement” recommendation should translate into a similar responsibility to consult with learners as that placed on schools in the Education Act 2004. The only difference should be a greater focus on collective autonomy and initiation. All such bodies should be recognised and regulated as legally autonomous bodies under the 1994 Education Act, as befits the “adult” and “developmental”

<sup>2</sup> The students at a predominantly vocational English Regional College of FE close to a famous university—“XXXXXX Regional College”—refer to their institution with studied irony as “XXXXXX Rejects' College”.

<sup>3</sup> Presentation by G Stanton (University of Greenwich), Institute of Education, 1 February 2005.

<sup>4</sup> “The funding gap—Funding in schools and colleges for full-time students aged 16–18”, LSDA July 2005.

<sup>5</sup> “Success for All Delivery Plan. Data Evidence—Final Report”, June 2005, DfES Learning and Skills Analysis Division.

<sup>6</sup> “Youth Cohort Study. 16-year-olds in full-time education by institution attended”, 2002.

ethos of further education colleges, again with a focus on “initiating” activity from student leaders with support from colleges where students seek to positively “initiate or resist change” (Sir Bernard Crick saw these as core citizenship activities, particularly in an educational setting)

30. The Government, through the newly formed Quality Improvement Agency (QIA), should fund and prioritise a national learner representation development initiative. This would be implemented in partnership with NUS and should be modelled on the successfully embedded “Sparqs” programme in Scotland. The Learning and Skills Development Agency (LSDA) will report in early March on their scoping exercise, designed to evaluate approaches to develop learner representation in QI systems. This report could be used to set the agenda and parameters for this work in the QIA’s work plan with colleges.

31. In order to be effective, the student representative bodies need to be adequately funded. The development of student representative bodies would be core funded locally and development funded nationally in partnership with NUS. NUS seeks funding to effectively establish a workable model of FE Students’ Unionism and its continual development. This would be delivered through an NUS FE Development Unit that would set national targets for participation and support, and have as its goal the establishment of local support, funding and structures for learner representation activity, ie the development of whole college policies. The Unit would develop materials for providers, unions, student reps and students, and run training for student leaders on leadership, team working, lobbying and negotiation skills, as well as modelling best practice through guides and materials on democratic participation, diversity, campaigning and learner led enrichment activity.

32. Students’ Unions play a key role in fostering a sense of self-advocacy amongst students. However, NUS’ survey showed that they suffer from poor funding and cannot always do an adequate amount of work in this area. Whilst students’ unions currently receive an average of 0.02% of a college’s budget as funding, NUS believes that a minimum level should be set at 0.05%.

33. Because NUS is acutely aware that there are a disproportionate number of Black and Minority Ethnic (BME) students in the learning and skills sector as opposed to schools, NUS therefore proposes it be supported to provide a focused effort to engage BME students in representative structures. This would involve targeted support to deliver confidence-building and skills training; the formalisation of strategies to incorporate diversity perspectives as the norm; production of the NUS Black students’ guide to support and assist both students and senior college managers in meeting the challenges of recognising and respecting cultural diversity.

34. NUS is amazed that many students are denied the opportunity to take part in citizenship activities, often under the threat of losing their EMA. We therefore call for a nationally agreed protocol, between NUS, AoC and the DfES on balancing the right of students to take part in representative activities, with the responsibility to attend scheduled classes and other learning activities. This also requires a small drafting change to current advice on EMA entitlement.

#### *Corporation/Governing Body*

35. Experience shows that where colleges have a functional student representative system and an adequately supported students’ union there is a better chance of having the “right” skills and knowledge within the student stakeholder group. NUS’ research demonstrates that where learner representation is absent—especially at course level—the lack of a supportive system of engagement with learners diminishes learner voice at Corporation level despite mandatory student membership. Thus NUS recommends:

36. There should be a minimum of two and a maximum of three student members on every college corporation to improve the effectiveness, representativeness and diversity of “the student voice”. Student governors have continually reported to NUS that they feel more confident having another student member in the room, and this is the only way to ensure that the “student voice”, part of the moral ownership of a college, is not swamped by sheer numbers.

37. Each corporation should be required to have a Student Affairs Sub Committee, made up of students. This is common practice in HE, and there is no reason why it should not become so in FE. The Student Affairs Sub Committee of each college would focus on student issues, student related policies and matters of concern raised by the student representative body. It would also be responsible for supervising the requirements in Foster for colleges “to collect learners’ views in a consistent and systematic way as a key way of improving college provision” and “consult learners on major issues impacting on their learning environment”. It would act as a means whereby the board could, as a whole, communicate through a key stakeholder group to the “moral ownership” of the institution. Some colleges, eg Chichester College and Derby College, have developed such arrangements successfully.

38. Student members of Corporations should be adequately trained, supported and mentored. Through its work with the Centre for Excellence in Leadership (CEL) and the Association of Colleges (AoC), NUS already trains almost 100 student governors each year, and has developed an Open College Networks (OCN) qualification for all participants in its “Toolkit” programme. We now seek to expand that work, and ensure that the corporation appoints a mentor for each of its student members.

39. All the above recommendations can be encompassed in a requirement for colleges to create and appropriately fund/support a “whole college policy” focused on Learner Voice and Citizenship.

### *Staff Development*

40. The existing role of a “Staff Student Liaison Officer” (SSLO) should be clarified, substantiated and developed as the key supportive role to facilitate learner voice. Their role should develop in parallel with progress in the personalisation of learning and the development of “expert learner” frameworks, so that learners can become self-directed advocates in and for their own learning both individually and collectively. Whilst 88% of students’ unions that responded to the NUS survey reported that they are supported by a SSLO staff member, 23% reported that they only receive two hours or less face to face time with the SSLO per week. This is clearly insufficient.

41. The SSLO role must become professional, innovative and responsive and be seen as the principle advocate and supportive mentor of learner voice in a college. NUS currently struggles to maintain a regional and national network to support SSLO’s. NUS research on FE Students’ Unions shows that the role is underdeveloped, under regarded and underpaid, receives little or no professional development, has no clear entry criteria, is starved of information and is inadequately blue-printed into college management and performance systems.

42. NUS seeks to develop and support the SSLO role to support nationwide collective student voice through funding and support for development materials, support for a national SSLO conference, development of a mailing list and resource group and the creation of professional development activity.

43. Adequate funding is required to make this a reality.

### *Learner Voice and the Skills Imperative*

44. NUS recommends that each Sector Skills Council be required to elect a full time learner advocate for each area of training in further education to promote the profile and effectiveness of skills training in the Further Education sector. They would act as both advocate and critical friend to the relevant skills sector. They would promote, inside an “expert learner framework”, sector specific initiatives to develop individual learners to comment critically on their learning and training; develop individual learners to become advocates in their skill area to promote careers to school pupils and college learners; develop communication between stakeholders in the skills area at college, regional and national level; and develop professionalism in areas of skills practice through the involvement of learners.

### *Student Complaints*

45. NUS experience shows that the longstanding system of complaint handling currently in place, whilst rational and coherent, is both intimidating and opaque to learners because it is seen to be biased towards providers. NUS would like to see FE learners enjoy the same level of confidence that HE learners have in their complaints procedures. Therefore, NUS recommends that the remit of the Office of the Independent Adjudicator, or an equivalent, be extended to cover the FE as well as the HE sector, and that student representative bodies be trained and empowered to support complainants constructively. NUS’ proposal will give confidence to learners, assist colleges in developing best practice in dealing with complaints and ultimately improve learning outcomes and experiences.

### *Learning and Skills Council*

46. NUS recommends that Foster’s recommendation that “The LSC should establish local and national learner panels to provide a stronger learner voice in determining local needs” be implemented with NUS’ support. A local students’ union has already, with NUS’ support, engaged with their local LSC to create such a learner panel. This, however, will not happen locally, regionally or nationally unless the necessary support for learner voice in colleges is made available.

### *Curriculum*

47. A general education option at Level 2 that is not GCSE repeats needs to be developed. Geoff Stanton usefully suggests modelling this on the largely successful Access to HE Courses developed by local GFEs over the last 20 years.

48. Geoff Stanton also suggests that GFE’s should be able to offer “mezzanine qualifications” that have more rungs in the ladder between Levels 2 and 3. The great advantage of this proposal is that it can be done at a local college level without altering the national qualifications framework. Such an approach can also mix academic and vocational components, but its great value for NUS is it makes the curriculum “fit the learner rather than the learner fit the curriculum”.

49. NUS views the age-specific staging of GCSE assessment as flawed. GCSEs are a high-risk, terminal exam system that learners have to take at 16 whether they are “ready or not” to succeed. It is a gateway for those ready for it at 16, but equally a cliff-face that those who are not ready (46%) fail to climb. The concept of “phase not age” would benefit everyone—fast track learners as much as those making slower progress.

50. We also believe that FE should remain “local” in nature.<sup>7</sup> Similar to the process outlined in Footnote 7, we would suggest that locally designed 14–19 qualifications should be developed within a national validation framework. We would also suggest that the logic of area inspections be expanded to include all providers in a local area, what we have referred to as “a local education ecology”. There therefore remains an urgent need to clarify key policies on “competition and collaboration” in the provision of 14–19 education.

February 2006

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### Memorandum submitted by NATFHE

NATFHE—The University & College Lecturers’ Union represents 69,000 academic staff working throughout higher, further, adult and prison education. NATFHE has 43,000 members working in further education colleges, and adult and community learning services.

NATFHE welcomes the Education and Skills Committee’s inquiry into further education and the chance to give oral evidence.

This submission will concentrate on NATFHE’s concerns about workforce development, pay and conditions and the overall funding of the sector.

#### WORKFORCE DEVELOPMENT STRATEGY

There is general consensus around the need for a national workforce development strategy in the sector. The Foster Report highlighted the need for such a strategy developed by the DfES and Association of Colleges over a 12-month period.

*NATFHE would like to see*

- The national workforce development strategy become a reality in the forthcoming White Paper.
- Ring fenced funding for workforce development.
- Trade unions representing the workforce in colleges playing a full part in developing the strategy. The strategy will require partnership to establish minimum standards.
- The DfES leading on the strategy to give it credibility and high status in the sector. The FE Teacher Pay Initiative and Workload Monitoring Agreement Group in schools are good examples of where government involvement has secured a consensus amongst all stakeholders and the initiatives have been successful.

#### WORKLOAD

Lecturers regularly report that they could do a better job if they had time to teach—currently they experience excessive workloads, too much bureaucracy and stress. Recent figures from the Trades Union Congress (TUC) revealed that lecturers do an average of more than nine hours unpaid work every week. If lecturers were paid for the unpaid overtime they put in they would earn an extra £10,216 a year.

NATFHE would like to see issues around workload in colleges tackled with direct government input. NATFHE is pursuing with the AoC the possibility of a workload agreement for FE.

#### WORKFORCE DATA

In order to draw up a workforce development strategy, reliable data about the FE workforce are needed.

Colleges have to fill out an individual staff information record (SIR) for the LSC but neither the LSC nor many colleges take this seriously. As a result it is difficult to know with any certainty the true numbers and characteristics of staff in colleges. This directly impacts on monitoring for equality practices.

The LSC has stated that it will only collect the SIR for another year and the responsibility for workforce data collection should pass to the lifelong learning sector skills council, Lifelong Learning UK. This body states that it has neither the resources nor the powers to ensure robust workforce data collection.

*NATFHE would like to see* a solution to the current absence of robust and reliable workforce data in the sector by making its collection an obligation for any organisation in receipt of public funding.

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<sup>7</sup> NUS. Response to 21st Century Skills: realising our potential. NUS, September 2003. Chapter 6 of our response, “Qualifications reform”, we recommended that “the DfES, QCA, other devolved administrations and funding agencies work in partnership and through further consultation to elaborate a national quality assured system enabling individual providers to respond to local skill formation needs with appropriate local qualifications valued by learners and employers alike” (*op cit*, p 36).

## PAY

The workforce development strategy must take pay into account. NATFHE believe that quality in colleges is linked at least in part to pay. Pay for teaching and support staff in colleges lags well behind that for comparable groups, most notably in schools. In recent years there has been much lip service to the importance of developing a well-motivated, adequately rewarded workforce but a lack of leverage to ensure that this happens. A career in FE is characterised by low pay, and high workloads.

In 2003, a two-year pay deal (2003–05) was agreed between the Association of Colleges and NATFHE. That pay modernisation deal was hailed by both as a significant step in reducing the gap between schools and colleges and NATFHE has closely monitored its implementation. At the time of writing, 57% of colleges had not awarded it in full. Some colleges claim they don't have the resources to honour the deal which was recommended by the AoC. There is a real sense of betrayal over the non-realisation of the 2001 government promise to close the pay and funding gap between colleges and schools.

Further education must be the only profession in which staff are driven to industrial action virtually every year to persuade their employers to offer decent pay rises and implement pay and conditions agreements.

### *NATFHE would like to see*

- The Government taking a lead and abandoning its reluctance to become involved in pay in the sector. The AoC does not have the power to enforce implementation.
- A coherent national pay structure introduced. The Government should break the longstanding impasse by earmarking funds for pay, as has been done in Wales, and monitor the use to which such funds are put.

## CASUALISATION

Colleges are employing increasing numbers of temporary, agency and casual staff. Not only, as attested by a number of Chief Inspector's Reports, has this meant a lowering of quality in the provision delivered by part time staff, and a general lowering of morale among all college staff, but it could also be unlawful. High profile cases such as the "Birch case" in higher education should be a stark warning to the rest of the sector.

Foster stated that over 17% of FE staff do not have permanent full-time or part-time contracts. It has been estimated that nearly 70% of staff in FE colleges and adult and community learning work part time. And what statistics we do have show that casual and part-time staff are overwhelmingly women, or from a black and minority ethnic background.

Part-time hourly paid staff have poorer terms and conditions than full-time and fractional contract staff and a high level of insecurity. Poor access to facilities, little professional development, poor management, and exclusion from decision-making are commonplace. These staff do not in the main have the paid hours, or indeed sense of involvement in colleges, to facilitate proper support for students. Often this responsibility with its heavy administrative burden, which isn't factored in to casual staff hours, is added to the workload of full-time staff.

### *NATFHE would like to see*

- No more than 15% of teaching work undertaken by hourly paid or agency staff.
- Part-time staff employed on fractional contracts. This should be monitored through inspection and provider performance reviews.
- Care taken to ensure the recruitment of "vocational tutors" from industry does not increase the level of casualisation in FE, as Foster's advice recommended.

## RECRUITMENT

Inevitably the poor pay and conditions in further education mean it is becoming increasingly difficult for colleges to recruit and retain staff. This will reach crisis point in the next decade when around 50% of the existing college workforce will retire.

### *NATFHE would like to see*

- A national campaign initiated for new staff like the one successfully undertaken for school teaching by the Teacher Training Agency. Such a campaign would need to be differentiated to reflect the significantly different roles of lecturers working in various parts of the learning and skills sector.

- New initiatives and policies to attract staff to work in the sector. There may be some scope for examining the possibility of colleges “growing their own” staff. For example, vocational students could be encouraged to take teaching qualifications and divide their working lives between industry and education. This would involve a partnership between employers and colleges and could solve recruitment difficulties for both.

## FUNDING

NATFHE regrets that the Foster Report did not comment on funding, despite making significant recommendations about changes needed in the sector where funding is clearly required for successful implementation. This omission from the report is significant. Whilst we agree that a focus on the FE System is required, NATFHE doubts whether you can simply “manage” yourself out of this situation. Funding will underpin any real change.

The pattern of funding for further education has been one of feast and famine. Funding changes have been at or below the rate of inflation in some years, and large real terms increases in others.

The significant increases in funding since 2003, which NATFHE publicly welcomed, raised expectations in the sector. Staff believed that the increases would address the longstanding funding issues. Unfortunately these expectations proved to be short lived—around 18 months. It became apparent that increases in funding at a local level were dependant on the curriculum mix—some colleges faced significant reductions in funding because of crude implementation of national priorities. Too many demands on funding and rigid rules lead to instability. We need to work towards steadier funding for the sector to provide FE colleges with a more stable and reliable financial environment to work in.

*Targets:* We recognise that the Government needs priorities and welcome the Public Service Agreement targets, including aims to increase the proportion of 17-year-olds in post compulsory education and 18–30-year-olds in higher education. However if the quantum for FE does not rise and the Government keeps introducing new priorities in one area (16–19), there is little doubt that this will be at the expense of good provision in another (adult education. See below).

*Government Initiatives:* The sector’s persistent financial instability and under-funding, has led to colleges seeking short-term financial gain by chasing government initiatives that carry additional funding. Since 2002 most new monies coming into colleges have been linked to distinct areas of work for example, in the past year growth money has gone to 14–19 as this is a government priority. This has detracted from the amount of core funding going into FE and has often been to the detriment of core work such as adult education.

*Inconsistency:* Unless the inconsistent funding between schools and FE and higher education and FE is corrected, further education will continue to be forced to provide education on the cheap. NATFHE was pleased to see the Government beginning to address the 13% funding gap—by reducing it to 8%, however it has been five years since the Government first pledged to fully eradicate the schools/colleges funding gap, and we are still waiting.

NATFHE is also concerned about the effect the funding gap is having on black and minority ethnic (BME) pupils, given that a disproportionately large number of BME pupils study in further education (14% in 2000).

*Employers’ Contribution:* Employers are absorbing an increasing amount of public subsidy to train their workers. The Government is still doing very little to encourage them to repay public subsidy with increased investment of their own.

## NATFHE would like to see

- The level of central government expenditure rising towards 1% of GDP over the coming decade if the sector is to deliver the skills programme the UK needs.
- The funding gap between schools and colleges closed.
- Transitional funding for pay modernisation and restructuring in response to changed funding priorities.
- An investigation taking place—similar to the work which has been recently undertaken in the higher education sector—into the resources and capital needs of further education in the UK to determine the level at which expenditure will need to rise.
- A levy be placed on employers to encourage their full participation in the funding of the sector.
- Tax credits for employers actively contributing to the skills agenda.
- A single document that brings together a learning model spanning schools, FE and HE setting out what the public purse will support in full, what the public purse will subsidise and that the Government considers individuals and employers might pay for in the bill, as suggested in the Foster Report.
- Core funding in further education coming from the public purse. Educating and training the workforce benefits society and the economy.

## PUBLIC SPENDING ON ADULT EDUCATION

The cuts that hit adult education last year look set to deepen come September. Overall funding for adult education in 2006–07 has been cut by 4%.

This cut results partly from an in-built legislative bias towards young people which was written into the Learning and Skills Act 2000 and providers being “too successful” in the context of a finite LSC budget and exceeding their targets both for growth in adult learners and for 16–19-year-olds.

Whilst we do not disagree with the government need to prioritise, there is now inadequate funding to meet both the Government’s priorities and the basic skills targets. This is putting a severe strain on the system.

NATFHE is growing increasingly concerned about:

*Fees:* There are substantial hikes in fees for “non-essential” courses. Adult learners are being asked to make an increasing contribution to the cost of education. Government policy requires colleges to offer free courses to 16–18-year-olds and to adults who are unemployed, economically disadvantaged or taking basic skills courses. Colleges also traditionally reduce fees for other groups including older people. However NATFHE is concerned about government plans to increase fees by up to 65% by 2007–08 despite having no evidence that learners or their employers will be able or willing to pay such increases.

*Diversion:* Cash is being diverted from essential courses that may be steps to Level 2 but do not meet government priorities, such as access and ESOL course.

*Course reductions:* It is estimated that the number of publicly funded places on shorted courses which do not lead to national qualifications is likely to fall by around 500,000 by 2007–08. Not all the education and training that adults will require over the next decade will be on a course that leads to a national qualification. There will be a continuing need for diverse provision of education for adults.

Already we are getting examples of where the cuts are biting:

- At Hackney College the budget cuts falling largely in adult education will mean that the equivalent of 41 full-time teaching jobs are to be axed.
- At Lambeth College, budget cuts falling largely in adult education will mean that the equivalent of 23 full-time teaching jobs are lost.
- At Hull College, A-Level programmes look set to be axed, along with short courses of less than nine hours including First Aid, Health & Safety, and Food Hygiene. Other courses at Level 1 and Level 3 will be made shorter.
- Derbyshire Adult Education Service has had its budget for further education work slashed by 16.4% and its Personal and Community Development Learning budget cut by 10%. It has been proposed that the equivalent of 42 full-time posts are axed and it is believed that up to 6,000 students could be affected.
- In Liverpool, the adult education service faces a £1.6 million cut. A whopping 6,000 learner places are set to vanish and approximately 120 jobs could go.
- In West Sussex, the adult education service faces a 12.7% budget cut—equivalent to £390,000.

Three in four of FE’s students are adults, the vast majority studying part-time. As NIACE argues, a more coherent approach to adult learning is vital and urgent, particularly in terms of future workforce needs, with the forthcoming downturn in 16–18s, and the needs of an ageing population. The value of study for personal fulfilment and social wellbeing cannot be over-estimated and should be constantly re-asserted.

*NATFHE would like to see*

- The Learning and Skills Act 2001 amended to equally prioritise the learning of adults and the learning of young people. This will secure a fairer funding base for adult learning in England.
- Re-balance targets so that 80% of provider budgets address national priorities, leaving 20% for responses to locally identified needs.
- A commitment by the Government to a national entitlement to adult learning in every community, including courses for those with poor basic skills.
- Increased take-up for Level 2 entitlement and it extended to Level 3 for adults under 30.
- The unitised curriculum and credit transfer system for adult learning developed fully.
- An end to the closure of FE courses whilst there is still demand from learners and end-users. It is far harder to start courses after they have been discontinued.
- The capping of fee increases for adult learning and the introduction of generous remissions policies so that lack of means is not a barrier to participation.
- A promise that the ending of European Social Fund programmes in 2006 does not result in a reduction in opportunities for adult learning.
- An equality impact assessment to ensure that any negative impacts from the cuts on students are measured carefully.



## NEXT STEPS

- NATFHE and its members believe that they have responded very well to the proliferation of demands put on colleges since 1997. However, the degree of change fatigue in the sector must be recognised and taken into account in any implementation of Foster's recommendations.
- Any implementation will need ownership throughout the sector and amongst all staff. This needs to extend beyond the magic circle of leaders and managers, national agencies and stakeholders.
- It will need a coordinated and coherent communications strategy to take the messages to all in colleges and the sector. Such a communications strategy will need to be properly resourced so that all staff and all learners feel part of it and believe that they can make a genuine contribution to the process of change.
- NATFHE considers that the unions representing staff in colleges and the sector are a vital but underused vehicle for such communications. We would wish to play an active role in the revitalisation of the sector so that it can meet the challenges set for it by government. We wish to see, and be a part of, a fully developed action plan that will bring about these changes.

March 2006

*Witnesses:* **Ms Kat Fletcher**, President, NUS, **Mr John Offord**, Further Education Policy & Research Analyst, NUS, **Ms Jacqui Johnson**, Lay Member, NATFHE National Executive Council, and **Mr Barry Lovejoy**, Head of Colleges Department, NATFHE, gave evidence.

**Q522 Chairman:** May I welcome John Offord, Kat Fletcher, Barry Lovejoy and Jacqui Johnson. Today it is the Education Bill and I think a lot of people will want to be there and also at Prime Minister's Questions. My apologies for the fact that it is going to be an hour long session, but we are going to try to get the most out of it. We did it successfully with the last group so I am sure we can do it with you. We are going to go straight into questions. We are looking both at FE and skills. We are getting into the subject. We were interrupted a little by our inquiry into the White Paper so there has been a bit of disjuncture in terms of the progress of the FE inquiry, but we take it very seriously and with a number of other inquiries going on we have got plenty of material. We particularly wanted to see you. I remember Kat saying it would be very bad if we did not have the NUS in to talk about this. We have met your requests. Is that alright?

**Ms Fletcher:** It is very much appreciated.

**Q523 Chairman:** We have started getting this flow of reports out, Foster and Leach and other reports. What is your feeling about the way these recommendations are being received by yourselves on behalf of your members?

**Ms Fletcher:** We are delighted with the focus that has been put on to further education from the Government at the moment. That very much fits with our agenda and how we have focussed on further education over the last 18 months. Generally speaking we are working alongside the grain of what the Government is doing and the general targets and policy, although we would question some of those targets. I think Foster has been very well received certainly by my membership. We really welcome a variety of things that that report has come out with, particularly the need to have a coherent vision around funding and quality improvement and, of course, the reputation of further education. All of these things must improve the quality of the reputation of FEs and I think students can make a hugely positive contribution to that. From my point

of view, we have got long-standing policy goals around learners being co-producers in their educational environment and certainly in FE, which perceives itself as having a very adult environment, and a very unique culture around an adult learning environment. We think that that fits quite well with our agendas and also a variety of government agendas around citizenship and a decline in civic and political participation and also that general move towards putting the user at the centre of public policy and directing things. We are very keen on what the Government is doing and hope that Foster will be implemented in full. We were disappointed with Tomlinson and some of the cherry-picking that we believe went on there. Generally speaking we are in favour of what is going on at the moment.

**Q524 Chairman:** Barry, what is your reaction to Foster? Was it the best thing since sliced bread or do you have some reservations about it?

**Mr Lovejoy:** It is another report. We have seen several reports in the further education sector over time. Some have disappeared along the way. We welcome the vast majority of the recommendations from Foster. We particularly welcome the higher profile given to further education and think that is very significant. Our reservations are centred around what it did not do as much as what it said and, in particular, the failure to address seriously the issue of funding. Foster was very upfront and said it was more to do with managing the situation as opposed to dealing with the funding and that was left up to government and a public debate. We think that is unfortunate because we are putting it off again. A particular positive element was its emphasis on workforce development, which we think is long overdue. A lot of pronouncements have been made over the last three years but they have not really come to fruition. There has been lots of discussion around the development of that. We are looking forward either to the White Paper or indeed some other way of putting that into practice. Our main concern is the stakeholders' involvement in that,

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15 March 2006 Ms Kat Fletcher, Mr John Offord, Ms Jacqui Johnson and Mr Barry Lovejoy

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including the trade unions. There are a couple of other things that are highlighted by Foster which again does not take us very far. There are two or three things that we raised the last time we met this Committee eight years ago. One was on the persistence of an over-casualised workforce that was highlighted by Foster. The other aspect—and I think something is moving on this—is the lack of staffing data, which again we raised eight years ago and it has taken until now to address that.

**Q525 Jeff Ennis:** Foster recommended a clear ‘skills for employability’ focus for colleges. Has this got to be the grand objective for the future of FE or are there other issues that need to be brought in and included in that focus?

**Mr Lovejoy:** We certainly have no problem with the key focus for further education being employability, that is what we are in the business for. One thing that we would stress is that there are different routes to employability. We must avoid, in the presentation of the new brand image, losing sight of our other agendas, such as widening participation, which many colleges have moved into and which, in fact, produces the same results; in other words, you are bringing in people to employability who are otherwise excluded. We also need to look at the possible contradictions that are occurring at the moment between employability and the focus of Government and their priorities on Level 2 as opposed to Level 3.

**Ms Johnson:** I teach in a college and I have got a couple of examples of where this shift away from Level 3 and a focus on Level 2 and on the national qualifications framework has meant some likely closures in the future. One of them is in the electrical installation Level 1 course that we ran. There is no national electrical installation course at Level One at the moment. We ran this course for 14–16-year-olds and 16–17-year-olds. As it does not fit in the NQF its other provision is not funded now and so all those young potential electricians could not have the opportunities that we would otherwise have given them. I know it may be remedied, but you cannot always get the staff as electrical installation staff are hard to come by. We had the staff trained, but when that goes away because the courses do not run there can be difficulties. Any college is always running on the edge on staffing which, of course, is 70% of our budget. The other area is access to IT. I am in Berkshire and it is a good area for information technology. For 12 years we have had access to IT courses. We have run about five groups with 15 students in a group and that has been largely women returnees looking to make themselves more employable, update themselves and get back into jobs. They are not always highly paid jobs but it is important to the family economy. We are now going to be asking those students, if they are not on benefit, for about £1,000 a year. We have held off from doing that, the college has subsidised that fee income, but we are not going to be able to do it in future. We have also used European Social Fund money for that course. All of that going means those courses could fold and so it could be our last intake this year. FE

teachers want to look after their students. Lots of those students went into work. Is it not a shame that that might go?

**Q526 Jeff Ennis:** In the Barnsleys and Doncasters of this world the FE colleges are very successful in getting people across the doorstep for the first time, especially those who have always been against going into an education system. Will the focus on employability skills stop people from going across the threshold for the first time in terms of widening participation? Is there a danger there?

**Mr Lovejoy:** I think the issue is how rigidly priorities are translated into funding. Where you have a very strict and rigid clear effect, which we are seeing the impact of at the moment, it means a disastrous impact locally in many colleges at the moment where there is this big risk about courses being cut down and also pre-entry to ESOL et cetera. Perhaps we should be allowing some flexibility of colleges within the whole quantum. That is one message that came over. We have been through what we would see as a famine and feast of funding in FE over the last 20 years. We went through the famine years of the 1990s. We had great expectations and welcomed the increase in funding from 2003 onwards. The problem is that those expectations lasted about 18 months. What happened was that when we saw the application of those particular priorities we found that famine existed at the local level. We need to prepare for a long-term approach to the system and allow for some cushioning effect. There has been too much jumping very quickly. We have a situation now where we are faced with whole swathes of redundancies again as a result of an emphasis on different aspects of funding and that is a problem. We have no doubt that we are going to have to place much more emphasis on Level 3 in the future and we are going to have to switch around again. The problem is you are affecting the infrastructure of the colleges in doing that. We are interested in moving away from a stop-go process to having a bit more cushioning. The first thing I said to Foster was that we want some change, but let us not change for change sake and let us get some continuity as well there.

**Q527 Jeff Ennis:** We have already mentioned the funding gap between college and sixth form funding provision. Two years ago Charles Clarke said to this Committee they were going to close the funding gap in five years’ time, so we have got three years to go. At that time we had a funding gap of 7–8%, last year it rose to 13% and now ministers are saying they are hoping to get it down to 5% by 2008 and eventually close it. How big a problem is this funding gap to the Barnsleys of this world?

**Ms Johnson:** It is an enormous problem. In my college, which I have no criticisms of, it is well managed, we are a successful college, we will have a “light touch” inspection next year, everybody tries to do their best. The funding gap is an enormous problem for recruitment. For example, I have a young colleague who is 28 years old, they have just had their second baby this week, he lives in

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15 March 2006 Ms Kat Fletcher, Mr John Offord, Ms Jacqui Johnson and Mr Barry Lovejoy

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Berkshire, he has a £100,000 mortgage and he is on £22,000 after four years of teaching. In a school it would be substantially more because the incremental scales are compressed. It is very hard to recruit and retain young and enthusiastic staff if we do not have fair pay.

**Mr Offord:** Some of our casework around Level 2 for vocational qualifications centres on the fact that you cannot progress to Level 3. That seems to be down to the fact that there are not enough qualified assessors for NVQ qualifications. I am not going to beguile you with tales about plumbers, but we have had an awful lot of plumbing casework and colleges simply cannot provide that progression. We have got a piece of casework arising out of the saddlery course in Walsall with no progression to Level 3 because they cannot recruit the assessor. We were very pleased that Foster did address that and that he was looking for some flexibility between high labour market rewards for particular skills which are in scarce supply. There is a real problem there that does need some kind of resolution and I would perceive it as part of the funding gap. You need to be able to provide for getting those up-to-date skills in. A skills audit of lecturers in the FE sector would be a very useful thing as well.

**Q528 Jeff Ennis:** Do we have any evidence of a drift in teaching staff? In Barnsley we have got anecdotal evidence that staff at the college are going to sixth forms in the Sheffield, Rotherham, Wakefield and Doncaster areas where we have greater sixth-form provision. Do we have any evidence that staff are drifting from FE colleges into sixth-forms?

**Mr Lovejoy:** I am not aware of any. Employers consistently speak of problems with recruitment into further education. The enormous increase in funding was welcome. We thought we would get to close the gap in terms of pay with school teachers or at least be within striking distance from a two-year settlement. The problem we have got at the moment is that 57% of colleges have not implemented that. There are still cultural elements around the reason why they are not engaged in implementing deals, but underlying this is this uncertainty of funding. It hit us at the wrong time. We were making good progress and then excuses were given as to why they could not award this new scheme which would bring us in line with schools and that was because of that uncertainty of funding. It has major implications and a knock-on effect for quality and recruitment for the future.

**Q529 Mr Marsden:** We have already begun to touch on the whole issue of the controversy about funding for adults and the implications and Barry and Jacqui have given some very good and very specific examples. Can I say from my own context in Blackpool that my FE colleges are obviously concerned about it particularly on the issue on the funding of so-called 'soft skills'. There does appear to be a concern that a lot of the things that have previously been funded under section 98 have now been dropped and this affects people who need soft

skills not just to get Level 1 and 2 but to get a job thereafter. I wonder if either of you have any comments to make on that.

**Ms Johnson:** This is a fairly ongoing problem. Because we recognise the value of all these courses to our students and because none of us can predict how going into one course will lead on to something else, we have always offered a range of community courses and we are expected to do so. Under inspection and local authority regimes we are expected to do that. We have gone to great lengths to try and make those examinable courses, to shift things over so people get a certificate at the end whether they want it or not and not everybody does, of course, they just want to do things for fun. Sometimes in education we are allowed to do things for fun.

**Q530 Chairman:** That is a bit of a revolutionary concept. Some of us think politics should be fun.

**Ms Johnson:** Across the country these courses are being hit and nobody can predict what the outcome is going to be because they have been with us for so long and have led on to something else. It is very difficult to say if we drop that one it will mean people do not go on to something else and get a job.

**Q531 Mr Marsden:** We have had the LSC before us to discuss these issues and we will be having ministers shortly. The elephant in the room in all of this is how much is proposed and how much is disposed between the LSC and DfES officials. Has the LSC been too supine in dealing with ministers over pointing out the consequences of shorter-term funding changes?

**Mr Lovejoy:** LSC is an interesting thing. What is a quango? Which is the non-Government bit and which is the quasi bit? We have fairly good relationships with the LSC in discussing these issues and we are sometimes assured that things can be brought in to those categories. We sometimes get the impression that if only the colleges would sort themselves out, but it is not quite as simple as that. I agree that the LSC, as a key stakeholder, should be more vociferous in terms of dealing with the contradictions around the question of those priorities and pointing out the consequences of perhaps broad decisions. That is why I was saying earlier that perhaps dealing with these what we call "soft skills"—I am not sure if I agree with the term soft skills as such because I think they are essential basic skills.

**Q532 Mr Marsden:** I am not suggesting by using that term that they are not essential. I am suggesting they are the sort of things that some bureaucrat sitting somewhere in Whitehall would find difficult to put in a box.

**Mr Lovejoy:** I agree. That is why I was saying that in terms of the overall quantum of funding, certain elements of that were allotted to those types of courses which are better dealt with at local level because colleges are quite in touch with their local communities; that is one thing they are good at.

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15 March 2006 Ms Kat Fletcher, Mr John Offord, Ms Jacqui Johnson and Mr Barry Lovejoy

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**Q533 Mr Marsden:** So the danger with these short-term funding decisions that have been made is that the implication of them will be too Stalinist and centralised.

**Mr Lovejoy:** Absolutely. A recent example has just come out in Hackney where they have not managed to turn a whole load of those into examination based with the result of catastrophic cuts in community precision. That is about to hit the press any time now.

**Q534 Mr Marsden:** Obviously a lot of things are affecting adult students. I know that your profile as a union is progressively moving in that direction because your students are progressively moving in that direction. What can you do on this issue?

**Mr Lovejoy:** I do think funding is crucial here. If you look at what the FE sector does very well and prides itself on, it is about reaching out to second chance learners, those people who have been failed by the educational environment beforehand. We really pride ourselves that that is what we achieve, we reach out to those people and it is adult courses that are the key to that and, in particular, not just adult courses that therefore move you on to getting the next job but actually get you re-engaged in the educational environment. Maybe if you come in and do a part-time adult course, whatever the course, it re-engages you and that means you go on to something else.

**Q535 Mr Marsden:** What is NUS doing to focus on and highlight this issue?

**Ms Fletcher:** That is part of the reason we are here, is it not?

**Q536 Mr Marsden:** I mean over and beyond that. Are you working with NATFHE and with other departments?

**Ms Fletcher:** Yes, we are. Our focus over the last plan has been particularly on access courses because we think access courses are the jewel in the crown of further education and we think they are really high certainly on this Committee's agenda and on the Government's agenda because they bring adults back into further education and they then take them into higher education and transform people's lives individually through that. What we are seeing because of the LSC's priorities as fed down by the Government is that access courses are being cut because they are over-19 and they want to go into HE. What colleges are doing is cross-subsidising their access courses because they feel so impassioned about them and the value they play in wider society and therefore taking it out of other bits of funding and that is obviously difficult to sustain. That is what we have been working on.

**Mr Offord:** Kat and I were at the AoC Staff Governors' Conference this weekend and the major issue exercising governors there was the Stalinist attitude of the Learning and Skills Council.

**Q537 Chairman:** Stalin is alive and well today. I have never heard him mentioned so often in this Committee. Where is he alive and well, John?

**Mr Offord:** According to some of those governors, he is at the heart of the LSC and particularly those local ones where they are not getting the funding decisions they want. The brutal facts of the matter are you cannot fund x, y and z and it is a dropout of 1 million funded places by 2008. They were coming up with all sorts of specific examples. It causes a real tension in the governance of further education as well because we are moving away from that business model that was birthed in the last years of the Tory administration through to a stakeholder model and that is being taken very seriously by a new range of governors and they are seeing funding decisions being brought down upon them which mean they have got to deny opportunity and access to their local community. That puts you in a very, very peculiar position as a governor. It does need to be addressed and there needs to be some flexibility built in there.

**Q538 Mr Marsden:** What can we do, given that Sandy Leach is going to come forward with recommendations to 2020, to make sure that these short-term funding issues—and they are short-term funding issues, there is no point pretending that they are not—do not then produce a logjam in the system, particularly of the demographic gap?

**Ms Johnson:** I sit on the local LSC so I feel I have to say something in support of them.

**Q539 Mr Marsden:** So you are not Stalin?

**Ms Johnson:** Not yet! It is very frustrating sitting on the local LSC because we started with what felt like a much wider brief, which was to look at the whole of post-16 education and move forward and think how we could reorganise that and make a logical and coherent post-16 system. We have set up all these strategic area reviews nationally at an enormous cost and in the middle of that whole process various things were thrown out by the Government which made our position seem much weaker, things like yes, okay, schools can set up new sixth forms and that has thrown the whole thing up in the air. I could throw back the question what happened to that whole strategic area review? We were looking for a real analysis of post-16 education in this country and it seems to have gone nowhere, which was very disappointing. As a local LSC member I feel that we have been pushed more and more into a narrower focus, with more limitations placed on us. I am not trying to dodge responsibility for this because I raise these issues all the time at the LSC and we are not dodging responsibility, but there are too many bodies doing too many things and too many things being thrown at us. When we are in the middle of one thing a new initiative is lobbied in that can throw something else out and money has to be spent on that and I think that is a great difficulty.

**Q540 Chairman:** Some of us were with Leach yesterday, at a discussion at the National Skills Forum that Gordon chairs, and he was comparing a community college in the United States with our FE delivery. In the United States one of the great strengths was it was locally determined, ie you could

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15 March 2006 Ms Kat Fletcher, Mr John Offord, Ms Jacqui Johnson and Mr Barry Lovejoy

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assist what employers or employees want and you could react locally. Is that one of the faults, that there is too much drop down and not enough being able to respond to local community needs?

**Mr Lovejoy:** Yes. It may have drifted too far towards central rigidity. I would certainly agree in terms of responsiveness to the needs of a community and course development. On the other hand, where it comes down to questions of workforce issues, I think it has gone too far in terms of local determination and that is the balance that has to be struck here.

**Q541 Chairman:** Gone too far?

**Mr Lovejoy:** Absolutely. What we have got is a situation where we can sit down and agree a framework that will take us through a modernised pay structure, which Government supports, employers are signed up for it, yet the problem we have is that because of the localised notion of employers and their ability to interpret those things we have got a complete mess still just as we did eight years ago. As I said, 57% still are not abiding by that. The problem about that is that brings in another level of uncertainty which makes it difficult locally because on the one hand colleges want to respond to their local communities, which is good stuff, but, on the other hand, they find that because they have got these other pressures there is no constant policy on pay. We need some sort of constant there. I would have thought given the fact that the workforce is the major cost in a college, like other public services, that should remain a constant. We are up to flexibility but in terms of other aspects, particularly of flexible workforce, I think it has gone too far.

**Chairman:** We have got to move on. Roberta is going to take us through improving quality.

**Q542 Dr Blackman-Woods:** I am going to concentrate on the participation of students in college governance. This is probably a question to you, Kat. What do you think is currently dissuading colleges from involving students more in their governance?

**Ms Fletcher:** All sorts of different things, I think. Certainly I think that over the last few years college governors and senior management in colleges have become far more interested and motivated by involving students as co-producers in what they do. People are very much looking for practical solutions to situations. We have had mandatory student governors on governing bodies, for example, for the last six years and we think that has worked really well and we have had lots of positive stories and feedback from clerks, students, chairs of corporations, but quite often we find that sometimes they feel they cannot find a student governor. Our response to that every time, I suppose, is “Possibly that is not surprising if you have not got the system underneath that can generate students who are interested and motivated in acting as learning reps on a governing body”. The line I always say to principals is that students’ views do not just appear

out of thin air, they need time, space, encouragement and organisation in order to be able to produce and create those opinions.

**Q543 Dr Blackman-Woods:** Do you think they have something to learn from universities? Do you think universities do it better, first of all, and should colleges be learning from them?

**Ms Fletcher:** There are things to be learnt. It is very obvious that HE and FE are very different things with very different priorities and different ideals and values but there is an awful lot of money pumped into student representation in higher education. We know that student learners are represented at every level of universities and vice-chancellors regularly communicate with student unions. It is a real part of the culture and the cash that is invested in higher education. We think we can learn from that in terms of FE because in schools it is not just about cash, it is about government legislation. School children have to be listened to individually and collectively about their education, there is just a gap in further education. I think we can create a new system that is reflective of what FE is like and we have got practical solutions around that.

**Mr Lovejoy:** We very much support that in very practical ways. For example, we see that support of local student unions is essential to that because in practice that gives support to those people who come through. Associated with that is where you have got good student unions very often you have a staff dedicated towards liaising with student unions. That needs to be looked at very clearly because they make a big difference. My daughter is a 16-year-old student and has got herself involved via a liaison officer. That is a concrete example of what needs to be done.

**Mr Offord:** What Foster managed to put his finger on very ably, particularly because of the example of the Dutch upper secondary system, was the connection between self-assessment, self-improvement and self-regulation and the role of learner voice, in fact learner data, in that. We gave a workshop at the conference this weekend with Lynn Sedgemore and what we were arguing was there is all sorts of data that is required by inspection that can be triangulated with information coming exactly from the horse’s mouth and it is not just about lockers and car parks, it is about “why am I doing key skills?”—that is a favourite moan of lots and lots of articulate FE students and “it has got something to do with funding” is what they normally come up with, and they are dead right of course—right the way to how their education is working for them. That is an absolutely important source of data for a board and a senior management team looking to improve the provision that it is making through its local pilots. You are not going to get it adequately unless you have a system of student representation which starts at course level and then moves up and the governor position is the formalised bit at the top.

**Q544 Chairman:** Is there a problem with the age range? When I go to FE and see students they tend not to reflect the age range that you get in FE.

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15 March 2006 Ms Kat Fletcher, Mr John Offord, Ms Jacqui Johnson and Mr Barry Lovejoy

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**Ms Fletcher:** I do not think that is our experience. We conducted a survey of student representation and how representative it is of its membership and we found that good student unions exist in a variety of institutions from sixth-form colleges right the way through to general FE colleges and the diversity reflects the colleges providing that there is senior management buy-in and there is some dedicated professional staff support that can take on that challenge of co-ordinating representation from across courses and age ranges from the college.

**Mr Offord:** If you have two board reps and start to take this seriously you find that some sort of organic change starts to take over. More and more FE colleges are multi-campus operations and if you have two student governors you are more liable to find that one of them will be a more mature student because they are on a different campus and there is a different constituency that elects them.

**Ms Fletcher:** For me it is about how the senior management view a student union. If they view it as something that 16-year-old A-level students do then that is what it will become. If they view it as an amateur social club that organises discos and maybe does something about Red Nose Day that is what it will become, whereas if you fund it, train it, give it professional support to become the voice of the learner in the college that is what happens and that is what the best corporations do and they are the best student unions with the best representation.

**Q545 Chairman:** Is that your experience, Jacqui?

**Ms Johnson:** I am from a medium-sized general FE college. I have listened with some interest and I think another issue is that our students are quite focused for a short time and often have to work. It is quite hard. We are pressuring them to do their college work and they doing paid work as well, so getting the time and commitment from students, even with some professional help—I am sure we could better—is not always very easy. They may be with us for two years and want to go on, hard focused. In universities they have sabbaticals sometimes, there are more opportunities for them, but it is harder in FE colleges.

**Q546 Dr Blackman-Woods:** For the purposes of this discussion we should perhaps set aside those NUS full-time officers. What I am trying to get at is the general issue of participation. Going back to universities, you are right to say that there is a very formal structure, that students have a key role to play in quality assurance systems, for example, but I would not like us to underestimate the difficulties of that, I still think that colleges and universities struggle to get the level of participation in general issues of governance at whatever level. I am coming back to the idea of your development unit. Do you think that will help to counter some of those difficulties? Although I want your views, it is not only about offering places on committees, is it, because unless students are clear about the degree of influence they have you are not going to get the culture changed. I want to talk a bit more about what can bring the culture change about.

**Ms Fletcher:** I will say something very briefly and then I will hand over to John, if that is okay, on just one very little thing around students being able to be involved and finding the time. A key issue for us is around the Educational Maintenance Allowance. We think that has been a fantastic initiative and has encouraged more people to stay in education but currently there are colleges where if you are involved in student representation you lose your Educational Maintenance Allowance. For example, we held an FE lobby two weeks ago and if you came to that you would lose your Educational Maintenance Allowance. We had a student who lost their Educational Maintenance Allowance because they were the student governor and they attended the governing board.

**Q547 Chairman:** Who took it away?

**Ms Fletcher:** The LEA.

**Q548 Dr Blackman-Woods:** Because there would be an attendance requirement presumably.

**Ms Fletcher:** They would not be marked, so therefore they lost their EMA. We think that there should be some formalised guidance that says if you are involved in student representation and acting in that role you should not lose your Educational Maintenance Allowance. I appreciate there is a balance to be struck but I think that is something that should be taken on. It is a tiny change but one that would impact massively upon individual members and collective members. In terms of how you get people involved, for us it is all very much about our course rep structures and making sure that you have representation at every level and different modes of representation at every level in the college. John, do you want to expand on that?

**Mr Offord:** In the past we have often been accused of trying to imprint an HE student union model on FE but we have never tried to do that because it would be woefully inappropriate and probably would not work except in a handful of colleges. We do see the heart of this as being course reps. That is the face-to-face where the learning takes place and that is where you want to articulate your concerns about learning. It does not take a lot to imagine what kinds of carrots and sticks would be good news here. Colleges can no longer issue their own certificates, that was taken away a long time ago, but they can say that X, Y and Z student made a significant contribution to quality assurance. That is very useful in the labour market, it is very useful for progression, it is very useful for entry into HE. It is also of value in and of itself—I do not want to sound pretentious—because it is a citizenship activity as well.

**Q549 Chairman:** Can we push on the citizenship aspect because we are also interested in citizenship. It does seem a critical time in FE, the broad student population you get, where citizenship is very important in a broader sense, not just in the governing of the college.

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15 March 2006 Ms Kat Fletcher, Mr John Offord, Ms Jacqui Johnson and Mr Barry Lovejoy

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**Mr Offord:** Kat will probably want to say something on this as well. The way we are trying to approach this is giving equal weight to the quality improvement part of it and the citizenship opportunity represented here. We are also conscious of the fact that some people are more ready to come forward for those citizenship opportunities than others. One of the things we would like to see is some more targeted support for black and minority ethnic students inside those representative structures, we think it needs specific targeting. What we would not want to do is make that at board level because you cannot be too specific about governing body members. That has been a large part of our work on this. We did try that first off with the DfES and found that all the citizenship pot was going to LSDA and LSDA was distributing it in a way that we could not get involved in, although some enterprising student unions have. At City College Norwich they managed to get hold of £6,000 worth of citizenship funding and promptly spent it on course rep training for their own and six other colleges. With very modest amounts of money student unions will take off and do this and will spread it in a way that has got citizenship as its bedrock amongst other learners in other institutions.

**Ms Fletcher:** Citizenship is all about initiating or resisting change in colleges. There are lots of anecdotes but I know I was interested in the price of products in my college canteen. You will hear that quite a lot from FE students, that they got involved because of that. That was why I got involved, because the price of chips was extortionate. What I did was get involved with the student union and—

**Q550 Chairman:** Strike the word “chips” out of the record and put “green vegetables”.

**Ms Fletcher:** Through that I got involved with the student union and became a course rep and through the student union I got involved with the governing body. That experience has changed my life around. What we do is bring people into that organisation, give them the time, space and encouragement to debate and decide together. Citizenship is all about us collectively debating and promoting our values and trying to move things on. That is what student unions do so brilliantly in HE and we know that they can do it in FE as well just in a different way. That has got to fit into the wider agenda about participation.

**Chairman:** Your autobiography could be called *Hello, Mr Chips!* Roberta, your last question because we are getting a bit tight on time.

**Q551 Dr Blackman-Woods:** It was quite interesting that you brought up the EMA issue because it is a block to FE. Do you think as a Committee we need to look at how EMA is working on the ground? You have brought up one dimension of it here which is quite interesting that I suspect none of us had thought about, but generally.

**Mr Offord:** I think there is a need for research about it. There is a large range of entitlement for EMAs that are obviously different throughout the country because 30 grand in Newcastle is different from 30

grand in London as a salary for a parent. I think it is how EMAs are perceived by some families who are getting them. In poorer families EMAs are perceived as being part of the dole, they are not perceived as something specific for education. There is a lot that needs to be analysed about motivation both within the family and for an individual learner and I do not see anybody doing that. It would be very useful to do that, particularly given that LSDA has done very useful work through Brookes University and Joe Harkins' research on the 14–16 increased flexibility programme. I would like to see that kind of in-depth sociological analysis happening on how families perceive EMAs and whether that could lead to improvements in targeting and the level of the EMA.

**Chairman:** We are running into the time for the next section that we must cover. I want Stephen to lead us through it.

**Q552 Stephen Williams:** A quick question on the structure of FE. One of my other committees in this place is the Public Accounts Committee. We did an inquiry looking at the Learning and Skills Council and the National Audit Office report and in that report there was an extraordinary pictogram of the different structures and organisations involved in the whole of FE and the final report that we produced said there were about 500 organisations involved in the delivery of FE. Do you think there is scope for rationalisation? I assume that to be an easy question!

**Mr Lovejoy:** Quite clearly we can do nothing but agree on the amazing jigsaws that exist that sometimes do not fit in with one another. Such developments like the new Quality Improvement Agency we are hoping will assist in the process of having some sort of rationalisation in bringing the numerous institutions associated and involved in quality down to a rational level and maybe we can have some sort of bottom line idea about what quality is. We are hoping that will assist there. Similarly, the inspectorate and the merging of the two, as long as we do not throw out the baby with the bathwater so that ALI's strengths are not lost in the merger, I think that is vital. That is the situation with all of these things. As long as these are not reduced and we will not lose some of those key functions, that is fine. Obviously we did have an issue in terms of the LSC was established and all of a sudden we hit a crisis and there was an enormous amount of redundancies announced, et cetera. We are worried how well thought out they are. Probably some sort of mapping exercise needs to be done and thought out as to what are the key functions to be pursued. We are up for that. I think Foster highlighted that and that is something we would certainly be on board for.

**Mr Offord:** We were very keen on Foster's idea of a national learning model for a variety of reasons. There are questions about FE and whether it is a national system that is locally provided or it is a national system that is nationally funded. I know those two terms are similar but there is a wealth of difference between them. One of the things that we are hoping will happen is that a national learning

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15 March 2006 Ms Kat Fletcher, Mr John Offord, Ms Jacqui Johnson and Mr Barry Lovejoy

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model will take account of the fact that education is not just a market, it is an ecology as well, and a change in one part of it impacts on a change somewhere else. This has to be understood if collaboration on 14–19 is going to work. The national learning model should reality test itself against some benchmarks. We are going to have to say this because it is echoing what Jacqui said: some policies are not sensible and joined-up thinking. George Monoux College is a very successful sixth-form college in North London. It has got £3.5 million worth of new build that you can see from one side of the building and you will also see a building site for a new sixth form for a North London school from the other side. A national learning plan there with more coherence about who is saying what and who provides what to whom would be absolutely a boon to 14–19 education.

**Ms Johnson:** Are we going to talk about 14–16 within the 14–19 because I would like to say something on that now if it would be appropriate?

**Q553 Chairman:** Feel free.

**Ms Johnson:** I think this is an issue that would benefit from a bit of thinking through. As a college, we have been very successful at 14–16 but it is year-on-year funding. We do not know whether we are going to be able to continue with this. We have trained staff, we have gone into new buildings, we have moved into shortage areas like construction, hairdressing, which is very popular, and we have got links with 13 local schools including two pupil referral units. Those are the potential NEETS (Not in Employment Education or Training), are they not, the youngsters who are not going to stay in education, and yet there is no stable planning. We would like 14–19 yearly in a college so that you could say, “Staff, we know that for at least three years we are going to have stable funding”. In fact, any stable funding for three years would be absolutely excellent, but the 14–16-year-olds seem to be a particular area of concern as I understand that the money is now going to go back into schools which can choose or not to buy into the kinds of opportunities we are offering, so yet again we could have a short term muddle, which would be a pity.

**Stephen Williams:** I know that the City of Bristol College teaches quite a few GCSE courses in my constituency to people whom the school system has failed but hopefully they are going to achieve those in the college centre.

**Q554 Jeff Ennis:** On this particular point I would like to ask Jacqui if the over-achievement of student numbers with the LSC formula-funded approach is exacerbating this situation for certain colleges. I know Barnsley College had a problem with that last year.

**Ms Johnson:** I do not know enough detail to answer that usefully, I am afraid.

**Q555 Jeff Ennis:** Have you got anything on that, Barry? Colleges have to agree the number of sixth-form students they are going to take with the LSC at the beginning of the year.

**Ms Johnson:** I could say something about that. That happens to us in that we could grow if we had the accommodation, if the LSC agreed that we could grow. Each year you are having a big discussion with the LSC as to whether or not you are going to be capped. With things like the electrical installation I mentioned earlier, there was some cap on the student numbers we could take, and that can impact on areas where you say, “Surely they will teach them. There is nowhere else for these youngsters to go”, but if we have not got the buildings and we have not got the funding we cannot pay for the staff.

**Q556 Stephen Williams:** I want to put a question to Kat or John about the potential for a two-tier system within FE between sixth-form colleges which primarily deliver A-levels and general FE colleges which are perceived as doing all sorts of things although, conversely again, referring to Bristol, probably the biggest deliverer of A-levels in the city of Bristol is the City of Bristol College which would be seen as a general FE college. Do you think there needs to be badging of different colleges or would that risk them not having parity of esteem?

**Ms Fletcher:** You are absolutely right. We do forget that the vast majority of A-levels across the country are conducted in FE, are they not, not in school sixth forms, and that general FE colleges cover a wide diversity of people. Some of that is about national brand and national reputation. There has been a real weakness there, and I think that is for a variety of reasons. I think it is predominantly around the fact that, sadly, most of the people who have positions of responsibility in the Civil Service or in governments have not been to a further education college and I guess their children do not go to a further education college and therefore there is a confusion about what it is and what it does. Often there is this focus on it being about adults who come back and do these courses et cetera and not what it actually does, and I think there is a lot to be done around the brand of FE. There is potential around a two-tier system and that is one of the things that we have been quite concerned about in terms of funding and reputation.

**Mr Offord:** A lot of the arguments are very well rehearsed, are they not, about what you need to get into a school sixth form or a sixth-form college? It is always your five good GCSEs and the NUS has a particular problem with five good GCSEs and the ditching of Tomlinson. It is colleges like Bristol that are big enough and are in a sense the monopoly provider that can offer the flexibility to bring back in what was ditched, unfortunately, from Tomlinson, particularly the “stage not age” approach. You can develop and build a course, and it is not only happening at Bristol. There are very interesting examples going on with the new UCAD diploma at Newham College, which we have on our website, showing that you can bring back what was lost. There is a huge lack in the curriculum for something like this, which a general education diploma post-16 for that 46% that do not get the five good GCSEs. You can have that kind of provision within a general FE college. It can be the straight down the line



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15 March 2006 Ms Kat Fletcher, Mr John Offord, Ms Jacqui Johnson and Mr Barry Lovejoy

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academic kind and it can also be the kind for those young people who have not got the five good GCSEs but need a mix of general and specialist education to move on and progress.

**Q557 Chairman:** But, John, is there not a problem? I know my own FE college, Huddersfield Technical College, has two pre-eminent sixth-form colleges on the same hill and they definitely say, “We do not see it as a two-tier system. We see ourselves as focusing on the vocational sector. We know the people up the hill can do A-levels better than we do. We know the University of Huddersfield do HE better than we do. We have got a very tight mission on what we want to do.” Surely that is okay, is it not?

**Mr Offord:** Yes, it is. That is the George Monoux example, and if I can continue about that one, they have done a deal with Waltham Forest College down the road that Waltham College would not do A-level work any more. They would handle the specialist education and that works fine. What does not help is that a school sixth form is going to start up in competition to that already established useful provision.

**Ms Fletcher:** It is not about how the colleges see each other. I think we recognise that vocational education is a valid and very useful part of what we do. One of the things that we were so pleased about around the Tomlinson proposals was that they would take away that distinction between academic and vocational and level out the playing field and say, “These things are equally valid, equally important to what we do. They have very different skill sets, there are different teaching methods, there are different ways of developing people but they are just as equal as each other”. That would have broken down some of that traditional elitism around academia and that is one of the things we were so pleased about around Tomlinson, that it would challenge that idea.

**Ms Johnson:** I have to come in on this one. A-levels are not taught better in schools than in FE colleges. There is a lot of evidence that the value that is added to students in FE colleges is better than in most schools. The other thing I wanted to pick up on was, do you remember Curriculum 2000 when students were going to be able to do some vocational courses and A-levels? In my college we do that. Students regularly, because they have not necessarily yet decided exactly what they want to do at 18, do a vocational course like a national certificate with one or two AS-levels and take them through to A2. Once you separate A-levels from vocational courses you deny all those students those opportunities. Real parity of esteem comes, I think, with teachers who can say, “Hang on: I teach vocational, I teach A-level”. I personally teach vocational courses and A-levels, and I know that those students are of the same standard and they can go on to higher education. I will absolutely stick up for all those students and say they are just as good as those students who say, “I just want to do four AS’s and four A-levels”. They have different skills but the economy and employers need them just as much, sometimes even more.

**Q558 Stephen Williams:** I will come back a little bit to the LSC bureaucracy. They have said to us in the past that they might reduce their annual data collection of profession. Other people have said that would be a mistake, and in fact I noticed, John Offord, in your introductory remarks that you lead a skills audit of FE, so do you think it would be a mistake if the LSC were to cease an annual collection of data about the FE workforce?

**Mr Lovejoy:** It is not a question of who does it as long as it is done, and it needs to be done by a single agency. It needs to be quite clear. We have not got enough detailed information about workforce in FE. It is unbelievable. I know that Foster was gobsmacked, if I can use that term, in terms of where we were on that. We think that it is essential that if institutions are getting public money they should be required to give particular information about how they use it. That includes workplace development and workforce data. It is also an essential tool for human resource planning and we do not see any contradiction there. We have had what we feel were some quite productive discussions with the Minister over this and we are hoping that at last there is some movement around that and that in fact there will be data collected but, more importantly, that the data is produced in a way that is useful. I can understand colleges every year churn this stuff out but it is how that is produced and how that is accessible to everyone that is vital.

**Q559 Stephen Williams:** That data may educate a workforce development strategy. Do you think the DfES is doing enough to build a workforce development strategy?

**Mr Lovejoy:** To date, no, but Foster has highlighted this and we are hoping that the FE White Paper brings this up. There is an enormous need. What we are hoping for is that this is put into reality. Some time ago you may remember that the teaching pay initiative was established, in 2001. That was successful in the sense that it delivered things on the ground. It was successful because we involved all the stakeholders—AoC, DfES and the trade unions. What we are calling for is a similar mechanism to devise that workforce strategy. We should be involved in that and that can be rolled out. One caveat, of course, on all that is that it will not work unless it is funded and inevitably that has to be addressed. At the moment lecturers are not able to access adequate time in order to do even initial teacher training once they are on the job. We pick that up consistently through the surveys we do, and that is essential.

**Q560 Stephen Williams:** I went to a City of Bristol College HE awards ceremony recently and I was struck by the ethnic diversity of the students who were collecting their degrees and diplomas, but Foster and another study in 2002 have shown that the lecturers in FE do not appear to have the same ethnic diversity as the students they are teaching. Do you perceive this to be a problem as well?

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15 March 2006 Ms Kat Fletcher, Mr John Offord, Ms Jacqui Johnson and Mr Barry Lovejoy

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**Mr Lovejoy:** It is a problem and we had some funding from the Department to assist and develop colleges in the implementation of the Race Relations (Amendment) Act, which is crucial to this because it addresses questions about proportionality of staffing. We certainly agree that it is sadly lacking. I think there have been some improvements and indeed we welcome the DfES's input into that. There is a long way to go. I think that the LSC has got responsibilities as well around that to monitor that position.

**Ms Fletcher:** It is not just the lecturers. It goes right through the senior management team and also it is in the governing board of the corporation. We look around and what we see is white middle-class men from business communities and it is not reflective at all of the people that we put through further education and something has to be done around that diversity at that senior level because if it does not come from the mission and ethos of the governing body where else will it come from?

**Q561 Stephen Williams:** Is the racial profile any different in the general teaching force across schools as well?

**Ms Johnson:** It is because of the age in FE that it is likely. It is because so many of us are over 50. It is much more likely that we are not attracting young staff who are more likely to be from BME.

**Mr Offord:** One final point on that: the only thing that has improved the diversity profile of FE corporation boards is the addition of student governors. They are 12.7%. If you take those out the picture looks even worse.

**Chairman:** We are going to finish there, I am sorry about that, because it is a very special day for us. We will be in touch with you about the bits that we have not been able to cover. We have covered most of the territory but there are other things I certainly would like to talk to you about, perhaps informally. Will you remain in touch with us because this is an inquiry which is close to our hearts? Thank you very much.

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#### Supplementary memorandum submitted by the National Union of Students (NUS)

1. Further to our original written submission and our meeting on 25 May, NUS would like to update you on progress on Recommendation 25 of the White Paper, namely that "the Government will extend the national programme of training for learners' representatives, (to ensure that they are equipped to participate effectively)". NUS has lobbied hard for this and we were delighted that this recommendation was included in the White Paper. As we have previously argued, this is the absolute foundation for embedding the learner voice in further education.

2. However, we have some concerns about how this recommendation is being implemented. NUS has always understood that England would acquire a similar scheme to Scotland's SPARQS scheme, which would create a systematic process to train course reps across the FE sector in England—see paragraph 30 of our submission. The need for this is supported by research commissioned by the Learning and Skills Development Agency (LSDA), conducted by P Davies (Involving Learners in Quality Improvement—June 2006), which includes the recommendation to "commission the establishment and operation of a development programme for learner involvement in quality improvement in the English learning and skills sector. It should take full account of the experience of SPARQS in Scotland".

3. NUS has already made some initial calculations and projections about how to run such a scheme, based on good practice cited in the LSDA report and the experience of SPARQS. We believe that, in order to make a significant impact on the quality process within colleges, organisations have to train at least 50% of the new cohort of incoming course representatives. In a large general FE college, this would mean that a provider would have to allow at least five days for training (although this should be split over two weeks, to allow for work placements). In order to best fit the needs of learners, the programme would have to be delivered from the last week of September until the first week of November. This time line would also assist colleges in electing students to be in place for the emerging National Learner Panel structure.

4. The programme should also allow for repeat training for elected representatives in January and March. Learners would also welcome the opportunity to enhance their skills in advanced sessions run throughout the year. This would be particularly relevant for students who were undertaking representative duties at a higher level, such as faculty representatives or area representatives. NUS estimates that a programme like this could be delivered for around £750,000.

5. As you can see, NUS can clearly see how this recommendation could be implemented and we are frustrated that no movement is being made on this. There is currently no provision in any of the action plans arising from the FE White Paper for the extension of "the national programme of training for learner representatives".

6. NUS is concerned that without this key element, the other recommendations concerning the learner voice will be rendered impotent. Course reps structures within colleges are the only coherent mechanism to provide an effective learner voice. Without the resources, the FE White Paper's efforts to change the culture of further education will founder for lack of learner input.

5 June 2006

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**Monday 24 April 2006**

Members present:

Mr Barry Sheerman, in the Chair

Dr Roberta Blackman-Woods  
Mr David Chaytor  
Mrs Nadine Dorries  
Helen Jones

Mr Gordon Marsden  
Stephen Williams  
Mr Rob Wilson

*Witnesses:* **Bill Rammell**, a Member of the House, Minister of State for Lifelong Learning, Further and Higher Education and **Phil Hope**, a Member of the House, Parliamentary Under-Secretary of State, Department for Education and Skills, gave evidence.

**Q562 Chairman:** Ministers, while people are settling down and making themselves comfortable, can I welcome you both, Bill Rammell and Phil Hope, to the deliberations of our Committee. We have been looking forward for some time to seeing you. As you know, we thought it was an appropriate time to look at further education, what with the Foster and Leitch Reports. It seems to us a good time to do an overview of what is happening in FE and what the hopes are for the future, that is the sort of inquiry we will be conducting. We were thankful when you suggested delaying slightly because it is a much better time to talk to you after all the reports are out and the White Paper has been published, so thank you for that guidance. That does not mean to say we will give you any easier time today than we might otherwise. Normally, when ministers come in front of us—I do not think either of you have appeared in front of the Committee before, it is your first innings, good—we usually give them a chance to make a short introductory statement, and you can either take advantage of that, we would welcome that, or go straight into questions. It is up to you two.

**Bill Rammell:** Just very briefly, Chairman. We welcome the opportunity to appear before you. I think the FE White Paper, which was our response to Foster, demonstrates a continuity of reform coming through the Skills White Papers, through Foster, through the LSC's *agenda for change* and now our White Paper. I think overall it has been reasonably well received and it has given greater coherence, focus and recognition to the FE sector, which I think we would all acknowledge, historically, has not felt sufficiently valued. I think it is a really important step forward.

**Q563 Chairman:** That is it?

**Bill Rammell:** Yes.

**Q564 Chairman:** Phil, are you happy with that?

**Phil Hope:** That is fine.

**Q565 Chairman:** Okay. Let us get going. One of the criticisms which we picked up after the publication of Foster was that some people were disappointed it was not quite radical enough, certainly in terms of structural reform. What do you say to the people who say, "Why are we delivering FE in the way that we deliver it? We do not need a vast body to deliver on regular education"? We do not have a big

intermediate body between the Department and the delivery to schools. We have quite a small organisation in higher education, the Higher Education Funding Council, between the Department and universities. Why do we have this vast Learning and Skills Council with an enormous number of employees and an enormous budget? What is so special about FE? Why should this money not just go direct to FE at the delivery point?

**Bill Rammell:** I think there are a number of points there, Chairman. I think if we attempted to fund directly from the Department without any intermediary body, certainly I do not think we would get the level of attention to detail that we need on the ground. We are talking about a budget of something like £10.4 billion. I know there are a number of critics of the Learning and Skills Council but I think it is important not just to compare the LSC with some sort of ideal but compare it with what went previously. If we think back to 2001 there was incoherence within the system, a lack of strategic focus, there were inequalities between different areas. Although I would be the first to admit—and I am sure Mark Haysom would say this as well—the LSC is by no means perfect, there has been significant progress over the last five years, significant improvements in learner numbers, very significant increases in success rates from something like 59% within FE up to now 75 or 76%. There is a much stronger focus upon the skills. When you look at the White Paper, the focus that we are giving on the economic mission and the need for skills for employability is particularly important. Structurally the LSC has brought employers to the table, particularly through the council structure, in a way that did not happen previously. Were we to simply say we had made that progress and we are now going to tear it all up and we are going to have a direct funding link from the Department directly to colleges, I think we would lose out significantly.

**Q566 Chairman:** It sounds a little bit, Minister, if I can say this, like when Ofsted comes in front of us. Ofsted claims that everything that has been improved in schools is because of Ofsted and we are not always convinced that is the case. In the case of further education many of us would argue that the real improvement in skills and further education comes from hard-working lecturers and hard-working staff at hard-working colleges delivering,

responding to leadership but leadership comes from a variety of directions, from ministers and elsewhere. It is still the case that it is a big bureaucracy. It is a big bureaucracy and a big budget. If it was delivered with more lecturers, more support staff and more front line delivery a lot of people would be quite pleased about that, would they not?

**Bill Rammell:** I am the first to admit that actually the real change that takes place, whatever direction we give from the Department, whatever the LSC does, comes down to lecturers and support staff within colleges up and down the country. I very much agree with you upon that. I think the framework within which those lecturers are working, within which the colleges are existing, has to be right. If we compare where we are today with where we were prior to 2001 certainly I think—and there is evidence to support this—that the framework is better. When you talk about the size of the LSC, when it came into being it reduced its administration costs by £50 million. It is currently going through another root and branch restructuring at the moment which I will acknowledge, and the LSC will acknowledge, is difficult but that will free up an additional £40 million which can be directly reinvested into the front line. That £40 million is out of an overall administration budget at the moment, excluding capital, of £219 million. I think that is a very significant gain which will be very firmly redirected to front line provision. Unless we are going to fund directly from the Department, and I think there would be some real downsides to that and that cuts directly across the general thrust of policy direction that we have been pursuing in recent years of ensuring that the Department is not a direct service provider that sets the overall strategic policy framework, unless we are going to go against that then I think we would have been wrong to say, “We are going to do away with the LSC”. That does not mean, however, in any way, shape or form that I think we are at the end of the evolution of the LSC. I think we need to see the restructuring through that is taking place at the moment. I also think, as we set out within the White Paper, there needs to be—very much as we have done within schools, if you like—an intervention in inverse proportion to performance so that where colleges are doing well, where the inspection reports are positive, there should be less of a focus coming forward from the LSC and the LSC should concentrate on those areas where there is a failure of performance and they need to intervene very directly.

**Q567 Chairman:** Minister, a lot of people do not want to get rid of the LSC, they would just like it to be a more focused and strategic body, a bit more like the Higher Education Funding Council. Some of them would argue that they want it to be more independent because at the moment it really looks like an outpost of the Department, does it not? You do not find great bold statements or initiatives coming out of the Learning and Skills Council chairman or chief executive, they are very hesitant to be too bold because they see themselves as very much under the shadow of the Department.

**Bill Rammell:** I think neither Mark Haysom nor Chris Banks are very reticent when they are in my office and we are discussing these issues.

**Q568 Chairman:** In public. That is a very important point, is it not? They might be very frank to you in your office but what happens when they step outside and talk to this Committee, to providers, to the Foster inquiry?

**Bill Rammell:** I think if we are looking for strategic leadership within the sector, at one level in terms of the structure, yes, that comes from the LSC but the area that I am really keen to see us develop is the leadership within the institutions themselves where we need bodies such as the Association of Colleges and particularly the newly formed 157 Group who will act as advocates and champions of the sector. I think that is very properly their role. I do not think that is a public role that the LSC should take on but I can assure you that we do have very frank exchanges of views between ourselves and the LSC about the right way forward. I think that is the kind of relationship that is positive and beneficial to the further education sector.

**Q569 Chairman:** Minister, if I shift tack a little, there are two things that come out when you talk to experts in this field. One is about the size of the LSC, why do you need this vast individual organisation compared with HE and regular school education? On the other, they say why are we so hamstrung by so many intermediaries, so many organisations that check on us and regulate us do not give us a chance to get on with the job? We have heard ministers—your predecessors—saying they are going to get rid of a number. I know you might well say, “Okay we have not got ALI any more, we have moved ALI into Ofsted” but that leaves an awful lot of other intermediaries that the FE sector is responsible to, does it not?

**Bill Rammell:** It was a key finding from Andrew Foster’s report that the FE landscape is quite complicated. I think we have responded to that. Before I come on to that I want to reiterate the point about the significant reductions in staffing in overall number terms that have taken place under the LSC. This is nowhere near the organisation that it was in 2001 and it is going through a further process of rationalisation and reduction at the moment. Yes, we have recognised it is a complicated environment, that is why certainly the ALI-Ofsted merger was the right way forward, I think. I remember as a backbencher when the two organisations were first set up and struggling to justify why we had these two inspection arms, and I think we have come to the right conclusion. The pulling together of LASDA, the Learning and Skills Development Agency, and the Standards Unit within the Department under the new Quality Improvement Agency that has been launched and will commit its three year development plan in the coming months is a further positive step forward. We will over time look for further rationalisations which will make it much clearer. One of the things that we are positively doing is making it much clearer what the delineation between

the roles of the Department and the LSC are so that it is clearer for colleges on the ground. There are a number of functions that we have had within the Department, such as basic skills, learner support and offender learning, where we are transferring those properly to the Learning and Skills Council. It is a more coherent and rationalised landscape but I think that is a process that will continue over time.

**Chairman:** Thank you for those introductory answers. We will push on and continue a little bit about the overview. Rob Wilson has some questions to open us up.

**Q570 Mr Wilson:** You published your White Paper on 27 March and included a response to Foster, recommendation by recommendation. I would like to know have you had any discussions with Andrew Foster since the date of publication of the White Paper?

**Bill Rammell:** Not since the publication of the White Paper but I had a series of discussions with him after the publication of his report. I think he did indicate publicly at the time of the launch of the White Paper that he was broadly very content with the policy direction we were moving within, within this White Paper. To put that into context, he came forward with 80 recommendations, 74 of those we have endorsed within the White Paper, the other six we have not rejected, we have just implemented them in a different way. The point I made at the beginning in my introductory statement was I think there is an awful lot of coherence in the policy development that has run through the successive Skills White Papers, the LSC's *agenda for change*, Andrew Foster's report and our FE White Paper. Some people might say that does not make it very exciting because there is not a big clash but I would counter that by saying I think there is a consensus that has been established about the direction in which we need to move.

**Q571 Mr Wilson:** We have not seen much comment in the press from Mr Foster, you are summarising his response really as generally happy with what you have come forward with?

**Bill Rammell:** Yes, I think if you looked on the PA website, he put a statement out on the day of the launch indicating that fact.

**Q572 Mr Wilson:** Okay. There are 74 recommendations you have agreed with, can you just say where the areas of difference are that you found between yourself and Foster?

**Bill Rammell:** It is not a difference of fundamental principle. Let me give you one example where we agreed with the overall policy thrust but we have done it in a slightly different way. Andrew Foster recommended that we should bring together all the key stakeholders within the FE sector three or four times a year, chaired by the permanent secretary at the Department. We took the view that was a really important initiative, not only to pull those people together, to ensure we were getting the balance right in terms of the new relationship that we wanted between FE colleges and the LSC and the sector, but

also to police the implementation of the White Paper. We thought that was sufficiently important that it is going to be chaired by the Minister of State. That is not a fundamental difference of principle, it is simply implementing it in a slightly different way.

**Q573 Mr Wilson:** There are no fundamental differences of opinion between yourself and Sir Andrew Foster?

**Bill Rammell:** No.

**Q574 Chairman:** I just thought we would get that clarified. Did you need to bring forward a White Paper because obviously a White Paper is a precursor to legislation and, as far as I am aware, there is not much legislation required for what you propose in the White Paper, or perhaps you could put me right on that?

**Bill Rammell:** I think there are a number of areas where we anticipate that there will be a need for legislation. Firstly, before I come on to legislation let me make a more general point. For all sorts of reasons I think historically there has been a feeling within the further education sector—and Andrew Foster characterised it as the neglected middle child within the system—that FE has not got the attention that it deserved. Quite apart from legislation I think it was really important that we pulled all the policy development together and focused on the necessity and the importance of the further education sector. I think that was an end in itself. Beyond that there are elements of change that will require legislation and we cannot guarantee when we will come forward with that. There is a normal process to be gone through inter-departmentally but I would hope that in the near future we will have an FE Bill to enact those pieces of legislation.

**Phil Hope:** I would just say one other thing. The processes that Sir Andrew Foster put into place engaged the sector very comprehensively. We were very impressed by the way that he went about his business. I think his report had huge support out in the field among both providers and employers for the recommendations and way forward that he was developing which made it helpful to us in developing a White Paper, which is a statement of Government policy as opposed to independent review, which was to respond positively to what Andrew Foster had to say. I think it was a very productive process to work in that way, to arrive at a statement of policy and hopefully legislation when and if we come to do that. I think it is an important point to make about how Andrew Foster went about his business being such a creative and productive process.

**Q575 Mr Wilson:** I would not disagree with any of that but why pull it together as a White Paper which is slightly misleading when there is so little legislation required to support it?

**Bill Rammell:** There is. I think we are making some fairly significant changes. For example, some of the powers that are currently vested in the Secretary of State for intervention in colleges in the cases of failure, are now going to be put in the hands of the LSC. I think at the moment there is sometimes a

perception that there is a really high bar if you are going to get the Secretary of State to intervene in the case of failure. Handing those powers on a day to day basis to the Learning and Skills Council will be a positive step forward. It is about getting the balance right between freeing up those institutions that are doing well but also a tighter focus where things are going wrong. There are some elements of change which will require legislation but I think the White Paper itself has enabled us to have a focus upon the further education sector which virtually everyone I speak to within the sector positively welcomes.

**Q576 Mr Wilson:** The piece of legislation you talk about was quite a small one. Give me a bigger, sizeable, chunkier piece of legislation which this requires?

**Bill Rammell:** I am not saying that there are huge changes that will flow from the White Paper but certainly there are some changes which will come forward. I will reiterate the point I made earlier: the very fact that we have a White Paper has led to a very beneficial focus upon the work of further education colleges, which is probably overdue.

**Q577 Mr Wilson:** I do not seem to be getting an answer to the question, we seem to be going around in circles. A White Paper is a precursor to legislation. There does not seem to be much legislation. I understand about pulling everything together in one place but why a White Paper when there is no real legislation at the end of it to be dealt with?

**Bill Rammell:** I think there is some legislation that is flowing from it.

**Q578 Mr Wilson:** It is miniscule really, is it not?

**Bill Rammell:** I think there is quite a substantive piece of legislation which will come forward. If what you were looking for was a White Paper which said we needed fundamental restructuring within the further education sector, I do not think that is the best way forward. It is about seeing that continuity of reform that has taken place between successive focuses on the further education sector and has in part already led to an improvement in results. We want to see those taken further.

**Phil Hope:** I would go further and say the White Paper also puts in place and articulates very clearly a very significant step change in the way that the FE will relate to employers, particularly in terms of a demand-led system for delivering training to the adult workforce. I think that is a very important and significant step and it will require, frankly, significant and substantial change by the FE providers in the way they go about doing their business. That does not necessarily require legislation but it does require Government policy to be very clear about the direction of travel that we expect it to happen and how funding regimes will change to deliver that. I understand your question about legislation framing in the White Paper but White Papers do a lot more than just press ahead with legislation, they actually make it very clear where Government policy is going and the direction of travel.

**Q579 Mr Wilson:** Would you agree with me that the reactions to the White Paper from within and outside this sector have been quite mixed?

**Bill Rammell:** No, I would not take that view actually. Something that both Phil and I have made a virtue of in the last year is going up and down the country talking to people on the front line. My very strong sense, talking to providers, is that there has been a broad welcome to the messages within the White Paper. I think it is important to stress as well that a number of the changes that we are proposing are born from that direct contact. An example on the 19–25 entitlement is something I have learnt in Government and politics is that if you hear the same thing in ten different places within a matter of weeks then you are fairly certain you might be on a real issue. That brick wall that people have been hitting at the age of 19 is a very strong message that we both received within the last year. I think that has been one of the elements of the White Paper package that has been most widely supported.

**Q580 Mr Wilson:** You do not agree with me that there is a mixed reaction but certainly some of the reactions we have seen have said it was mixed. There have been some good reactions but there have been some like the NIACE who have said it was a “... missed opportunity to address the balance of investment between full and part-time students as well as people preparing to enter the labour market, returners to it, those seeking mobility in it and those who have left paid employment”. That is pretty mixed, is it not?

**Bill Rammell:** I think there is an issue. We have very good relations with NIACE but there is a fundamental debate about where you spend money within the system. I make no apology for the fact that this Government has significantly increased funding to the further education sector by something like 48% in real terms over the last nine years. We are rightly focusing expenditure on the key priority which is 16–19-year-olds with adult basic skills and the roll out of the national employer training programme. That does mean that there are not, relatively, as many funds as were previously the case to fund other forms of adult education. Phil might want to comment upon this. That is one of the issues that we proactively debate.

**Phil Hope:** One of the areas where there is a lot of agreement is around personal and community development where we have a ring-fenced fund of £210 million. We are rolling out now a series of new partnerships led by the LSC at a local level to energise not just the spend of that £210 million, which is not a ceiling but a floor for capturing more resource from local authorities—indeed the health expenditure is about raising people’s awareness and education around health matters, voluntary organisations, community groups and many others at a local level—to take what is at the moment quite a patchy and incoherent programme of work at a local level into a much more coherent organised strategy and hopefully capture more resource into a coherent strategy at a local level. That is something

that is large in the White Paper and which I know NIACE are very keen, in particular, to play an active role in helping us to deliver.

**Q581 Mr Wilson:** I spoke to my local principal at the Thames Valley University, which is in my constituency, and he raised three specific areas in which he has concerns. The first of which is that this is going to be too heavy on failing colleges; secondly, he is worried about the proposed expansion of sixth forms and concern about the schools drifting into more and more vocational subjects and, finally, about cutting back on adult learning which Thames Valley University has done already and is being viewed generally as a much lower priority.

**Bill Rammell:** Let us try and address each of those in turn. Too heavy on failing colleges, this is similar to the debate we had within the schools area, and the way I normally respond to that is by saying if you had your child or someone within your family going to an organisation that was consistently failing I think you would want something done about it. We are, in a very real sense, mirroring the reforms put forward within schools within this reform package and saying that there will be a 12-month period, a notice for either a college that is inadequate or one that is barely satisfactory or coasting and that we do in those 12-months expect improvements.

**Q582 Mr Wilson:** To be fair to him I think he was concerned that there are only 4% in this category, whereas around 50% of school pupils leave school without a full Level 2 achievement. I think he was comparing the two and schools do not seem to be getting the same hard time that perhaps the FE colleges do.

**Bill Rammell:** I think if you go and talk to teachers or head teachers within schools they might take a different view to that. To get the figures into context between the first inspection round and the second inspection round there has been an improvement in terms of the numbers of colleges that were deemed to be inadequate. It started at 19, that figure is now down to eight. However, there is a broader group of colleges that according to the inspection evidence are either barely satisfactory or coasting, which is defined as satisfactory but not improving. There are about 50 of those colleges, which is about 12–15% of the total. I think it is right and proper that we do not just focus on the ones at the very bottom but the group above it, we want to see improvements in that area as well and that is why we are saying in those circumstances there would be intervention. There would be very strong support, particularly through the newly established QIA, to help those colleges develop but I think that is the right focus. On the second criticism in terms of the expansion of school sixth forms, one of the things that we have done within the White Paper is very much to level the playing field because we made the policy announcement last year that there would be a sixth form presumption for a successful specialist school to be able to expand and take on a sixth form. We have now said within this White Paper that for a successful FE college, particularly to meet the

demands of the 14–19 agenda, and the need for diplomas, there will be an equivalent ability to expand. Again my very strong sense, talking around the FE sector, is that levelling of the playing field has been very strongly welcomed. Thirdly, in terms of adult learning, there is a balance to be struck and when we talk about the dramatic and significant expansion of Train to Gain, the national employer training programme, focusing upon people who have been left behind, who are in the workplace and do not have the equivalent of their first full Level 2, I think it is absolutely right that we do focus attention and resources upon those people. That will mean that there is not as much money as historically has been available within other areas and that is where we do need a better balance of contributions between the state, the employer and the individual. Phil, do you want to comment?

**Phil Hope:** Just on that point. Certainly courses that will be under pressure are the short courses that do not lead to qualifications. I would emphasise that in those areas where people value those courses, whether it is individual learners or employers, an increased contribution from fees, indeed full cost recovery courses where they are valued, can continue and we would want them to continue to be run. Certain colleges have taken that challenge on through communication, through the work they have been doing with their communities, I am thinking of City College Brighton and Hove, for example, that has managed to sustain increases in fees and increased numbers of learners. This is the challenge and the fee guidance that we put out suggests good practice for different colleges to respond in that way to those adult learning courses that may not be able to qualify because they do not fit the priorities the Bill has outlined. I just want to pick up the second point about expansion of sixth forms. You mentioned the development of vocational courses, and presumably you are referring there to the new diplomas. I do not want to get into the territory of the Bill which currently four of us, at least, sitting in this Committee will be taking when we get to clauses 61 and 62 of the legislation, Chairman, but we will be looking very long and hard at the importance of these new 14 specialised diplomas that have to be delivered through a partnership, the 14–19 strategy between schools and colleges to make sure that every young person has that choice of a specialised diploma which meets their needs to be delivered by colleges and schools working collaboratively together at a local level. I think that is, frankly, a fantastic opportunity. As I say, I do not want to rehearse the arguments that we will go through in Committee but I think that is a very important part of the new direction colleges will take at a local level in working with other partners.

**Q583 Mr Wilson:** Just to tell you the effect that these policies have had on Thames Valley University. It has resulted in them closing all their community location venues, of which there were about 15 in Greater Reading, and withdrawing all their ICT

outreach venues in the town and they have had to pull 250 full-time equivalent student places which is saving about a million pounds. That is the effect.

**Phil Hope:** As I say, Chairman, the issue here is about the opportunity the colleges have got to take the courses that they were previously running and to market those courses with an increased contribution in fees from those taking part. As we focus on the priorities of 16–18s of Level 2 qualifications within the adult workforce planning things like skills for life, Chairman, and an expectation that there will be an increased contribution up to 50% by 2010 from individuals to pay for their courses that do not lead to these qualifications, we know that colleges which go out in the community, market in that way and sell those courses in that way, those courses that are valued by employers and individuals can continue to run. I think it is very important that the Committee appreciate the importance as we steer down these new priorities that colleges take these opportunities. We had evidence from a Mori opinion poll that showed that learners and the community out there do say they expect to pay a 50% contribution towards the cost of a new course, actually most people do not even know they are going on courses which are heavily subsidised to the tune of 75% or 72.5% already. When this is explained and talked about and comparisons given people say, “Well fair enough, we should be paying more as a contribution towards courses.” They may be short courses for people’s leisure learning or courses of that kind, the opinion poll definitely showed it is reasonable to expect a higher contribution. The challenge for the colleges is to carry on running those courses at higher fee levels or, indeed, full cost recovery levels by going out to the community to explain the value that the courses have and the funding requirements for them.

**Bill Rammell:** Can I add one word to that. There is about £100 million at the moment nationally that colleges forego in terms of fees that they could raise. One would imagine, given that figure, that there would be a link between—for want of a better phrase—between the socio-economic level of prosperity within a local area and a lower level of fees contribution. In fact, if you look at the evidence across the country that is not the case. I think part of this is a real determination on the part of the college to proactively go out and sell and communicate its fee strategy. The Brighton College example is a very interesting one. They have doubled their fees at the same time as year-on-year increasing significantly their learner numbers. They have done it through going out into the community, actively consulting and actually making real comparisons with, for example, things like water charges and the amount of money that an individual pays to a further education course. I think if the college is determined you can make this work.

**Q584 Chairman:** We will be coming back to those in a moment. It is interesting that none of your reactions in terms of the broader picture mention Leitch at all, either the intermediate report or what

might be the point of having Leitch reporting after the White Paper came out or before legislation. How does Leitch fit into it all?

**Phil Hope:** In a way, Chairman, it is the difference between supply side and demand side, if I can put it that way.

**Q585 Chairman:** Yes.

**Phil Hope:** The White Paper is primarily around the supply side of that. How we make FE ready to be able to respond positively to what I think Leitch is going to be talking about, has already talked about in his interim report, but when his final report comes out later this year about the skills challenge, frankly the skills mountain that we have, both in terms of skills gaps and shortages in this country, and the graphs that we all know about plus comparisons with what is happening in France, India, China, the United States, that would be the demand side measures that we expect to flow from what Sandy Leitch is going to talk to us about. The importance about the FE White Paper is can we put further education into a position where it is the engine room for delivering that skills agenda? Is it fit for purpose and what do we need to do to make it more fit for that purpose? As I said earlier, the importance of colleges being able to engage with employers and respond positively to what employers will demand through the new funding mechanisms for courses that are relevant, that are at a time and place when those employers need them and are delivering the kinds of skills and qualifications that their workforce require, having built a platform of employability through the focus we have on the 16–18s and on the Level 2 qualifications through the entitlement to Train to Gain, if we get that supply side right when Sandy Leitch’s second report comes out, I think we will see how the supply and demand side meet together.

**Q586 Chairman:** Will you have a White Paper Mark II?

**Phil Hope:** Whether we have a White Paper in response to Sandy Leitch is not for me to be able to say at this moment in time.

**Q587 Chairman:** There is a logical consistency that might have argued you have a report on the supply side and the demand side and then you write a White Paper.

**Phil Hope:** All I would say to you is we know we have a skills mountain to climb, the interim report has told us that. We wanted to make sure we had the supply side in good order with these changes to raise quality, to put the focus of government spend where government spend needs to be, on skills for life, on Level 2 qualifications, on the employability of the workforce in a good position, so that when Sandy Leitch’s report comes out the sector knows the direction of travel, the role it has to play in raising the skill levels of this country.

**Bill Rammell:** I think as well, Chairman, it is one of these situations where you are damned if you do and damned if you do not. If we had said “Okay, we are



going to hold back on the FE White Paper until the summer when Sandy Leitch brings forward his very important report” I think we would have then been open to criticism, “It has been since October last year that Andrew Foster had come forward with his report and the Department is silent”. Sometimes you cannot get it right.

**Q588 Chairman:** Does the Department have an historic memory?

**Phil Hope:** In what respect?

**Q589 Chairman:** A memory of the recent history. When the Dearing Report came out, which if you remember was about FE and HE, the principles were right, were they not, that the contribution should come—we argued this as much in terms of HE, top up fees and all that—from the individual who benefits from education, it should come from the employer and also from the state representing society. Some of the early pilots that are coming in Train to Gain are almost suggesting, on the one hand, you are charging people more money as individuals to do courses that do not lead to qualifications and, on the other, you are replacing the funding that the employers were paying for training in the first place. You are substituting state money, Government money for what employers were putting in in the first place.

**Phil Hope:** No, that is absolutely right. So in the roll-out of the pilots into the full Train to Gain that started in those 20 areas from 1 April already and will roll-out nationally on 1 August, the lessons we have learnt from the pilots about ensuring we minimise that dead weight, which I think is what you are referring to, Chairman, are absolutely critical. The important point here is that we need to engage with two groups that we were not engaged with before. The first are employers who have not traditionally trained at all, the hard to reach employers, and the new brokerage system as a result of learning from the pilots is giving specific and clear guidance about how they go about doing their business to engage with those hard to reach employers. Moreover, for employers who are already engaged in training are we reaching the hard to reach employees, those employees that those employers currently training are not reaching either. Those are two major priorities that are out in the guidance to the brokers as we roll-out the Train to Gain programme to eliminate the problem that you have described. What is crucially important about the whole picture of that is just getting more employer investment into training. We think the brokerage system, the Train to Gain, the offer for the Level 2, it is right that where there is market failure at Level 2 that is where government subsidy should go but Train to Gain is not just going to be about Level 2, I have to say, it is a training service to employers to raise their whole game, whether it is apprenticeships, Level 3 indeed as well as Level 2, to really capture and gain employer investment in training their own staff and to realise the benefits to sell, market, understand the benefits that training your own workforce can deliver. Train to Gain is not

just about Level 2, it is a complete service to employers to raise that total investment across the piece. I am hoping Sandy Leitch will see and reinforce the importance of those kinds of programmes and the importance, indeed, of public and private sector employers investing more in their workforce.

**Chairman:** Thank you for that. Let us drill down a bit more on adult learning. Gordon.

**Q590 Mr Marsden:** I want to keep the focus on adult learning not least because we have taken a very strong evidence base not just from NIACE, who were referred to earlier, but also from the Association of Colleges, the Association of Learning Providers and others who are really quite deeply concerned—and I stress it is the unintended consequences, there is no criticism of the intention of Government—about the unintended consequences of your funding priorities perhaps being too narrowly focused on young people. What I would like to explore with you is, you have already said today about the expectations about the changes in the funding elements between employee, employer and the individual. Those are very broad percentage figures. They are not going to be replicated in the same way in the same places on the same courses and yet the implications of getting that wrong in terms of courses laid off never to be recovered, significant groups of people on the edge of social exclusion, dropping out of the system equally, perhaps, never to be recovered are profound. What I would like to ask is what are you going to do if some of the forms of adult learning that concern has been expressed about do tail off and tail off very rapidly and adults are either unwilling or unable to make greater contributions? Do you have any form of contingency plan for dealing with it?

**Phil Hope:** First of all, I would disagree that there is such a thing as a too narrow focus on young people. This is not about either/or, it is both/and. We both have to stem the flow into the workforce of under qualified young people, young people without basic skills, indeed young people without the equivalent of a Level 2, five good GCSEs going into the workforce. I think that is absolutely critical and we have to raise participation rates for 17-year-olds from the 75% we have at the moment, which I think is unacceptable, up to a target of 90% by 2015. It is a big challenge, and that is what we have to do. Indeed, we have to make sure that there is not that cliff when they leave at 18, and that is part of the Level 3 entitlement for 19–25-year-olds, so we get a 16–25 entitlement where young people can see real pathways of learning right the way through. I have to say expenditure on adult learning is something around £2.8/2.9 billion and has been rising and, therefore, a significant part, just under 50% of the budget goes on adults. The question is what is the focus of that budget. We have made very clear what we think the focus of the budget should be for adult learning, the priorities for that being a full Level 2 qualification. There is that Level 2 entitlement and there is the Train to Gain that will roll-out to deliver hundreds of thousands of Level 2 qualifications in

the workforce to meet employers' needs. Your question is, okay, if that has that effect, what is the effect on other adult learning courses that are being delivered? We made the point earlier that we believe those courses, if they are valued by learners and by employers, can continue because they can be run by colleges and other providers at a higher fee level or it can be a full cost recovery level for those employers. There is, of course, full fee remission for those particular individuals in the community who are on income related benefits, and we know that is a very important part for the kinds of communities you are referring to, Gordon, around the individual communities and their needs. There is another group of course—I am sorry if I am answering at length, Chairman, but I think it is important we understand the importance of this.

**Q591 Chairman:** We did have a bit of trouble with Ivan Lewis with long answers, you are following in a good tradition, Minister.

**Phil Hope:** I apologise. A final point I want to make is about what I call stepping stone provision. For many of the communities that we are describing it is very important that if individuals start a course, a short course, a literacy or numeracy course, an ESOL course, that course leads somewhere. We are quite concerned, I think we say this in the White Paper, that a number of those courses do not add up to a point of progression. People do a course and it does not create for them added-value as an individual. It does not provide them with what they describe as a stepping stone, it is not a stepping stone on to progression on to Level 1 or, indeed, Level 2 qualifications. Now that is part of the change that we want to see happen, either through the way the PCDL might be developed but also through the development of the foundation learning tier that we talk about in the White Paper which provides—and that will be built into the framework for achievement of new qualifications—a coherent package so that when individuals begin the course they know that the course develops their basic skills, adapts their needs and also leads on to higher qualifications. There is a genuine vocational pathway on the way through. That is the challenge for all of us nationally and locally.

**Q592 Mr Marsden:** I think many of those points are entirely reasonable and particularly the stepping stones point. It is, of course, however, the case at the moment that a number of courses which are effectively stepping stones courses are either not marketed effectively as such, or alternatively, in some cases, not recognised as such by the LSC. If you talk to parliamentary colleagues they will give you numerous examples from their own casework of those sorts of situations. Under the new dispensation that you are outlining, what are you going to do, first of all, to make that assistance and, if you like, to have a dialogue with the LSC to make sure that stepping stone courses do lead somewhere and, secondly, to make sure that the LSCs themselves are flexible enough in their recognition of what are enabling courses to get people who have

been on the social margins or people who have been out there back into that progress? One of the things which concerns me is that we are talking time lag here. This funding mechanism is to some extent a super tanker, it is very difficult to turn it around. You have to get it right as early as possible because what you will get to start with is the perception that all these courses are going and there is nowhere to sign up for them and all the rest of it. Once those courses have gone it will be very difficult to get them back in the frame even if they are marketed effectively at that stage. There needs to be some early intervention, does there not, to make sure that courses which are genuinely stepping stone courses are not lost from the mix because of the increased fees?

**Phil Hope:** I think I would agree with that, Chairman. I think the issue is quality, a judgment by the LSC of the quality of the courses that have been delivered to know that they are doing what we all would agree is required, that these courses are genuine, that they do add up to a coherent package that provides people with qualifications which when accumulated together arrive at and can help towards that magic key of the full Level 2 equivalent qualification. It is that job at a local level. Now I believe that is where we have to do a whole lot of work to ensure that at a local level we do challenge providers to demonstrate that is what those courses are delivering within local communities. I think that the way that courses are developed and marketed and link together is a challenge for the providers and the LSC to work at a local level. That is a matter of judgment, Chairman. I will not deny we cannot make that judgment necessarily from the centre but what we can do is create the foundation learning tier framework which provides the opportunity for people at a local level to see how in terms of the national framework they can develop the provision and the service particularly for those people, perhaps not those who qualify for fee remission—although it is a major marketing job to ensure those people do take up those courses—but those who are just above fee remission levels to ensure that they see the actual value for them and their progress both in their personal lives and also in the opportunities to get jobs that pay better because they have undertaken these courses.

**Bill Rammell:** Can I just add a word to that. I do take your point about the danger of unintended consequences and politically over the last year, as this process has been going through, one of the things we have held very firmly to is the need to rationalise and sort out what happens below Level 2. I have consistently been making the argument that has been going up and down the country that if you properly map provision against the national framework then it gets funded. What one begins to recognise is that there is both good and bad both within the framework and outside of it and we do need a much better system to determine what really does lead to progression in terms of the stepping stone provision through to Level 2. What we set out for the first time in the White Paper is a commitment,

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24 April 2006 Bill Rammell and Phil Hope

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overtime and resources allowing, that we would turn that into an entitlement. If we can achieve that I think that is a really radical step forward.

**Q593 Mr Marsden:** The White Paper talks about the LSCs having negotiated income from fee targets with colleges to make sure that fee income is raised rather than learning opportunities cut or simply under-funded. Obviously that is a laudable intention. What are you going to expect the LSCs to take if providers do not manage to meet their agreed income from fee targets? Are you just going to allow those providers to cut those courses?

**Phil Hope:** Frankly the market will work in that way. If the college does not raise the fees it will not have the income to run the courses. The pressure will be from the LSC to say, "Live up to your targets" but actually if they do not get their targets for raising the fees they will not have the money and that will be the key that will drive those colleges to either do better at marketing to raise their fee income and to make choices about which courses they offer. It will be the very fact that they are not getting their fee, it will not be the LSC, "you have not reached your target that is going to be the pressure", it is going to be if they have not raised the cash from fees that will be the pressure and change the performance and behaviour of the college.

**Q594 Mr Marsden:** You have accepted the analysis of the City & Guilds and others about the impact of the demographic gap on skills certainly in the next 10 years, let alone the next 15 years. Are you confident again that the structure you outline in the White Paper and the priorities you outline in the White Paper will give you enough wiggle room over the next few years to be able to meet that skills gap from a larger and larger percentage of older, lesser skilled or, in some cases, unskilled people?

**Phil Hope:** We have some very challenging PSA targets to achieve on exactly that point, particularly in terms of those achieving Level 2 qualifications. Now by 2010 we are expecting 500,000 individuals to be getting a Level 2 qualification, that is a very big target. We are on target for that at the moment but I think we will have to look very carefully, which is why we are focusing and ensuring that Government expenditure is increasingly delivering that Level 2 outcome. It is that employability that is absolutely critical because the more they get to achieve their Level 2 qualification, firstly people have got a Level 2 qualification, they are better employees, they are more productive, they are more profitable, if I can put it that way, and they are making more money themselves; secondly, they are into learning and the possibility of them wishing then to go on to Level 3 qualifications and to carry on developing their skills in the workforce is much more likely. Achieving that Level 2 target is an absolutely critical part of what we are trying to achieve. In terms of demography, in terms of young people, of course, even though the demography means there will be fewer young people coming through, we want to increase the participation rates.

**Q595 Mr Marsden:** Of course.

**Phil Hope:** And we think that will roughly balance off.

**Q596 Mr Marsden:** Presumably an important part of that strategy for older learners over the next five to ten years is going to be encouraging them to take part in their own funding. Obviously the White Paper has talked about the trialling of the new learner accounts and we know the history of that but I think most Members of this Committee would welcome the fact that you have returned to that as an initiative. I think the initiative, and the principles behind it, speaking for myself, were extremely laudable and sound. Obviously the devil is in the detail and everyone is going to be looking at the detail. Are you in a position today to give us any indications as to what a learner account is going to look like and how will payments be made to individuals and how providers will draw down the money?

**Phil Hope:** We cannot give a lot of detail at this moment, Chairman. Certainly we are going to take it very carefully so we do not repeat the mistakes of the past. A number of lessons have been learnt from how the old ILA system was operating to ensure that we do not fall into those traps, if I can put it that way. We are going to be piloting the Level 3 learner accounts in two regions—and we have not yet chosen the regions before that question gets asked, Chairman—to make sure that we do this in a way that engages learners. You are absolutely right to suggest that if we give individuals, in the way that we know from the past, an account and a feeling that this is theirs to spend on their development we know that raises demand. We have chosen Level 3 because that is where we know the information is coming to us that the next demand for skills in the economy is going to be required. We will choose two regions, we have not chosen them yet, to pilot this in so we can ensure that it comes through individual learning accounts. We have not designed all the detail yet but it is not going to be cash in a bank account that they spend in that way, it will be money that they know is theirs to spend on their learning. The critical thing is whether we can maximise all the opportunities so that not only is there that learner account money that is theirs, a proportion to spend on their Level 3, but other resources that are around as well can be added, things like adult learning grants and so on, so that an individual can really see what they have available to them that really will unlock the opportunity for them to engage in Level 3 learning.

**Q597 Mr Marsden:** When do you expect to be able to say something more about the pilots and the details? It would obviously be helpful to the Committee in finalising its report to be able to say something further in that respect. I wondered if you could give, not a timetable that we would hold you to, but any broad indication?

**Phil Hope:** We are looking at it actively now, Chair, as you can imagine, so this autumn is when we are hoping to be able to publish more details about how we expect the pilots to look and how we will go about

delivering so we really capture both the full benefit that the learning accounts can bring, as well as safeguarding against the potential abuse we have experienced in the past.

**Q598 Mr Marsden:** Have you made any decisions yet about how learner accounts are going to be operated? We know of course that the original ILAs were administered by Capita; can we take it that Capita will not be administering the new scheme?

**Phil Hope:** I think we can say we have not made any choices yet, Chair, about how we are going to do it but we are not going to repeat the mistakes of the past.

**Bill Rammell:** It will be the tried and tested payments system that we have at the moment, and not a new bespoke system, which was the mistake that was made under ILAs.

**Q599 Mr Marsden:** Can I ask about groups of people that particularly need to be reached. There is the welcome initiative in the White Paper, and you referred to a pilot scheme of £5 million, which will be operated across eleven districts, particularly addressing the needs of women learners. If those pilots proved successful, will you want to roll that principle and that target group of women out at a fairly early date to a much broader group of people?

**Phil Hope:** There is a total of £20 million that has been allocated to some of the recommendations that came out of the Women and Work Commission report, Chair. Obviously, if a pilot is successful, then we will want to see ways that we can learn the lessons from that and roll it out more widely. Obviously, questions of resource come into that, but it is vital that we get more women coming in to training, and, I have to say, into non-stereotype, non-gender specific forms of training, skills and employment. That is part of the real challenge that we want to make some real progress on.

**Q600 Chairman:** It sounded like half-hearted hope just now, though, Minister! Many of us understand why the Government is flirting with using a quasi market system, and we are not criticising that; but when you say “if they do not get the money”—it is very different. If Jeff Ennis was here from Barnsley, he would say it is very difficult to raise that money in the social and economic environment of Barnsley, compared with the social and economic environment of Kensington. Are we not, surely, you and I and Labour Members of the Committee, concerned that in some areas many of these broader courses will perish because there will not be the market there and the ability to pay? Is that not the case?

**Phil Hope:** I visited Barnsley just recently and met a number of adult learners who were in a school, taking part in an adult learning centre that had been set up in the school. A very good learning network has been set up across Barnsley. Initially, adults are brought in to do things like first-aid courses and craft courses, but integrated into their initial—“that is what got them there”—were good life skills courses, literacy and numeracy; and they were

moving on from—and it was a “right from the start” part of the process—doing those kinds of courses into doing Level 1 and Level 2 qualifications. There were people who were taking time off from work to go in, as well as people who were unemployed, and mums and dads who were returning to the classroom.

**Q601 Chairman:** So you are not taking the first stepping stone away.

**Phil Hope:** That was an excellent example of stepping stone provision, where they really thought through the point of how you do not just do a craft course—“thanks very much, I am not back into learning”; you do a craft course that is linked to other learning and progression into other forms of literacy, numeracy, or other qualifications; and which would indeed take you on to further qualifications. That is an excellent example of what we were describing earlier about good-quality stepping stones; and it has genuinely got a progression for the individual which really does give added value to their experience.

**Bill Rammell:** Also, Chair, there is an issue about priorities here. This is not a government that has penny-pinched with regard to FE; we have seen a significant expansion over the last nine years. However, if we are to spend more on the really important priorities that we set out—and when we came forward with the skills white papers and talked about the National Employer Training Programme, nobody was saying, “that is the wrong thing to do”. If you were spending that much more on those key priorities, there is not as much relatively for those other issues, and we have to find different ways to fund them. If you look at the international comparisons, then the amount that an individual contributes towards their further education in this country, compared to others, is less. I do think that we need to have a better balance of contribution.

**Q602 Chairman:** If the stepping stone is not LSC funded, the stepping stones will disappear: you have said that in your evidence so far.

**Bill Rammell:** Which is why we are establishing the foundation learning tier. At the moment there is both good and bad inside and outside the national framework. We have to get it right to demonstrate what really does lead to progression; and then we are committed over time, as the money is available, to create that as an entitlement. I think that will be a very positive step forward and will tackle some of the criticisms that are coming forward today which we pick up all the time as we go up and down the country.

**Q603 Helen Jones:** Can I return to this idea, because it is something that concerns the Committee a lot. You have talked about the foundation tier. I think what concerns us is that many of the courses that bring people back into learning—exactly the things Bill was talking about in Barnsley—are already going because of the funding decisions that have been made. We understand the reasons for those funding decisions, but the fact is that those courses

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24 April 2006 Bill Rammell and Phil Hope

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are going, and the people who are being hit hardest are not those who do leisure learning, for which I have a great deal of respect, but those who have had a bad experience in education in the past and want to do the sort of courses that are not threatening, which do not necessarily lead to a qualification immediately; but get them back into enjoying learning. Many of the courses in my area, parents access in schools. What are we going to do if those courses disappear, because starting them up again is a mammoth task, is it not?

**Phil Hope:** I want to distinguish between general adult learning and the PCDL funding. This is the £210 million that we have ring-fenced and maintained to ensure that those courses that are funded in that way are not—we deal with the quality, but that there should be this kind of learning that gets people back into learning for the first time who have had a bad experience of education. Critically, those courses might not lead to a qualification; those are the courses that will—

**Q604 Helen Jones:** Indeed, because if they did it would put them off.

**Phil Hope:** I think it is both, and not either/or here; in other words courses that are offered through PCDL that will not necessarily lead to a qualification, to get people back into learning, to do with active citizenship and regeneration. Those kinds of activities are absolutely critical to some of the poorest communities. What I do know about that expenditure is that it is very patchy across the country, and very different from one place to another. It has grown out of particular enthusiasms by different authorities and different individuals who champion these things in different ways. We would like to see that delivered in a much more coherent way across the country, so that it is meeting the needs of those people who need it most, and so that it does capture not just that £210 million but also other resources that are providing this kind of learning and capturing people back into learning for the first time, delivered by the local authority, funded by the local authority, funded by voluntary organisations, and indeed as I mentioned to an earlier question, delivered by the Health Service, which can see learning for better health behaviour as being partly what they deliver at a local level. At the moment, all of that happens, but it happens in a fairly unconnected, unco-ordinated way. That is why we have asked the learning and skills councils to go out and lead new partnerships at a local level, to ask: “What can we get going on here? How can we make the most of this? How can we ensure that there is not overlap between two courses being provided in two different places but doing the same thing; that others are being captured and others are not being lost?” There is a whole positive strategy, which I am very enthusiastic about, and which we need to drive forward to ensure that at local level those courses do not get cut. I do want to distinguish between that and courses outside of PCDL, which are adult learning courses which are under pressure; perhaps they are courses that do not lead to a qualification and do not lead to progression. If those are to be

funded, we need to get the fee level balance right so that it can either be run through—these are not the courses I know you are referring to, but if people are doing Spanish because they want to go to their second home in Spain and they want to take that course—and the Mori poll tells us and other people tell us that it is reasonable to expect those individuals to pay a higher contribution towards the costs of those courses, which are not the courses that are concerning you at the moment.

**Helen Jones:** Two things arise from that. My question was: if these courses disappear, as some of them are doing, certainly in my area, are we not giving ourselves a mammoth task in building them up again? The second point is about the adult and community learning. I understand what you are saying about people who are doing Spanish to go to their second home, but the consequence of that in areas where there is a low-wage economy is that it actually restricts the amount of learning available to people, and therefore increases the social division in learning, does it not? How are we going to tackle that? I pose the question bluntly: why can our bin men not learn Spanish, if they want to, for their holidays?

**Chairman:** Probably employed by a Spanish company.

**Q605 Helen Jones:** If you would fund someone to go to university to learn classical Greek, as we do—which has many values but is not immediately skills for employment—what is the philosophical distinction?

**Phil Hope:** I think the distinction I would make would be that if the individual is going to go on to getting a Level 2 qualification—if there was progression for those individuals, if we could make a judgment that by taking part in these courses it would help their employability either to get into work or to be a more productive person in the workforce, and from there lead on to other training and—

**Q606 Chairman:** Come on, Minister; you and I know there is a certain sort of arrogance about this in the sense that—how do you know and how do we know what sparks—most of us round this Committee would say there are many people in our constituencies who we would be delighted if any course brought them through the door of somewhere where they started learning. It is a certain sort of arrogance where we say, “Oh, but not for that sort of course.”

**Phil Hope:** I would argue, Chair, that we do want people to be attracted into learning, but we want them to be attracted into learning that takes them somewhere, not learning that—

**Chairman:** That is the arrogance; knowing when—

**Helen Jones:** Minister, we do not say that in HE, do we?

**Q607 Chairman:** No.

**Bill Rammell:** But the individual in HE does contribute significantly towards the cost of their education, and that is part of the debate that we are having here.

**Q608 Helen Jones:** And earns more, as you tell us!

**Phil Hope:** Yes, and indeed if people did get a Level 2 qualification, we know that they will earn more and they will have the potential of going on to Level 3 and indeed Level 4 qualifications in due course.

**Q609 Chairman:** In higher education, Bill—surely, hearing you in a different circumstance you argue passionately that what we are trying to do in HE is to make those people from poorer backgrounds able to embark on any course they like free—and indeed with bursaries.

**Bill Rammell:** Not free because they will—

**Q610 Chairman:** Well, free in effect.

**Bill Rammell:** No, no.

**Q611 Chairman:** If they get a bursary and they get all the backing! I have heard you say: “That is what we want to do.” Why do we not do it in FE?

**Bill Rammell:** Absolutely—sorry. If we are drawing the analogy correctly, they will still be contributing to the cost of their higher education and they will still be paying it back post-graduation. This comes back to a debate about priorities. I have some sympathy with the views that are being put forward, but there is significant protection for the poorest people. Those on means-tested benefits will be exempt from the fees approach. Second, above and beyond that, through things like the Level 2 commitment—and we are now doing trials at Level 3 which will move beyond that—we have just moved in terms of the 19–25 entitlement. We are doing what we can within the resources that are available, which is significantly more resources than were there in the past. But you cannot do all of it at all of the time at the stage you would wish.

**Q612 Helen Jones:** Does that not still leave us with a problem; that you can have exemptions for people on means-tested benefits; you may increase fees for those who are able to pay them; but people who are caught in the middle of that are those that are employed but not on particularly high wages. Have you done any profiling of people undertaking FE to see exactly who is benefiting from it and who is missing out?

**Bill Rammell:** I can give you one statistic, which I think is quite telling. From some research we did in 2002 or 2003, 90% of people with incomes over £31,000 a year took part in learning at some stage within the previous three years. For those with incomes of £10,000 or less, the figure was around 50%. That was before any of this fee-charging regime came in. The point I am making is that by directly targeting those poorer members of the community—if you are a means-tested benefit you are exempted, or through the entitlement—19–25 or

the Level 2 entitlement—that is a very effective way of ensuring that those people on lower incomes do get access to further education.

**Q613 Helen Jones:** Can I look at the adult and community learning? The Foster report recommended that some adult and community learning would be dealt with through local authorities or voluntary organisations. How do you envisage that being funded? Are authorities going to get any more money if they take on responsibility for organising and running such courses, or will they be expected to do it out of their existing education budgets?

**Phil Hope:** Different local authorities have different track records about delivering adult and community learning, as we know, and that is part of why I want us to roll out new partnerships at a local level between the LSC, between local authorities and indeed between others who have an interest in providing this kind of work. There are a number of targeted funds that the Government has had for communities that experience most deprivation and that are most disadvantaged that also could be better co-ordinated and captured at a local level to ensure that we attract and engage with those learners, at whatever age, in developing their personal and vocational skills, and that we target it on the kinds of courses that deliver what we have just been describing, genuine opportunities for progression. That is the roll-out of the PCDL with local authorities at a local level. That is a challenge over the next two or three years, and will be happening in a way that we describe in the White Paper.

**Q614 Helen Jones:** I may be being a bit dense this afternoon, but I am not sure whether that was a “yes” or a “no”.

**Phil Hope:** The answer is that different local authorities spend different amounts on adult and community learning because they are entitled to do so; it is their decision about what they do with their resources. We would want to encourage local authorities to see the value in investing in adult learning, along with other partners like the LSC, like the voluntary sector, like the health sector, in new partnerships at a local level. If we take the total money available for all the different agencies that are there to serve the needs of local communities, how can we do that better and make sure that the quality is good and leads to progression, so that everyone plays their part so that individuals are not missed out in some way and so that particular areas of learning are not missed out in any way?

**Q615 Helen Jones:** A lot of this work is to involve voluntary organisations and charities. How will you ensure that the people delivering the learning are sufficiently well-qualified to deliver it? Again, we could—I am not saying we would—end up with poorer communities getting poorer quality of learning unless we put the appropriate systems in place.

**Phil Hope:** You raise a very important point about quality of delivery of courses, particularly in terms of adult basic skills. This is something we have paid a lot of attention to in the Skills for Life Strategy. We are now insisting that those people delivering Skills for Life Strategies have a minimum level of numeracy and literacy themselves, obviously, but also up to a Level 4 qualification, to ensure that in the delivery of, in this case numeracy and literacy courses, they are suitably qualified so to do. From memory, from September 2002 we have insisted that the new trainees coming in must develop their Level 4 qualification in order to deliver Skills for Life courses. I think you have put your finger on an important point about quality. By 2010 we would expect all the workforce delivering Skills for Life courses to be properly qualified to be able to deliver those courses.

**Q616 Helen Jones:** The Level 3 entitlement for 19–25-year-olds—none of us are entirely sure whether that allows you to achieve Level 3 in stages, or whether you have to take all of it together. Can you enlighten us?

**Phil Hope:** We have not got to a point yet—although we are trying to do so with the Framework for Achievement—whereby individuals can take units of study that accumulate up into a full Level 2 and Level 3 qualification. At present we are describing the Level 3 entitlements to a full Level 3 qualification, so individuals would need to join up to and take part in a full qualification as part of their learning; so it is the former, not the latter. We have an aspiration towards the way you are describing it, because it suits learners' needs as well as employers' needs to unitise learning in that way.

**Q617 Helen Jones:** That is exactly the point; it is not the way most adults learn, is it? Do you agree that we do need to allow them to learn in stages to fit their learning around employment and so on?

**Phil Hope:** Yes, I do very much agree about that. It is a challenge to deliver that, but that is in essence where the Framework for Achievement task is taking us so that we can have a clear framework with units where people understand the value of the unit, the credits they need to accumulate and then—

**Q618 Chairman:** Can you answer Helen's question, to be clear? When will we know?

**Phil Hope:** We have pilots running out at the moment, Chair, this year, to try and pilot the way that the units might look. When we have done the learning from those pilots—and I have a steering group looking at all the very complicated issues between awarding bodies, the QCA, providers and so on about what it might look like. I am hopeful that next year, once the pilots have been trialled, we will be in a better position to roll out the new framework for achievement following that. I cannot give you exact dates until we see the results of the trials and the pilots this year.

**Q619 Mr Chaytor:** The White Paper states there are 44,000 19–25-year-olds carrying out a full Level 3 qualification now; but surely of that 44,000 the majority must either be exempt from fees automatically because they are in receipt of the relevant stage benefits; or their fees must be paid by their employer; or they must be sufficiently comfortably off to pay the fees themselves! How many new students would you expect to be attracted by the Level 3 entitlement for the full course, and who will they be; and why would their fees not already be paid by their employer or their families or the state by exemption—

**Phil Hope:** The difficulty is that most colleges taking on a 20-year-old will not charge them the fee, even though they should be charging them a fee, which would be 25 or 27.5%. It is because we are increasing the fee assumption to 50% that we were very concerned that it would have a totally unintended consequence of expecting 19–25-year-olds to pay 50% of their fees and they would not take part in the learning if they were asked to do that. This means that those colleges will receive the full amount for the courses they are providing for 19–25-year-olds, when they should be collecting fees now; and secondly it means employers will not have to pay a contribution to their fees because they can claim their full Level 3 entitlement. We reckon that around 45,000 students will qualify for the full—

**Q620 Mr Chaytor:** Is this not a mechanism likely to increase the number of students taking Level 3—

**Phil Hope:** It might well do so, and that will be—

**Q621 Mr Chaytor:**—and it is a means of softening the blow for the existing cohort as a result of the increase in the proportion of the fee to be paid by the student.

**Phil Hope:** What we did not want to do is to expect students who had got their Level 2 by the age of 19 but hadn't moved on to a Level 3 qualification, but then had realised the value of a Level 3 qualification, to be disadvantaged, to be dissuaded from going back into learning at Level 3; and this entitlement which starts from September 2007 will do that.

**Bill Rammell:** I think you may get some expansion as a result of this policy change, and we will have to deal with that; but this is a real issue in disadvantaged communities where arguably people progress at a slower rate, go out of the system and come back. I think that through this change, which is significant, we have made it that much easier for people in those circumstances to do that.

**Chairman:** We will move on to “Quality, Competition, Responsiveness”; and Stephen and Nadine are going to lead on this.

**Q622 Stephen Williams:** Minister, the White Paper states that the Learning and Skills Council will get a new remit to promote diversity, choice and specialisation and provide competition in the FE market. Foster also said that failing departments and failing colleges should face a contestability review to see whether a new provider could provide a better service. It seems to me that there may be two

scenarios where there might be a new entrant into the FE market, either to take over an existing provision where it is deemed that the existing college is failing or to provide that choice that a new entrant absolutely would be coming to the market. What is the mechanism by which you are going to attract in these new providers; will it be a competition or a tendering process?

**Bill Rammell:** Certainly in certain circumstances there will be a competition, but let me set out the three ways in which new providers can—and when we talk about new providers it does not necessarily mean people who are currently outside of the system; it may be another FE provider from elsewhere in the country—but certainly it may be in the case of failure, where we are having a more robust intervention regime with colleges that are failing. Secondly, there will be a responsibility on the Learning and Skills Council every five years to conduct a review. That is not competition for its own sake. If things are working well, then there is not a necessity to have a competition; but if the LSC does identify that there is a need for improved quality, a need to promote innovation or to expand provision, then it will run a competition, and that will be advertised, and providers will be able to come forward and make a proposition. Thirdly, under the core and commissioned element of the LSC's *agenda for change*, 10% of the budget is going to be kept back each year for open competition between providers, and that is something that is now built in to the system. All of that, I think, if we get it right, can lead to an environment in which we drive up quality and responsiveness through that process.

**Q623 Stephen Williams:** Where do you think these new providers are going to come from? I heard you say to the Chair that some of it may be from the existing sector; now you are effectively saying that if Blackpool College were in trouble that the City of Bristol College could bail them out. That does not seem very logical to me—or are you anticipating there will be new providers from the private sector mainly?

**Bill Rammell:** I think it will be a combination. The CBI is very keen to see that opportunity for new private sector providers to come in to the market. I also think—and this is where it is important that we get the language right in describing this—there are real opportunities for highly-performing existing further education colleges as well, either to go into a competition directly to put forward a proposition that that FE college will make that provision, or we might be talking about individual departments through the process of saying that there is a 12-month intervention process. That is not necessarily a judgment just on the whole institution; it might be a particular department, and you then might be looking for a neighbouring FE college to take on that responsibility. There might as well be a greater use of federations between successful FE colleges and ones that are struggling, so there will be a variety of ways of taking this forward.

**Q624 Stephen Williams:** I was not aware of what the CBI had said. Clearly, in A-level tuition there is an established private market in private schools and colleges, but in skills provision is there really slack out there in the market? Are there people that want to come into the market to train people in place of existing FE provision? I know that in some parts of the private sector that works, and I was trained in the private sector to get my professional qualification. People learn English as a foreign language in the private sector rather than in the state sector; but in the sort of services provided by FE colleges, do you think there are people out there who are willing to enter the market, which might be quite a risky market in terms of attracting students into it?

**Bill Rammell:** Certainly the indications, talking to people like the Association of Learning Providers and others, is that there is a willingness and an interest in expansion. In terms of the risks associated with this, they are not coming into a stagnant market; over the next few years we are going to be expanding the number of places by about 50,000. On top of that—and I do not want to overstate it because by and large colleges are doing well—through the focus of that small number of failures you may well get opportunities from that point of view as well. There certainly are providers who are willing to come in and take on this proposition; those will not exclusively be from the private sector; there will be real opportunities for public sector providers as well.

**Q625 Stephen Williams:** Will the Government be providing assistance for some people to enter the market, for example capital assistance?

**Bill Rammell:** The capital regime for existing providers—I referred earlier to the Levelling of the playing-field; that if you are a successful existing provider you will have a means to get access to additional capital. We are not going to be going out to external providers and saying “come in and we will pay for you to set up your institution”.

**Q626 Stephen Williams:** Moving to powers of intervention, there are a couple of places in the White Paper, at paragraph 5.7 and 7.26, where you are proposing to give the Learning and Skills Council new powers to direct a governing body to dismiss a principal or to “eradicate poor provision”, which was the phrase in the White Paper. Presumably, going back to the ping pong that the Minister had with Rob Wilson earlier, that will require legislation at some point: is that the case?

**Bill Rammell:** It will, yes.

**Q627 Stephen Williams:** So you cannot do any of that until you have got your bill, and you do not know when that will be.

**Bill Rammell:** No. We can clearly set out the direction. I think within this White Paper we have made a very sound case, notwithstanding the processes that have to go on inter-departmentally. I think we have a very strong case for legislation, and I would hope to see that come forward as quickly as possible.



**Q628 Stephen Williams:** The White Paper is in danger of giving the Learning and Skills Council the twin approach of being a friend and mentor of colleges, but also this organisation is going to recommend they do some pretty awful things. Is there a danger that there is going to be a good cop/bad cop relationship here? An article I perused earlier, written by our colleague Gordon Marsden in the *Manchester Guardian* says that there is a danger of having a hybrid funding organisation and Ofsted together. Would you like to comment on that?

**Bill Rammell:** I think we are trying to get a combination of both self-regulating, developing institutions that are performing well; and in those circumstances, frankly, the LSC will be intervening far less, both from its own point of view and from the inspection regime as well. We are expecting over time that if you are doing well, the average number of days in the second inspection cycle will be about a 50% reduction compared to the current picture. I think that that message is very warmly welcomed within the sector; that if you are doing well and achieving your targets, if you are delivering through the inspection regime, then, frankly, people get off your back and you get on with it. We are setting out some propositions that in those circumstances, where providers are doing very well, we might move to three-year financial budgets; we might move to a single data return each year, with much less intervention from the LSC. There is a real goal there for good providers. You may characterise this as good cop/bad cop, but I do not think that is quite accurate; but at the same time as that, where there are real instances of failure, where it is not working and not serving the needs of the community, you need a tough approach where you do say, “this is a serious situation; here is an improvement notice; on average you have 12 months to turn that round”. There are then a variety of ways with external support, through an improvement advisor, through the QIA, to help the college deal with that situation. It is only *in extremis*, when they have gone through that process and it has failed that you might see the closure of the college and someone else taking over. I think it is possible for the LSC to manage both those approaches through its relationship with colleges. What will help is the much more localised focus that the LSC will deliver through the development of the 148 local teams across the country under strand 7 of the *agenda for change*.

**Q629 Stephen Williams:** One of the keys to high standards will be the quality of the workforce. Sir Anthony Foster recommended there should be a workforce review, and he recommended that it should be done by the Department. In the White Paper you have recommended various things to do with continuing professional development, and that is fine, but you also appointed Lifelong Learning UK to undertake the detail of this review, rather than doing it within the Department. Why is that?

**Bill Rammell:** If you look at the Department’s five-year strategy, we took the view that as a general rule we wanted to set the overall policy framework and strategic goals, but the detailed implementation was

much better done by others, by intermediary bodies. It was in that context that we took the view that that focus on workforce quality should be undertaken by LLUK. That does not mean that we will just say, “there it is; get on with it” and have no dialogue with them. I think this is a really important initiative. You have highlighted the commitment to continuing professional development. That 30 hours per year, which will be a responsibility for the individual, their line manager, and will be built in to the inspection framework for the college, is a very important way, alongside professionalising the workforce, as we have made the commitment to do by 2010, to continue the progress that has been made and drive up quality across the board.

**Q630 Stephen Williams:** One of the factors that affects the quality of anybody’s workforce is the pay they are offered. Paragraph 4.33 of the White Paper states that you were aware of the concern about pay as one of the reasons why colleges are not able to offer such attractive salaries for people teaching the same subjects as some schools, because of this funding gap that other people want to come in on. You have made a commitment to start narrowing that funding down: when will it be eliminated?

**Bill Rammell:** This issue has been around for some significant time, and the criticism I have heard from the sector is that there have been warm words from Government, but there has never been a timetable to deal with it. My sense within the sector is that the announcement that Ruth Kelly made at the Association of Colleges Conference last October has been very positively received. That gap was identified as being 13%. We have made a commitment and we will deliver by 2006–07 a reduction to 8%; the following year it will reduce to 5%. You can only give commitments within the framework of the CSR, but we are committed over time to eradicating that. In terms of the pay that is available for staff, we are working within a context in which there has been a significant increase in funding to FE colleges—48% in real terms. Compare that with the 14% real-term cut that took place in five years running up to 1997! The overall financial framework is better, but I acknowledge—and I have regular dialogues with NATFE—that there are continuing concerns. We recently conducted some consultancy research through York Consulting that analysed the views of FE lecturers across the board, and pay was not—there were questions, but it was not the paramount concern that it is sometimes depicted as being. That does not mean that I would not hope that over time we cannot do more on pay, but it has to be within the financial resources that are available.

**Q631 Stephen Williams:** Acknowledging that extra funding has gone into FE, why are local sixth-form colleges, as have lobbied you recently—they acknowledge they are getting extra funding from one budgetary year to another, but they have also been successful in attracting more and more students, and the increase in their budget has not caught up in the

increase in the number of students, so the funding per head has been diluted. Do you think that is a common experience around the country?

**Bill Rammell:** We moved a year or so ago to plan-led funding, which at the time was welcomed by FE colleges because it brought stability. Previously you could lose funding in year if you either under-performed or over-performed. The system we now have is that you agree the plan in terms of the learner rates and volumes with the LSC, and it is not adjusted in year. That sometimes means that you pick up additional numbers that are then open, through negotiation, to be built into the following year's financial plan; but there are more people who work on the stability year on year that has been brought by the existing system, as compared to those who say, "we have over-performed and in year we need an adjustment". I know that when he gave evidence to you, Mark Haysom was very insistent upon this issue that we need to get that planning mechanism more effectively correct so that we are not having that in-year turbulence.

**Chairman:** Here is a lot of interesting stuff coming out of this session, so we are enjoying it. It is a pity we are not on television today. Perhaps the BBC cannot afford, with Terry Wogan's salary, to cover parliamentary business any more! Never mind, we will carry on. I did say when meeting some of you last week that as soon as we talk about skills we are not reported in this Committee, so we should flag that up.

**Q632 Mrs Dorries:** Can you tell me why you described Essex Local Authority as "the Taliban"?

**Bill Rammell:** I think we are on a different subject.

**Q633 Mrs Dorries:** We are not, actually, no; it will lead on.

**Bill Rammell:** As a constituency MP, within the framework of special needs education—and I think we have got the right approach at a national level—I have historically taken a view through my own constituency experience that the kind of choice that exists within the national framework has not always been delivered by Essex LA, and those were the concerns that I was representing.

**Q634 Mrs Dorries:** Are you happy then that Essex LA provides government advisors to the Government and has appointed two recently to the Government in the past few months, to work as advisors at the DfES?

**Bill Rammell:** Essex LA covers a whole range of functions, and I am very pleased that they have a relationship with the Government. Just as you are a constituency MP, I am a constituency MP, and I do robustly make representations to my local authority on behalf of my constituents, and I am not going to apologise for that.

**Q635 Mrs Dorries:** I probably agree with you in terms of your analysis of Essex LA—there are LAs across the country that one may not describe in such terms, but there are a lot of good LAs. Do you think therefore the reason why the LSC exists is because

you do not trust the local authorities? Is the purpose of funding going to the LSCs to fund FE colleges because you can control it and you can trust the LSCs, and that is why they were established, rather than the local authorities?

**Bill Rammell:** No, I do not think that is the case at all. Within the White Paper we have made clear that there is a significant role for local authorities in terms of delivery for the 14–19 agenda, taking the strategic lead, pulling the partners together. However, I started this evidence session by talking about the importance and role of the LSC and comparing it to what went previously, prior to 2001, where there were different funding bodies, whether it was the Further Education Funding Council, the TECs, or local authorities. I think that by pulling that together—I have very robust exchanges with the LSC, I can assure you, about their performance; but in terms of what has been achieved we have brought coherence to that overall environment through the LSC. The focus that the LSC has enabled—the spotlight on the skills agenda, and bringing the employer voice within the system has been very significant, and that would not have happened if there had been local authorities managing in that way.

**Q636 Mrs Dorries:** Why not? Do you not think that if funding went to local authorities—not that I want it to happen—but if you, as the Government, put the funding through the local authority do you not think we would see a greater parity and equality of funding between those aged 16 and 19 attending comprehensive schools and those who go into colleges and further education?

**Bill Rammell:** No.

**Q637 Mrs Dorries:** They are the poor relatives of education, are they not?

**Bill Rammell:** I have just set out in some detail the way in which we are rectifying that problem. When we talk about poor relatives, the issue of the funding disparity has been driven by the significant increase in investment that this Government has brought to education across the board, where there has been a significant increase in FE funding and certainly a significant increase in schools funding as well. The reason that I made the point that I did—you said should we simply not hand it over to local authorities—the key difference is through the LSC mechanism, particularly through the Council structure. We have brought the employer voice directly into the shaping of provision up and down the country; and that has brought a significant benefit that would not have been there, arguably, if this had just been done through local authorities. However, one of the issues that we are grappling with across government at the moment is the need to ensure that local authorities are very coherently involved in this. In the ODPM initiatives of the city regions there are consultations. There are eight major cities at the moment, each of them in their different ways, that are looking to see how external

partners can be involved in the skills debate and the skills agenda; and local authorities will be key within that.

**Q638 Mrs Dorries:** In relation to the measures you have spoken about today, some of us have been asking questions about the disparity of funding for that particular age group since we arrived last May. We do hear lots of words of encouragement, but a year on since we first came to the House, certainly a year since I first asked my questions, still we are hearing words and there has been very little action. What is the timetable? When will 16–19-year-olds in FE colleges, who are usually children from lower socio-economic groups and socially deprived areas, be receiving the same funding as children in community schools do?

**Bill Rammell:** I wholly refute the accusation that all that has been happening is warm words. Since you came into the House there has been a very concrete timetable to reduce that gap. The financial year we are in at the moment—the gap as estimated by the Learning and Skills Development Agency is 13%; next year that will reduce to 8% and the following year it will reduce to 5%. Those are not warm words; that is a big change and a big difference in the funding gap between schools and FE. My sense, going around colleges up and down the country, is that whereas in the past we might have been accused of warm words, there is recognition that we are moving on it.

**Q639 Mrs Dorries:** Will there be parity of funding after 2008? Will 16-year-olds be receiving the same Level of funding as in community schools, and will teachers teaching within FE colleges be receiving the same as those within community schools?

**Bill Rammell:** Our commitment, as resources allow—and the reason for that formulation—is that we only can commit in the three-year spending review period; but we would hope to move beyond that position of a 5% reduction by 2008 to eventually eradicate that gap. The gap is important, but I would make a broad point that the funding base in further education colleges is substantially better today than it has been in the past because of the significant boost in investment we have delivered over the last nine years.

**Q640 Mrs Dorries:** Why would you not—not, why have you put the money with the LSC—put it with the local authorities? I know you said it is one monolithic structure, but why not, because LAs look after every community school in the country and have done in the past? Why not put it with the LAs.

**Bill Rammell:** I think you need more than just the LA focus. The needs of employers, the employer focus, I do not think, given the LA structure in this country, are delivered through that route. I do think that that is what the LSC additionally has brought to the table. You have to bear in mind that you would be going back on the incorporation of FE colleges, which was brought about in 1992. I just say: go and talk to some FE principals about whether they would welcome going back.

**Chairman:** She is suggesting it happened under a Tory administration!

**Q641 Mrs Dorries:** Would not FE principals prefer the money to go direct to them from government and cut out the LSC altogether—take away all that funding and give it direct to them? Surely they know how to liaise with employers; surely they are doing it at the gritty edge all the time? Why go through the LSC—this huge monolithic organisation?

**Bill Rammell:** Within HE education, which, as the Chairman pointed out, we have universities that are at pains to constantly reassure me that they welcome that intermediary body, and they do not wish to be funded directly from the Department. If you do not have an intermediary body, then you do have the Government constantly micro-managing. Whilst at one Level there might be some attractions to some colleges, when it is reflected upon long and hard I think that being directly managed from the centre in that way is not a recipe for total success.

**Q642 Mrs Dorries:** Is that what is going to happen to trust schools then; are they going to be micro-managed? Why can they not operate in a similar way to the White Paper proposals for new trust status for schools?

**Phil Hope:** Bill is right; they have to operate within the context of the National Curriculum; but trust schools, I think, are a very positive development to enable external providers, very much building on the success we have had within specialist schools, to come in and promote innovation and drive within schools that can help within the most disadvantaged communities.

**Q643 Mrs Dorries:** What about local organisations, employers?

**Bill Rammell:** Local organisations are important. To take your question directly, I have not had one college principal in the last year who has said to me “do away with the LSC and let us be funded directly from the Department”.

**Q644 Mrs Dorries:** Is he likely to say that to you, do you think?

**Bill Rammell:** College principals lobby me about all sorts of things all the time, and if that was on their agenda I am fairly confident they would be pushing for it.

**Q645 Mr Chaytor:** Minister, can I ask about the focus on skills as the base for the new FE mission. Paragraph 19 of the White Paper states: “This economic mission does not mean narrow vocationalism.” If it does not mean that, what does it mean?

**Phil Hope:** Because the colleges will still be delivering A-levels and the new Diploma; but also, as we discussed earlier, they will be delivering what Sandy Leitch described as the skills gaps and the skills shortages. They will need to focus on responding to that need out there, but in doing so will be delivering a broad base, including, I might add, courses for Level 1 skills, and PCDL will be

playing their part in that as well. However, the priority, the drive, the core mission being around skills is that that will be a major focus for them, particularly responding if we roll out the Train to Gain funding as well. It will be a new opportunity for them to fulfil that mission by going out to the market place and offering employers the training that they know they can provide at a quality that employers need.

**Q646 Mr Chaytor:** What will go?

**Phil Hope:** It will be a matter for each individual college to determine locally their priorities, but clearly responding to the skills needs of their local communities is a critical part of their core mission as we are laying it out. They will be responding to that core mission—that is where we want them to respond to be delivering. It does not necessarily mean things will go, but at a local level people will be making their own choices and deciding priorities within the funding envelope that they are given.

**Q647 Mr Chaytor:** If the impact of the new demand-led funding system, which will move to 60% of the total budget eventually being demand-led—the impact of that and the impact of the introduction of the brokering system for Train to Gain significantly shifts the provision of skills training from colleges to private providers. Will it be open to a college to diversify out of the narrow vocationalism in order to survive, or would you expect the college then to close or merge?

**Phil Hope:** I think there are huge opportunities under Train to Gain for FE colleges. At the moment some 28% of employers choose to use colleges to provide their training for them, and those that do provide that training—they get 80% saying it is satisfactory or very satisfactory.

**Q648 Mr Chaytor:** So would you expect that percentage to increase?

**Phil Hope:** I would; I would expect the colleges to become far more responsive to employers' needs and to deliver the kind of training, funded through Train to Gain—and indeed, as employers get captured, as it were, through the Train to Gain, to deliver apprenticeships and other vocational qualifications for the existing workforce, so this is a big opportunity for colleges to develop. I know that colleges are now already looking at the invitation to tender that was published today by the LSC to see how they are going to take part in making their presence felt so that the brokers, when they are advising employers, can clearly see what FE colleges have to offer.

**Q649 Mr Chaytor:** Later in the White Paper it states that: “As general FE colleges increasingly focus on the core economic mission, local authorities and voluntary providers may focus on the wider personal fulfilment and community programmes.” Is that an imperative? Is that Government policy, or is that going to be a matter for local determination?

**Phil Hope:** It should be a matter for local determination, but we are charging the LSC to establish new local partnerships with local authorities and others—voluntary organisations and others—to audit what is being provided at a local level, to find out where those gaps are and then to maximise all the resources locally to make this happen. In fact, they may be led by a local authority. The LSC in fulfilling that task may say to the local authority, “Let us bring this partnership together and make this happen”. It is not happening at the moment.

**Q650 Mr Chaytor:** Will there be an incentive in the funding system to segregate out the adult and community programmes from the strictly skills-based, professional programmes?

**Phil Hope:** There is the ring-fencing of that PCDL budget. That is what we are referring to, and that is in itself an incentive. We have written in the grant letter to the LSC that this is a task that they need to do and that this money is ring-fenced.

**Q651 Mr Chaytor:** Will that budget be shifted to the local authority?

**Phil Hope:** No. I would anticipate the partnerships—everybody bringing what they are doing to the table, sharing it, and then perhaps changing and developing what they are delivering at a local level. Now they have had that dialogue, had that discussion, had that assessment, and saying, “It is daft that you are funding it and I am funding it and we are both funding the same thing, and we are both not meeting the needs of the community; why do we not look at what we are doing and find ways of using that resource more creatively at a local level?” I would hope that they would be innovative in their way of going about doing that. It might be that the college is around that table, in that partnership, with a proud tradition and history, as it were, of delivering this and carrying on doing so. It may be that in other areas that has not been the position for that FE institution, and they will not be. That will be a matter for local partnerships to develop.

**Q652 Mr Chaytor:** So there would be nothing to prevent colleges that currently have a broad range of provision and have strengths in the adult and community work maintaining—

**Phil Hope:** Certainly there will not be anything to prevent it at all; in fact we would want to see them creating better partnerships to ensure that what they are doing complements what the local authorities and others might be doing, because at the moment the evidence is that that is not happening off around the country—that kind of working-together partnership delivering that kind of learning in local communities.

**Q653 Mr Chaytor:** Can I ask about the development of the specialist element in colleges? I understand the analogy with the specialist schools programme, but is it an exact analogy, because, clearly, within a given area, even in a large conurbation, there are far fewer colleges than schools and therefore it is less likely

that students will move around college to college because of its specialism because it would be further to travel. So is this a curriculum improvement programme, or is it a device to encourage greater exercise of choice and requiring students to travel greater distances to get to the provision that they are looking for?

**Phil Hope:** The network of centres of vocational excellence that we have already has proven its worth in terms of raising the quality of vocational training that is being delivered, both 16–19-year-olds but also to employers who can make use of that facility. We are raising the bar on the quality of that network, and those CoVEs are going to have to go through a quality improvement process to ensure that they then qualify for that status. We are building in the national skills academies, as you are aware, as a new element; that is to say the first four are being planned at the moment. We want to have 12 of these, and eventually one per sector skills council, to be at the apex of a range of CoVEs under the particular skills sector. All of that will be to drive up the quality and standard of training as well as the volume of training that is delivered; and for a particular college that takes on a CoVE or has a CoVE already, there are two things we expect: one is that they will become very good at what they do and better at what they do; second, for example not only is it an automotive CoVE—not only does that have the ability to develop and deliver better training in that specialism, but we do expect it to have the effect it has had in schools, which is to raise the overall performance of the college; that the college gains reputation and it has that impact on the wider delivery of training by the college as the CoVE is seen to be so successful for that particular college.

**Q654 Mr Chaytor:** Would you expect there to be a CoVE in every area of the curriculum within a given travel to study?

**Phil Hope:** No. We have a combination, do we not, of sector skill requirements and different local requirements; so the skills base of Corby or of Newcastle and the skills needs and the manufacturing versus the service sector and so on, is very different from one area to another. It will be for the college, with the LSC to discuss locally that which meets the needs of that community. As we described earlier, if you get a particularly good college, good at a particular thing, it might want to confederate or be delivering that kind of training speciality in another area, or working with another college in another area, to raise the quality of that training in that other area.

**Q655 Mr Chaytor:** Is that model equally applicable to rural areas, where one college may serve a hinterland of hundreds of square miles?

**Phil Hope:** Yes, I think the challenge there is to be able to deliver different sorts of vocational skills training to very sparsely populated area. When it comes to delivering the Level 2 and Level 3 diplomas, we have to have ways of delivering that which are outreached to employers in local communities. We have good examples of doing

precisely that, but we need to build on that across the country because it is not sufficiently replicated elsewhere.

**Q656 Mr Chaytor:** Can I finally ask about the review of reputation that the Foster report argued for and which has now been established. Can you tell us who is in charge of it and when they are going to report?

**Bill Rammell:** It is being driven across the LSC with the sector and with ourselves. I think this is a really important piece of work. I would anticipate it reporting by the back end of the summer, the autumn. It is a really important piece of work, to get champions at a local and regional and national level; and to get real advocates within the system. One of the ongoing debates that I have with the Association of Colleges is about the need to recognise that within the FE sector sometimes the glass might be half-full instead of being half-empty. There are challenges, and the sector needs to challenge us about what needs to happen; but actually, if we are constantly talking about the problems within the sector, whatever they may be, we send a message outside about how well or not the FE sector is doing, which is not in the best interests of the sector and does not reflect the progress that is being made.

**Chairman:** We are working you well tonight, but let us move to “Oversight and Management”. You ought to get some sort of honour for being so patient!

**Q657 Dr Blackman-Woods:** Before asking about oversight and management, can I ask a question about employers, because it is not that long since I left this sector. One of the things we had real difficulty with was employer engagement, and although I fully applaud the focus that the White Paper has on employment issues, I am just wondering how confident you are that you are going to get the employer engagement. Indeed, do you see employer engagement as the way forward, or are you happy to deal with proxies like sector skills councils or chambers of commerce; or do you actually want it to be employers? There are so many different ways in which you want to engage—

**Phil Hope:** There are two things about this. For an employer who just has a workforce and says “I want to train my workforce”—frankly, they do not need to know or worry about what I call the wiring of sector skills councils, regional skills partnerships and the rest of it. They simply go to their broker and say they have a particular training need under Train to Gain, and they get that training need met quickly with a good training provider. Many employers of course—and we want them to do this—engage with the structures we have created to ensure that we create, with the sectors skills councils, sector skills agreements that map out the training needs and the training gaps and see how in partnership they can work together, maybe contributing to a national skills academy as we develop the specialism within the sector. I think different employers will be engaging in different ways. In terms of at the local level for the FE college engaging with employers, it is critical—and I am confident that FE colleges will

respond really positively to this—and we have models like that in the Sussex colleges where they have looked at how they operate, how they behave, how they engage with employers, and completely transform the way that they go about doing their business, to such an extent that it is one of the bases for the quality mark that we will be developing for the years ahead. I think that this is a great opportunity for FE colleges to become much more engaged with employers in a whole variety of ways at a local level to meet those employers' training needs. With the demand-led funding, the funding system drives them in that direction as well. That is different from the infrastructure that we created to ensure that those training needs that we develop are fully thought through and developed in the sector skills councils and all of that area of structure.

**Q658 Dr Blackman-Woods:** Moving on to implementation, the Foster report said there should be an implementation unit within the DfES and then a kind of user group, presumably so that that group could monitor what was happening in terms of implementation. You seem to have gone for this ministerial standing group that brings in users and people who are involved in the direct delivery of FE. Can you explain why you went for that model?

**Bill Rammell:** There are two levels to it. Firstly, there will be a programme board of officials internally within the DfES, chaired by Stephen Marsden, who is the Director of Lifelong Learning and Skills. That group of officials—their responsibility will be to track the proposals, to track the implementation, to liaise with the external bodies to ensure that is happening. Also, we do want a body that will look at the relationship between colleges and the LSC and the Department, but also monitor the implementation of the proposals within the White Paper. That is the body that will be meeting within the next month or so for the first time. It will be chaired by myself. Phil will be there as well. It will bring all the key stakeholders together, as well as some of the trade union representatives, as well as some of the college representatives. One of the things that we did very proactively in drawing up the White Paper was to go out and establish sounding boards with different groups of principals and providers across the country, to get their input. Some of those will be represented on that body, so you will have the official group, and you will then have the group that is chaired by myself. However, I am keen to see that extended beyond that so that we keep some of that interaction directly with groups of providers on the ground and keep the dialogue going. That is the most effective way to recognise the consensus we have established and make sure we drive the changes through.

**Q659 Dr Blackman-Woods:** I think there is a degree of consensus that rationalisation may not have gone as far as it could go. I wondered whether that was something that we shared, and if it was something that the implementation group could keep on board, so that they could keep looking for opportunities to rationalise. I know the FE sector is always

complaining about the number of accreditation and awarding bodies they have to deal with—inspection, and employers and employers' organisations; and I just wondered if that was something you had thought about keeping in your sight.

**Bill Rammell:** Certainly there are elements of rationalisation within the White Paper, and those will be driven forward. In terms of the accreditation bodies, that is something that Phil has been working on.

**Phil Hope:** There are two things: there is the whole quality improvement—and Bill mentioned earlier how that is being brought under the umbrella of the QIA; and there will be a clear simple system for giving support for quality improvement, which will bring together a lot of bodies that so far have been playing a part in that. On the question of awarding bodies and accreditation, the work we are doing around the framework for achievement is a critical part of the landscape here. I will not say it is not challenging, because there are a lot of very important vested interests taking part in this, but it is something we are determined to do. We are clear about where we want to get to, and that is the work of the trials and the pilots that are going at the moment, to ensure that we can know that what we are about to put into place works. What is critical is that you move from one system to another. You do not, as it were, lose things along the way, which is why—I know there is an urgency about this but in conducting it in an urgent way we do not make mistakes because there is so much at stake in terms of the credibility and robustness of the qualifications and the awarding bodies that deliver them.

**Q660 Dr Blackman-Woods:** I am conscious that we are running out of time, so I will follow that up with a written question. The last point—and I am sorry to say this again, because I know I say it every time I see the two of you, but we do have a really excellent FE college in Durham that I hope you manage to come to see some time. Can you summarise briefly the three main differences that this White Paper is going to deliver for that FE college to help it address the challenges of the next ten or twenty years.

**Bill Rammell:** One is greater clarity of mission. One of the things that has bedevilled the FE sector over the years is that because it has had to pick up so many different responsibilities and duties, which it has done very well, it makes it somewhat difficult in the outside world for people to understand what it is doing; so a greater focus on the core mission of skills for employability. Second, the new entitlements that we have created both the 19–25 entitlement and, if we can get there—and we are determined we will—the foundation learning is here to ensure that we are properly identifying those things that lead to progression. I think that will be a key driver of reform. The third thing I would identify coming out of the White Paper is a much better balance so that we free up self-regulating, self-developing institutions that are moving forward and improving their performance. In those circumstances there will be much less intervention, but for those that are struggling there will be a greater oversight.

**Phil Hope:** I absolutely agree. I would voice the same thing: an improved quality of teaching and learning and, critically, a responsiveness to learners and employers, a real step-change in that. In regard to Durham, of course it is an excellent institution. We are trying to look at the best practice around in terms of teaching and learning, and responsiveness around the country, so that not one college but every college is delivering that kind of thing.

**Q661 Gordon Marsden:** On the relationship between FE and HE: I know in the White Paper you acknowledge that the role of FE in delivering HE is becoming more and more important, and we understand that. You also talk about LSC being a much more strategic body. Is there not a crucial role for the LSC, particularly in the regions, particularly when looking at regional skills strategies, to act as a chivvies, a bringer-together where there are good regional university clusters, with the RDA, to deliver the increased amount of FE going through into HE and to address some of the skills shortages that we are going to have?

**Phil Hope:** In terms of regional strategy you are absolutely right (through you, Chair). I wrote recently to the regional skills partnerships to ensure that the engagement with HE in each region was of a quality and of a regularity that ensured that this was the case. Bill mentioned the new partnerships at the city regional level—people at a local level looking at the needs. The engagement of HE in those city regional partnerships is absolutely critical if we are going to get complete—from basic skills right through to the higher level skills needs analysed and met within a region requires that kind of working. I think we have made a huge amount of progress on that in recent years, but it is critical that we use that infrastructure, the regional skills partnerships and the sub-regional partnerships to drive that forward.

**Bill Rammell:** I wholly agree with you. In areas where there is not necessarily a higher education institution, you need the LSC to be working with the Higher Education Funding Council to deliver that. We have already got 10% of people doing degrees doing it through the FE sector. Those are people who arguably would not have done it if there had not been that opportunity through an FE college. I think that that is an area for expansion.

**Q662 Mr Chaytor:** On strategic planning for 14–19 you slipped in, in a very modest way, to the White Paper this change of policy that local authorities will now have the lead role for strategic planning. How can they have that strategic leadership role if they do not control the funding?

**Phil Hope:** What is critical here is that the collaborative partnerships—and we are learning from the pathfinders that we have established already and that are proving so successful—you have two funding bodies, local authorities and LSCs covering 14–16, 16–19 respectively; and they need to work, and have a duty to work collaboratively—and the Bill reinforces that, if we ever get to these clauses in the Bill. However, we felt that there was still that possibility of a lack of the joined-upness despite

that—so to reinforce the importance of creating a clarity that one organisation takes responsibility in a strategic way, an overall way, for the whole partnership that is operating; and that is the role that we describe in the White Paper. There will still be two funding streams but there is an important for the local authority to ensure that that is all working together at a local level. The LSC will still commission 16–19 provision, but will do so within a joint strategy, broad responsibility for which will be the local authority.

**Q663 Mr Chaytor:** The local authority will be able to determine the overall direction of funding.

**Phil Hope:** I think it will be a partnership at a local level.

**Q664 Mr Chaytor:** It says here that they have got strategic leadership.

**Phil Hope:** Indeed. It is their job to ensure that partnership, the 14–19 collaboration, is working effectively and to be accountable for that.

**Bill Rammell:** That strategic leadership—and it is important to be precise—is to develop, prepare and review the plan for delivering the 14–19 agenda and convening the partners. Just as we are saying no one school and no one college can deliver the 14–19 agenda on their own, similarly no local authority and no LSC on their own can do it; it has got to be a partnership.

**Q665 Chairman:** Ministers, this has been a very good session. One of the themes that seems to have been running through it—and there is an irony there not that, as Bill Rammell said, the effect of that is an enormous amount of money has gone into FE over the last nine years, and that is good. You have also said that people are reasonably content with the money in terms of salaries. How do you square that then with the fact that there still is evidence of a lack of good morale in the FE sector? We pick up from the main players, the AoC and others, that there still is that feeling. Is it the LSC? Is it not the Government, but the LSC that is to blame for this? Would you identify the LSC as getting in the way of real achievement in terms of raising standards and participation? Is it the LSC that you are too worried to tackle?

**Bill Rammell:** No, I genuinely—I mean, come on! People criticise the regime within any environment, and the LSC is the funding body and it will from time to time be criticised. I am certainly not one of these people who says that there is not a need for a further refinement, an evolution of the role of the LSC. It is changing and it will continue to change. But when you talk about morale within the FE sector—and I choose my words carefully because it is a debate I have had consistently with the Association of Colleges—I think some of the campaigns that are run by the AoC that focus on all the negatives and not on the positives, are not in the best interests of the sector. It is very interesting when you look, for example, at the development of the 157 group of colleges, who took a very different view towards the FE White Paper and the progress that has been

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24 April 2006 Bill Rammell and Phil Hope

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made, as compared to the standard AoC line. I have found a significant disjuncture between what the AoC has said about the FE sector compared to my experience going up and down the country, talking to FE principals—all of whom can make particular criticism about the LSC, the Government and the environment within which they are operating; but it is far more often more positive than negative. We have all got a responsibility within this sector to really promote those positives, whilst acknowledging the difficulties. I firmly believe that the FE sector is probably more life transformational than either schools or universities in terms of where it is taking people from and where it is moving them to. As well as all the other challenges we have to face, we have a selling to job on behalf of the FE sector.

**Phil Hope:** Can I add my own take on that question, Chair? I do not think that we celebrate success enough in this sector. We do not celebrate the achievements of individuals, who achieve

astonishing transformation of their personal lives, nor of individual teachers and lecturers who perform extraordinarily well. I have met people who are teaching plastering—they want to take you into a room and show you just how good their personal skills are that they are transmitting to those young people—and you see a fantastic piece of work that they are doing. We do not celebrate when they do well at their skills at competitions, and I am going to plug the world skills championships bid that we are making, Chair, if you do not mind, because I think that is a way of raising morale of learners and of those providers, to demonstrate that we are delivering world-class skills, and if we are not that we are putting in place mechanisms by which we could do so in the future.

**Chairman:** Excellent last words, Minister! Thank you. It has been a good session. We have enjoyed asking you questions, and have received some very constructive answers. Thank you for your time.

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# Written evidence

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## Memorandum submitted by Hampstead Garden Suburb Institute

Creative Connections, which is a sub-department within the Hampstead Garden Suburb Institute, provides educational courses for adults with learning difficulties. We have achieved national recognition for the quality of the work we do through our collaborations with NIACE, Cambridge University, and SKILL. In addition to this we have now been included in the Adult Learning Inspectorate “Excalibur” good practice database as an example of best practice in the area of individually tailored learning.

These courses were previously funded by the Learning and Skills Council, but in April this year we were informed that provision for adults with profound and complex learning difficulties would not be included in their priorities. As it was made clear to the college that it risked losing any funding used for non priority areas, this funding was no longer available to us.

Since this we have been able to find some alternative funding through a successful bid to the LDDF, and by using this as well as by introducing fees we have been able to run a few courses this year. Nevertheless we have lost much.

At least 30 learners will be unable to continue their studies with us, either because they cannot afford to pay the fees, or because we cannot offer as many places this year. We are in addition to this receiving many enquiries from prospective new students from both within and outside our borough, all of which points to the fact that there is a great demand for provision such as ours which will not be met this year due to lack of funding.

We have also lost many members of staff which made up the Creative Connections team, which will curtail our ability to continue the development work which we have engaged in to improve the quality of provision in this area.

Also, we now face an uncertain future as we currently have no funding beyond this academic year. In light of this we are looking into all possible sources of funding, including charity.

Nevertheless we still do feel strongly that work such as ours should receive some public funding.

What we provide is educational not recreational or leisure provision, and indeed for many of our learners it is their only access to any form of educational opportunity. The Adult Learning Inspectorate has stated that quality provision in this area is difficult to find, so surely if the Government is serious about implementing their own stated objectives as included in publications such as “Valuing People”, organisations such as ours should be encouraged rather than hampered in our work.

Without a reliable stream of public funding, and government support we will find it difficult to maintain the quality of the courses we provide and to continue our efforts to improve the quality of provision in this area.

Although we are committed to doing all we can to overcome these difficulties, we and many others believe that educational provision for adults with complex learning difficulties is under threat. I would ask all those who are concerned at this to consider our case, the factors which led to this, and what this may hold for the future.

*November 2005*

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