Adult further education – the unfinished revolution
Acknowledgements

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Foreword

Two years ago, in An Adult Approach to Further Education, I wrote that the FE system in England had become subject to unprecedented levels of central government regulation and control; and that such regulation was not just ineffective but positively harmful. In particular, it had forced colleges to neglect the needs of individual adults and local employers in favour of arbitrary targets set by officials and the latest directives from Whitehall.

Funding levers encouraged institutions to direct students towards government-sponsored qualifications, most of which were known to be worthless. Nothing that I have heard or learned since has caused me to revise that opinion.

Since the election of a new government in 2010, several steps have been taken to change matters for the better. Much of the apparatus of central, regional and sectoral planning that constrained college operations has been swept away. The Train to Gain programme, which diverted money away from adult further education to subsidise employers for training that most would have undertaken anyway, has thankfully been scrapped. Colleges are expected to work with local partners to determine the mix of provision that best meets their needs, rather than fulfil their portion of a centrally determined plan. Moreover, the government has announced major changes in provision for students under 19, which will allow colleges much greater flexibility in recruitment and in which qualifications they can offer.

There remains, however, a great deal to be done before we have a system that truly places individuals and employers centre stage. In particular, there is a need to free up the qualifications system from the many remaining regulations that prescribe which courses can be offered to whom in what circumstances; and constrain adults’ choices on the grounds of equivalences and levels that are increasingly recognised as dubious. There is a need to do more to put purchasing power in the hands of the student and to allow adults to make their own choices, as they do in higher education.

I am delighted therefore that the 157 Group has set out some clear and coherent proposals on how we might move forward to a more genuinely market-driven further education system. FE colleges have for many years been remarkably dynamic and responsive institutions and only too aware of the mismatch between the programmes they have been directed to prioritise and the real needs of students and employers.

This paper, which draws on the collective experience of some of the largest and most effective colleges, contains important messages about the direction of reform which should, and I hope will, inform future policy thinking.

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Introduction

The aim of this paper is to welcome the steps that have already been taken by the coalition government to set colleges free from central regulation and to urge the government to go further and faster.

Our proposals align closely with the principles outlined in the government’s white paper about public services, which was published just as we were going to print. At the heart of this white paper is the notion of improving public services by enabling choice and control for individuals and neighbourhoods. In their foreword, the prime minister and deputy prime minister say they “want to make opportunity more equal” and that they believe that the “old, centralised approach to public service delivery is broken”. Embedded throughout the white paper are five core principals: choice, decentralisation, diversity, fairness and accountability. We fully support these principles; they strengthen our arguments for a truly demand-led system, with entitlement for loans and funding for all who seek it.

- We are not asking for additional funding for FE – simply calling for the removal of restrictions that stop colleges spending existing funding to best effect.
- We are not asking to preserve the status quo – as the title of the paper clearly indicates, we support the reforms and want more change, not less.
- We are not seeking to ignore government priorities – rather we believe that resources can be better focused on priority needs through local discretion rather than central planning.

We are pleased that in many ways our arguments have already been accepted. The new arrangements for learner support recognise that colleges, not central agencies, can best direct help to where it is most needed. The abolition of Train to Gain and the creation of a single adult budget recognise that colleges are best placed to determine the mix of provision that local employers and communities need. In the same way, we feel that colleges should be free to determine which learners would benefit from studying units of qualifications or whose circumstances justify remission of fees.

We are also clear that these freedoms mean that colleges should be more accountable to the communities they serve. We are keen to work with partners to extend such accountability, particularly through agreeing a range of locally relevant outcome measures against which performance can be rigorously assessed.

We are making progress towards the coalition government’s overall aims of freedom, fairness and responsibility and this paper sets out how we might go even further.

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The 157 Group

The 157 Group is a membership organisation that represents 27 large, regionally influential further education colleges in England, most of whom are highly successful. All our members are key strategic leaders in their locality, who take seriously the role of leading policy development, and improving the quality and reputation of further education.

Providing a national voice on strategy and policy for large, mostly urban colleges in England, we aim to promote change for the benefit of our members and the sector as a whole. Our members’ knowledge, capability, experience and commitment brings a unique breadth and depth of expertise to bear on every aspect of further education and skills. We also work together as a peer support network, and are committed to equality and diversity.

We are actively promoting the development of a strong and world-class college sector that not only has a transformative impact on individuals, employers and their local communities, but also makes a real difference to the economic and social well-being of the nation and its global success. Together, 157 Group colleges:

- turn over £1.6 billion a year
- serve 700,000 learners
- employ 39,000 staff
- engage with 32,000 employers.

Our approach

- We strive to be thoughtful, flexible and responsive; acting quickly and decisively for the benefit of our members and the sector.
- We promote the FE and skills sector as a whole. Committed to excellence and instrumental in resolving sector debates and issues, we adopt a pragmatic approach to delivering positive solutions and achieving success.
- We are bound by a strong and unanimous commitment to using our collective knowledge, capability and experience to lead policy development, improve performance and champion the reputation not only of members but also the sector as a whole.
- We seek to be critical friends and advisers to the government and shadow government, local communities and the sector itself to achieve positive outcomes for communities, employers, businesses and individuals.
- We work with fellow 157 Group members, sharing expertise, ideas and resources.
Policy role

Our member colleges operate within a complex and volatile policy environment, and our objective as thought leaders is to exert powerful influence on critical policy priorities. Our policy and discussion papers draw on and reflect the practical experience of 157 Group member colleges. The themes, developed over a series of debates, represent the areas of greatest concern for them as leaders of some of the largest and most successful colleges. The following policy and discussion papers are available to download from our website:

- Protect services to students, by targeting cuts and embracing efficiency
- Real choices for 14 to 19-year-olds
- Preparing colleges for the future
- Learning and skills needs local leadership
- Strong colleges build strong communities
- Making the QCF work for learners
- Colleges’ international contribution
- Rising to the challenge: how FE colleges are key to the future of HE
- Learning accounts that count
- Doing more for less
- Leading learning in further education
- The role of local enterprise partnerships in tackling skills needs.

Through these papers we seek to:

- contribute a new, strong and relevant perspective, influencing national policy through offering workable and practical policy ideas
- focus our recommendations on changes that can bring improvements for learners, stakeholders, colleges and the whole sector
- raise the level of debate and discussion across the sector
- recommend improvements that can be made by colleges themselves and the sector
- raise awareness amongst sector agencies of their own roles.

Our members

- Barnet College
- Bedford College
- Birmingham Metropolitan College
- Blackpool and The Fylde College
- Chichester College
- City and Islington College
- City of Bristol College
- City of Sunderland College
- College of Haringey, Enfield and North East London
- Cornwall College
- Derby College
- Ealing, Hammersmith and West London College
- Highbury College Portsmouth

- Hull College
- Lambeth College
- Leeds City College
- Lewisham College
- Newham College
- New College Nottingham
- St Helens College
- Stoke on Trent College
- Sussex Downs College
- The Manchester College
- The Sheffield College
- Warwickshire College
- West Nottinghamshire College
- York College.
Executive summary

The 157 Group is drawn from those of the larger colleges in England that have been acknowledged by inspectors as being well-managed and governed. They are typically responsible for budgets in excess of £35 million a year, with the largest budgets being over £150 million. More so than any other educational institutions, large urban colleges support students at all levels, ranging from basic literacy to honours degrees, and play a unique role in promoting social mobility and a skilled workforce.

FE colleges are the major providers of academic and vocational education for young people aged 16 to 19, though this is a role that they share with schools and other providers. Where FE colleges are unique is in the range of opportunities for adults to shape their own futures, whether through traditional evening classes, full-time courses preparing for higher education or support for learning in the workplace. The ‘second chance’ that FE offers adults – to catch up on missed learning, to change direction, to re-skill or find new interests – makes a vital contribution to economic prosperity and social justice.

The 157 Group is delighted that the new coalition government has responded to calls for deregulation by removing the layers of regional, sectoral and local planning that sought to direct centrally what colleges could offer. We look forward to taking full advantage of the extra freedoms provided by the single adult budget to better meet the needs of our students and local employers. We are pleased at the recognition that learner support can be more effectively targeted by giving increased discretion to colleges, and are determined to ensure that these funds are spent to best effect. It seems, however, that there are still some elements of the former central planning regime still in place, which will inhibit the capacity of providers to realise the government’s objectives fully. This paper seeks to highlight such barriers and propose the next steps in bringing about the skills revolution.

The single adult budget recognises that colleges, working with local employers and other partners, are best placed to determine the pattern of provision that best meets the needs of their communities. However, whether a college can support a student still depends on their age; employment status; what they study and at what level they study; the qualifications they hold and the place where they undertake learning. If they are learning at work, it even depends on the size of their employer. This detailed regulation is inappropriate in the new skills system, and if not scaled back will lead to inefficiency and inequity.
Colleges do not expect to be immune from the reductions in public funding that affect all sectors and are rising to the challenge of increasing efficiency and diversifying funding. We believe, however, that at a time when resources are particularly constrained we can no longer afford one-size-fits-all national programmes that are not sensitive to local circumstances. We are pleased that this has been recognised in the abolition of the Train to Gain programme, but there are still broad-brush restrictions on adult entitlements that will prevent institutions using their resources to best effect.

Adult FE students need to be able to make their own choices, like HE students; and FE colleges need the freedom to manage their fee policies like HE institutions. Efficiency and fairness both argue for informed consumer choice to be the key driver that shapes provision, and for maximum local flexibility to respond to those choices.

Universities set their own fees within an upper limit but are required to make arrangements for fee remission or bursaries to support disadvantaged students. FE colleges also set their own fees but government policy seeks to prohibit them from offering fee remission to anyone other than those groups determined by Whitehall. Recent changes in policy will mean that only those on jobseeker’s allowance will be eligible for such fee remission and large numbers of deserving disadvantaged learners, such as single mothers on income support, will lose out. Fee policies will be better targeted if they are determined by colleges who know their students, not set centrally by government.

From 2012 there will no longer be public funding for anyone over the age of 23 who wants to study at A-level standard (or level 3). This is much more restrictive than plans for university provision where the Higher Education Funding Council for England (Hefce) will still provide core funding for science, technology, engineering and mathematics (STEM) subjects; and the cuts seem certain to damage progression to HE since level 3 qualifications are generally required for entry. Since it is skills at level 3 that are particularly valued in the workplace (as shown by financial rates of return), local discretion in the application of fee subsidy would reduce the number of perverse outcomes.

A second chance to enter HE is in danger of being undermined by the loss of funding for HE access courses. It is excellent that the proposed arrangements that seemed to restrict loan support to qualifications on the Qualifications and Credit Framework (QCF) are being interpreted more flexibly; but there must be doubts about the willingness of many returners to learning to take on higher levels of debt than young undergraduates.

Colleges have welcomed the development of the QCF, which offers the potential for individuals to work towards qualifications in stages or to take only those parts of a qualification that meet their needs or their employer’s needs. As previous work undertaken by the 157 Group has shown, however, this potential flexibility has been pre-empted by government policy seeking to specify in detail who can be funded for what and additionally, currently denying funding for units of qualifications unless the learner is unemployed or in prison. Learners and employers are best placed to determine whether a whole qualification or units of qualifications best meets their needs.

Unlike the funding of schools and universities, the funding of colleges is closely linked to success rates. This has the perverse effect of encouraging colleges to offer courses that are easier to pass or discouraging them from taking on students who might be seen as risky. Students with learning difficulties or disabilities can be particularly disadvantaged by such funding rules.

Moves to link a proportion of funding to locally negotiated outcomes offer a potential way forward that holds colleges accountable while maintaining local flexibility and avoiding perverse incentives. We are keen to work with the Skills Funding Agency and other partners to see how such an approach could help produce a system where employers and learners are truly in the driving seat.

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3 157 Group, 2010. Making the QCF work for learners.
www.157group.co.uk/files/making_the_qcf_work_for_learners.pdf
The 157 Group proposition – increased accountability to individuals, employers and communities

Policy for adult further education needs to evolve in the same way as policy for higher education or vocational education for young people as set out in Professor Wolf’s Review of Vocational Education.\(^4\)

Institutions need to have more freedom to innovate but also to be more accountable to their customers – students, local employers and communities. They need to be less focused on national targets and more focused on the needs of learners. To make further progress in bringing about a revolution in our skills system, there is a need to:

- allow FE colleges and other providers to offer programmes built around any qualifications offered by an approved awarding body or units of such qualifications
- allow individuals and employers to choose which qualifications best meet their needs, irrespective of whether it is at a level nominally equal to or lower than one that they currently hold
- allow colleges to invest in level 3 STEM programmes to ensure their continued financial viability and in order to maintain routes to HE and higher-level skills
- ensure that financial support for individuals enables them to exercise unrestricted choice of learning opportunities below degree level, as is the case in HE
- secure arrangements for financial support that safeguard adult preparation for HE as well as subsequent participation
- develop with colleges an integrated approach to fees, funding and financial support for adult learners that fully recognises the improved targeting that comes with local discretion
- reduce the emphasis on raw success rates and outcome measures that inhibits engagement with harder-to-reach groups.

Adult further education – the unfinished revolution

Introduction

The 157 Group brings together leaders from some of the largest and best-run English further education colleges to contribute to policy development, exchange good practice and sponsor joint management initiatives.

A series of policy papers setting out a forward-looking agenda for the FE sector can be found on our website at www.157group.co.uk/publications.

Colleges provide a vital segment of the educational system offering a majority of the A-level provision in the country as well as being the major supplier of vocational qualifications, and contributing to HE in a manner that is local, skills-based and cost-effective. The FE sector meets the needs of several million adults, and is a major contributor to workplace training, basic skills courses and apprenticeship programmes. Furthermore, colleges have a social mission in working with young people not in employment, education or training (Neet) and supporting increased flexibility for school students in key stage 4.

The 157 Group brings together colleges that have a collective budget of over £1.6 billion, serve 700,000 learners, employ 39,000 staff and engage with 32,000 employers. They offer thousands of opportunities for adults to help shape their own future, whether by catching up on learning that they missed, retraining for a new career or keeping up with changes in technology or regulation. They help individuals progress to HE on their own degree programmes as well as those offered by others.

FE colleges play a particularly important role with students aged 19 to 25, many of whom are capable of acquiring A levels or the equivalent in vocational qualifications but for a variety of reasons have not reached this level by the age of 18. At a time of high youth unemployment, it is especially important to maintain full support for this age group in order to maximise the supply of skilled individuals that an advanced economy needs.

Colleges are responding to the cuts in public expenditure by seeking to increase efficiency and diversify funding sources. Concrete proposals on how the sector might become more efficient have already been set out in a policy paper published in 2009, and 157 Group members continue to lead the way in developing shared services and exploiting the economies of scale.

5 157 Group, 2009. Protect services by targeting cuts and embracing efficiency. www.157group.co.uk/files/protect_services_to_students_by_targeting_cuts_and_embracing_efficiency.pdf
Increasing choice for learners and employers

The 157 Group welcomes the government’s recognition that increased local discretion can lead to more effective use of public funds through better targeting of resources. We are determined to use the greater freedoms offered by the single adult budget and the reforms to learner support funding to improve outcomes for our learners and our communities. Although we see these changes as revolutionary, the revolution appears unfinished; in this paper we set out what else needs to be done to create a system that puts the needs of employers and learners at the centre.

We would stress at the outset that we recognise that public funding is limited and are not asking for extra resources. What we are asking for instead is a relaxation of those remaining rules and restrictions that make it difficult to use the funds available to colleges to best effect. The rules can be so restrictive that in some cases colleges may not be able to spend the allocation they have been given, while at the same time there is unmet demand in their community.

Adult students in FE are not allowed a free choice of what to study. The rules on who can be supported from public funds, and what they can be supported to learn, have become ever more restrictive, particularly in the last 12 months when other aspects of central planning have been removed. These restrictions on the ability of individuals or employers to choose the programmes of study that they judge best meets their needs is both inefficient and inequitable.

Table 1 sets out the eligibility rules published by the Skills Funding Agency in May 2011. It is a measure of the complexity of the arrangements that this is the fourth update for that specific calendar year and is limited to describing the position for 2011/12 only. Even the 80 cells in the matrix are insufficient to describe all the rules since some, as can be seen, are further subdivided.

Eligibility for funding is linked in a number of ways with the level of qualification. Individuals are debarred from funding if they already hold a qualification nominally at a particular level; and some are eligible only if they study one that is not only assigned a particular level but is also described as full. These restrictions, however, are based on notions of equivalence that are increasingly seen as flawed; and a model of progression that does not accord with how many people live and work.

Government agencies have sought to assign all qualifications (and under the QCF parts of qualifications) to one of five levels. Level 3 is said to be equivalent to A level; level 2 to GCSEs at grades A* to C (and a ‘full’ level 2 equivalent to five such GCSEs, even though the ‘size’ of a level 2 NVQ varies considerably 7). Evidence from rates of return studies, however, suggests that employers certainly do not regard all qualifications asserted by the government to be at a particular level as equivalent; and it is clear that the government itself does not accept these equivalences when it comes to school league tables. It must be wrong that adult students’ choices can be denied simply by reference to this increasingly discredited categorisation.

Official policy also assumes that ‘normal’ progression involves moving upwards from one level to the next. In consequence, to repeat study at the same level, or study at a lower level can be categorised as aberrant and therefore denied funding, even though such a pattern is perfectly consistent with the way people live their lives. It may make more sense, for example, for someone with skills in carpentry, nominally at level 2, to seek further skills at the same level in, say, brickwork, rather than look to acquire supervisory skills, which is what would be involved in an NVQ3.

8 The Wolf Report, now accepted by the government, argues that these equivalences are misleading and should not be the basis for performance tables.
Table 1  **Skills Funding Agency eligibility rules**

<table>
<thead>
<tr>
<th>2011/12</th>
<th>Unemployed on active benefits</th>
<th>19 to 24-year-old</th>
<th>Classroom-based</th>
<th>Workplace-based SMEs: Fewer than 250 employees</th>
<th>Workplace-based Large employer: 250* employees or more</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>19 to 24-year-old</td>
<td>25+ without a first level 2</td>
<td>25+ qualified to level 2 or above</td>
<td>25+ without a first level 2</td>
</tr>
<tr>
<td>Standalone units</td>
<td>Fully funded</td>
<td>Not funded</td>
<td>Not funded</td>
<td>Not funded</td>
<td>Not funded</td>
</tr>
<tr>
<td>Adult basic skills, literacy and numeracy</td>
<td>Fully funded</td>
<td>Fully funded</td>
<td>Fully funded</td>
<td>Fully funded</td>
<td>Fully funded</td>
</tr>
<tr>
<td>Esoi</td>
<td>Fully funded</td>
<td>Co-funded (classroom)</td>
<td>Not funded (workplace)</td>
<td>Co-funded</td>
<td>Not funded</td>
</tr>
<tr>
<td>Progression funding (entry and level 1 vocational and PSD aims)</td>
<td>Fully funded</td>
<td>Fully funded (classroom)</td>
<td>Fully funded (vocational level 1 only, workplace)</td>
<td>Fully funded</td>
<td>Co-funded</td>
</tr>
<tr>
<td>Full level 2</td>
<td>Fully funded</td>
<td>Fully funded (for those without a level 2)</td>
<td>otherwise co-funded** or co-funded****</td>
<td>Fully funded (co-funded for 24+, from 2012/13)</td>
<td>Co-funded</td>
</tr>
<tr>
<td>Other level 2</td>
<td>Fully funded</td>
<td>Co-funded** Not funded***</td>
<td>Co-funded</td>
<td>Co-funded</td>
<td>Not funded</td>
</tr>
<tr>
<td>Full level 3</td>
<td>Fully funded</td>
<td>Fully funded (for those without a level 3)</td>
<td>otherwise co-funded** or not funded ***</td>
<td>Fully funded (co-funded for 24+, from 2012/13)</td>
<td>Co-funded</td>
</tr>
<tr>
<td>Other level 3</td>
<td>Fully funded</td>
<td>Co-funded** Not funded***</td>
<td>Co-funded</td>
<td>Co-funded</td>
<td>Not funded</td>
</tr>
<tr>
<td>Full level 4</td>
<td>Fully funded</td>
<td>Fully funded (for those without a level 3)</td>
<td>otherwise co-funded** or not funded ***</td>
<td>Fully funded (co-funded for 24+, from 2012/13)</td>
<td>Co-funded</td>
</tr>
<tr>
<td>Apprenticeships (all levels)</td>
<td>Not funded</td>
<td>Co-funded</td>
<td>Not funded</td>
<td>Not funded</td>
<td>Co-funded</td>
</tr>
</tbody>
</table>

**Key**

* Fully funded if the learner has not attained level 2 and needs the additional step up from basic skills to progress to a full level 2, otherwise co-funded.

** Classroom-based

*** Workplace-based

**** Workplace-based, SME only

 iterators Large employer in the context of eligibility (reduction in funding still applies to employer with 1,000 employees or more

**Notes**

Where provision is delivered in the workplace, e.g. apprenticeships, there is an assumption that the employer contributes 50 per cent of the costs.

This table does not reflect the changes to funding eligibility expected in 2013/14, as a result of loans, as this is subject to further consultation. However, it is likely that all level 3 and above provision, including apprenticeships for those aged 24+, will be funded through loans and employer contributions.
The way in which qualifications are used in the skills strategy also risks undermining provision for learners with learning difficulties or disabilities. A footnote to the matrix reproduced as Table 1 indicates that full funding will be denied to those learners who wish to undertake qualifications at level 1 but who are deemed unlikely to attain a full level 2. In short, such learners are being told that we will not fund them to take a small step forward because we do not think they can make a big step.

The 157 Group is not asking for extra resources so that everyone becomes entitled to free provision. It is, however, suggesting that a standard national system would be inefficient and inequitable; and that decisions on who can be funded for what course are best made locally.

Freeing up funding to avoid perverse incentives

There has been considerable public debate about the reduction in grant funding for HE teaching and its replacement by loans. However, there has been much less debate about the more substantial reduction in public funding for level 3 programmes and the more limited proposals for loan support. Put simply, the Hefce funding for arts and humanities programmes will be cut, but grant support will continue for STEM subjects. At level 3, all funding is proposed to be cut for all those over the age of 23. This will give a clear financial disincentive for individuals to undertake the very subjects that many argue the economy needs most.

Since the government has only recently made clear its continuing commitment to promoting social mobility, the withdrawal of grant support for anyone who has not acquired the normal university entrance requirements by the age of 23 seems out of step with broader policy objectives. It is all the more so since the social mobility paper, *Opening Doors, Breaking Barriers*, itself recognises the need for a life cycle approach, not just a focus on the young. We strongly support the view of the Cabinet Office as stated in its recent paper:

**A life cycle approach**

Lives are not determined by the age of five, 15 or 30. We know that to make the most of our interventions in the early years, we need to follow through in later life. There should be help and support at every stage to narrow the gaps and provide second chances.

As in HE, the government proposes to introduce a system of loans for students wishing to undertake level 3 programmes in order to help them pay increased fees. It is welcome that the proposals are for loans that are income-contingent – that is they are paid back only as and when income reaches a particular level. Take-up is still likely to be limited, however, because those undertaking level 3 programmes as adults are likely to come from far more deprived backgrounds than the typical undergraduate, and therefore be far more debt averse.

Surprisingly, there were initial indications that these loans might not be available for students studying A levels or those on access to HE programmes; routes through which many thousands of adult students progress each year to careers in education, nursing and other professions. In presentations made by the Skills Funding Agency around the country, arrangements for loans were described as restricted to qualifications on the QCF, which excluded the 20,000 or so students on access courses, those on A levels and many professional qualifications.

[we will] rebalance Government investment by introducing co-funding and loans for full time adults (24 and over) programmes leading to a recognised QCF qualification at Level 3 and above.

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10 As table 1 shows, the cut-off point for many purposes is currently 25; legislation is needed to change the age to 23 from 2012/13.


We welcome clarification in the consultation on loans that they will be available to all those over the age of 23 on full-time programmes at level 3, including access and A levels, though we still have concerns about potential take-up. Mature students, many of whom are single mothers, will be faced with taking on more years of debt than a young undergraduate, with fewer years in which to repay. A recent study of access courses by the Quality Assurance Agency for Higher Education (QAA),\textsuperscript{13} for example, found clear evidence that recruitment was already being affected by financial pressures on students. This setback to social mobility is not something that can be contemplated with equanimity.

More than a third of respondents had seen a fall in student numbers between 2005-06 and 2007-08 and slightly more had seen the number of students remain the same. The primary factors identified by providers for falls in student numbers related to fees and financial difficulties experienced by students. The increased costs of undertaking an Access to HE course were highlighted as a deterrent to potential students: increases in fees, changes to eligibility for fee remission, and a lack of access to other financial support, were all identified as primary causal factors where student numbers had declined.

Targeting fee remission more effectively

Fee policy in FE in recent years has had two components: to increase the proportion of students who pay fees; and to increase the share of costs borne by such students from 25 per cent to 50 per cent. The latter part of the strategy has largely been achieved but the former is still in progress. The 157 Group accepts the need to increase the proportion of costs borne by individuals and employers, but is concerned at the rate of change and the inflexibility of nationally driven fee policies. Large groups of the population, such as those on low pay or the unwaged members of settled minority communities, are seriously disadvantaged by current and proposed arrangements.

We would particularly draw attention to the impact on women of the blanket removal of the entitlement to fee concessions for those on inactive benefits. Many single mothers on income support are currently studying programmes that will facilitate their return to the labour market. We should encourage such engagement, not put obstacles in its path.

A report by LSN for the former Learning and Skills Council (LSC) gives a broad description of fee collection practice in FE as a background for consideration of changes. In general terms, around a third of adults have paid fees in full while the remainder have enjoyed fee remission for one of a variety of reasons.

Over the years, the level of fee remission determined by colleges, mainly reflecting low pay, has been the largest proportion but as a result of national pressure has fallen by around a quarter; the proportion relating to national entitlements increased over the period illustrated by around 50 per cent while the numbers gaining free provision because they receive means-tested benefits have remained roughly constant at a quarter of a million per year.

Current policy envisages a sharp reduction in all three categories. In future, only those on ‘active’ benefits i.e. jobseeker’s allowance will be entitled to support to study what they choose; the categories of provision that entitle students to fee remission will be further restricted; and continuing pressure is being brought to bear on colleges to remove any fee remission that is not determined nationally.

The impact on English for speakers of other languages (Esol) programmes illustrates the danger of one-size-fits-all national policies. A survey by the Association of Colleges (AoC) suggests that up to half of those studying on such programmes will be hit by new restrictions, limiting opportunities to learn English at the very time the prime minister has insisted that all immigrants should learn the language.14

Of the 195,000 people on college and community group Esol courses in England, an estimated 100,000 will lose out, initial findings of an Association of Colleges survey suggests. Most are women in domestic isolation, caring for children, or in low-paid jobs and seeking to improve themselves.15

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A review of FE fees under Chris Banks, the former chair of the LSC, which reported in July 2010, missed an opportunity to look at fee policies in FE in the round. Unlike the Lord Browne review of HE, which considered HE funding, student fees and financial support together, Banks was constrained by his terms of reference only to look at how to force colleges to force students to pay. Banks accepted all too readily the idea that policy on fees and fee remission was a matter for central government alone and as a consequence failed to explore the interrelationships between fees and student support or the impact of fee policies on participation and access. There is a need to revisit FE fees policy starting not from current administrative arrangements, but from overarching policy objectives on social mobility and skills. Such a review should link arrangements for fees and fee remission with arrangements for learner support as in HE. It should recognise the greater efficiency of locally managed arrangements, as is the case in HE and in the new arrangements for FE learner support.

Review performance indicators to avoid perverse incentives

Professor Alison Wolf’s recent report on vocational education for 14 to 19-year-olds was very critical of the way in which the performance-management regime for schools and colleges encouraged institutions to offer programmes that were of little value to pupils. League tables, and the assertion of dubious equivalences between qualifications, as quoted earlier, had led to a sharp increase in the number of low-level vocational qualifications being offered, despite their clear lack of value in the labour market. Many of Professor Wolf’s points could be made with equal force in respect of the planning regime that still surrounds adult FE.

Wolf maintains that the pressure to perform well in league tables has led to schools selecting qualifications that are easier to pass, rather than ones which best suit their pupils. Similarly, in adult FE the heavy emphasis on success-rate targets makes it difficult for colleges to work with more disadvantaged students who are less likely to succeed. Some colleges have quoted this as a reason for withdrawing from access to HE programmes: others fear that the reduced resources for basic skills as a result of rate cuts will make such programmes too risky to offer.

18 Banks, C, 2010. para 34.
20 In fact, Professor Wolf has made many of these points herself in An Adult Approach to Further Education: How to Reverse the Destruction of Adult and Vocational Education.
Wolf argues that the narrow focus of funding on qualifications leads schools and colleges to concentrate on qualifications rather than learning programmes. This charge is even more true in adult FE where qualifications underpin almost every aspect of the funding methodology. Colleges can normally be funded only if they offer students ‘whole qualifications’, even though the QCF has meant that they can be broken down into individual units capable of being studied separately. It is particularly interesting that Wolf condemns the idea of limiting student choice in terms of the level of study, even though this is currently an aspect of Skills Funding Agency and not Young People’s Learning Agency (YPLA) funding.

Wolf is deeply critical of the way in which government agencies have been able to privilege certain ‘approved’ qualifications at the expense of others that individuals and employers know and trust. She views direct and frequent contact between colleges, independent awarding bodies and local employers as the best guarantee of quality provision and this must also be true of provision for adults. The removal of the many intermediary bodies that are involved in the development and regulation of qualifications, as advocated by Wolf, was also identified as necessary by the 157 Group in its paper on efficiency.22

In FE, unlike universities or mainstream schools, an element of funding is based on student success rates. This can only reinforce any reluctance to engage with hard-to-reach students who are, almost by definition, less likely to achieve. It is indeed a little perverse that the financial sanctions for weaker student performance in English education should rest most harshly on those who recruit the more marginal performers.

Current plans by the Skills Funding Agency envisage extending the scope of outcome payments. If this were seen only as an increase in the proportion of funds linked to government targets, it would inevitably lead to an increased focus on officials at the expense of students. If, on the other hand, it meant that colleges were challenged to develop with their local communities a range of outcome measures against which their performance could be rigorously assessed, it could increase accountability while maintaining local flexibility and responsiveness. We are keen to work with Skills Funding Agency and partners to pilot approaches to such an arrangement.

Conclusions and recommendations

The 157 Group welcomes the steps that have been taken to free FE colleges from the former central planning regime and the national targets that dictated in detail what they could offer. We welcome too the recognition that allowing colleges to respond directly to the needs of employers and students will lead to a better use of limited public funding. We are committed to obtaining best value for the taxpayer from the new freedoms offered by the single adult budget and the reforms to learner support.

We are, however, concerned that in some respects the revolution is unfinished. In particular, detailed restrictions on which qualifications may be funded, for whom and in what circumstances mean that colleges will not always be able to offer local communities the provision that best meets their needs. Well-intentioned attempts to specify a national entitlement to support risk creating another layer of complexity in funding rules and a set of perverse incentives that could damage provision. While we accept that funding will be reduced, we are convinced that we could use it to meet government priorities more effectively, were institutions not circumscribed by a new set of centrally determined restrictions.

We share the government’s aspirations for a system built on fairness, freedom and responsibility, but believe that, to protect opportunities for individuals to achieve their full potential, key decisions on fees and fee remission should be made locally. We share the view that individuals and employers should contribute more to investment in learning, but believe that they will be more likely to do so when provision follows their choices, not government targets.

Finally, we share the view that to improve the efficiency and effectiveness of FE there is a need to move to a truly demand-led system where colleges and other providers are firmly focused on the needs of local employers, communities and students rather than national targets.

To complete the skills revolution, there is a need to:

- allow FE colleges and other providers to offer programmes built around any qualifications offered by an approved awarding body or units of such qualifications

- allow individuals and employers to choose which qualifications best meet their needs, irrespective of whether it is at a level nominally equal to or lower than one that they currently hold

- allow colleges to invest in level 3 STEM programmes to ensure their continued financial viability and in order to maintain routes to HE and higher-level skills

- ensure that financial support for individuals enables them to exercise unrestricted choice of learning opportunities below degree level, as is the case in HE

- secure arrangements for financial support that safeguard adult preparation for HE as well as subsequent participation

- develop with colleges an integrated approach to fees, funding and financial support for adult learners that fully recognises the improved targeting that comes with local discretion

- reduce the emphasis on raw success rates and outcome measures that inhibits engagement with harder-to-reach groups.
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