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Policy Watch – The Government sets out some next steps in its reform programme for FE

Introduction

A couple of important reports over the last few months have suggested that the FE sector is at a bit of a crossroads. *"We believe that further education providers sit tantalisingly between two long-term futures"* argued the LSIS in a commissioned [Paper](#) in May looking at some of the changes facing the sector over the next decade. *"The sector is at a moment of inflection,"* concluded the Associate Parliamentary Skills Group in a [report](#) published in June. FE's resilience and ability to adapt to change is legendary but quite how it tackles the challenges of the future within the economic context it now faces, clearly remains a subject of continuing debate.

The latest bundle of [papers](#) on the sector, published this week by BIS and incorporating notably the words '*challenges*' and '*chances*' in the title, offer some thoughts at least from a Government perspective. The fact that they include a mix of consultation proposals and holding statements suggest that there is still some way to go and arguably it will be late autumn when a further investment strategy and sector landscape model are published and when a rash of consultations not just on FE but also on the Wolf recommendations and proposals in the HE White Paper are complete, before the picture become a little clearer. Even then, that may not be the end of it; the Chancellor's Autumn Financial Statement and the joint Treasury/BIS Education and Skills Growth Review, both due this autumn, may yet change things.

For the moment, however, the sector has plenty to think about as it chews over these latest papers from Government. In essence they come in three parts: a positioning paper on what progress has been made and what more needs to be done as part of the FE reform programme; secondly, a consultation on the implementation of a fee loan system, mirroring that in HE but for provision in FE at Levels 3/4 for learners aged 24 and over and potentially due for introduction from August 2013; and thirdly, and an ongoing story, consultation on a number of challenges facing publicly funded Informal Adult and Community Learning.

In all, five headline themes stand out.

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First, the future shape of the sector and how providers should best organise themselves for the future. In a landmark speech in June, the FE and Skills Minister called for *"a rainbow of provision."* His vision was of *"a wide ranging and evolving set of colleges and training organisations who can respond quickly to meet specific, specialist and/or localised demand as needs alter."* It's a vision the sector itself has been considering for some time with for instance, the AoC, the 157 Group and NIACE amongst others at present contributing to a [review](#) of Colleges in their Communities. Its Interim Report argued that *"there is no such thing as a national brand"* largely because colleges are so responsive to local needs and circumstances.

The Government is keen to hear about these and other views. The LSIS Paper, for instance, made a strong case for adopting the social productivity model developed by the Commission on 2020 Public Services for public service reform. This offers a useful template because as LSIS point out, it puts the emphasis on FE working collaboratively at a local level, *"serving the needs of learners through being a creative partner in local growth,"* very much a core role for FE over the years. The Government is promising to set out some ideas in a new framework later this year but seems likely to go for a flexible approach, encouraging providers who might want to work with say UTCs or GTAs, or set up their own skills centres or joint venture or even develop their trading company to do just that but within guidelines. *"We intend to outline the main features of some of these models in a framework to help colleges and training organisations make their own assessments of how best to develop local solutions."*

Second, introducing a fee loan system for FE for Level 3/4 provision for learners aged 24 and over. As originally envisaged in last year's [Investing in Skills for Sustainable Growth](#) Paper, changes would have been introduced for 2012/13 but are now set for introduction from 2013. Fuller details are provided in an accompanying consultation paper but essentially the loan system proposed mirrors that for HE by adopting income contingent loans which are paid back over the same period of time and once the learner has reached the same earnings threshold as that for HE graduates. This alignment between the two systems is deliberate, the aim being to "facilitate progression from FE to HE and allow the system to be run more efficiently and cost-effectively," the so called single membrane. That said, there are a few differences; the FE version will not cover maintenance, nor will it be subject to Access Agreements and interestingly providers will have freedom to determine learner contributions, an important principle to FE.

It will be interesting to see what impact the proposed introduction of a fee loan system has on learning demand for FE in the future, particularly around higher-level apprenticeships where for the first time, learners aged 24 and above may have to contribute to their costs alongside that from an employer. The Government is promising to do some general research in this area but cites existing research evidence that suggests demand for FE tends to be "relatively price inelastic." Two further issues stand out. First, as Chris Banks identified in his [research](#) last year, the sector needs to develop more efficient ways of determining and collecting fee income. And secondly it will need to consider how it 'sells' the idea of fee loans, especially given the criticisms over how this has been handled for HE. The consultation paper seeks views on such matters.

Third, reducing bureaucracy, simplifying systems and generally freeing up providers to be able to operate more effectively. The paper has a number of sections on this. One looks at progress being made in simplifying the funding system, evidence of which can be seen in the regular updating of SFA Guidance Notes. Further simplifications are being lined up in areas like learner support and the rating matrix. Another covers data collection particularly in the context of the Government's Open Data [consultation](#). The aim here is to streamline where possible through a new Public Information Framework. And a third bit looks at removing the heavy hand from providers where an ongoing timetable of further simplification is in place which will see less imposition from on high on matters like performance reporting and annual self-assessment and more self determination. Nor will it end there, the Government is equally keen to simplify the approval process for vocational qualifications, bringing in greater flexibility where possible.

Fourth, higher education where the provision of a more open and responsive market as envisaged by the recent White Paper may well create new opportunities for FE. The sector already makes a big contribution to higher education offering a progression route for nearly 40% of HE entrants and providing HE provision itself for some 180,000 learners. This latter category may well grow as colleges pick up some of the 20,000 funded places made available in 2012/13 for more cost effective, high-quality provision. The Government sees the opening out of the market as "an opportunity for the growth of a more diverse range of delivery models" citing for example packages around HNCs, HNDs let alone Foundation Degrees where of course the first two colleges have just gained degree awarding powers. Alongside this, will be the opportunity for colleges to exercise greater choice over which validation arrangements to adopt.

Fifth, Informal Adult and Community Learning (IACL) and like FE loans, the subject of a separate consultation paper. Funding in this area while tight at £210m, has been protected but as with all such funding, the Government is looking for some tangible benefits from its investment. Following a series of stakeholder meetings, the Government has drawn up a number of questions which it has listed under a series of six challenges. These include spelling out what contribution IACL can make to the development of the Big Society, working out how best to ensure that funding can reach the most disadvantaged and wondering how best to raise quality standards in the provision of this form of learning. 19 questions here, 9 on FE loans and 30 on the next steps for FE generally, plenty to mull over.

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