

Further Education:

Raising Skills, Improving Life Chances

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Executive Summary

department for

education and skills

creating opportunity, releasing potential, achieving excellence

Executive Summary

Purpose

1. Our future as a prosperous nation depends on our education and training system. We rely on that system to prepare young people fully for life, and to develop in both young people and adults the skills that are necessary for the productive and competitive economy that underpins our quality of life and many of our wider national ambitions.
2. We need to support people to develop skills in the broadest sense: enabling and equipping them to deploy to best effect their talent, knowledge, resourcefulness and creativity. That is the core purpose of the colleges and training providers that make up our Further Education (FE) system. The system serves many 16-19 year-olds – studying general and vocational qualifications, Apprenticeships and other forms of work based training. Some 4.6 million adults over the age of 19 study in FE every year, on a huge range of courses from basic skills through to Foundation Degrees.

3. The FE system must be the powerhouse for delivering the skills at all levels that are needed to sustain an advanced, competitive economy and make us a fairer society, offering equal opportunities for all based on talent and effort, not background.

The challenge of skills

4. There is much to celebrate in our FE system. We have some excellent colleges and training providers. The system has demonstrated great flexibility in adapting to new challenges, is effective in reflecting and responding to the diversity of local communities, and has a strong track record in tackling inequality and reducing achievement gaps.
5. Recent improvements in results achieved by the education and training system owe a great deal to FE: the significant increase in the proportion of 19 year-olds achieving Level 2 qualifications – up 3 percentage points to 69.8%; the improvement in completion rates for full Apprenticeship frameworks from 31% in 2003/04 to 40% in 2004/05; the recent increase in post-16 participation to new record levels; and the overall improvement in success rates in FE from 59% in 2000/01 to 72% in 2003/04.
6. Those achievements are a tribute to the skill, dedication and hard work of all those working in the FE system. They have been supported by substantial investment. Since 1997, participation in post-16 training has expanded, with total learner numbers rising from around 4 million in 1997/98 to around 6 million in 2004/05. The Government has increased investment in colleges by 48% in real terms between 1997/98 and 2005/06. Through the formation of the Learning and Skills Council (LSC), we have brought together for the first time all forms of funding for post-16 education, training and skills outside Higher Education (HE), so that we can tackle the artificial funding and organisational barriers between different parts of the system.

7. Yet, despite this progress, by international standards, we face major areas of weakness. The proportion of our young people staying on in education and training post-16 is scandalously low: the UK ranks 24th out of 29 developed nations. We lag well behind France and Germany in the proportion of our young adults achieving a Level 3 qualification in their early twenties. The number of adults in the workforce without the skills at Level 2 for productive, sustainable employment in a modern economy is much too high: in that area we rank 17th out of 30 countries. All this makes clear that as a nation we need to raise our ambitions for skills.
8. Through the 14-19 and skills strategies we have already put in place far-reaching reforms to address these weaknesses. But we have to speed up progress. The initial report in autumn 2005 by Lord Leitch on the skills needs of the economy in 2020 presents a daunting picture of the rate at which other nations such as China and India are improving their skills base, and the challenge we must set ourselves if we are to keep pace. Even achieving all our current targets for raising skills among young people and adults would mean that in 2020 we would be no better than mediocre in the international rankings.
9. None of us should be willing to settle for that as the limit of our aspiration. Our aim must be to be leading the world in skills development – with virtually all young people staying on to age 19 and half going on to HE; all adults having the support they need to up-skill and re-skill throughout life; all employers seeing skills as key to their success. From this can come productivity growth that will sustain us as a leading world economy.

Reform principles

10. We will only achieve this if our FE system is fit for purpose in meeting the two strategic challenges of transforming 14-19 education and up-skilling the adult workforce. This will mean

major reform for colleges and training providers, so that FE gains the esteem it deserves as the engine room of a successful economy, with the power to transform lives.

11. The reform agenda since 1997 has provided us with evidence and key lessons that we will build on. We know that offering high quality vocational learning to 14-16 year olds, often in colleges, can help boost post-16 staying on rates; and that delivering well-designed training at work can result in employees getting a higher rate of return from the qualifications they gain. We know that encouraging colleges to work with employers and specialise in particular occupational areas can raise performance; and that giving employers and learners greater choice in the design and delivery of training raises their motivation and satisfaction.
12. The measures set out in this White Paper build on these lessons and on the public service reform principles that the Government has adopted in other sectors, most recently in the *Higher Standards, Better Schools for All* White Paper on school reform. We are raising the bar on standards, with a tough approach to both inadequate and coasting providers; encouraging a diverse and high quality set of providers; promoting learner choice; tailoring provision so that is responsive to the needs of all learners; and ensuring there is clarity of role between commissioners, providers and regulators, with a reduction in bureaucracy across the whole system.
13. This White Paper builds on recent secondary school reforms, the 14-19 and skills strategies, the Success for All programme, and the LSC's *agenda for change* reforms. It also responds to the important independent report published recently by Sir Andrew Foster on the future role of colleges. It sets out a far-reaching programme of reform in six main areas.

Mission and specialisation

14. As the Foster report said, this challenge means that we need to establish a clear mission for FE, focused on the employability and progression of learners. This is central to delivering the skills and qualifications which individuals, employers and the economy need.
15. So we will put the economic mission of the sector at the heart of its role. That means defining its central purpose as being to equip young people and adults with the skills, competences and qualifications that employers want, and which will prepare them for productive, rewarding, high-value employment in a modern economy. This includes developing the skills and attributes for enterprise and self-employment.
16. The delivery of this new mission will involve the creation of a new specialist system. We will expect every FE provider to develop one or more areas of specialist excellence, which will become central to the mission and ethos of the institution and will drive its improvement. A new, more powerful phase of the successful programme of Centres of Vocational Excellence (CoVEs) will be central to this. This will include a new, higher standard for accreditation, a more direct role for employers and stronger encouragement to develop several CoVEs in related disciplines within a single institution. We will extend the programme of National Skills Academies (NSAs) as part of this drive for specialisation.
17. As well as encouraging a much clearer focus within colleges, we will form strong specialist networks between colleges in every major economic sector. New, national sector-based networks of vocational providers led by NSAs will be increasingly important in driving improvement. These networks will be characterised by their strong links with employers, raising standards, reputation and motivation.
18. We will promote a stronger and growing Sixth Form College sector. The FE system as a whole has a crucial role in delivering 14-19

reform, but Sixth Form Colleges' role is particularly central. Sixth Form Colleges will increasingly broaden the curriculum and qualifications they offer as part of 14-19 reform, and will offer some courses to 14-16 year-olds. We will recognise particularly effective provision in Sixth Form Colleges through a new 'Centre of Excellence' designation.

- 19.** This economic mission does not mean narrow vocationalism. It includes for instance the general education that employers value and the stepping stone provision that helps prepare people for success in life and work as well as provision at Levels 2 and 3. We will strengthen the role of colleges and training providers in providing HE programmes linked to their economic and social mission. We will develop colleges' role in HE in regions where access to HE institutions is limited, through the lifelong learning network programme. There are ten such networks in operation, with more in development. We will target new networks where currently provision is most sparse. We will explore, with the Higher Education Funding Council for England and the LSC, how we might offer better capital support to enable FE providers to contribute to HE. We will prioritise the development of some larger college providers of HE as centres of excellence, with a major part to play in developing work based HE programmes for employers.
- 20.** The economic mission will not be the sector's sole purpose. Education and training for personal fulfilment, community development and the love of learning all have an important place and will be sustained, though the pattern of institutions specialising in such programmes is likely to change. As general FE colleges increasingly focus on the core economic mission, local authority and voluntary providers may focus on wider personal fulfilment and community programmes, with funding targeted on securing high quality provision which meets local community priorities.

Meeting employer and learner needs

- 21.** Alongside this stronger sense of purpose, we want to make a decisive shift towards a system that is driven by the needs of service users. We will introduce measures that put learners and employers in the driving seat in determining what is funded and how services are delivered.
- 22.** A programme of learner accounts will be trialled, focused on helping people gain Level 3 qualifications. We know that accounts can have a powerful effect in motivating learners, creating a sense of ownership, and attracting them back into learning. We will also make sure that all colleges have learner representatives on their governing body.
- 23.** We also need to do more to help those of today's young adults who do not achieve a Level 3 qualification by the age of 19. Under the current system there is a sharp cliff edge in support post-19, for instance in relation to tuition fees. Yet for many young people, particularly from disadvantaged backgrounds, their early twenties is the time when they wish to gain Level 3 qualifications to give them a step up to a better job. So we will create a new entitlement to free training to enable young people to complete their initial education and training to Level 3 up to the age of 25. Through the continuing roll out of the Adult Learning Grant (ALG), we will also provide help with maintenance costs for those on low incomes.
- 24.** For employers, who too often feel that colleges and training providers are not responsive enough to their needs, we will roll out the pioneering Train to Gain programme. This helps employers, supported by brokers, get training delivered in the workplace to meet their needs. It offers full public funding for basic employability skills and we have already committed to trials that will extend this to cover qualifications at Level 3. We will now extend it further to test the introduction of work based training at HE level as well. This

means that for the first time, an employer will be able to source all their skills needs – from adult basic literacy to degree level engineering – through a single broker.

25. These changes will be underpinned by qualification reform which ensures better progression routes for young people (through specialised Diplomas) and greater simplicity and navigability for adults (through the Framework for Achievement).

A national strategy for better teaching and learning

26. We need a world class education and training system that provides a high quality learning experience for all, making effective use of new technology. Given the investment of time, and in many cases their own money, that students are making we must ensure that quality is right every time. Colleges and providers will be responsible for driving up quality within their own organisations, with an increasing emphasis on self-improvement.
27. For the first time, a single Quality Improvement Agency will be responsible for supporting providers in this role. It will lead the implementation of a single, national Quality Improvement Strategy for teaching and learning in FE. There will be new support for teaching staff in FE, including through the development of new teaching and learning materials, backed by subject coaches, especially to support delivery of the specialised Diplomas. The Strategy will support increasing personalisation, so that individual needs and circumstances are built into the design and delivery of education and training.
28. The Strategy will be backed by new measures to support the development of the workforce. Staff need to be properly trained and to develop and update their skills regularly to respond to changing needs and new challenges. We will introduce a Continuing Professional Development (CPD) requirement, so that all staff are

required to undertake a minimum amount of CPD each year. New programmes will be introduced to boost recruitment of talented graduates; encourage highly effective managers from other sectors to come in to FE; provide opportunities for skilled specialists to teach in FE; and provide opportunities for FE staff to update their skills in industry. All new college principals will need to gain a new leadership qualification. Building on the good work of the Network of Black Managers and the Centre for Excellence in Leadership in relation to race equality, the quality strategy will be centred on a powerful commitment to equality and diversity.

Spreading success and eliminating failure

- 29.** We will support the development of the more personalised system we seek, by taking decisive action to eliminate failure and creating structures that help the best providers to spread their influence.
- 30.** There is now much less failing and unsatisfactory provision in FE than in the recent past. We are now raising the bar to ensure that all provision is good or improving. Any provider or provision judged to be failing or coasting will be subject to an improvement notice. Colleges and other providers will receive support to address the problems immediately. If the problems are not addressed within a year, the LSC will be able to act decisively – changing governors, changing the leadership of the college, opening up the provision to competition or seeking merger with or help from a strong provider.
- 31.** At the same time, we will encourage new structural models, including federations, collaborative partnerships and Trusts to make it easier for the best providers to spread their influence across the system and lead change. In addition, there will be a presumption that colleges meeting criteria to be designated ‘high performing’ will be able to expand their provision for 14-19 year olds, particularly to provide new Diplomas.

- 32.** To promote dynamism and innovation we will encourage new high quality providers into the FE sector. New competition arrangements will make it easier for new providers to enter the system, where significant expansion of high quality provision is needed. There will be open advertising, with appropriate development funding and capital incentives, as well as revenue funding, for the successful provider. This will enable good existing colleges to expand, federate or create a Trust, independent and voluntary sector training providers to enter the sector, or wholly new institutions to be established, depending on needs. It will be underpinned by a new LSC remit to promote diversity, choice and specialisation.
- 33.** A new balanced scorecard and single performance indicator (along the lines of the local authority CPA system) will support college self-improvement, provide greater transparency and information for learners, and strengthen public accountability for colleges.

Funding

- 34.** We need a funding system which supports the FE system to move in the direction outlined here. Funding will be targeted on priority areas and follow the needs of learners and employers. For 14-19, that means a new approach which provides fair funding for comparable activity across all institutions; and support for young people to make the best choices for them, including choosing to study and train for part of their programme at another institution. We have already significantly reduced the funding gap between schools and colleges, and will continue to close the gap as resources allow. For adults, we will progressively build up the proportion of funding that is demand-led and driven by customer choice – particularly through the Train to Gain programme and trials of learner accounts. By 2010, our ambition is that some 40% of the total adult skills budget could be allocated through these demand-led routes, with the majority demand-led by 2015.

- 35.** The new entitlement to free tuition for all 19-25 year-olds studying for their first Level 3 qualification will be funded in full, while for other provision we will move towards a 50% fee contribution for adults who are not entitled to free tuition. We will continue to support low-income learners to ensure that they are not prevented from participating in priority programmes and will extend the ALG to full national coverage from September 2007, to help meet the additional costs of learning.
- 36.** These proposals will be backed by regional and local plans to improve the quality and diversity of provision, determining the pattern of new capital investment. Local authorities will be asked to expand the scope of Building Schools for the Future visions to include FE provision for 14-19 year-olds, so that they are fully comprehensive in setting out what will be required in a locality to deliver our 14-19 reform programme. LSC capital will be directed to implementing this vision, alongside BSF resources. Additionally, we do not want differences in the way capital projects are funded in schools and colleges to get in the way of each local area making the right decisions about the best pattern of institutions to meet 14-19 needs, so we will look to create a more level playing field for capital funding, while continuing to take account of the scope to draw on other sources of income.

A new relationship with colleges and providers

- 37.** A central finding of the Foster report was that the FE system is over-regulated and too complex. We agree. If colleges and training providers are to meet the challenge we are setting, they must have the space and freedom to do so.
- 38.** We will implement a simplified system for planning and funding provision, which will make clearer the links between national priorities and local action, and enable colleges to play more fully to their strengths. A single named strategic partner will lead for the

LSC in its relationship with each college or provider. There will be improved communications between Government and its agencies and the FE system: there will be a single gateway process for all publications and data returns, which will ensure that only relevant, clear and important communications are sent as a matter of course to providers. Improved arrangements for data collection will ensure that data is collected once and used many times. There will be new freedoms from the planning infrastructure for the most effective providers.

- 39.** There will be clarity of roles and less bureaucracy at every level. The DfES will in the future focus on its core purpose of strategic leadership and policy formulation. By withdrawing from operational activity and making savings, it will reduce its staff working on the learning and skills sector by some 325 between 2004 and 2008. The LSC will remain the key body responsible for planning and funding the FE system, ensuring the right pattern of colleges and providers are delivering high quality programmes. The LSC has already committed to reduce staffing by 1,100 by the end of 2007. To ensure that the FE system is fit for purpose to meet the 14-19 and adults skills challenges, the LSC will need to continue to reform in line with the direction of travel that it set out in *agenda for change*.
- 40.** To play the role set out in this White Paper, the LSC will strengthen its regional capacity. This is necessary to oversee the performance of general FE colleges, to plan with regional partners the skills infrastructure needed across the area to meet the needs of employers and adults, and to oversee competitions for new provision.
- 41.** We are legislating to provide a new curriculum and qualifications entitlement for 14-19 year-olds, through the current Education and Inspection Bill. This will place new duties to secure sufficient provision to meet the entitlement, on local authorities in relation to 14-16 year-olds, and on the LSC for 16-19 year-olds. Both the local

authority and LSC have crucial roles in delivery and their funding powers will need to be used to enable them to play those roles effectively. We want local authorities to play the strategic leadership role, consistent with their leadership role in children's services overall, ensuring the integration of the delivery of 14-19 reform with the wider agenda for children and young people in the locality. Within that, the LSC remains the primary partner for the local authority, using its funding and powers to secure rapid and high quality implementation of the 16-19 entitlement in every area. In practice, we want to see local authorities and the LSC working together to drive progress through a shared strategy, as many are already doing. We will work through Government Offices and the LSC to ensure that there are arrangements in place in each area to monitor delivery of 14-19 reform and the new statutory entitlements in particular, and to intervene if necessary.

- 42.** In the major cities, including London, we want much stronger links between jobs, adult training, regeneration and economic development, all with a strong employer lead. So we will be working with major cities to form new partnerships involving the LSC, the city council, Jobcentre Plus, the Regional Development Agency, and employers. The LSC will work with local authorities more broadly to ensure that the skills agenda is reflected in Local Area Agreements as they are extended to all parts of the country.
- 43.** The more powerful regional role, together with the local partnership teams and stronger links between jobs, training and skills in cities, means that the current structure of 47 local LSCs will need to change. We will ask the Chair of the LSC to advise on a new, streamlined accountability structure, which secures strong engagement of employers and other stakeholders.
- 44.** These reforms are all part of the LSC strengthening its capacity to work strategically with colleges and providers, while withdrawing from much day to day administrative activity. Further simplification

and reduction of bureaucracy will come through reform of the inspection, quality improvement, qualifications and data collection operations. The overall effect will be to create a better balance of autonomy and accountability for colleges, with more discretion for good providers to decide how to respond to customer needs, combined with sharper LSC intervention to sort out poor and mediocre provision.

Impact

45. By 2008 the measures set out in this White Paper will have led to real benefits for learners and employers. Amongst these:
- young people will be benefiting from five new specialised Diplomas, with all 14 Diplomas available nationwide by 2013;
 - adults will be benefiting from the first stages of a clearer, simpler, qualifications framework, designed by employers and fully implemented from 2010;
 - 19-25 year-olds will be benefiting from a new entitlement to free tuition for their first full Level 3 qualification, which will be extended over time as the new qualification framework is introduced, to cover the lower level courses that provide the best stepping stones through to Level 3;
 - adults in pilot regions will be benefiting from a learning account giving them funds towards the cost of a Level 3 course at a provider of their choice, together with information and advice tailored to their needs;
 - employers throughout the country will be benefiting from training delivered in the workplace, by a provider of their choosing, delivered to suit their operational needs. Training for basic skills and Level 2 will be free, and there will be access to Level 3 and HE.

- 46.** In addition by 2008 there will be a new dynamism within the system:
- All FE colleges will have a clear economic mission, specialising in areas of distinctive excellence. Standards will be improved by strong specialist networks across colleges and training providers.
 - New high quality providers will be encouraged to enter the FE system to drive up standards, raise innovation, and expand the range of training available. The LSC will have stopped funding any inadequate colleges, providers or departments, levering up standards through radical change such as merger or federation with another stronger college, or a change in leadership.
 - There will be much closer collaboration between schools and colleges, with 14-19 pupils able to study courses in the institution best placed to meet their needs and interests. There will be a closer relationship between colleges and universities, with easy progression from Level 3 onto Foundation Degrees, and from there onto honours degree courses.
- 47.** Through these changes, the FE system will realise its potential to be a key driver of economic growth and competitiveness and an engine of social justice and equality of opportunity.

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