



KPMG Review of English for
Speakers of Other Languages
(ESOL)

**for the
Department for Education and Skills
Skills for Life Strategy Unit
and the
Learning and Skills Council**

department for
education and skills

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Executive Summary

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1 Introduction

This report summarises the key findings from a review of English for Speakers of Other Languages (ESOL) provision undertaken on behalf of the Skills for Life Strategy Unit and the Learning and Skills Council (LSC) by KPMG. It considers both previous and current provision and makes recommendations for consideration for future delivery.

1.1 Background

Over the last few years, LSC expenditure on ESOL provision has increased significantly, with most of this provision not directly leading to approved qualifications and the Skills for Life Public Service Agreement (PSA) target.

Demand for ESOL provision seemed likely to increase further. The Immigration, Nationality and Asylum Act 2002 introduced a new requirement for those wishing to settle in the UK to take a citizenship test with a language component. During the summer of 2004 the Home Office confirmed that, in order to gain citizenship, individuals would have to be able to demonstrate achievement of English language ability at Entry Level 3 or higher.

In addition to this, the broadening of the European Union (EU) was expected to lead to an increase in the number of individuals in the new member states who would access free ESOL provision. The review investigates early indications of this potential increase in demand and related issues.

In light of these pressures, the Department for Education and Skills (DfES) and the LSC commissioned a review of ESOL to determine current practices and issues and to make recommendations on how the planning and funding of ESOL provision might be more effectively managed in the future.

1.2 Approach and Methodology

The overall review was divided into three stages, covering an initial desk-based analysis of existing data and practices, with the subsequent phase considering field analysis of current issues from a number of stakeholders, focusing particularly on further education (FE) providers and local Learning and Skills Councils (local LSCs). A final phase of focus groups was undertaken to gain a direct insight into the motivations and experiences of learners.

The desk-based analysis considered individualised learner record (ILR) data for the last three years. Owing to the timing of the review, the availability of detailed information on 2003/04 was limited to the first statistical return.

The qualitative analysis covered a wide range of activities, including analysis of the approaches of other countries and provision in private language schools. Detailed interviews were undertaken with relevant stakeholders on current issues around ESOL provision and with a selection of local LSC offices and FE providers on planning and delivering ESOL provision. The learner perspective was covered in the review by

including focus groups with over 300 learners on different learning programmes from a range of providers.

1.3 Acknowledgements

We would like to take this opportunity to thank the DfES, the LSC, providers, learners and the range of other stakeholders involved in this assessment both for their contributions and co-operation during this process and for responding at very short notice.

2 Key Findings and Recommendations

2.1 Volume of Provision

The data analysis provided the following information with regard to the trends in the volume of provision:

	2001/02	2002/03	2003/04
Total enrolments	296,899	404,238	454,541
Total funding	£170 million	£212 million	£256 million (initial figures, subject to change)

- In both 2001/02 and 2002/03, on average around 50 per cent of provision was undertaken and funding provided within the London region, representing over four times the amount of provision of any of the other regions.
- The individual London local LSCs, combined with the South East, West Midlands and North West, account for 74 per cent of all enrolments.
- By mapping enrolments by postcode residence of those enrolled on programmes, it is possible to see a slight widening of dispersion of learners around the major centres of London, Birmingham and Manchester.
- North Yorkshire, Birmingham and Leicestershire experienced the greatest increase in volume of funding from 2001/02 to 2002/03.
- The 10 largest providers, nine of whom are in London, utilise over 26 per cent of total ESOL funding.
- Growth in ESOL provision is taking place across the country with the 10 fastest growing providers expanding by over 1,300 per cent.

Interviews with local LSCs revealed the following:

- ESOL does not feature prominently in most local LSC planning arrangements and is most often regarded as a sub-area within Skills for Life.
- Planning and staff responsibility in local offices were found not to correlate directly to the volume of provision.
- Some regional planning has taken place across local LSCs in areas with relatively low levels of provision.
- There is little quantifiable planning on demand, other than in respect of, for example, refugees and asylum seekers.
- Most local LSCs are, however, experiencing growth in this area and expecting it to continue.

The review gathered the following information from discussions with FE providers:

- ESOL demand has grown for all the providers interviewed and is often only constrained by availability of funding and teaching accommodation.

- The majority of providers planning for ESOL appear to be driven by available funding and allocation models rather than by local needs.
- Providers do, however, work closely with community groups to determine the nature of the provision they offer.
- All providers expect growth in ESOL demand over the next three years and, although availability of funding and accommodation are constraining factors, providers are developing strategies to increase community and workplace provision in order to be able to meet demand.

Summary of volume issues

Provision has grown at a significant rate. This is largely being driven by FE providers increasing supply to meet what in some cases is claimed to be massive demand. This growth is not consistently reflected in the planning of all local LSCs. At this time, local LSCs are not considering ESOL separately from other Skills for Life provision.

Given the demands on available funding for FE and the range of priorities of the LSC, it is clear that action needs to be taken to improve the management of this situation.

Recommendations

- 1 That ESOL be identified as a separate area in all LSC and local LSC plans and considered separately from literacy and numeracy in the planning cycle for the next academic year. This should include its being featured in updates to provider development plans and targets.
- 2 It may also be appropriate to consider introducing individual key performance targets for ESOL to ensure that the situation is managed on an ongoing basis.
- 3 That consideration be given to providing additional resource to support the local LSCs in their negotiations with providers. It would be possible to prioritise this resource to cover the areas where the greatest volume of ESOL is delivered.
- 4 That specific support and guidance be provided to local LSCs and colleges to ensure that they understand fully the range and volume of ESOL provision currently being delivered within their area.

2.2 Eligibility and Demand from Learners

All the interviews undertaken as part of the review clearly demonstrated that ESOL provision was meeting the needs of an extremely diverse range of learners. This included those who have Master's degrees in their own language through to those who were illiterate in their own language.

Further to this, a wide range of reasons were given by providers and by learners for undertaking ESOL provision. These included wishing to gain employment or progress into higher education, or assisting in the process of settling into a new country.

The need for specific vocational provision to meet the demands of those who wish to gain employment was also frequently raised as an issue.

There is some confusion between the appropriateness of ESOL provision and English as a Foreign Language (EFL) provision. A small number of interviews indicated that the introduction of the new qualifications could lead to some learners who would have

previously studied EFL (particularly EU learners) being switched to ESOL. This would be done to take advantage of the LSC funding available for ESOL.

The feedback from the focus groups indicated that those learners interviewed were not particularly focused on the learning aim onto which that they had enrolled. Their main reason for study was to learn the language and they were happy to be guided by providers on the choice of course. The learners in the focus groups also indicated that their learning was so important to them that they would be prepared to pay for it. However, most did not feel that they were in a position to afford to do so.

Over the course of the review most interviewees from FE providers and local LSCs had a good understanding of current eligibility criteria, which included training for front-line staff who dealt with enrolments. However, it was also felt that the criteria were complex and some felt it was difficult to keep up to date with changes.

All interviewees were questioned regarding the potential demand for ESOL that would be created as a result of the citizenship language requirements. All those interviewed felt that there would be significant demand created as a result of this. However, at the time of the review little of this demand had actually been realised. This was felt to be due to the timing and communication of the announcement, which was not felt to have yet reached those who were most likely to act upon it. This view was supported by some of the learners interviewed in the focus groups, who had not been aware of the requirement but were interested in taking this forward when it was discussed with them.

This position was different from the significant demand that was being experienced in some areas, from learners from those countries that had recently joined the EU. At the time of the review none of those interviewed had been able to quantify the scale of this demand. A number of interviews indicated that individuals from these countries were being targeted to fill skills shortages that could not be met from within the local population.

In addition, planning by local LSCs and FE providers was found to be most successful in supporting asylum seekers and refugees. A number of specific examples were found where the distinct needs of these groups were being met through planned delivery. Asylum seekers and refugees were highlighted in a number of interviews as being particular groups which had been identified as high priority for support.

It was not felt possible for these groups of learners to make a financial contribution towards the cost of their learning. In some areas, these learners often struggled to find the cost for public transport to attend learning, even if it was refunded when they arrived at the learning venue.

The international analysis indicated that other countries have adopted an approach of prioritising asylum seekers and refugees to receive free provision, whereas others are expected to contribute to the cost of their learning.

Summary of eligibility and demand issues

The views of the stakeholders emphasised the diverse range of provision that is delivered as ESOL and the varying nature and needs of the learners who undertake the learning.

Whilst there appears to be considerable communication regarding the development of ESOL there does not appear to be shared understanding of the issues and priorities. This is resulting in certain stakeholders feeling that the needs of some learners are not being addressed.

It was felt that whilst eligibility of learners is complex and difficult to keep up to date with, it is currently well understood. It was also felt that the changes to funding associated with the introduction of the new qualifications could lead to some learners being placed on ESOL provision when EFL would be more appropriate. This could be a significant issue given that research from the focus groups showed that learners were largely guided by the provider as to which course of study they undertook.

There is already significant demand being experienced from learners from those countries that have recently joined the EU and it is expected that demand will also be significantly increased from the introduction of the citizenship requirements. It should be noted that in some areas this demand is being stimulated through specific targeting to meet skills shortages.

There is an indication that although learners value their provision, some learners, such as asylum seekers and refugees, would have difficulty in meeting any fees if they were introduced. There is an indication that there is potential to introduce some prioritisation of groups of learners for funding.

Recommendations

- 1 The diverse nature and needs of ESOL provision is reflected in regional and local plans. It may be necessary to include statements of priority groups within these in order to be able to manage current demand.
- 2 That, in areas of high demand for ESOL, the Regional Skills Partnerships consider ESOL needs, including any specific skills shortages that need to be addressed.
- 3 That an assessment be made of the likely demand created by the citizenship requirement, which can be reflected in local, regional and national plans.
- 4 That the current eligibility criteria be restated in a clearer format and then continue to be enforced. In addition, assurance should be gained that learners who should be studying EFL are not being switched to ESOL in order to create a funding advantage for the provider.

2.3 Patterns of Provision and the New Qualifications

The data analysis provided the following information with regard to the current patterns of provision:

- There is significant growth in Entry Level provision.
- There is a wide range of possible qualifications, with those with the highest volumes being short courses and those at Entry Level 1 and 2.
- Those regions and local LSC areas that have the greatest level of overall provision also have the largest proportions of Entry Level and Level 1 enrolments.

- The average funding level for each enrolment increased from £588 in 2001/02 to £619 in 2002/03. However, there is a wider range across regions and individual local LSCs.
- The average cost of an Entry Level enrolment increased significantly (around 40 per cent) from 2001/02 to 2002/03.
- Peak enrolments across the academic year are closely aligned with the start of college terms, with the most significant level of enrolments (over 37 per cent) taking place in September.
- Around 40 per cent of learners undertake more than one course of study in each academic year.
- There is a pattern from 2001/02 to 2002/03 which shows that the number of multiple enrolments that individuals are undertaking is marginally increasing. This included 80 learners being enrolled on over 20 different courses in 2002/03.
- Over 60 per cent of enrolments and funding have been undertaken on learning aims that are not associated with an awarding body and these have been largely college awards.

This pattern of current provision and the introduction of the new qualifications were considered as part of the overall review.

It was readily apparent that the introduction of the new qualifications should have a significant impact on the pattern of provision that is offered and would bring about greater consistency with regard to the average levels of funding. However, there was great concern among all those interviewed regarding the readiness of the new qualifications for the September launch date. This led to a number of providers indicating that they would not be changing to the new qualifications until the latest possible date (January 2005). This is particularly significant given that over 38 per cent of enrolments usually take place in September, thereby reducing the impact of the new qualifications in the current academic year.

These concerns are made even more severe when the extent of the change that is required to the current provision is considered. The data above shows that 60 per cent of provision was not externally validated. None of this provision contributes directly to the Skills for Life PSA target. This provision is classified as “other provision”, which is currently subject to an overall review by the LSC.

The scale of this change, combined with the perception that there was a lack of readiness to move to the new qualifications, is likely to provide a significant challenge during the current academic year.

The other particularly significant factors for consideration regarding the pattern of delivery are the volume of basic and low Entry Level provision that is being studied and the number of multiple enrolments. The greatest level of provision is currently below Entry Level 3, the level that is required for citizenship. It is not possible to calculate this exactly as the data does not currently distinguish between the three Entry Levels.

The implications from this are that it is likely that any learners wishing to gain citizenship will have to undertake a number of programmes of learning to reach Entry Level 3. Therefore, if the expected demand is realised from those wishing to gain citizenship, this is likely to lead to a high level of enrolments.

It is worth noting that Entry Level learning aims have, on average, received more funding than those at higher levels, for example Level 2. This would result in increased pressure on LSC expenditure.

Summary of patterns of provision and new qualifications

There is clearly a significant level of change required to move from what is currently largely “other provision” to the new qualifications. This will be a challenge, as there appears to be a lack of readiness by stakeholders to deliver the new qualifications.

In addition, although it is not possible to determine the impact of the citizenship language requirements on the pattern of the delivery, it is possible to envisage that if the expected demand is realised, this would create significant demands on LSC budgets.

Recommendations

- 1 There is an opportunity to combine the recommendations for planning indicated above with the current LSC review of all “Other Provision” to ensure that providers are making progress to implement the new qualifications.
- 2 That a data analysis of the introduction of the new qualifications be undertaken on a termly basis for the current academic year and for at least the first term of 2005/06, and that this data be shared with local LSCs in order to support their “other provision” strategies.
- 3 That further research be undertaken to determine the likely demand of Entry Level provision as a result of the introduction of the citizenship language requirements. This should include some quantitative research into the starting point of learners so that modelling could take place on the amount of learning that would be required.

2.4 Quality

The data analysis shows that completion of courses is above 80 per cent. However, given that the largest percentage of enrolments is for short courses, this indicates that there are some issues around retention.

This data was supported by the research into the published inspection reports on ESOL provision, which indicated that punctuality and attendance were important quality issues.

Recommendation

- 1 The difficulties around retention and punctuality were discussed during the interviews. There was a strong belief that these were not problems with the provision, but rather down to the nature of some learners, who would often have significant family commitments that would interfere with their attendance, and also that a number of learners had to continue to relocate around the country in order to gain employment.

2.5 Franchised and Partnership Provision

The data analysis showed the following with regard to franchised and partnership provision:

- Franchise provision remained at a fairly constant proportion of the total provision in 2001/02 and 2002/03 (15 per cent). This reflected an overall increase in funding from £25.8 million to £32.1 million.

- Franchised provision is moving from private-sector franchised providers to community-based and not-for-profit provision.
- Over 3 per cent of all ESOL provision is delivered through partnership arrangements.
- 16.7 per cent of all ESOL delivery is through either franchise or partnership arrangements with over 30 per cent of funding being delivered in this manner in some areas.

This analysis did not highlight an area of concern as it is regarded as appropriate to undertake provision in this way as partner organisations are used to deliver provision within local communities. However, this provision is often regarded as high-risk, and interviews with the LSC indicated that investigation into ESOL provision had identified some areas of major irregularity. This has resulted in some collaborative regional approaches being adopted in order that adequate controls are put in place.

Summary of franchised and partnership provision

While the volume of this type of delivery is not an immediate cause for concern, the number of major irregularities in provision of this type means that further action is required to ensure that these are removed.

Recommendations

- 1 That, as part of the overall LSC planning of ESOL described above, specific attention be given to any franchising and partnership provision to ensure that appropriate controls are in place.
- 2 That consideration be given to extending the current regional collaborative models to ensure an overall picture of volume of those franchise partners who operate in more than one LSC area.

2.6 Long-term Position

If the recommendations described previously on planning are implemented, this could lead to a position where the growth, mix and targeting of provision are being effectively managed.

However, during the time that the review was carried out, it was not possible to be certain of the impact and extent of transition of the introduction of the new qualifications. It was also not possible to quantify the demand that would be created both through the citizenship language requirement and from individuals from the new EU countries.

Given the potential scale of these issues, a range of possible scenarios were developed to consider how ESOL provision and funding could be managed. These scenarios could be grouped into three main areas. These were stated policies for ESOL on volumes of “Other Provision” and franchising, adjusting the level of funding for learning aims, and reconsidering those providers who would be able to offer ESOL.

Introduction of policies on volumes of “Other Provision” and franchised or partnership delivery

The first group of these scenarios considered the introduction of policy statements regarding at one extreme the removal of any ESOL “other provision” funding to a position that allowed a managed transition over a three-year time frame. The same considerations were given to franchised and partnership provision.

There are a number of advantages and disadvantages to each of these scenarios. However, overall it was felt that these issues would not be necessary as the issues would be addressed through the LSC business planning process and that the introduction of any additional policy in this area would not be consistent with the overall approach to funding.

Recommendation

- 1 That there is no short-term requirement to adjust funding policy to manage franchised, partnership and ESOL “other provision” delivery. This could, however, be given further consideration in later years should LSC business planning not prove successful in managing the situation.

Reviewing the level of funding for ESOL learning aims

This group of scenarios considered changing the funding methodology for ESOL provision. This included the removal or reduction of the cost weighting factor, removal of fee remission and moving to listed values of funding for the new qualifications. Consideration was also given to whether employers should pay for any employees who undertake ESOL training, particularly where the provision is tailored for that employer.

As with the scenarios described above, there was a range of positives and negatives to each of these options. However, the main advantage of each is that they would reduce the pressure on budget that would be experienced if the expected growth cannot be managed through the LSC planning process. It was not possible to quantify the impact of each of these approaches accurately from the data currently available. It would also be necessary to carry out a detailed investigation into current average class sizes for ESOL and wider research into the potential of individuals to pay before introducing these options.

There would appear to be potential for employers to pay for provision that is tailored for them. However, there is a difficulty in introducing charging to employers in any other circumstances as there would be a disincentive for them to support this as long as provision remains free to individuals.

Recommendations

- 1 That these options only be given further consideration if it is apparent that either LSC plans are not bringing about the required changes or that the research into demand, recommended above, indicates that volume could increase even more significantly.
- 2 Should it be deemed appropriate to implement any of these options it is recommended that research be undertaken into average class sizes and that consideration should be given to establishing whether certain groups (such as asylum seekers and refugees) should be regarded as priorities which would continue to receive fee remission.
- 3 That the introduction of charging for tailored provision for employers be introduced.

Controlling those providers who are able to offer ESOL provision

This final group included two scenarios, the first of which was to contract only with those providers who had Grade 3 or above from inspection for ESOL provision. There are a number of practical difficulties and policy conflicts in implementing this approach. However, it does have the advantage of ensuring quality, and that value for money is being achieved.

The other scenario considers the introduction of specialist ESOL providers. This would see local LSCs move to a position where they identified specific providers in a given geographic area who would deliver all ESOL for that area. This could be done with an existing provider or by introducing new providers, either of which would have to meet defined criteria with regards to quality and resources. This was seen as greatly simplifying planning and enabling economies of scale and expertise.

It is likely that the LSC planning process will give consideration to the number and type of providers that will be contracted with to deliver ESOL provision in future.

However, the introduction of specialist ESOL providers has a number of strong advantages and is consistent with government policy on the development of Centres of Excellence.

Recommendation

- 1 That, should the LSC planning process indicate that it would not be able to support the potential increased demand, further research be undertaken into the introduction of ESOL specialist providers.

2.7 Overall Recommendations

It is clear that action needs to be taken in order to manage the growth, mix and targeting of ESOL provision. This review makes a number of recommendations to manage this approach. These are summarised in this section and have been divided into short- and long-term considerations.

2.7.1 Short-term recommendations

It is clear from the review that the most effective mechanism in controlling expenditure, managing the mix of provision and maintaining a consistent approach with funding and current policies is to ensure that robust planning and monitoring take place within local LSCs.

The following specific recommendations are made to assist this planning process:

- 1 That ESOL be identified as a separate area in local LSC plans and considered separately from literacy and numeracy in the planning cycle for the next academic year. This should include being featured in updates to provider development plans and targets.
- 2 It may also be appropriate to consider introducing individual key performance targets for ESOL to ensure that the situation is managed on an ongoing basis.

- 3 That consideration be given to additional resource to support the local LSCs in their negotiations with providers. It would be possible to target this resource to the areas where the greatest volume of ESOL is delivered.
- 4 That specific support and guidance be provided to local LSCs and colleges to ensure that:
 - they fully understand the range and volume of provision currently being delivered within their area;
 - the new qualifications are being introduced effectively; and
 - that franchise and partnership provision is being effectively managed.
- 5 That the review of “other provision” being undertaken by local LSCs should focus specifically on the volume of ESOL provision that is being delivered and should include agreed plans, targets and milestones for transition to the new qualifications. This may require additional support to be provided to those local LSCs that do not feel that they have sufficient curriculum knowledge to be able to negotiate effectively with providers.
- 6 That the Regional Skills Partnerships (RSPs) give consideration to the demands for ESOL, and how meeting this demand could help to address skills shortage areas.

The following recommendations are made to support the planning process described above:

- 7 That consideration be given to monitoring those franchise providers who operate on a national basis or over a given number of local LSC areas in order to increase transparency and control.
- 8 That data analysis be undertaken on college ILR data after each of the returns for 2004/05, to monitor the impact of the new qualifications.
- 9 That ESOL be featured in appropriate planning guidance issued by the LSC.
- 10 That the wording of the eligibility criteria be reviewed and communicated to providers.

2.7.2 Long-term recommendations

The short-term recommendations described above should have a significant impact in managing the growth of ESOL and ensuring that the provision offered meets local needs. However, it is not possible to be certain that this will be sufficient to meet the potential demand. The following recommendations should therefore be considered in the longer term, or should planning indicate that demand will not be able to be managed.

- 1 In order to inform ongoing planning it would be extremely useful to undertake research to quantify likely demand from both the introduction of the citizenship language requirements and learners from the new EU countries. In addition, this should identify the average starting level of learners who wish to gain citizenship in order that required learning can be quantified and costed.
- 2 That specific policies on “other provision” and franchise or partnership provision be introduced.

- 3 That further research be carried out into the possibility of the introduction of charging to employers for tailored provision.
- 4 That research be undertaken into average class size to determine if the funding uplift remains appropriate.
- 5 That research be undertaken into the potential to remove fee remission for some groups of learners who would be able to meet the cost of their provision.
- 6 That analysis be undertaken regarding the introduction of specialist ESOL providers in order to determine feasibility.

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