

# New Challenges, New Chances: Further Education and Skills System Reform Plan: building a world class skills system

An LSIS Quick Summary



## Introduction

On 1 December 2011, BIS published ***Further Education and Skills System Reform Plan: building a world class skills system*** a paper which sets out what the government will support financially and the programme of work required to take forward BIS' reform plans for the FE and skills system for adults aged 19 and over in England. It takes account of the responses to the ***New Challenges, New Chances consultation*** and builds on the vision and principles set out in *Skills for Sustainable Growth* in 2010

The 'headlines' set out in the paper can be summarised as follows:

- Students at the centre of the strategy, priority groups supported through Government funding, and a first class National Careers Service;
- Comprehensive vocational, education and training programmes delivered by the FE and Skills system;
- Further reforms to the strategic infrastructure for the FE and Skills system; and
- Stepping up efforts to support further and higher education as a global export.

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## Learners at the heart of the FE and skills system

Government will '*prioritise*' available grant funding on learning for young adults, those who need English and Maths skills, and those seeking work. Alongside this government is introducing a system of Further Education (FE) loans which shares the features of Higher Education (HE) student finance system and will use much of the delivery infrastructure for HE students. The support system will be as follows:

- The government will financially support those:
  - *who did not achieve basic English and Maths in school.* The Skills for Life programmes will be expanded to include and fund those who need GCSE English and/or Maths Level 2 from September 2012;
  - young people aged 19 up to 24 to access full funding for Foundation Learning *'where they need that to progress into further learning or to get a job'*. They can also access full funding for their first qualifications at Level 2 (or 3), including an opportunity to get GCSE English and Maths;
  - unemployed people on benefits who are looking for work to access labour market relevant courses, which help them improve their skills or re-train to help them get a job; and
  - at risk of social exclusion to support them to access community learning.
- In partnership with employers and individuals, government will support those:
  - who wish to undertake an Apprenticeship framework. BIS will refocus the Apprenticeships programme to target public funding *'where returns are greatest'*;
  - in SMEs who need further management training and workplace training to support their growth plans; and
  - individuals over 24 who want to retrain or up-skill at Level 2 *'in order to secure different employment and/or improve their life-chances'*.
- Government will provide FE loans for those:
  - over 24 year olds who wish to do full Level 3 (2 A-Levels or the vocational equivalent) or Level 4 (Higher Vocational Education) *'in order to qualify for a professional job and/or progress to higher education'*.
- government will promote innovation and enterprise by supporting FE colleges and providers to draw down funding for programmes that meet a particular employer skills need whilst they are simultaneously developed for the QCF. This 'Innovation Code' was a recommendation from Baroness Sharp's Report on Colleges in their Communities and will operate on the understanding that colleges and providers will work with *'appropriate partners'* to develop the programme to fit the specifications of the QCF so that over time it can become part of a nationally regulated offer.

## First-class advice delivered by the National Careers Service

*'High-quality information about careers and skills, and independent, professional advice and guidance for people who need it most, are a vital part of an efficient labour market which drives growth. We want people to make learning and career choices which are well-informed, stimulating a supply of further education, work-based training and higher education which reflects individual, market demand.'* (p. 7)

Key details include:

- In April 2012 BIS will launch the National Careers Service, building on Next Step. The Service will have *'a new focus on specialist careers guidance, built on the principles of independence and professional standards, and will ensure there is a strong information, advice and guidance offer available for young people and adults'*.
- The service will have a presence in a wide range of organisations, including FE college community centres, shops and places of worship. From January 2012, BIS will pilot new forms of co-location with other organisations.
- The service will comprise: an online and helpline service, a network of organisations providing face-to-face careers guidance in the community of adults. It will be available to those aged 19 and over, and those aged 18 who are jobseekers and will operate to an *'enhanced'* version of the Matrix Standard.

- Schools will be responsible for securing access to independent, impartial careers guidance for their pupils. In line with the policy to raise the participation age to 18 by 2015, BIS will consult on extending this duty to 16-18 year olds in school and further education settings. DfE is providing statutory guidance to help schools discharge this duty, and will support the sharing of best practice.

## Vocational Education and Training Programmes

*'Together with the Department for Education,... [BIS is]... committed to improving the quality and accessibility of Apprenticeships, for example, for small and medium-sized enterprises, young people from troubled families and for people living in rural communities.'* (p. 9)

### Apprenticeships

- On Apprenticeships, BIS will prioritise:
  - focussing the programme more sharply where Apprenticeships *bring 'the greatest returns and wider benefits'*, including targeting younger adults, new employees, higher level qualifications and particular sectors *'where investment will make the greatest impact'*;
  - increasing the number of 16-24 year old apprentices, including by encouraging small employers not yet engaged with the programme to take on new young apprentices. Partly through the Youth Contract, BIS will provide up to 40,000 incentive payments;
  - extending Higher Apprenticeships provision, including with the launch of a further opportunity for organisations to bid for funding;
  - action to *'drive up standards and quality'*, including withdrawing funding from providers *'that do not meet the high standards that learners and employers demand'* and ensuring that providers support apprentices to achieve Level 2 in English and Maths *'wherever possible'*;
  - enable an employer-led review of apprenticeships standards to consider how the programme should adapt to meet evolving employer and learner needs; and
  - make it easier for employers to take on an apprentice, by *'reducing bureaucracy, streamlining and speeding up processes and removing all additional health and safety requirements on employers'*. BIS will also ensure the National Apprenticeship Service provides more targeted support for SMEs.

### Employers

- BIS has committed to a new employer ownership pilot, working with DfE *'to change the relationship between employers and the state on skills'*. This will receive £250 million worth of public investment over two years.
- In the 2012/13 academic year, the Leadership and Management Advisory Service (LMAS) will be aligned with Business Coaching for Growth and will form part of a package of support including: coaching of senior management teams; access to business and knowledge networks; and fast-track access to trusted sources of specialist advice such as the Technology Strategy Board and UKTI.
- SMEs will also be able to access public funding for other workplace learning for Level 2 qualifications alongside Apprenticeships.

### Skills for Life: English and maths for adults

Key actions include:

- prioritising young adults who lack English and Maths skills, and those adults not in employment and re-establish the terms 'English' and 'Maths' for adults;
- piloting in 2012 how providers can be funded on the basis of the distance a learner has travelled;
- enabling awarding organisations to create standalone units that provide *'rigour and flexibility'* to support progression to a GCSE or other training;

- from the 2012/13 academic year, all Apprenticeship providers will be required to support Apprentices in progressing towards the achievement of Level 2 English and Maths. From October 2012 all Apprentices starting English and Maths courses will be taking Functional Skills or GCSE qualifications;
- reinforcing the focus on assessing the English and Maths needs of offenders at the very start of their sentence through a new specification. BIS will pilot intensive English and Maths provision in prisons, commencing early in 2012;
- including the training of English and Maths teachers in the development fund for the sector to explore new models of delivering Initial Teacher Education;
- ensuring that by September 2012 the Learning and Skills Improvement Service's (LSIS) continuing professional development programme for Skills for Life teachers prioritises the most effective pedagogy for teaching English and Maths. LSIS will support a range of peer reviews and practitioner research programmes;
- Ofsted proposes to increase its focus on the quality of teaching, learning and assessment in inspection, Paying particular attention to how well teaching develops English and Maths skills;
- promoting a national Maths campaign working with stakeholders to engage 'champions', *'including high profile employers'*; and
- undertaking a new research, development and evaluation programme from 2012.

### Education and Training Routes and Programmes for Unemployed People

- Young people aged 19-24 can access full funding for Foundation Learning. They can also access full funding for their first qualification at Level 2 (or 3) including the opportunity to get GCSE English and Maths.
- FE colleges and providers can also access units and full qualifications from QCF to *design 'a flexible pre-employment training offer for the people who are unemployed and looking for work to enable them to access jobs in the local labour market'*. Where an individual's main goal on starting a course is to get a job, from 2012 the Skills Funding Agency will pilot paying for job outcomes.
- BIS *'will ensure that young people aged 19 up to 24 have access to a full range of programmes to enable them to continue into further learning or move into employment'*. BIS will work closely with local government and Local Enterprise Partnerships in taking this forward.

### Education, training and re-training

- If they are in work, learners will be expected to contribute to the costs of their programme at Level 2 and will be able to access a loan for Level 3 or higher.
- With the introduction of Universal Credit in October 2013 BIS will review the way it uses benefits to define people who are near to the job market and therefore eligible for fully-funded skills training and build in transitional arrangements. BIS will work closely with DWP to understand the implications for funded training and will seek the views of, and test options, with FE colleges, providers and careers services.

### Opening up Higher Vocational Education

- BIS will review the criteria for adoption of the title *'college of further and higher education'* for colleges with significant HE delivery
- BIS will develop and promote the concept, identity and value of Level 4 technical and professional qualifications and non-prescribed higher education by developing a 'Higher Vocational Education' portfolio with *'clear, flexible and articulated'* progression routes into Levels 4, 5 and 6.
- BIS will invite collaborative proposals to increase credit accumulation and transfer opportunities across further and higher education.
- BIS expects further opening up of awarding powers to national organisations

## Community Learning

- BIS funding 'will continue to support a universal community learning offer.
- In 2012/13 BIS will pilot different locally-based 'community learning trust' models to channel Adult Safeguarded Learning funding and lead the planning of local provision in cities, towns and rural settings. If this proves to be an effective model BIS will roll out community learning trusts across England to begin full operation from summer 2013. A prospectus will be launched in spring 2012.

## Supporting the Justice System

- Prison Governors will work closely with the Skills Funding Agency and other partners to determine a mix of learning provision that will fit offenders for the range of jobs and Apprenticeship opportunities available to them in the areas to which they are released.

## Excellence in Teaching and Learning – ensuring world-class programmes

- To ensure there is a clear sector-owned policy to support outstanding teaching and learning in FE, including making full use of the potential of technology, an independent commission on adult education and vocational pedagogy will be established. The commission will
  - bring together industry, teacher training colleges, professional associations and practitioners in the FE sector;
  - be supported by LSIS and Institute for Learning, and draw on evidence from Ofsted;
  - explore how the best colleges and providers work with employers; and
  - set out the standard expectation of a good learning opportunity for an apprentice, and define a range of effective pedagogical approaches.
- LSIS will also lead work to support FE colleges in developing collaborative approaches to delivering HE including progression pathways from FE to HE.

## Focus on STEM

- The Growth Review has confirmed the need to focus on Science, Technology, Engineering and Mathematics (STEM), as well as English and Maths and Apprenticeship delivery. Key developments are:
  - The Royal Academy of Engineering's two recent reports on the scale and nature of STEM provision and the economic returns on STEM qualifications in FE and HE.
  - Ofsted's thematic review on Improving Science in Colleges
  - LSIS's STEM support service which is aligned with national STEM policies and focused on improving the quality of teaching and learning.

## Professional Workforce

- Three key actions are now being undertaken:
  - An independent review of professionalism in the further education and skills sector. This will review the current arrangements to regulate and facilitate the professionalism of the FE and skills workforce, and make recommendations for how these should be changed or improved.
  - Bursaries and a development fund for the sector to explore new models of delivering Initial Teacher Education. BIS has commissioned LSIS to work with the sector and provide development funding for new models of delivery.
  - A network of expert practitioners in specific vocational skills. As part of the legacy of WorldSkills London 2011, LSIS will set up a pilot project to create a network of expert practitioners in FE in specific vocational fields. This will build excellence in dual professionalism in key industry areas, and will also contribute to the training for annual UK Skills competitions and international competitions.

## Relevant and focussed learning programmes and qualifications

- BIS will work with businesses, providers, and awarding bodies to maximise the benefits of the QCF.
- In early 2012 BIS will consult on how business can be more fully engaged in qualification design, development and assessment to *'create greater confidence in qualifications that equip learners with the skills they need to succeed'*.
- Following the recommendations in the Wolf report, BIS will consult on whether current National Occupational Standards are *'fit for purpose'*.
- Where there is demand, Awarding Organisations will be able to develop new assessments based on criteria which *'ensures rigour and is focused on the core English and Maths skills needed in the labour market and for progression'*. BIS will expect greater employer involvement in the development of these awards and assessment models *'that are flexible enough to support lower level learners to progress'*.

## Strategic governance for a dynamic FE sector

- Through the Education Act 2011 BIS has *removed 'a wide range of restrictions and controls on college corporations'*, putting colleges on a similar footing to charities operating within the independent/private sector. Corporations no longer need to seek permission to change their Instrument and Articles and the legislative requirements for these are now reduced to a *'core of essential elements'*.
- A corporation can decide to dissolve the college itself, if this seems the best approach to ensure the provision of high quality, flexible provision to meet the needs of their local areas. BIS will work to ensure that the naming of colleges is *'accurate and meaningful'*. BIS expects colleges and providers to look at a wide range of evolving models, including joint models across the post-14 education sector for example, setting up companies or, trusts. or mutualisation models. Mutuals will be able to access the Cabinet Office's Mutuals Information Service.
- BIS will review ways of *'protecting the terminology and titles in relation to FE colleges to maintain the high reputation of the FE sector'*.
- New partnerships might include:
  - Federations or joint venture models with other colleges.
  - Working with an employer or groups of employers and an associated university to form University Technical Colleges, sponsored by DfE.
  - Partnerships to deliver specific training opportunities, including working with National Skills Academies, or setting up specialist skills centres.
  - Working through Group Training Associations or Apprenticeship Training Associations to develop *'innovative'* Apprenticeship models.
- Any college considering a major change in their delivery model *'should undertake a College Structure and Prospects Appraisal'* and consider the impact on their communities, consulting widely and transparently on their proposals, and taking *'explicit account'* of the views of the learners, employers, and the broader community.
- The recently published AoC Governors' Council Foundation Code of Governance provides *'an excellent basis'* for the development of good practice in governance. Government will continue to support this work alongside a range of programmes being developed together by LSIS, AoC and the 157 Group, as well as follow up work from Baroness Sharp's review, to develop a *'dynamic resource'* that can be used to support governors, principals and staff across the sector.

## Freedom and Flexibility for Colleges and Providers

- BIS is taking a *'three strand approach'* to helping colleges and training providers to run their businesses and better respond to the needs of learners, employers and communities: streamlining the landscape, simplifying systems and processes, and deregulation.
- To ensure change is delivered coherently across the whole of the FE sector BIS is working with DfE via the FE Reform and Performance Board, on which the sector sits, to coordinate change via a joint plan of action.
- The SFA has taken the following steps to further reduce *'bureaucratic burdens'* and ensure where possible its business cycle is aligned to that of providers.

## Investing in Priorities through a Simplified Funding System

- The overall adult FE and skills investment in 2012-13 will be £3.8 billion.
- £3.6 billion will be routed through the SFA, falling to £3.4 billion by 2013-14 and £3.3 billion by 2014-15.
- This will be supplemented by £129 million and £398 million respectively provided through FE loans for adult learners aged 24 and over on Level 3 or higher courses.
- BIS will continue to develop a single funding system for adult skills for full implementation from 2013/14 academic year
- The 'guiding principles' for the new system will be:
  - fairness;
  - transparency;
  - recognition of the diverse needs of adults (including those who face barriers because of disadvantage and/or a learning difficulty or disability); and
  - safeguarding the use of public funds in a *'proportionate way'*.
- As set out in *A new streamlined funding system for adult skills*<sup>1</sup> the SFA's programme of work to 2013 includes:
  - a single funding methodology for the Adult Skills Budget;
  - the introduction of a standard 'rates matrix'; and
  - further rationalisation of Adult Learner Support funds.
- BIS sees the promotion and encouragement of partnerships that strengthen the business stake in colleges at the heart of capital investment in FE, ensuring that learners have access to industry and market leading equipment and facilities. This includes colleges supporting growth in their local economies by providing local people with a positive and stimulating environment within which to learn and acquire the skills employers need.'

## Shared funding responsibility – FE loans

- The government 'remains committed' to introducing a system of further education loans for adults aged 24 or over studying at Level 3 or higher.

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<sup>1</sup> [http://readingroom.lsc.gov.uk/SFA/A\\_New\\_Streamlined\\_Funding\\_System\\_for\\_Adult\\_Skills\\_-\\_Published\\_10\\_October\\_2011.pdf](http://readingroom.lsc.gov.uk/SFA/A_New_Streamlined_Funding_System_for_Adult_Skills_-_Published_10_October_2011.pdf)

- In response to consultation comments emphasising the contrast between a ‘typical’ HE learner and a ‘typical’ FE learner, BIS acknowledges that FE supports more students facing single or multiple disadvantages and that these students will require additional financial support to help them participate, BIS *will ‘continue to consolidate funding streams so that colleges and training providers have maximum flexibility to respond’*. BIS will complete a full Equalities Impact Assessment for FE Loans.
- BIS has agreed to provide clear information about the terms under which loans are available, and ensure that every potential learner interested in a loan ‘has the best available information’, including about the possible financial returns to courses and will work with the sector, critical stakeholders including the NUS to ensure there is a strong programme of communication with potential learners, partners and stakeholders.
- Some employers of apprentices have raised concerns about asking their employees to take out a loan. BIS believes that ‘a clear understanding’ by everyone involved of how the cost of a loan balances against the benefits of an Apprenticeship to the individual as well as to their employer *‘will help to allay these fears’* BIS is also exploring how employers can take on greater ownership of loans..

## Quality Assurance and Transparency of Data Management

- BIS would like to see the FE sector *‘build on and increase its innovation, responsiveness and its high quality offer to students and employers’*
- The ambition is to empower students to make informed choices through better access to information on quality, by creating competition and the incentives for providers to *be ‘responsive to students and employers’*. The intention is then to minimise government-led quality systems. However, *‘where student and employer needs are not being met and performance is poor, government will intervene quickly and effectively to restore high quality choice’*.
- In order to rectify the variety of formats of data about the quality of different providers BIS will:
  - integrate quality comparison information with the new National Careers Service website *‘so that adult learners have only one national site to visit for information advice and guidance and to make comparisons of provider quality’*;
  - make available quality information at more granular levels wherever possible (i.e. about subject or course as well as institution or sector subject). DfE is taking a similar approach with 16-18 provider performance tables; and
  - continue to reform the current range of awards into a single framework.
- BIS will look to the sector to:
  - create a ‘common information set’ of information available on each provider’s website, which facilitates quick comparison of quality and access to the national provider quality comparison information; and
  - ensure greater completion of the course information available to learners on the National Careers Service website.
- With better-informed students and employers ‘driving providers to be ever more responsive’, BIS has reviewed the current quality assurance systems. Additional freedoms have been identified for providers ‘who achieve high quality, responsive provision’ while ‘ensuring the overall framework secures minimum standards’.
- Key elements of the quality assurance system will be:
  - Market entry. BIS will continue to provide checks on FE colleges and independent training providers wishing to enter the market, with *‘significant’* reductions in bureaucracy attached to the approved register of providers. The Skills Funding Agency will also aim to ensure information is collected only once across its systems.

- Provider self-assessments. The requirement for providers to submit their self-assessment reports to the Skills Funding Agency will cease. *'These are sector-owned tools for improvement and need to be recognised as such.'* The associated government guidance will also be removed. *'However, they are a valuable tool for self-improvement and we would encourage all providers to continue to produce them and to submit them annually on a voluntary basis.'*
- Ofsted inspection. Providers judged 'outstanding' will be exempt from further inspection, unless their performance drops. BIS will review the impact of the exemption to examine how the approach to inspection should be developed.
- Minimum Levels of Performance. BIS has made a commitment to make *these 'more transparent and less complex'* and will reduce the number of individual blocks of provision that are currently scrutinised. BIS is working with DfE, on their similar approach to minimum standards that will apply across 16-18 provision.
- Financial Performance Reporting and Assurance. The SFA is undertaking an investigation into the weight of different reporting burdens on providers and their effectiveness, including financial performance and audit. From spring 2012, the Agency expects to implement further reductions in burdens based on the outcome of this review.
- In the event of poor performance, BIS, SFA, DfE and the YPLA (shortly the Education Funding Agency) will work together to agree appropriate action.

### Poor Performance

- Failing provision will be identified through the following three measures of performance:
  - an *'inadequate'* rating by Ofsted following inspection;
  - learner success rates below minimum standards; and
  - an *'inadequate'* rating by the SFA in either financial health or financial control.
- The SFA actively reviews performance of all providers 'and, in the case of independent training providers, will usually cease funding where they fall below acceptable standards'. The government intends to continue this approach.
- The process for colleges 'needs to recognise their community role and the value of their assets within that context' as a result:
  - poor performing colleges will receive an inadequacy warning notice giving them limited time (typically an annual cycle) to resolve any quality or financial issues, with support from the Learning and Skills Improvement Service (LSIS);
  - in cases where persistent poor performance continues and minimum standards are not achieved after the Warning Notice expires, colleges will then undertake a Structure and Prospects Appraisal;
  - *'intensive support and direction'* from a sector-led team of executive and governor leaders with experience of significant restructuring or innovation in further education will be assigned to the college during the Appraisal. BIS is working with the sector representative bodies and LSIS to ensure such a team can be deployed;
  - the presumption will be that the Appraisal would lead to leadership change, restructuring the model of delivery, new partnerships or opening up the provision to new providers; and
  - where new partnerships are considered, *'an open and transparent tendering process should be undertaken to secure the best solution'*. If they are not or do not deliver the expected benefits, the government will intervene.

## Data sharing

- In the spring, BIS and the Information Authority in consultation with key stakeholders will build on the core principles of existing work to publish a road map for how to share data better. Key features of this road map will include a framework that provides confidence to: develop long-term plans for data sharing; maximise the use of a single identifier; agree common standards and interoperability for core FE data; and develop shared services and platforms.

## Global FE

- Although currently higher education is the largest export market, there is significant emerging demand and potential for technician and higher level vocational skills, which are widely recognised as essential to sustain balanced economic growth. Further education exports are valued at £1 billion a year<sup>2</sup>. The government is now stepping up its efforts to support education as an export, making this an explicit element of the growth strategy and focussing on emerging economies with significant education export opportunities. This will involve:
  - building on the World Skills legacy;
  - actively promoting the Education UK Brand, including through the 'Education is GREAT' strand of the GREAT Britain campaign associated with the Olympics;
  - developing a '*system to system*' model that with support from UKTI can package together a range of education products and services.
- Current examples in progress are the skills strand of the UK India Education and Research Initiative (UKIERI) and the Memorandum of Understanding signed by John Hayes with the Chinese Ministry of Education in July 2011.
- BIS recognises that a number of factors need to be developed to enable the sector to reap greater benefits from international activity e.g. - recognition of qualifications and institutions. BIS is exploring how these might be overcome.
- BIS is tasking the Association of Colleges to bring together a working group to develop an FE global strategy. The aim of the strategy will be to ensure that both partnership and export opportunities are recognised and grasped for higher level technical and vocational education alongside higher education.

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<sup>2</sup> UKBA (ARK) figures 2008/09

## Contact the LSIS policy team

This policy update has been prepared by Angela Nartey, policy research officer, LSIS. Your comments are welcome – please contact Angela by email on [angela.nartey@LSIS.org.uk](mailto:angela.nartey@LSIS.org.uk).

**Caroline Mager, Interim Executive Director, Strategy and Business Development**

**[Caroline.Mager@LSIS.org.uk](mailto:Caroline.Mager@LSIS.org.uk)**

Telephone: 020 7420 5166

**Jenny Williams, Head of Strategy, Policy, Research and Knowledge**

**[Jenny.Williams@LSIS.org.uk](mailto:Jenny.Williams@LSIS.org.uk)**

Telephone: 020 7420 5164

**Angela Nartey, Policy Research Officer**

**[Angela.Nartey@LSIS.org.uk](mailto:Angela.Nartey@LSIS.org.uk)**

Telephone: 020 7420 5162

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