



# Investing in Skills

Sector Priorities Funding, Fees Policy and Financial Support for Learners

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## Consultation

Consultation document No: 076/2009

Date of issue: 16 October 2009

Action required: Responses by 11 January 2010

## Investing in Skills

- Audience** All bodies concerned with education and training in Wales, including the Higher Education Funding Council for Wales, heads of secondary schools with sixth forms, further education institutions, private training providers, employer organisations and forums, trades unions, sector skills councils, Jobcentre Plus, Careers Wales, voluntary and community organisations, local authority young persons' fora and other young people's organisations, student advisors, prison and probation services and youth offending teams.
- Overview** This document consults on proposals for a fees policy for post-16 education and training (excluding Higher Education) and Sector Priorities Funding as set out in the Skills That Work for Wales strategy of July 2008. The consultation also proposes a number of related changes to student support, including options for the future of the Individual Learner Account (Wales) and changes to Education Maintenance Allowances.
- Action required** Responses to this consultation should be sent to the address below or e-mailed to: [skillsthatworkforwales@wales.gsi.gov.uk](mailto:skillsthatworkforwales@wales.gsi.gov.uk) by **11 January 2010**.  
Investing in Skills Consultation  
c/o Mr Jo Banks  
Skills, Strategy & Policy Branch, DCELLS  
Tŷ Ladywell House, Newtown, Powys SY16 1JB
- Further information** Please write by post or e-mail to the contact details given above.
- Additional copies** Additional copies of the consultation may be obtained by writing by post or e-mail to the contact details given above. The document is also available on the internet at [www.wales.gov.uk/consultations/education/?lang=en](http://www.wales.gov.uk/consultations/education/?lang=en)
- Related documents** One Wales (2007)  
Skills That Work for Wales: A Skills and Employment Strategy and Action Plan (2008)  
Transforming Education and Training Provision in Wales: Delivering Skills That Work for Wales (2008)  
Words Talk Numbers Count: The Welsh Assembly Government's Strategy to improve Basic Literacy and Numeracy in Wales (2005)  
The National Planning and Funding System National Planning Framework 2008: Planning post-16 education and training provision funded by the Welsh Assembly Government



## MINISTERIAL FOREWORD

As we seek to improve learning and skills systems for Wales we must turn to a number of major policy levers that will help us deliver change. Our *Skills That Work for Wales* strategy and action plan discusses a number of these, including the Transformation Agenda which is concerned with improving the capacity and organisational effectiveness of the provider network, and the Quality Effectiveness Framework which has a key role improving the quality of learner experiences. This consultation focuses on proposals for change associated with two further policy levers – funding and financial support for learners.

Key aims for the proposals we put forward are:

- introducing new funding flexibilities for employers, enabling them to get support for the skills they need;
- helping people move into employment by targeting low skills and providing support to those on low incomes;
- removing inconsistencies for young people, removing barriers to achievement and choice;
- being clear with employers and individuals on our priorities for investment in skills and simplifying the offer; and
- ensuring better use of public money – ensuring that we focus our investment in skills on the learning most valued by employers and in learner support where it will make the greatest difference.

We are committed to the principle that individuals, employers and the Welsh Assembly Government have a shared responsibility for investment in knowledge and skills. This consultation is not, however, about how much money is put into the learning and skills system, it is about how we get best value from the investment that is made. In this consultation we propose three key changes.

The first is the creation of a Sector Priorities Fund (Further Education) which will reserve a proportion of further education funding for skills in the workplace and create new flexibilities for apprenticeship providers. We see this development as removing barriers to participation in skills and as a direct response to calls by employers for a more responsive and relevant skills provision.

The second policy change is the introduction of a post-16 fees policy, based on the principle that Welsh Assembly Government funding will follow policy priorities determined by Welsh Ministers. Our headline priorities are for the needs of the economy to be promoted; and, to secure opportunities for the most vulnerable or disadvantaged people in society. While these proposals represent a significant shift of approach, many learners and employers will not notice any change from current arrangements. Some will continue to contribute toward the cost of courses, others will not. For example, Welsh for Adults Centres will continue, as they do now, to apply their own fees policies, as will Further Education colleges for a significant proportion of their delivery. In line with our policy objectives, the Fees Policy will clarify the proportion of investment to be made by the Welsh Assembly Government in different types of knowledge and skills, or for different groups of learners.

The third proposed change relates to learner support arrangements – in part necessitated by the proposed fees policy, but also driven by our desire to promote equity efficiency and effectiveness. Proposals in this consultation include options for the future of Individual Learner Accounts (Wales) and changes to Education Maintenance Allowances. As part of our desire to simplify the system of support and create a level playing field for learners in different settings your views are also sought on options to replace Training Allowances with access to Education Maintenance Allowances for certain groups of learners.

I wish to thank the Wales Employment and Skills Board for their challenging engagement on our thinking and all those who previously contributed to the consultation on *Skills That Work for Wales*.

A handwritten signature in black ink, appearing to read 'John Griffiths AM', written in a cursive style.

John Griffiths AM  
Deputy Minister for Skills

# CONTENTS

Executive Summary	p.1
Section One: Introduction	p.5
Section Two: Targeting Sector Priorities	p.9
Section Three: Fees policy a shared investment	p.15
Section Four: Financial Support for Learners	p.27
Section Five: Summary of consultation questions and further information	p.33
Annex A: Review of current funding and planning arrangements	p.37
Annex B: Technical Annex	p.43
Annex C: Policy Gateway	p.45



# EXECUTIVE SUMMARY

1. This consultation focuses on responses to three major policy questions:

- How can we create a closer link between funding for post-16 education and training and the skills and qualifications employers say they most need?
- In light of policy priorities such as supporting the economy and promoting employability and social justice, how much should the Assembly Government contribute towards the cost of learning for different groups of learners or for different types of learning?
- What mechanisms can best provide targeted support so that disadvantaged learners are able to improve their skills?

2. Investment in skills for the workplace has an important role to play in supporting economic development. We need to ensure that public resources, whatever their level, are being directed into the learning that will best support sectors of the Welsh economy, and that learning is packaged in ways that are accessible to employers and their workforce. The concern with these issues has resulted in the policy proposals for **Sector Priorities Funding** set out in this document.

3. Everyone benefits from skills – learners, employers and the nation as a whole – and this shared benefit needs to be reflected in a shared commitment to invest in learning. These beliefs are at the core of our proposals for a **post-16 Fees Policy**. We want to remove inconsistencies and fashion a clear and straightforward ‘deal’ between the Welsh Assembly Government, individual learner and employers in Wales. This ‘deal’ will describe the support which may be available to different types of learning, in different settings or contexts, for different groups of learners.

4. The Assembly Government provides other forms of **financial support to learners** other than help with the cost of course fees. We want to refine and focus the support mechanisms available to learners post-16 so that every individual has the opportunity they need to progress their skills, maximise their opportunities for employment and make a full contribution to their communities. Proposals for changes to the financial support available to learners intend to help ensure our resources are well targeted.

5. In Section One of this consultation we bring together two separate proposals intended to address up-skilling for the workplace under the general banner of Sector Priorities Funding. The first proposal under this banner concerns the flexibility available to training providers who hold contracts for the delivery of apprenticeships. Responding to calls from employers for more ‘bite size’ and flexible learning – and building on the Flexible Work-based Learning Pilot - we propose that new contracts give training providers the flexibility to offer employers the opportunity to engage employees on individual qualifications – rather than whole frameworks. In return for this flexibility we propose that employers contribute to the costs of those individual qualifications.

6. The second proposal, for a Sector Priorities Fund (FE), is intended to target a proportion of the investment made by Welsh Ministers through the recurrent funding they grant to Further Education colleges, on those qualifications and courses identified by employers as being of greatest value and relevance to their respective sectors. We propose achieving this by ensuring relevant Further Education providers reserve a proportion of their funding solely for the delivery of qualifications and courses identified on a prescribed list. This will not only create a clear link between the advice given by employers and the distribution of limited public funding, but will also further stimulate the responsiveness of the Further Education sector to the needs of employers and the Welsh economy in general.

7. In Section Two, we detail our proposals for a post-16 fees policy as initially outlined in *Skills That Work for Wales*. The proposal seeks to iron out a number of existing inconsistencies in the application of fees to those aged 16-18 by limiting the ability of providers to charge tuition and certification fees to learners in this age cohort. We wish to remove, as far as reasonably possible, barriers to learner achievement before the age of 19 and establish a clearer funding offer to learners irrespective of the setting in which their learning is taking place.

8. Our proposals specify our intention to continue fully funding all apprenticeships, irrespective of the age of the learner or the sector involved, on the grounds that these represent an investment in the individual as much as they do an investment in a business. Moreover we propose safeguarding fully funded provision for disadvantaged or vulnerable groups in the 19 and over category as well as those who have, for whatever reason, failed to achieve basic skills.

9. Reflecting the shared returns to investment in skills, we propose that for learning relevant to the workplace – specifically those qualifications and courses identified by employers as being significant in their sectors – limits are placed on the proportion of funding that a training provider can claim from the Welsh Assembly Government. In this way the Welsh Assembly will ‘assume’ a contribution from another party (notably the employer) and it will be at the discretion of providers to pass on the balance of costs to the learner or their employer.

10. Making a connection between the fees policy and sector priorities funding, we propose that the assumed fee be lowered in the case of a limited number of courses identified as National Priorities. In this way our funding mechanism can be used to incentivise the delivery of qualifications and courses clearly linked to strategic priorities.

11. A final set of three substantive proposals related to financial support for learners are presented in section three. The first proposal under this heading concerns proposed changes to Education Maintenance Allowances intended to provide a more targeted means of encouraging young people to remain engaged in education and to encourage more learners to consider progression into higher education. Next we set out options for change in the support for young people not in employment. These options include proposals to bring greater consistency to the offer available to learners by extending the Education Maintenance Allowance (EMA) to cover some learners who currently receive a training allowance. Finally, we put forward options for the future of the Individual Learner Account (Wales) voucher



scheme which reflect the new funding context to be established through the Fees Policy.

12. Your views are welcomed on the direction and detail of the proposals set out in this consultation. Learners, employers and government all benefit from an effective learning and skills system. The proposals in this consultation build upon the strategic vision we cast in *Skills That Work for Wales: A Skills and Employment Strategy and Action Plan*, and seek to transform the principles underpinning that strategy into practice.



## SECTION ONE – INTRODUCTION

1.1 Building upon the *One Wales* Manifesto commitment to reform funding arrangements for schools and further education, *Skills That Work for Wales: A Skills and Employment Strategy and Action Plan* sets the goal of establishing a more demand-led and responsive skills system. The strategy is underpinned by six principles: integration; responsiveness; shared responsibilities; quality; equality of opportunity and Welsh language skills. In Box 1 we detail relevant commitments as described in the Skills That Work for Wales action plan.

1.2 The proposals put forward in this consultation represent a significant contribution to delivering that strategy.

### **Box 1. Extracts from Skills That Work for Wales: A Skills and Employment Strategy and Action Plan published in July 2008.**

*Ref 3a We will introduce a fees policy applicable across all post-16 learning [funded by the Welsh Ministers].*

*Ref 4b We will ensure, through the introduction of a fees policy, that basic skills courses up to and including Level 1 are free to all learners, irrespective of age or status [which are funded by the Welsh Ministers].*

*Ref 4l We will consult on ESOL (English for Speakers of Other Languages) funding policy and will use the introduction of the fees policy to clarify expectations on employees and migrant workers in respect of the delivery of ESOL.*

*Ref 5i We will review the future of the Individual Learner Account Wales scheme in a changing funding landscape.*

*Ref 7d We will develop a consistent funding model that requires a greater investment on the part of business where less portable and less widely recognised qualifications are being delivered.*

*Ref 7g We will introduce a Sector Priorities Fund designed to strategically target needs, be they linked to priority sectors for economic development or the broader delivery of Assembly policies.*

*Ref 9e We will significantly limit the funding of qualifications at level 2 and above not identified as part of sector qualification strategies and reflect this in the fees policy.*

1.3 The Assembly Government is responsible for securing initial education and training for young people, and must help adults to acquire a basic platform of skills to function effectively in society. There is a strong relationship between learning and employment: only 47% of people with no qualifications are working, compared to 83% of people qualified to Level 2 or above<sup>1</sup>. People in work are generally healthier and happier than people who are jobless<sup>2</sup>.

<sup>1</sup> Qualification levels of working age adults by economic activity and NQF level, year end 31 Dec 2007. Extracted from Stats Wales. An explanation of learning 'Levels' is set out in Box 2 found in Section three.

<sup>2</sup> Waddell, G. and Burton, K. *Is Work Good for Your Health and Well-Being?* HMSO, 2006.

1.4 Since everyone benefits from skills – learners, employers, the nation as a whole – this must be reflected in contributions to the cost of learning. There is sound evidence of a private economic return (e.g. payback through higher wages or greater productivity) to most investment in skills by individuals and employers<sup>3</sup>. The Assembly Government cannot and should not fund all of the learning needed for a competitive economy.

1.5 Public funding for adult education and training has to align with Assembly Government priorities, notably economic development and raising the employment rate in Wales. The recession, not foreseen at the time *Skills That Work for Wales* was published, only serves to highlight the need for reform. Increasing pressure on resources means that we must prioritise our investment.

1.6 Calls for a greater connection between public funding in the education and training sector and policies priorities have come from several sources in recent times. The Webb Review<sup>4</sup> concluded that we need new approaches to post-16 funding to support existing policies and to use public money more efficiently. The Wales Employment and Skills Board (WESB)<sup>5</sup> called for the Assembly Government to put the economy, and the role of an enhanced private sector within it, at the heart of government. The UK Commission for Employment and Skills (UKCES) is advocating a more agile and responsive skills and employment system, capable of anticipating and responding to employers' evolving skills requirements<sup>6</sup>.

1.7 The common theme in advice from the Webb Review, WESB and UKCES is that public funding should be targeted on learning which is of direct value to the Welsh economy.

1.8 The Assembly Government budget is finite, and employers and individuals also have a responsibility to help secure our national ambitions for learning and skills. Many individual and businesses already take this responsibility seriously. Every year, businesses across the UK spend billions of pounds on training. However, 42% of employers in Wales do not provide any off-the-job training<sup>7</sup>. Achieving a radical change in our national skills base will require a commitment to invest not only by the Assembly Government but also businesses and individual learners.

1.9 Providers of education and training also have a role to play in delivering change. The transformation policy, published in September 2008, sets out our vision of a network working in partnership to deliver high-quality learning<sup>8</sup>. We recognise the need for learning providers to change the way that they work to meet learner and employer needs and improve their efficiency. The transformation agenda will help

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<sup>3</sup> Dearden, L., Reed, H. and Van Reenen, J. (2000) Who gains when workers train? Training and corporate productivity in a panel of British industries. IFS Working Paper W00/04.

<sup>4</sup> Promise and Performance: The Report of the Independent Review of the Mission and Purpose of Further Education in Wales in the context of the Learning Country: Vision into Action (2007).

<sup>5</sup> A Wales that Works: First Annual Report. April 2009. Wales Employment and Skills Board.

<sup>6</sup> Ambition 2020: World Class Skills and Jobs for the UK. 2009. UK Commission for Employment and Skills.

<sup>7</sup> Future Skills Wales 2005 Sector Skills Survey.

<sup>8</sup> Transforming Education and Training Provision in Wales: Delivering Skills That Work for Wales (2008).

create a more sustainable learning network, with the expertise, scale and profile to act as a real driver of local economies.

1.10 The Learning and Skills Act 2000 gives us a statutory duty to secure “proper” facilities for learners aged 16-18 and “reasonable” facilities for those aged 19 and over. We try to fund all learning for 16-18 year olds, but budgetary constraints have prevented us from funding growth in adult learning over recent years. We want to encourage innovation and give providers more incentive to raise income from sources other than the Assembly Government. For those wishing to understand more about the statutory basis underpinning the proposals contained in this consultation, further information on these is set out in Annex B.

## Scope of the consultation

1.11 The proposals put forward in this consultation seek to make a contribution to addressing or resolving a number of policy challenges. These challenges are summarised in Table 1 along with a synopsis of the proposals set out in the remainder of this document.

**Table 1: Summary of challenges and proposals**

<b>Challenge</b>	<b>Proposal</b>
Responding to employer calls for greater flexibility/responsiveness.	More flexibility for providers in the delivery of apprenticeship frameworks, allowing them to deliver individual qualifications from frameworks as well as whole frameworks.
Ensuring that Welsh Assembly Government investment in adult knowledge and skills (via FE) adequately reflects the priority given to supporting the needs of the Welsh economy.	Earmark a proportion of the funding provided to further education corporations and place limits on what qualifications and courses (linked to the needs of sectors in the economy) it can be spent on. In this consultation this is called the Sector Priorities Fund (FE).
Existing inconsistencies in fee arrangements for 16-18 year old learners. Aim to minimise barriers to participation and achievement.	Introduce, as part of the Fees Policy, funding rules which help create a more consistent offer of funding to 16-18 year old learners.
Raising total investment in adult learning and skills, and creating a clear connection between Welsh Assembly Government priorities for investment and funding.	Introduce a new ‘deal’ between Assembly Government, employers and individuals, which expresses in terms of financial contribution, the relative priorities for public investment given to different types of learning activity.
Inconsistencies in Financial Support for Learners for young people under the age of 19 who are not in employment. Currently the Educational Maintenance Allowance is available to students for all types of learning except those on	Views sought on a range of options including replacing Training Allowance with the Education Maintenance Allowance for unemployed young people not in employment on work-based learning courses

<b>Challenge</b>	<b>Proposal</b>
work-based learning courses who receive a Training Allowance.	(notably Skill Build) to bring parity with other types of learning.
Ensure resources available for Financial Support for Learners are effectively targeted to support those who need it most. Promoting social justice by minimising barriers to progression into higher level learning.	Phase out lower EMA payment bands (£10 and £20 per week) to leave only the £30 per week band.  Use access to EMA as means of guaranteeing a minimum level of maintenance support for eligible students who progress to Higher Education.
The introduction of a fees policy and desire to ensure value for money brings into question the role and focus of the existing Individual Learner Account (Wales) scheme.	Options include removal of the scheme, or retaining the scheme with modifications to reflect the Fees Policy.

1.12 The proposals in this document relate to post-16 education and training excluding Higher Education<sup>9</sup>. This includes post-16 activity within schools, post-16 learning activity delivered by general further education colleges and further education institutions, Welsh for Adults language centres, Adult Community Learning delivered by further education institutions and both Skillbuild and Apprenticeship framework delivery contracted by the Welsh Assembly Government. Adult Community Learning delivered by Local Authorities is not within the scope of this consultation.

1.13 For clarity, the consultation is not seeking views on the total value of investment made in post-16 education and training in Wales by the Welsh Assembly Government; nor is it seeking views on the formulae and mechanisms that the National Planning and Funding System (NPFS) uses to calculate the number of funded credit equivalence units (CEUs) made available to individual providers of education. A separate review of the NPFS is currently considering the continued weighting and appropriateness of certain factors involved in the calculation of funding allocations. The review is not considering subject weightings and is therefore not directly relevant to this consultation. In addition this consultation will not consider individual learner eligibility on the grounds of residency.

## **Feedback**

1.14 To help us organise and analyse responses to our proposals, we ask a series of questions within the document. All the consultation questions are repeated in Section Five.

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<sup>9</sup> Tuition Fees in Higher Education. From September 2009, higher education institutions in Wales, England and Northern Ireland will be able to charge tuition fees of up to £3,225 a year for their full-time undergraduate courses. The amount charged may vary between institutions. No eligible student, who started their course on or after 1 September 2006, has to pay fees before they start university or while they are studying.

## SECTION TWO – TARGETING SECTOR PRIORITIES

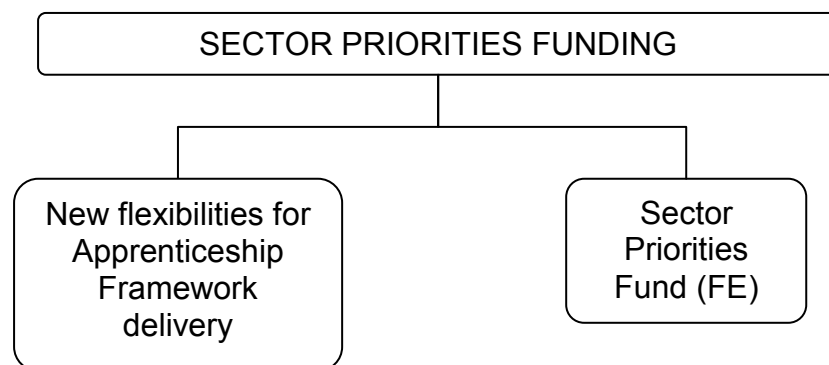
### Overview

2.1 The relationship between the supply and demand for learning is complex. Young people, adults and employers all have different requirements. Most Assembly Government funding for post-16 education and training supports individual learners, which is right in principle. The limited evidence available suggests that most learners make broadly rational choices of learning, given the wage returns to different qualifications<sup>10</sup>.

2.2 Employer input into the Webb Review and to the *Skills That Work for Wales* consultation suggests they believe some providers deliver (or learners choose) courses that do not align well with industry needs. Many employers also felt that apprenticeship frameworks are too rigid and that this approach does not meet the requirements of all sectors<sup>11</sup>.

2.3 We propose two changes that will respond to employers' concerns and group these under the banner 'Sector Priorities Funding'. The two elements are presented in Figure 1. The intention here is to ensure that, across all sectors of the economy, resources are targeted at the delivery of provision which is of greatest strategic value to those sectors and to make the skills system more responsive to employer needs.

**Figure 1: The two elements of Sector Priorities Funding**



### A more flexible work-based learning (Apprenticeship) programme

2.4 The Assembly Government contracts for two types of provision under what is currently termed 'Work-based learning'. These are Skillbuild courses which assist people to gain essential employability skills, and apprenticeship frameworks (both Modern Apprenticeships and Foundation Modern Apprenticeships). From August 2011 onward, as stated in the *Skills that Work for Wales* strategy, the

<sup>10</sup> There are exceptions: health and beauty therapy courses are popular despite evidence of relatively low returns. See Blanden et al (2005) *The Economic and Social Returns to FE colleges*. A report for the DfES.

<sup>11</sup> Pye, E., Pye, K. and Wisby, E. (2004) *Apprenticeships in the UK – their design, development and implementation*. Sector Skills Development Agency.

Welsh Assembly Government will contract separately for Skillbuild courses and apprenticeships. Skillbuild delivery does not come within the remit of the Sector Priorities Funding proposals.

2.5 We propose giving contracted providers of apprenticeships the flexibility to offer employers individual elements of apprenticeship frameworks on a stand-alone basis, subject to a fee assumption.

2.6 For many employers and employees a full apprenticeship framework goes beyond their requirements and this acts as a barrier to investment in skills. At present employers may be encouraged to enrol individuals onto apprenticeship frameworks as this provides a route to Welsh Assembly Government funding. However, despite recent improvements, many learners still fail to complete their full frameworks. It is anticipated that by giving greater flexibility to providers to offer employers funding support for individual framework elements, the completion rate among those who do progress to full frameworks will improve significantly. The proposal also provides a response to employers calls for more accessible 'bite-size' learning.

2.7 The outcomes of this consultation will inform the next round of contracting for work-based learning. The tender for work-based learning will be issued in 2010 with the outcomes being applicable for delivery from August 2011.

#### **QUESTION 1:**

Do you support the proposal to remove barriers to engagement and increase the responsiveness of the skills system by introducing greater flexibility for apprenticeship framework delivery?

### **Sector Priorities Fund (FE)**

2.8 At the level of each further education college<sup>12</sup>, a proportion of Welsh Assembly Government funding will be reserved or 'ring-fenced' exclusively for the purpose of delivering specific vocational learning. This reserved funding will be known as the 'Sector Priorities Fund (FE)'.

2.9 The list of learning activities or courses eligible for funding through the Sector Priorities Fund (FE) will be called the Key Sector Qualifications (Wales) list, and will be informed by the Sector Qualification Strategies developed by Sector Skills Councils (SSCs). Across the UK, Sector Skills Councils are working with their sectors to establish which qualifications should be prioritised for investment.

2.10 The proportion of each further education college's annual recurrent funding allocation (provided to it by the Welsh Assembly Government) set aside or ring-fenced for the Sector Priorities Fund (FE) will be the same for each college, and based on the proportion of investment funded by the Welsh Assembly Government in post-18 learning in the academic year 2009/10. In the academic year 2009/10 the

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<sup>12</sup> The Sector Priorities Fund (FE) will apply to all Further Education Corporations but not those institutions designated under the Further and Higher Education Act 1992.



value of this investment through further education colleges in post-18 delivery was £128m. This approach will avoid a disproportionate impact on those providers whose mission focuses their delivery on pre-19 learners.

2.11 The Sector Priorities Fund (FE) will be phased in from 2011/12 onwards. The schedule in Table 2 is proposed with the value indicating the total across all colleges. The scale of increase will be determined, in part, by the speed and pace of economic recovery.

**Table 2: Phased introduction of the Sector Priorities Fund (FE)**

<b>Funding Year</b>	<b>Value across all participating Further Education colleges</b>
2011/12	£20m
2012/13	£30m
2013/14	Up to £40m

2.12 Should a college fail to spend the Sector Priorities Funding (FE) in full it would be required to repay the unspent balance. The following year's funding might also be reduced.

2.13 Where a college fully commits the value of the Sector Priorities Fund (FE), it may continue to deliver qualifications from the Key Sector Qualifications (Wales) list from its remaining general funding allocation. The way fees will operate in relation to the Sector Priorities Fund (FE) and apprenticeship frameworks (or parts thereof) is set out in Section Two.

2.14 It is assumed that colleges will utilise and deploy their Sector Priorities Fund (FE) in line with priorities identified in their institutional plan. Through this mechanism FE colleges will be expected to reflect the priorities expressed by local and regional bodies including Spatial Plan Area Groups.

2.15 A Sector Priorities Fund pilot will provide opportunity to test new and innovative approaches to delivery in the period preceding August 2011. The pilot will support projects with Sector Skills Councils working with the provider network and other key partner organisations. The Sector Priorities Fund Pilot Programme is a two year programme supported by European Structural Funds. The pilot programme builds on, and replaces, a number of other funding streams<sup>13</sup>.

### **Key Sector Qualification (Wales)**

2.16 An objective of the Sector Priorities Fund (FE) is to ensure that Welsh Assembly Government funding is supporting delivery of the right qualifications and courses – as advised by employers.

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<sup>13</sup> The Sector Priorities Fund Pilot Programme replaces the Skills Development Fund and Sector Skills Fund.

2.17 Sector Skills Councils (SSCs)<sup>14</sup> have been asked to advise which qualifications they see as ‘key’ in their sector in terms of delivering government and sectoral targets<sup>15</sup>. Linked to this process, Sector Skills Councils have been asked, with a focus on needs in Wales, to:

- confirm that the qualifications appearing on the UKCES database for their sector are appropriate for Wales, highlighting any qualifications that they consider do not fit the needs of Wales and the reasons why;
- bring to the attention of the Welsh Assembly Government any additional qualifications that SSCs feel in particular meet the needs of learners, employers, and/or the broader sector in Wales;
- advise the Welsh Assembly Government of any qualifications or units they believe meet specific legal or policy requirements that are particular to Wales; and
- inform the Welsh Assembly Government of any qualifications or units that are available through the medium of Welsh (and are considered ‘fit for purpose’ in their sector).

This information will be used to inform the prioritisation of Welsh Assembly Government funding by establishing which courses are included on the Key Sector Qualifications (Wales) list.

2.18 It is hoped that this connection between Sector Skills Council activity and Welsh Assembly Government funding will help stimulate greater employer engagement with SSCs across Wales.

2.19 The Welsh Assembly Government will maintain an online database that lists, for Wales, those qualifications Welsh Ministers support for funding through the Sector Priorities Fund (FE). It is proposed that, linking in with the National Learning and Skills Assessment<sup>16</sup> cycle, the list will be subject to major revision on a four-yearly cycle, with the possibility of minor annual amendments.

## **Implications arising from the introduction of a Sector Priorities Fund (FE)**

2.20 A policy objective for the Sector Priorities Fund (FE) is to drive Welsh Assembly Government investment in workforce skills and ensure better value for that investment. As a consequence of ‘ring-fencing’ resources for this purpose, Welsh Assembly Government funding for other types of adult learning may diminish as a result. While the value of all learning is recognised, from a policy perspective

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<sup>14</sup> SSCs are employer driven organisations that cover specific economic sectors in the UK. Each SSC agrees priorities and targets with its employers and partners to address four key goals: to reduce skills gaps and shortages; improve productivity; boost the skills of their sector workforces; and improve learning supply.

<sup>15</sup> In terms of more detailed processes, once SSCs have identified these ‘key’ qualifications they are added into a database being maintained by the UK Commission for Employment and Skills. The Welsh Assembly Government is a sponsor of the UK Commission for Employment and Skills. Further information on this body may be found at [www.ukces.org.uk](http://www.ukces.org.uk).

<sup>16</sup> The National Learning and Skills Assessment (NLSA) identifies the main challenges that post-16 learning providers across Wales need to respond to.

the primary imperatives for Welsh Assembly Government funding are to secure learning opportunities for those most disadvantaged, those who have failed to achieve basic skills, and to support skills needs for economic development and wealth generation in support of the vision for a high value high skills economy and society as set out in *One Wales*.

**QUESTION 2:**

Do you support our proposals to reserve a proportion of the funding distributed through Further Education colleges for the purpose of supporting qualifications linked to sector priorities and for the delivery of National Priorities?



## SECTION THREE – FEES POLICY – A SHARED INVESTMENT

### Overview

3.1 The fees policy will help direct Welsh Assembly Government in line with stated policy priorities. A key policy goal is to increase the total investment in workforce skills and ensure resources are safeguarded to deliver support for those who need it most. The Assembly Government, employers and individual learners all share this responsibility.

3.2 On average, higher qualifications secure better wage returns for individuals, reflecting their productivity value to employers<sup>17</sup>. As a result, both individuals and employers are more likely to invest at the top end of the skills spectrum (for example, in qualifications at Level 3 or above). Box 2 describes how different skills levels equate with different types of qualification. This higher private return to higher level learning is reflected in the fact that 41% of workers with a Level 5 qualification (equivalent to NQF Level 7-8) have received recent training compared to only 13% of workers with no qualifications<sup>18</sup>.

3.3 A second key policy goal is to prioritise resources toward those who have either failed to acquire Basic Skills, or whose circumstances (such as being registered unemployed) mean they are less likely to be in a position to invest in their skills development. At the lower end of the skills spectrum, market failures – which prevent investment in learning – are more acute. Employers and individuals cannot always be certain of the payback from investing in lower-level skills, and they will not take account of the wider ‘spillover’ benefits these skills offer to society as a whole<sup>19</sup>. Because of this, the Assembly Government will provide funding for basic and other lower-level skills. At intermediate and higher levels, funding constraints mean that Welsh Ministers must strike a balance between the number of courses delivered and the level of Welsh Assembly Government support for each course.

3.4 A third key policy goal is to bring greater consistency to arrangements for those aged 16-18 years old. At present the fees which a learner in this cohort may be asked to pay can vary depending on the learning setting, even if the course or learning activity is the same. Our policy for 14-19 Learning Pathways is to maximise choice for learners and help learners overcome barriers to access and opportunity. We wish therefore, where reasonably possible, to minimise differential fee arrangements for learners in this age cohort. It should be noted that there is no intention through these proposals to amend or limit the powers given to maintained schools to impose some charges (see Annex B).

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<sup>17</sup> O’Leary, N. and Sloane, P. (2005) *Returns to education: an update*. WELMERC/Welsh Assembly Government.

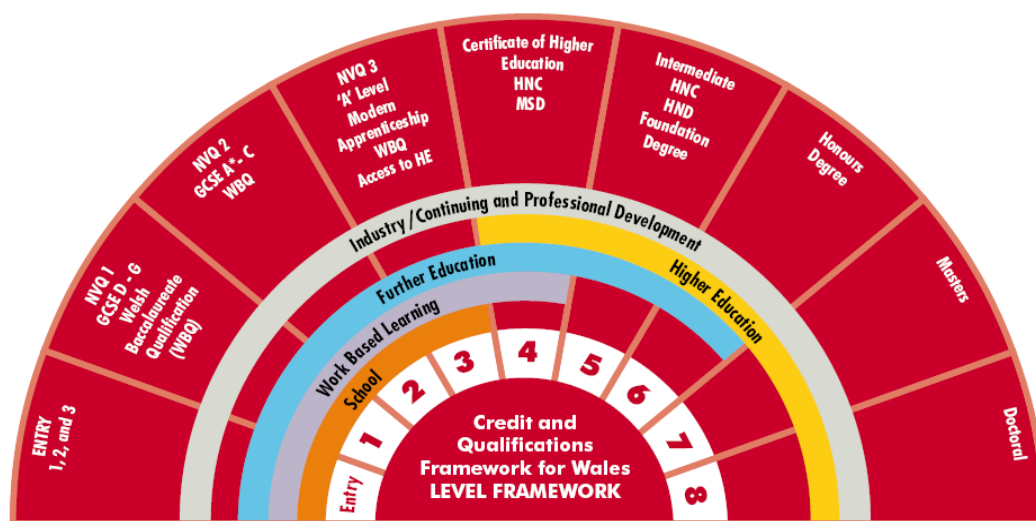
<sup>18</sup> Labour Force Survey (2008) cited in UKCES (2009) *Ambitions 2020*.

<sup>19</sup> HM Treasury (2006) *Prosperity for all in the global economy*. Final report of the Leitch Review of Skills.

3.5 At present, our post-16 funding system sets no fee assumptions (further information on existing planning and funding arrangements is provided in Annex A). This means that the Assembly Government presumes that its funding reflects the relative costs of delivery when agreeing allocations and volume targets with providers. In the majority of cases the public subsidy for the costs of a course for learners 19 and over is at the discretion of the provider and is often 100%, regardless of the private benefits a course offers to individuals or employers.

## Box 2: Skills and Qualifications Levels

### Credit and Qualifications Framework for Wales Learning and Progression Routes



The Credit and Qualifications Framework for Wales (CQFW) was introduced in 2003 as a fully inclusive learning framework. The Levels capture all learning from the very initial stages (Entry) to the most advanced (Level 8). The fan diagram illustrates, with examples, the levels of qualifications and the relevant learning provision.

3.6 Although some post-16 learning providers can charge fees to learners in some circumstances, in practice the resources these charges have historically generated have been small. For example, in 2007/08, tuition fees and contracts accounted for 13.5% of the further education sector's total income<sup>20</sup>. We believe that it is essential to change the expectations of individuals and employers about fees as soon as possible. We expect to see an increase in the proportion of fee income generated by training providers for adult skills as the principle of shared responsibility for investment in adult skills becomes more embedded.

3.7 Without a fees policy we risk perpetuating a situation where some learners and employers who engage in learning do not expect to pay realistic contributions towards its cost. Through the implementation of a fees policy a new culture of investment will emerge, creating a broader income base that will help and encourage providers to further invest in customer-responsive, high-quality, learning.

<sup>20</sup> Welsh Assembly Government (2009) *Financial position of the further education sector 2007/08*.

3.8 Table 3 below and Figure 2 summarises our proposal for a Fees Policy<sup>21</sup>. Further details are also provided under the principal headings.

**Table 3: Summary of proposals for a post-16 Fees Policy (excluding HE)**

<b>No Fee</b>	
16-18 year olds. Full fee remission (tuition and certification)	All 16-18year olds in schools, further education or work-based learning settings. Note: There remain some circumstances where learners may be required to pay a fee as detailed in the body of the document.
19 years and over. Full fee remission based on status of learner.	Courses up to and including either Level 1 or Level 2 for learners 19 years and over in receipt of certain prescribed benefits (see question 3b below). Note: paragraphs 3.28 and 3.29 address provision for learners in employment and in receipt of certain state benefits.
19 years and over: Full fee remission based on type of learning activity.	Foundation Modern Apprenticeships and Modern Apprenticeships (whole framework delivery, all sectors included). Basic skills courses up to and including Level 1. English for Speakers of Other Languages (ESOL) up to and including Level 1 (excluding ESOL for work focused courses – see paragraph 3.18 below). The Skillbuild programme to be delivered from August 2011.
<b>Shared Responsibility for Investment in Skills</b>	
50% fee assumption*.	Baseline fee assumption for all learning activities undertaken by those 19 years and older which are identified on the Key Sector Qualifications (Wales) list. (Fee remission categories above may apply.) Note: This fee assumption will apply to learning delivered through Sector Priorities Fund (FE) and to delivery through contracted Work-based Learning routes where that learning does not form part of a full apprenticeship framework.
25% fee assumption*	A tightly limited sub-set of learning activities on the Key Sector Qualifications (Wales) list identified National Priorities.
<b>Providers apply their own fees policy</b>	
Providers set their own fees policies.	Other provision including FE-based adult community learning, Welsh for Adults, any other qualifications, courses or credits not specified above. This allows FE Corporations or other learning centres the discretion to respond to local circumstances and needs.

<sup>21</sup> Our proposal draws no distinction between learners from Wales or other areas within the European Union.

\*A 50% fee assumption means that the cost of a course (defined as its based credit equivalence unit value plus any relevant subject area weight, as defined through the National Funding System) will be 50% funded by the Welsh Assembly Government with an assumed fee of 50% from a third party. A 25% fee assumption means that a course will be 75% funded by the Welsh Assembly Government, with an assumed fee of 25% from a third party.

## **No Fee**

### **16-18 year old learners (all learning settings)**

3.9 We propose that, in general terms, learners aged 16-18 years old are not charged for tuition and certification for 16-18. There is no intention in the fee policy proposals set out in this consultation to amend or limit the powers given to maintained schools to impose some charges (see Annex B for further information). These requirements will be reflected through condition of funding or contractual requirements as appropriate for new learners or learning from August 2010<sup>22</sup>.

3.10 The majority of learners in the 16-18 cohort are not charged either tuition or certification fees at present for learning within their core syllabus. However, there are some potential anomalies and inconsistencies which need to be addressed. For example, an 18 year old may be asked to pay for exam entry fees at some Further Education colleges, whereas a learner following the same course at a school sixth form may not. Exam re-sits are another area where inconsistencies can occur. Presently, a learner registered as a pupil at a school has the costs associated with exam re-sits met by the Local Authority where good reason for failure has been demonstrated<sup>23</sup>. Under these proposals students attending Further Education colleges would also qualify for full Welsh Assembly Government funding for their exam re-sit costs. This would continue to apply for the learners 19<sup>th</sup> year.

3.11 We want to ensure that everyone can reach the age of 19 ready for higher education or skilled employment. Therefore, where it is reasonable and appropriate, we seek to remove the ability of providers to charge fees for tuition and certification to learners in this age cohort.

3.12 It should be noted that 16, 17 and 18 year-olds who want to continue in learning may be eligible for an Education Maintenance Allowance (EMA) of up to £30 per week during term time. EMAs can help to meet the costs of books, equipment, travel or any other expenses.

## **Apprenticeships**

3.13 Apprenticeships, either in the form of a Foundation Modern Apprenticeships or Modern Apprenticeships, are learning programmes for individuals who are in

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<sup>22</sup> The policy will be introduced for new learners in Further Education colleges from August 2010 onwards in respect of provision for 16-18 year olds and Basic Skills.

<sup>23</sup> If the school take the view that the pupil failed without good reason to meet any examination requirement for that syllabus then it or the Local Authority recover the fee (or any fee it is liable to pay) from the parent (section 453 of the Education Act 1996).



employment. *One Wales* highlights our ambition to increase the number of apprenticeships. Apprenticeships are a sound investment in both the individual and the economy. They can bridge the gap between full-time learning and employment for young people, and offer adults an opportunity to learn while earning. Strong wage returns – 18% at Level 3 and 16% at Level 2 – indicate that apprenticeships pay through increased productivity in the workplace. The benefits are well in excess of funding costs, so apprenticeships also offer excellent value for money for the taxpayer<sup>24</sup>.

3.14 Apprenticeships support our ambition for a highly-skilled, highly-educated and high-employment Wales. The programme develops the skills to support growth in key sectors, and links to 14-19 Pathways providing progression opportunities for young people leaving school and college.

3.15 We propose to apply full fee remission (0% fee assumption) to all apprenticeship framework delivery irrespective of the age of the learner or the related sector.

3.16 Businesses already make a significant contribution to the costs of hosting an apprentice. We believe that charging employers for tuition and certification could result in a significant and unwelcome reduction in the number of apprenticeship places. Therefore we believe that these costs should continue to be met by the Assembly Government.

## **Basic Skills**

3.17 In *Skills That Work for Wales* we emphasise our commitment to tackling the basic skills deficit in Wales. Basic Skills is defined as the ability to read, write and speak in English or Welsh, and to use mathematics, at a level necessary to function and progress both in work and in society. People with poor basic skills tend to earn significantly less than their peers and are less likely to participate in learning, less likely to be in good physical and mental health, less likely to be involved in their community and more likely to be involved in crime<sup>25</sup>. Basic skills are essential to our social justice agenda. Living conditions for adults and their children depend most crucially upon their earning power. Earnings, in turn, depend upon the skills which parents can use to obtain employment and command an income.

3.18 In line with this we propose to provide full fee remission to learners enrolled on Basic Skills courses at or below Level 1 as well as the generic English for Speakers of Other Languages (ESOL) courses at or below Level 1 for new learners or learning from August 2010. For ESOL courses targeted at the workplace, where uptake from migrant workers is likely to be greatest, we propose that providers retain discretion in applying their own fees policies. In this way we wish to reflect the principle of shared responsibility for investment on the part of employers. We propose working with relevant stakeholders to establish which courses should fall outside the full fee remittance category.

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<sup>24</sup> McIntosh, S. (2007) *A Cost Benefit Analysis of Apprenticeships and Other Vocational Qualifications*. DfES Research Report 834.

<sup>25</sup> Blanden et al (2005) *The Economic and Social Returns to FE colleges*. A report for the DfES.

3.19 The rationale for fully supporting the cost of ESOL courses is based on a belief that this investment represents a justified investment in social cohesion and inclusion, not only of the learner, but where relevant their families.

3.20 The commitment to 'no fees' is a clear offer to individuals, ensuring that cost is not a barrier to improving literacy and numeracy. However, the Welsh Assembly Government will work to ensure that funding is linked to progression and that people are not repeatedly funded to complete the same courses. The Unique Learner Identifier (ULI) held in the Lifelong Learner Wales Record (LLWR) will allow the Welsh Assembly Government to identify prior learning by learners and compare this with current learning activity and then make a decision to fund or not.

3.21 Where a learner with basic skills needs (as identified through screening followed, where appropriate, by an initial assessment)<sup>26</sup> wishes to pursue a qualification the course provider should also enrol that learner on either a Basic Skills Course (Literacy, Language and/or Numeracy) or provide embedded Basic Skills support within the learning context. For example, this may mean a short intensive course during the first few weeks of a course which leads to the award of a defined learning credit or on-going support which supports the learning over a longer period of time. In order to provide a basis for full funding of the Basic Skills component of learning, and also to provide robust evidence of learners progression in literacy and numeracy, the learner should be enrolled on either a credit or full Basic Skills Qualification. In this way, even though a learner may perceive their Basic Skills support to be embedded in their primary learning aim, from a funding and assessment perspective, the provider is taking separate account of this delivery and achievement.

3.22 It should be noted that learners aged under 19 may be entitled to an Education Maintenance Allowance subject to meeting income and residency eligibility criteria. Under the all age student support arrangements, learners undertaking study of more than 275 hours a year through Further Education institutions may be eligible for an Assembly Learning Grant (FE). Basic skills courses are eligible courses for both Assembly Learning Grant (FE) and EMA subject to meeting the minimum number of taught/contact hours of study required by the scheme rules.

### **Learners in receipt of specified State benefits or support**

3.23 We propose to provide full fee remission for learners in receipt of certain state benefits from August 2011 allowing time for institutions to plan for this change of policy. We seek views on whether these are the most appropriate exemptions and whether they should apply to learning up to and including Level 1 or Level 2. Support for higher levels of learning are not considered appropriate on the grounds that they have the potential to deliver more significant returns to the individual and there is a need to balance overall demand on limited resources.

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<sup>26</sup> All 16 year olds are required to undertake a Basic Skills Screening and Initial Assessment. These assessments will be made available on-line to providers in a pilot version from September 2009. This will enable providers to access information on learner needs as they move around within the education and training system.

3.24 This proposal ensures that those seeking work or those new to employment and continuing to receive certain state benefits may access the learning provision they need to move into sustainable employment and/or progress in employment. The Assembly Government's is committed to ensuring that the Careers Ladders skills policy for moving unemployed people into employment integrates with Department for Work and Pensions (DWP) welfare policy. The Careers Ladders Wales model is the Assembly Government's approach to supporting an individual on their journey towards sustained employment, which in turn supports the *One Wales* commitment to achieve full employment. The model comprises a 'virtual' framework of support that pulls together a range of advisory and practical support services that will take an individual from initial engagement through to in-work support. In a related way, this proposal also fits closely with the Labour Market Development Programme which the Assembly Government is currently preparing with the Department for Work and Pensions and other partners. A long term aim is to achieve an employment rate of 80%.

3.25 The proposed exemption categories are:

- unemployed people in receipt of income-based Jobseeker's Allowance or the income support element of the Employment Support Allowance;
- those in receipt of Council Tax Benefit;
- those in receipt of Housing Benefit;
- those in receipt of Working Tax Credit (with a household income of less than £15,050); and
- those in receipt of Pension Credits (Guarantee Credit only).

3.26 Other learners who will be entitled to full fee remission will include:

- offenders who are serving their sentence in the community;
- refugees or asylum seekers in receipt of the equivalent of income-based benefit (assistance under the terms of the Immigration and Asylum Act 1999) and their dependants; and
- people studying basic skills courses and generic ESOL courses at or below Level 1 (note paragraph 3.18 above).

3.27 The list of exemptions above includes learners who will be eligible on residency and income grounds for Education Maintenance Allowance or Assembly Learning Grant (FE). These student support schemes provide incentives to encourage people to participate in learning.

3.28 It is intended that eligibility for fee remission is assessed at the point of enrolment and that where circumstances change during a course, the original assessment is maintained for the duration of that course. Where an individual who comes into one of the categories noted above is accepted onto a course identified on the Key Sector Qualification (Wales) list and that course usually carries a fee assumptions, and where that individual is in employment, the fee assumption will be waived and full fee remission will apply only if the individual has been employed by their current employer for less than 12 months on either a full or part-time basis.

These arrangements seek to strike a balance between helping low-waged employees access training and establishing a reasonable expectation that employers and individuals in employment should be prepared to invest in skills.

3.29 In the case where an employee being supported to learn by an employer moves from employment to unemployment, the Welsh Assembly Government will fully fund the outstanding cost of the course.

### **Skillbuild**

3.30 The Skillbuild programme is the Assembly Government's main skills intervention to help disadvantaged people into work. Because Skillbuild delivery focuses on the unemployed or disengaged, it is not reasonable to expect individuals enrolled on these courses to contribute financially toward the costs of their learning.

3.31 We believe that individuals seeking work, in particular those who have been unemployed and have specific skills or health barriers, should have access to free training to support progression through the Careers Ladders model<sup>27</sup> and move off DWP benefits for unemployment.

3.32 We therefore propose that, in line with current practice, no fees are charged to learners for Skillbuild courses.

3.33 This proposal supports our policy *Reducing the proportion of young people not in education, employment or training in Wales: Delivering Skills That Work for Wales*.

#### **QUESTION 3a:**

Do you support the categories of learner and learning activity identified for tuition and certification fee remission?

#### **QUESTION 3b:**

What do you consider to be the benefits or disadvantages of limiting full fee remission for learners 19 and over in receipt of specified benefits to Level 1?

### **Shared responsibility for investment in skills**

3.34 In line with the principle of shared responsibility for investment in learning, we propose to introduce a range of fee assumptions covering the 'Key Sector Qualifications (Wales) list' – including qualifications which form part of apprenticeship frameworks.

3.35 The starting proposition is that all courses detailed on the Key Sector Qualifications (Wales) list will be subject to a 50% fee assumption by the Welsh Assembly Government. This fee assumption will apply when a qualification on

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<sup>27</sup> The Careers Ladders Wales model is described in Skills That Work for Wales: A Skills and Employment Strategy and Action Plan. July 2008.

that list is funded either through the Sector Priorities Fund (FE) or delivered as a stand alone qualification via the contracted flexible Apprenticeship Framework route. As the scarcity uplift is calculated at an institutional level (for colleges), as opposed to qualification or learner level, the fee assumption will not apply to this element of funding.

3.36 Should a college fully commit the funding set aside in the Sector Priorities Fund (FE) and wish to deliver a greater volume of these qualifications, the same fee assumption will be applied to those qualifications when they are funded from a colleges remaining general allocation, although other fee remittance categories may continue to over-ride this for some learners.

3.37 It is important to note that, in setting a fee assumption at either 50% or 25% the Welsh Assembly Government is not removing the capacity of an FE college to set and apply its own fees policy. Therefore, a college set fees for a course on the Key Sector Qualifications (Wales) list at 50% or less should it feel able to deliver the course on that basis. Equally, a college may choose to charge more than 50% to a third party (where fee remittance categories do not apply) in order to generate income (e.g. to cross-subsidise other provision or create the capacity to invest in facilities). These arrangements mirror current practice whereby the Welsh Assembly Government effectively operates a 0% fee assumption (full funding is provided for the volume of learning agreed with the college) and colleges apply their own fees policies choosing to fully fund some provision while charging fees in whole or part for other delivery.

3.38 The fee assumptions set out in Table 3 will apply where a learner is in full or part time employment. The concept of an employer contributing to the cost of individual qualifications has already been piloted through the Flexible Work-based Learning Pilot where employers have demonstrated a willingness to contribute 50% of the costs of a course. Where an individual is not in employment but where the fee remittance categories described above do not apply, the same fee assumption would be applied by the Welsh Assembly Government.

### **National Priorities**

3.39 In *Skills That Work for Wales* we set out our intention to reflect more clearly in funding decisions the Assembly Government's key sectors for economic development (see Box 3). This will be addressed in the context of the fees policy by identifying a limited number of qualifications linked to key sectors providing additional Welsh Assembly Government funding to support their delivery. This sub-set of priority qualifications will be labelled 'National Priorities'.

3.40 It is proposed that, for National Priorities, a fee assumption of 25% will operate. This means that the Welsh Assembly Government will support 75% of the costs of tuition and certification costs for a qualifying course – a 25% fee assumed to be contributed by another party.

### **Box 3: Key sectors for developing the Welsh economy**

*Core or enabling sectors:*

- Energy.
- Environmental management.
- Telecommunications and ICT.

*Strategically important sectors, considered as not necessarily enabling, but nevertheless of strategic importance to Wales:*

- Bioscience.
- Health.
- Financial services/products and professional services.
- Creative industries.
- Automotive.
- Aerospace.

*Economically important sectors, considered as being important to Wales and the global economy, but less strategic in terms of developing the competitive advantage of the Welsh economy:*

- Construction.
- Food.
- Defence.
- Retail.
- Leisure and tourism.

Source: *Skills That Work for Wales: A Skills and Employment Strategy and Action Plan*, page 58.

3.41 We propose that sector skills councils and other relevant parties be engaged in identifying potential qualifications for National Priorities status.

3.42 Recognising the fact that addressing these priorities may require capacity building and investment, a Review of National Priorities will take place every four years as part of the National Learning and Skills Assessment exercise, with only limited opportunities for any changes to be made on an annual basis.

3.43 In describing arrangements for the Sector Priorities Fund (FE) it should be noted that the Welsh Assembly Government also provides support to employers to meet specialist and bespoke skills needs through the discretionary funding delivered through the Workforce Development Programme. Further information on this can be obtained by calling the Business Skills Hotline on 0845 6066160 or by visiting <http://www.business-support-wales.gov.uk>.

#### **QUESTION 4:**

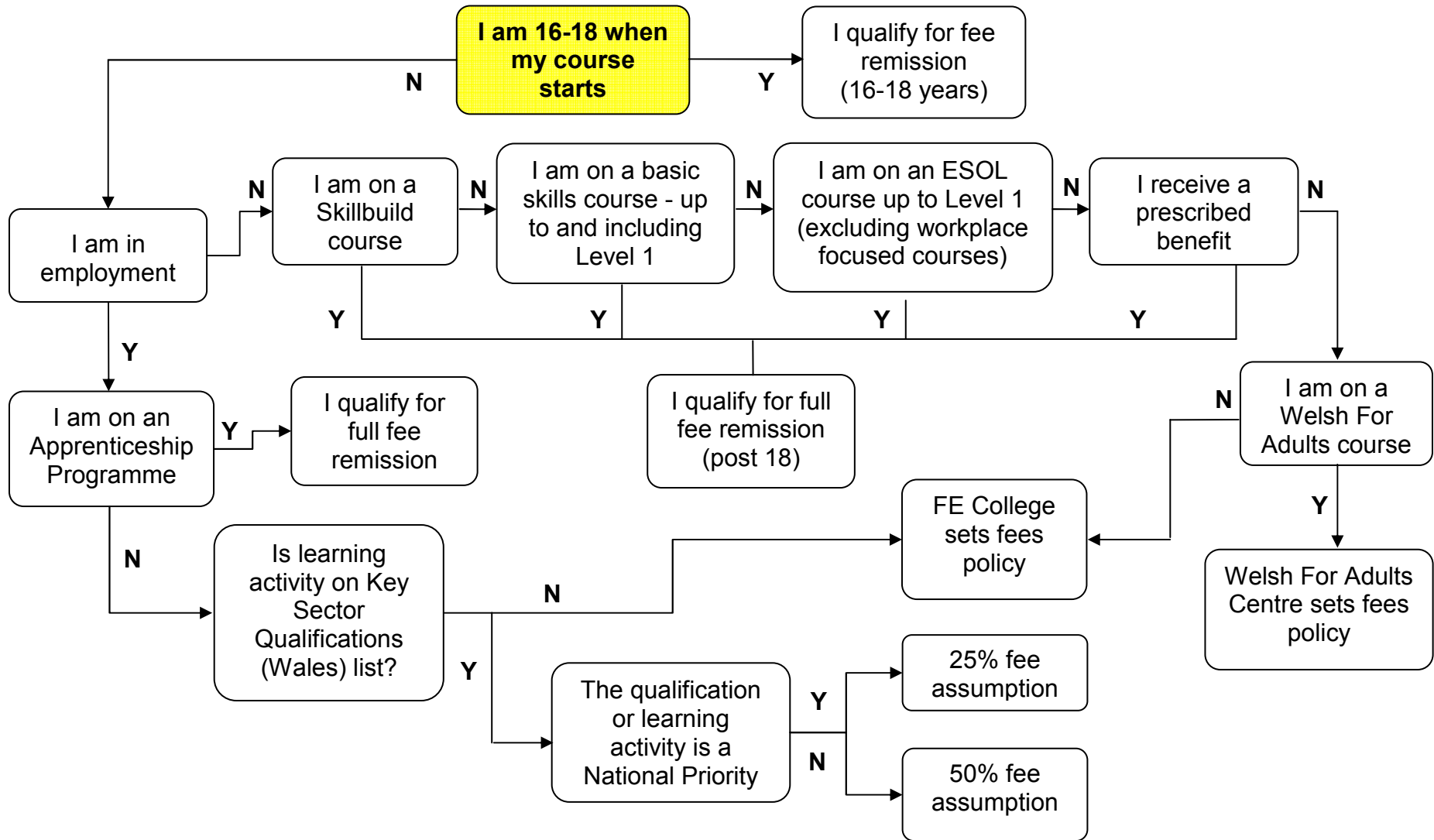
Do you believe that a fee assumption of 50% for qualifications prescribed on the Key Sector Qualifications (Wales) list and a lesser fee assumption of 25% reasonably reflect the principle of shared responsibility while also providing a meaningful incentive to National Priorities?

#### **Provider Fee Policies**

3.44 As is the case under existing arrangements, further education colleges, provision of further education courses by higher education institutions and Welsh for Adults Language Centres will have discretion to set their own fees policies.

3.45 For learners aged 19 and over and where the learning activity or status of the learner do not place them in a fee remittance or fee assumption category, a further education college may decide to charge learners for the full cost of learning provision. Equally, a college may decide to utilise funding provided to it by the Welsh Assembly Government to fund a course in full or part where resources permit.

Figure 2: Flow Chart showing proposals for Tuition and Certification Fees Remission





## SECTION FOUR – FINANCIAL SUPPORT FOR LEARNERS

### Overview

4.1 The Assembly Government seeks to encourage participation in learning and provides a range of financial support for learners to help them overcome potential barriers to participation. Information on the support available is available at <http://www.studentfinancewales.co.uk/>.

4.2 In this section we set out proposals for changes to the system of Financial Support for Learners. These include:

- proposals to adapt Education Maintenance Allowances to provide a more targeted means of incentivising young people to remain engaged in education and to encourage them to consider progressing into higher education. These proposals are intended to ensure the EMA scheme continues to target resources where they will have the greatest impact;
- options for changing the operation of Education Maintenance Allowances (EMAs) and Training Allowances for work based learners. These options explore how best to overcome existing inconsistencies in the support available to young people (16-18) not in employment; and
- options for Individual Learning Accounts (Wales) following the introduction of a post-16 fees policy.

### Amendments to the Education Maintenance Allowances Scheme

4.3 Education Maintenance Allowances (EMAs) are available on a means-tested basis across the UK to young people 16-18 years old on full-time learning programmes. Currently in Wales an EMA weekly allowance of £10, £20 or £30 and is paid fortnightly during term-time. Payment of the EMA requires 100% attendance at all timetabled sessions. EMA recipients may be eligible for two achievement based bonus payments of £100 each during the academic year and one 'returners' bonus of £100 if returning to their course for a second or subsequent year of study.

4.4 The original aim of EMA was to address the link between low income, and low participation by providing a financial incentive to young people from low-income households to remain in full-time education beyond compulsory education. In 2008/09 the Welsh Assembly Government approved 28,250 EMAs from 33,920 applications. The value of EMA payments to learners in 2008/09 was £28.9m. The scheme has been in place since 2003/2004 and there is now opportunity to consider future practice in light of the experience of the pilots, the 4 years of operation and evaluations<sup>28</sup>.

4.5 EMA is seen as a strong model for distributing support for two main reasons. Firstly, support is on a "something for something" basis - so payments are tied to attendance and achieving goals set out in a learning agreement, students must

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<sup>28</sup> The National Assembly for Wales Committee for Enterprise and Learning has also considered the scheme in a brief enquiry in response to a petition.

'earn' their EMA. Secondly, EMA is passported against benefits meaning families of students receiving EMA are still entitled to child benefit etc. This is not the case for other forms of support. This is an important element of the scheme and has a significant impact on decision making from families on the lowest incomes.

4.6 Evaluations of the EMA scheme in Wales and other parts of the UK indicate that, although EMA has some impact on behaviour, attendance and attainment, most young people would remain in education even if they did not receive EMA. We are therefore keen to find ways to better target the EMA scheme to help those young people we believe the EMA is most effective in encouraging to remain in education; to remove some continuing barriers to participation and to use the scheme to encourage participation in higher education.

4.7 Since the scheme has been fully rolled out in 2006/07 around 82% of EMA recipients qualify for the maximum £30 award. Research indicates that where lower rates of support are removed there is little impact on participation rates. The two achievement bonus payments reward completion of learning goals. Indications from EMA recipients and the sector indicate they work and are an effective component of the EMA scheme. There is no evidence that the returning bonus has a similar effect to the achievement bonuses.

4.8 One area which has generated attention has been the impact on households with more than one dependant child. The income assessment currently used for calculating entitlement to EMA does not disregard a portion of household income to take account of the costs associated with other children living in the same household who are in full time education.

4.9 Some 30% of Welsh domiciled students entering higher education are recipients of the maximum £30 level of EMA support. We are keen to use EMA as a tool to promote higher education amongst students and give long term certainty of assistance to overcome financial obstacles to entering higher education<sup>29</sup>. There may be opportunity to further smooth transition for these students into the higher education support system reducing the need to re-assess entitlement and giving better assurance to learners about future levels of support so that in the future further education to higher education student guarantee might assure those qualifying for the £30 EMA of the minimum level of maintenance support during their higher education course.

4.10 Having reviewed the evidence, the following amendments to the EMA scheme in Wales are proposed for introduction from academic year 2011/12 onwards:

- use entitlement to an EMA as a means of guaranteeing a minimum level of maintenance support for eligible students who progress into higher education to act as an incentive for participation in higher education;
- introduce a sibling disregard in the income assessment for EMA on the lines of the one operating for HE assessments in order to take account of the costs of having other dependent children;

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<sup>29</sup>The Welsh Assembly Government is proposing to look into whether the income thresholds for student support schemes in Wales could be better aligned.

- remove the returners bonus since the evaluations indicate that this is unlikely to have a significant effect on retention;
- phase out the lower EMA payment bands (£10 and £20 per week) thereby focussing resources on the least well off; and
- aligning income thresholds for student support across schemes where possible to remove complexity and ensure effective transition.

#### **QUESTION 5:**

Do you support the proposed package of reforms to the EMA designed to target resources where they will have greatest impact and support progression into higher level learning?

### **Education Maintenance Allowances and Training Allowances**

4.11 There is currently some inconsistency in the support available to young people age 16-18. Those young people not in employment who are enrolled on work-based learning programmes (notably Skillbuild courses) attract a minimum training allowance of £50 per week<sup>30</sup>.

4.12 The Assembly Government's 14-19 Learning Pathways initiative changes our approach to learning for young people. 14-19 Pathways aim to offer a wider range of courses and experiences, not necessarily all in the same setting. At present, the EMA is provided to students across all types of learning available 14-19 apart from work-based learning for unemployed young people.

4.13 In light of our intention to remove inconsistencies in the support available to learners, views are sought on the following three options:

- EMA will be applied (under overall scheme rules) to all unemployed young people undertaking work-based learning, to bring parity with other types of learning;
- EMA will be applied (under overall scheme rules) to the preparatory learning undertaken by unemployed young people in work-based learning (learning at a level below Level 1); and
- the present system in Wales will be maintained. EMA will not be introduced for successor work-based learning programmes from 2011 onward.

4.14 Our current preference is for option a. Here EMA will be applied (under scheme rules) to all unemployed young people undertaking work-based learning to bring parity with other types of learning.

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<sup>30</sup> Training Allowances available to young people on work-based learning programmes who are not in employment vary between the four nations of the UK. In England and Northern Ireland EMA is available as a non means tested award of £30 in England and £40 in Northern Ireland. In Scotland trainees get a Training Allowance of £55 per week, but following consultation it is expected that the EMA in Scotland will be extended to these trainees at the £55 rate.

4.15 Parity of esteem between academic and vocational learning requires a single approach to supporting learning at school, college or with a vocational training provider. Levelling the financial 'playing field' will ensure that young people's choices are not influenced by any other factors other than what is best for them and their future.

#### **QUESTION 6:**

Which option do you believe to be the best for the future of 14-19 education in Wales?

### **Options for changes to Individual Learning Accounts (ILAs)**

4.16 Individual Learning Accounts (Wales) have been available since July 2003. An Individual Learning Account (ILA) in Wales provides modest support toward fees for part-time courses and associated learning costs. There are two categories of funding available, with a maximum award of £200 per year. The level of funding is determined by the individual's status:

- 100% course funding up to £200 per year if the recipient or their partner is in receipt of one or more specified income related benefits (Income Support, Income-based Jobseekers Allowance, Housing Benefit, Council Tax Benefit, Working Tax Credit or Pension Credit (Guarantee/Savings)). This is the priority group for ILA (Wales); and
- 50% course funding up to £100 per year if the recipient is not receiving income-related benefits and their highest level of learning attainment is at National Qualification Framework (NQF) Level 2 or below.

4.17 During the period April 2008 – March 2009, a total of 9,811 ILA (Wales) registrations were approved and 6,713 course bookings approved net of known withdrawals. A value of £564k in ILA (Wales) learner accounts contributed towards learning. During this period, 51% of approved registrations were in the 100% funding category, and 44% of registrations were from unemployed people, 35% from employed people and 21% from others (retired, self-employed etc). Overall 21% of those using the ILA (Wales) had undertaken no learning since leaving school. However, 63% of approved course bookings in 2008-09 were at further education colleges.

4.18 The ILA (Wales) scheme is relatively expensive to administer given the small volume of funding distributed through the scheme. Partly because of this, and partly because the proposals for fees outlined above appear to take away much of the need for ILAs, the value of continuing the scheme needs to be reviewed. We welcome views on the following options:

- a. we simplify arrangements for learner support by a phased ending of the ILA (Wales) scheme and addressing the needs of priority groups through the operation of the Fees Policy; the 50% ILA band (£100 value) would be withdrawn from April 2010 will have no effect on anyone who has applied for funding and started learning prior to April 2010; and

- b. we retain direct financial support for learners broadly as currently delivered through the ILA scheme, with closer alignment to the Assembly Learning Grant scheme and some modifications to reflect the fee exemption categories introduced through the fees policy.

4.19 In *Skills That Work for Wales* we indicated our intention to explore whether the ILA could be better used to support people who have recently moved into work following a period of economic inactivity. Going forward we will consider how this support can be provided through successor work-based learning programmes from 2011.

4.20 The proposed Fees Policy rules means that there will be no fees for tuition and certification will be charged to learners who have historically been the main users of the ILA (Wales) scheme. If no changes were made to the arrangements that currently exist it is possible that the ILA (Wales) could be used to offset the cost of courses up to and including Level 2 and this would create a discrepancy with the proposals for a fees policy as described in this consultation.

4.21 Closing the ILA (Wales) scheme would have two implications. Firstly, some learners who currently secure learning through private, non publically-funded providers will no longer be able to obtain support for their fees. The number of learners affected is relatively small and this proposal is consistent with our principle that public funding should be focused on priority groups and qualifications. Secondly, whilst the introduction of a fees policy as described will ensure fee remission for certain categories of learners and learning, there will be proportion of employed adults and retired/self-employed learners who currently have the potential to access support though ILA (Wales) but who, if the scheme was terminated and simply replaced by the conditions described in option (a) policy (option 1), may no longer be able to access support.

#### **QUESTION 7:**

Which of the options above do you believe will ensure resources are best targeted at those learners who need financial support the most?



## **SECTION FIVE – SUMMARY OF CONSULTATION QUESTIONS AND FURTHER INFORMATION**

5.1 The consultation period ends on 11<sup>th</sup> January 2010. Responses should be sent to Mr Jo Banks, Head of Skills Strategy and Policy Branch, DCELLS, Ladywell House, Newtown, Powys, SY16 1JB. It should be noted that the responses to the consultation will be made public in a summary document. Normally, the name and address (or part of the address) of the author are published along with the response as this gives credibility to the consultation exercise. If you do not wish to be identified as the author of your response please state this clearly in your response.

### **Sector Priorities Fund**

**QUESTION 1:** Do you support the proposal to remove barriers to engagement and increase the responsiveness of the skills system by introducing greater flexibility for apprenticeship framework delivery?

**QUESTION 2:** Do you support our proposals to reserve a proportion of the funding distributed through Further Education colleges for the purpose of supporting qualifications linked to sector priorities and for the delivery of National Priorities?

### **Fees policy**

**QUESTION 3a:** Do you support the categories of learner and learning activity identified for tuition and certification fee remission?

**QUESTION 3b:** What do you consider to be the benefits or disadvantages of limiting full fee remission for learners 19 and over in receipt of specified benefits to Level 1?

**QUESTION 4:** Do you believe that a fee assumption of 50% for qualifications prescribed on the Key Sector Qualifications (Wales) list and a lesser fee assumption of 25% reasonably reflect the principle of shared responsibility while also providing a meaningful incentive to National Priorities?

### **Financial Support for Learners**

**QUESTION 5:** Do you support the proposed package of reforms to the EMA designed to target resources where they will have greatest impact and support progression into higher level learning?

**QUESTION 6:** Which option (repeated below) do you believe to be the best for the future of 14-19 education in Wales?

- a. EMA will be applied (under overall scheme rules) to all unemployed young people undertaking work-based learning, to bring parity with other types of learning;
- b. EMA will be applied (under overall scheme rules) to the preparatory learning undertaken by unemployed young people in work-based learning (learning at a level below Level 1); and

- c. the present system in Wales will be maintained. EMA will not be introduced for successor work-based learning programmes from 2011?

**QUESTION 7:** Which of the options (below) do you believe will ensure resources are best targeted at those learners who need financial support the most?

- a. We simplify arrangements for learner support by a phased ending of the ILA (Wales) scheme and addressing the needs of priority groups through the operation of the Fees Policy; the 50% ILA band (£100 value) would be withdrawn from April 2010 leading to closure of the scheme in August 2011 when the proposed fees policy reforms are fully introduced; removing the £100 rate from April 2010 will have no effect on anyone who has applied for funding and started learning prior to April 2010.
- b. We retain direct financial support for learners broadly as currently delivered through the ILA scheme, with closer alignment to the Assembly Learning Grant scheme and some modifications to reflect the fee exemption categories introduced through the fees policy.



## Further information

For further information related to this consultation or to respond to the consultation document, please write to:

Mr Jo Banks  
Head of Skills Strategy and Policy Branch  
DCELLS  
Ladywell House  
Newtown  
Powys  
SY16 1JB

Or by e-mail to: [skillsthatworkforwales@wales.gsi.gov.uk](mailto:skillsthatworkforwales@wales.gsi.gov.uk).

**Before close on 11/01/10.**

Following the close of this consultation we shall produce a final policy document. This will be followed by an action plan describing the steps we will take to deliver our new policy. We invite your responses to the questions contained in the document. A consultation response form may be downloaded from [www.wales.gov.uk/consultations/education/?lang=en](http://www.wales.gov.uk/consultations/education/?lang=en) or sent on request.



# REVIEW OF CURRENT FUNDING AND PLANNING ARRANGEMENTS

To help the reader of this consultation document understand the context behind proposals, this annex summarises the key features of existing Welsh Assembly Government funding and planning arrangements.

## The National Planning and Funding System (NPFS)

The NPFS is a learner-centred, single planning and funding system for all post-compulsory learning in Wales, other than Higher Education (HE). The NPFS establishes links between planning and funding of learner provision. Funding arrangements under the NPFS support the priorities identified through the Welsh Assembly Government's planning framework and fund the development and improvement of the learning network.

The National Planning Framework (NPF) complements the National Funding System and together they form the NPFS. The framework was developed to enable the Welsh Assembly Government to fulfil its duties as outlined in section 31 and 32 of the Learning and Skills Act 2000 with regard to the provision of proper facilities for education and training (other than higher education) suitable to the requirements of persons aged 16 to 19, and reasonable facilities for persons aged 19 and over.

The framework was also developed to inform decision-making by highlighting strategic priorities for change for post-16 learning and education to be supported by the Welsh Assembly Government and its learning providers at national, regional and local level. It is also a framework that seeks to respond to the needs of learners, businesses, communities and the Welsh economy.

The framework has not been developed to micro manage learning provision; or be supply driven.

The NPF promotes an indicative planning methodology - which is essentially about forecasting, consultation and the provision of better information (e.g. in the form of the National Learning and Skills Assessment, related Welsh Assembly Government strategies and provider planning guidance) with an expectation that learning providers will use the information to make better decisions.

This approach supports an administrative light touch and aims to:

- identify and alleviate some of the weaknesses of the current arrangements (e.g. duplication, segmentation and exclusion); while,
- allowing the providers of learning to retain their strengths in flexibility and responsiveness; and

- intervening selectively where there is clear evidence that providers are not responding to identified needs and priorities, to deliver a learning network fit for the 21st century.

The *priorities for change* for post-16 learning and education focus on those learning and skills areas where the evidence base suggests that change is necessary and where intervention can make a difference in improving the skills base of Wales. They also reflect those areas where the learning market place may not at present be developed sufficiently, may not be moving quickly enough, or where there is a requirement for a further growth of skilled labour.

## **The National Funding System**

The National Funding System (NFS) enables the Welsh Assembly Government to purchase taught learning of the appropriate type and volumes and in appropriate locations in order to meet the needs of learners, employers and communities. Provision is purchased from learning providers on a formula basis and the principles apply to all providers, regardless of sector.

The NFS provides funding for over 300,000 sixth-form, FE, work based and adult community learners. It funds learning at further education institutions (FEIs) and school sixth forms and supports vocational programmes such as apprenticeships and Skillbuild as well as supporting employability, basic skills and Welsh for Adults programmes.

### **Further Education Institutions**

Each year FEIs receive funding under the NPFS. FEIs prepare institutional plans to describe how they intend deploying this funding. Institutional plans describe, with reference to high level subject areas, how much of the money they receive they intend spending on learning activities within different subject areas.

Each year the Welsh Assembly Government sets funding targets for FEIs based on their provisional NPFS funding allocation. The target for each institution quantifies the level of provision being secured in exchange for funding and relates to the total activity of FE fundable learners enrolled for that particular funding period (i.e. the academic year beginning 1 August and ending 31 July). Welsh Assembly Government officials monitor performance against these targets and where auditors' reports show that targets for a particular academic year have not been achieved, the Assembly Government will reclaim any overpayment in full.

### **Local Authorities**

The Welsh Assembly Government allocates NPFS funding to the 22 Local Authorities (LAs) for the delivery of provision within Sixth Form mainstream, Special Educational Needs (SEN) in Mainstream and Adult Community Learning (ACL). The LA allocations for mainstream schools with sixth form provision are calculated using the NPFS methodology and are derived on an individual school basis before being consolidated at a local authority level.

This funding is allocated on a financial year basis from April to March of each year which differs from the other funding streams within the National Planning and Funding System (NPFS) which are funded on an academic year basis. The provisional allocations are formally notified to the LAs in writing in January of each year.

Other than funding for Community Learning, which is ring-fenced for the purpose intended, LAs may use the funding allocated under the NPFS as they consider appropriate and as is reasonable between aspects of provision. The funding of mainstream schools with sixth forms is not ring-fenced, neither is the suggested allocation to individual mainstream sixth forms. However, the Welsh Assembly Government requires that not less than 97% of the funding be spent on education provision, with the maximum permitted to be spent on central administration within each LA being not more than 3%.

LAs are not required to submit separate plans for sixth form provision; however they need to ensure that their learning provision is consistent with:

- Welsh Assembly Government policies on post 16 learning and all other policies and legal requirements extant in Wales at the time that the Grant Payment is made that impact upon post 16 learning;
- The Children and Young People's plans; and
- each school's development plan.

LAs are not set specific funding related targets for their NPFS allocation. However, where data returns indicate that a school is underperforming against predicted levels of learning activity, that school will be subject to a retrospective adjustment in their funding allocation for the funding period in question.

## **Current arrangements for the planning and funding of Work Based Learning (Apprenticeship Frameworks and Skillbuild)**

Periodically the Welsh Assembly Government issues a tender for 'Work Based Learning' (WBL). The tenders have historically sought to secure contracts for the delivery of both Skillbuild and apprenticeship framework delivery. A range of providers, including training companies, charitable organisations, local authorities and FEIs, were successful in securing contracts for this delivery from 1<sup>st</sup> August 2007 to end July 2011. Providers could secure contracts for all component programmes (see below) or for separate elements.

The main components of existing WBL programmes are as follows:

- Skill Build: is an all age programme aimed at learners who are not employed and who require occupational skills learning, and/or who are vocationally unfocused and require work taster placements, lack confidence, have poor motivation or poor Basic Skills;
- Pre-Apprenticeship Learning: a programme that allows employed learners to undertake basic skills development prior to entering framework-led programmes;

- Foundation Modern Apprenticeships: an employment-based learning programme at Level 2, which follows frameworks developed by sector skills councils and approved by the Approvals and Advisory Group. These frameworks specify the required learning, including Key Skills and technical certificates (where relevant). As part of the Foundation Modern Apprenticeship framework, a learner may undertake an approved qualification at Level 3 as an additional qualification. Learning must be relevant to learner and employer needs;
- Modern Apprenticeships: an employment-based learning programme for employed learners to Level 3, which follow frameworks developed by the relevant Sector Skills Council and approved by the Approvals and Advisory Group. These frameworks specify the learning, including key skills and technical certificates (where relevant), required by the appropriate industrial sector;
- Modern Skills Diploma: an employment-based programme for employed learners. The MSD provides opportunities for learners to improve their skills and knowledge at Level 4; and
- Flexible Work-based Learning (pilot): the Flexible WBL pilot enabled some specified training providers to deliver individual components of apprenticeship frameworks, such as a single NVQ, rather than the whole framework. A 50% fee assumption was applied and therefore, under the pilot, employers were required to pay 50% of the costs.

Contracts are “rolled over” annually with an offer of a contract value made to providers. Annual allocations to providers are calculated taking into account the quantum of funding available, how the Welsh Assembly Government wishes to split that between programmes, the quality scores of providers and may also give priority to certain sectors e.g. early years and care. Within the quantum of funding available, the programmes are otherwise demand led.

Individuals who have left school and are ordinarily resident in Wales, or are employed or on a work placement in Wales, are eligible for entry to the all-age WBL programmes. In its contracts with providers, the Assembly Government must ensure that learners who are not employed are provided with financial support, or payment in kind, or personal assistance to enable them to access or remain in learning.

*Skills That Work for Wales* gave a commitment to separate the contracting of Skill Build from that of apprenticeship (foundation modern apprenticeships and modern apprenticeships). In the spring of 2010 new tenders will be issued for the provision of employability related provision (Skill Build) and apprenticeships. The latter will include some capacity for the delivery of individual framework components as piloted in the Flexible Work-based Learning pilot.

## **Adult Community Learning (ACL)**

Adult Community Learning (ACL) embraces a wide range of learning opportunities, which can support and contribute to a wide range of key agendas beyond the development of skills and employability, including health and wellbeing, social

cohesion and community development. It does not lend itself comfortably to a single definition. The ACL policy developed as a result of public consultation in autumn 2008 will be based on a definition of ACL as *learning provision for adults which is particularly designed to reach out to places and people which other forms of learning do not reach*.

Currently ACL funding is allocated to:

- further education institutions (FEIs) - as part of their global annual funding allocation. The Welsh Assembly Government does not specify how much of this allocation must be used for ACL; and
- local authorities - through a specified amount, which is now routed through the National Planning and Funding System (NPFS).

Although the above organisations receive individual allocations, many take part in local and/or regional ACL partnerships to plan ACL provision over a specified area. This is being further developed as part of the Transformation policy and will allow the Welsh Assembly Government to formally recognise such partnerships, identify best practice and provide clearer guidance about their remit. Such partnerships will also have to include representation from the third sector and higher education (HE) institutions.

HE institutions receive funding via the Higher Education Funding Council for Wales to deliver community learning as part of the Reaching Wider initiative. The Assembly Government wishes to build longer term strategic links between HE and other ACL providers, but the HE funding strand is currently separate from the funding allocated to the FEIs and local authorities outlined above.

## **Welsh for Adults**

*Iaith Pawb* commits the Welsh Assembly Government to developing a co-ordinated approach to Welsh for Adults. It is presently one of the biggest adult learning programmes in Wales with a wide variety of courses available.

Since 2007/08, funding for Welsh for Adults provision has been directed through the six Welsh for Adults centres. These centres are based at University of Wales Bangor, Cardiff University, Swansea University, the University of Wales, Aberystwyth, the University of Glamorgan and Coleg Gwent. The centres are responsible for planning and funding the provision within their regions or sub-regions, to enable capacity-building, undertake quality assurance and improve progression from one level to the next. The overall aim is to achieve higher levels of fluency in Welsh across the population.

Welsh for Adults centres distribute funding to other learning providers through third party agreements. This approach ensures that provision on all levels of the national framework is available across Wales. The approach also reduces the potential for the duplication of provision. The centres have established regional/sub-regional planning networks with their providers, strategically planning the provision and developing and implementing centre-based quality assurance plans, fees policies and tutor training strategies amongst other issues. The expansion for Welsh for

Adults provision has been supported by a 10% year-on-year growth in funding over the last 3 years.

Proposals for the further strategic development of the Welsh for Adults programme through the six centres are included in the Welsh Assembly Government's Welsh-Medium Education Strategy, which closed for consultation in August 2009.



### TECHNICAL ANNEX

#### Charging of fees by schools with sixth forms

There is no intention through these proposals to amend or limit the powers given to maintained schools to impose some charges. The provisions which relate to charging by maintained schools are set out at sections 449 to 460 of the Education Act 1996. These provisions limit the circumstances where charging is allowed, but do allow some charging in limited circumstances. Sixth forms form part of maintained schools and provide education for pupils over compulsory school age but who have not yet attained the age of 19. Consequently, school sixth forms are subject to the provisions at sections 449 to 460 of the Education Act 1996.

#### Work-Based Learning provision

Work-based Learning provision (WBL) has been procured in Wales via tender under OJEU open procedures under the Project Secure and PS2 exercises. The latest WBL tendering exercise took place between December 2006 and 5 February 2007. Contracts are awarded annually under the tender to providers who were successful under the tender and who continue to meet quality and other criteria. Following the tender contracts were offered to 94 successful tenderers for the first year of provision; for provision in 2008-9 the Welsh Assembly Government contracted with 88 providers. The number of providers contract with over time has reduced as the Welsh Assembly Government has sought higher quality provision and as providers have combined or otherwise removed themselves from the tender. On 24 November 2008 the Deputy Minister for Skills agreed that the Welsh Assembly Government should not re-tender as originally planned in 2009 but delay until summer 2010.

Work-based Learning provision is delivered in pursuance of the functions of the Welsh Ministers' functions in sections 31 to 35 of the Learning and Skills Act 2000:

- Sections 31 & 32 set out a duty to secure provision of proper facilities for education and training for persons aged 16 to 19, and reasonable provision for persons aged 19 and over;
- Section 33 sets out a duty to encourage individuals to undergo post-16 education and training, encourage employers to participate in the provision, and contribute to the costs, of post-16 education or training; and
- Section 34 sets out the power to secure the provision of financial resources to persons receiving or proposing to receive relevant education and persons providing or proposing to provide that education, and Section 35 contains power to impose additional conditions attaching to financial resources provided under section 34.

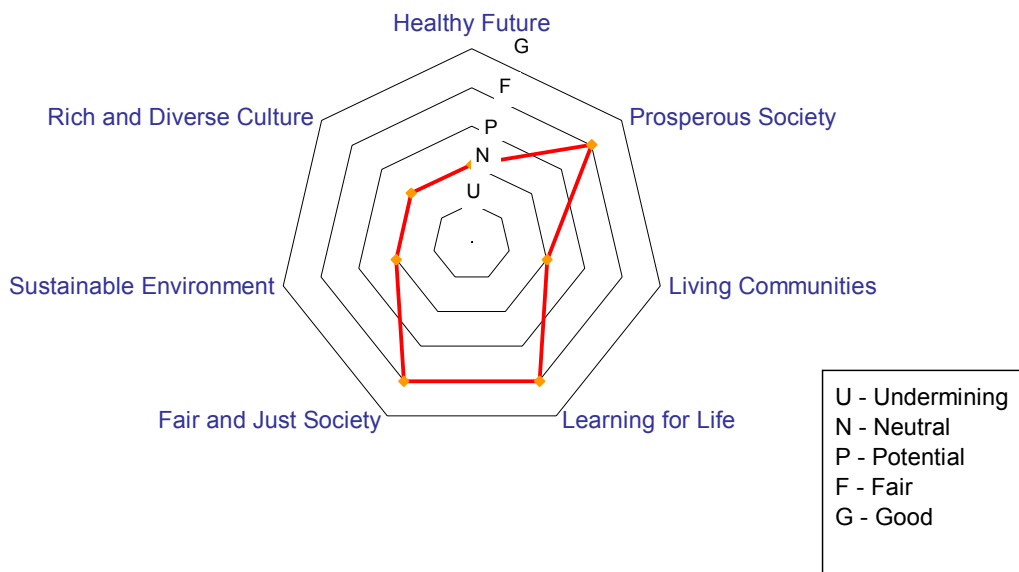
## **The operation of Fee Remissions and Fee Assumptions by Further Education Corporations**

In the consultation paper reference is made to fee remissions. Fee remissions refer to the Welsh Assembly Government's aspiration that certain categories of learners will be able to access education or training without incurring a financial cost.

The terms on which all prospective students can access further education (including the fees charged by further education colleges for education or training) will be the same. However in respect of the categories of learners identified in the consultation paper, the Welsh Assembly Government will, by way of funding condition or contract, require that further education corporations pay the education or training fees out of the funding received from the Welsh Assembly Government.

## ONE WALES POLICY GATEWAY TOOL - SUMMARY SHEET

The results below represent the agreed outcomes of a policy gateway session held on 13<sup>th</sup> July 2009 to consider proposals for post-16 funding reform as described in this consultation document. The exercise, intended to identify policy connections or potential unintended consequences, involved representatives from Department of Children, Education, Lifelong Learning and Skills, Department of Economy & Transport, Department of Public Service & Performance, Department of Health & Social Services, Department of Rural Affairs & Heritage and Department for Environment Sustainability & Housing. The assessments are based on commitments given in *One Wales*.



### Summary Comments:

The proposals seek to strike a balance between investing limited resources in economically and strategically valuable knowledge and skills, and investing for social justice and inclusion. On the assumption that investment in skills for the economy has a knock-on impact on personal wealth and economic prosperity, there are no significantly undermining impacts anticipated. A summary of further comments related to each section are detailed below.

<p>Healthy Future</p>	<p>Overall a neutral outcome. Getting people into work is recognised as having positive impacts on the health of individuals. This positive impact needs to be balanced with a recognition that some learners who currently access fully funded courses may be asked to contribute toward that cost in the future – and as a consequence may decide against that investment. In this regard it was recognised that participation in lifelong learning may also help some individuals remain active and/or may promote their ability to function independently.</p>
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Prosperous Society	The policy encourages up-skilling with some focus on economically valuable skills and learning that will help people access work or attain basic skills. There is a strong relationship between skills and employment levels. As such the policy has the potential to make a significant impact as funding is more closely targeted on those qualifications valued by employers and toward skills which promote employability. Raising the employment rate will promote the sustainability of communities across Wales.
Learning for Life	The proposals make full use of the Webb Report into Further Education in Wales and seek to develop a system which is responsive to the needs and priorities of local communities, employers and the local and regional economy. Proposals also address the commitment to reform funding arrangements. The policy aims to bring greater clarity and consistency to fee arrangements, targeting public investment in line with policy priorities. The policy seeks to introduce mechanisms that will allow Welsh Assembly Government funding to be more closely aligned with the policy priorities of Ministers and as such the assessment is positive in this regard.
Living Communities	<i>One Wales</i> focuses primarily on issues related to Housing under this heading. As such a neutral position was maintained.
Fair & Just Society	By focusing resources on those who lack basic skills and by targeting economically valuable skills, the policy has the potential to promote equality by targeting support on the disadvantaged (such as those without basic skills), support community regeneration (by making employability skills a priority) and tackling child poverty (an indirect impact linked to proposal to target some investment on economically valuable skills).
Sustainable Environment	By focusing investment on the qualifications valued by employers, and by tackling low skills the policy has the potential to support rural development as part of the wider contribution toward a prosperous economy. Note: The related Transformation Policy, not the proposals in this consultation, directly addresses the issue of how providers work together to secure effective delivery across Wales.
Rich & Diverse Culture	The policy is neutral. No changes to existing arrangements for Welsh for Adults provision are proposed.