



House of Commons
Education and Skills Committee

**Further Education:
Government Response
to the Committee's
Fourth Report of
Session 2005–06**

**Fifth Special Report of Session 2005–
06**

*Ordered by The House of Commons
to be printed 6 November 2006*

The Education and Skills Committee

The Education and Skills Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Education and Skills and its associated public bodies.

Membership at time Report agreed

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Committee staff

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Fifth Special Report

1. The Committee published its Fourth Report of Session 2005–06 (Further Education)¹ on 12 September 2006. The Government's response was received on 2 November 2006, and is published as Appendix 1 to this Report.

Appendix 1

House of Commons Education and Skills Committee

Further Education

The Fourth Report of Session 2005–06

Preface

The Select Committee's Recommendations are in emboldened text.

The Government's response is in plain text.

The Committee's conclusions and recommendations, as set out in the report, have been summarised, with the report paragraph number included for ease of cross referencing.

Some of the recommendations have been grouped.

Government response to the Committee's conclusions and recommendations

Policy direction, current initiatives

1. Committee found evidence of broad support for much of Foster's report and those proposals carried through in the Further Education White Paper. However, there were some concerns that some of the measures being considered have been insufficiently thought through. (Paragraph 16)

The Government welcomes the Committee's endorsement of its reform plans for the further education (FE) system. As we set out in the White Paper 'Further Education: Raising Skills, Improving Life Chances', the FE system has an absolutely vital role to play in delivering the skills the nation needs for economic prosperity and social justice. We are grateful to the Committee for their thorough and careful analysis and have set out below our response to their specific concerns and proposals.

1 Fourth Report from the Education and Skills Committee, Session 2005–06, Further Education, HC 649.

Further education's organisational overlay

2. We recommend that the Government carry out an urgent review of whether the organisational, planning and funding frameworks for further education and skills, viewed as a whole, constitute a coherent system. (Paragraph 22)

The Government believes that the White Paper 'Further Education: Raising Skills, Improving Life Chances', sets out very clear plans to create a more streamlined organisational, planning and funding system, with clear, distinct and coherent roles and responsibilities for all the key partners.

An important part of these reforms are the changes we are making with the creation of the single Quality Improvement Agency (QIA)—thus reducing costs by £26m—and the single inspectorate (which will be operational from April 2007). This will simplify and clarify the learning and skills infrastructure.

The QIA's Improvement Strategy, now out for consultation and to be published this autumn, will set out a coordinated and coherent national framework. In addition, the Learning and Skills Council (LSC), through its *agenda for change*, is simplifying and transforming its organisation and the way it relates to providers. Staffing within the LSC will be reduced by around 1,100 which will free £40m a year for investment in the front line. We await proposals for major streamlining of the LSC's non-executive.

The Government believes these changes will deliver a clearer, more coherent system. It is important that we allow new and reformed organisations to 'bed down'. However, the Department is keeping under active review the scope for further rationalisation as we implement the reforms in the FE White Paper, and we will be working closely with the independent Bureaucracy Reduction Group as it develops its action plans and fulfils its challenge role on behalf of the sector.

"Skills and employability" as a new focus for colleges?

3. We recommend that the Government needs to spell out what "skills and employability" actually includes and excludes, and what this might mean for individual providers, especially in terms of what they might cease to provide and areas they would be encouraged to expand in. (Paragraph 31)

4. We recommend that the Government needs to outline a much more convincing strategy for how it will maintain and develop a broad range of provision overall, looking at and responding to, local needs, as further education colleges rationalise their provision. (Paragraph 32)

The Government's key delivery partners is the LSC. The LSC is required to work with sectoral, regional and local partners to understand demands. It sets out in the Annual Statement (incorporating Priorities for Success) its priorities for funding and directly links these to the new mission for the sector, and the funding strategy that supports national targets for participation and achievement for young people and adults. This document provides clear guidance on the new mission and the public funding priorities to deliver it.

Individual providers will use this guidance, together with the outcomes of their reviews of their mission, to inform decisions on what they might cease to provide and where they might expand. We would not want to prescribe nationally what this might be as it must be driven by local need.

Learners

5. We recommend that the Government needs to make a clear statement on how and when the expanded training for learner representatives will be rolled out. (Paragraph 36)

We agree that strengthening the learner voice in helping to guide and inform the development of opportunities for students in FE institutions and their local communities is essential. Learner representatives are an important way of achieving this and our proposals are for colleges to have a minimum of two student governors on the governing body. We are currently working with key partners to develop the most effective and sustainable approach to providing this support for learner representatives with a view to piloting delivery mechanisms in the new year and, depending on the outcomes, taking this commitment forward thereafter.

6. We want to encourage Government to go further in collecting students' views, and we want to seek reassurance that failure to collect and act upon student perspectives will have real consequences for providers. (Paragraph 38)

7. We want to seek reassurance that colleges will be required to publish annually, their findings on students' views, and to show what action they intend to take as a result. (Paragraph 38)

8. We expect Ofsted and the LSC to come forward with clear proposals in the area of mechanisms for student engagement, and to make explicit how they intend to proceed in this regard. (Paragraph 39)

The Government agrees that collecting and acting upon student views is an important issue and will consider it further. Indeed, each provider is expected to have a Learner Involvement Strategy and we will consider what actions are appropriate if they fail to do so. Providers will be expected to act on findings from provider level learner satisfaction surveys and other learner involvement approaches as part of the broader responsiveness agenda. The Improvement Strategy is looking at targets for learner feedback as part of self assessment. It is envisaged that providers will analyse the outcomes from learner satisfaction data within their self assessment reports, and use their development plans to demonstrate how improvements will be made.

At the national level, we are working with LSC to establish a National Learner Panel which will ensure that the learner's voice is heard in policy development and implementation.

Through inspection, Ofsted already evaluates the extent to which further education colleges make effective use of feedback from learners. Inspections conducted by ALI also take account of, and publish, learners' views. These mechanisms will be brought together and strengthened when the Ofsted/ALI merger is completed in April 2007. Guidance and reporting requirements in this area will be strengthened. The assessment of learner

engagement is less well developed and more work will be undertaken in this area. Ofsted will also consider how it might take better account of learners' views as part of the evidence base for its inspection work.

In addition, the Framework for Excellence will include an indicator on learner satisfaction, and all providers will be required to publish their findings in relation to this and all other indicators. The Framework will be used in FE, sixth form colleges and work-based learning providers from August 2007, and in all providers from August 2008. Providers will make available their overall rating from August 2008, and LSC will publish the first overall ratings in September 2009.

9. We recommend that leadership training programmes (which will become compulsory for new Principals) put particular emphasis on the development of learner involvement in the running of colleges and other types of further education provision. (Paragraph 41)

We agree that leadership training should include a focus on involving learners in the running of colleges and other types of providers. Lifelong Learning UK (LLUK) have highlighted this as an area of importance within the occupational competence standards for college principals, which will be published in the autumn. This standards framework is currently being used to inform the development and delivery of the Centre for Excellence in Leadership's (CEL) leadership training programmes. We will work with CEL, and in particular their newly appointed learner engagement manager, to embed this within leadership training by September 2007. We will also work with LLUK and LSC to develop and embed the application of the standards framework within wider FE providers, and the training they receive.

10. We recommend that the Government should ensure that entitlement to Education Maintenance Allowance (EMA) is not being lost because of genuine involvement in representational activities. An initial step would be for the Department for Education and Skills (DfES) to circulate guidance to local authorities, advising them that the practice of withholding EMA payments in these cases is not acceptable. (Paragraph 41)

The LSC provides comprehensive EMA guidance to learning providers on the framework within which they should operate EMA. This includes specific examples of legitimate absences, including—"National Union of Students official business". We believe, therefore, that guidance already clearly sets out that providers can deem such activities as authorised absence, and that the learner should not normally have their EMA payment stopped for such activities.

Employers

11. The Government is expecting Lord Sandy Leitch's report to consider the issue of how employer demand for training and willingness to invest in it can be increased. We expect the Government to act quickly on any recommendations made in this area. (Paragraph 49)

The Government welcomes the significant time and energy that Lord Leitch has put into his Review. His interim report, published in November 2005, very starkly set out the challenges that the country faces if we are to develop the world class skills base we need to

compete internationally in the future. The Review creates an unprecedented opportunity for us to generate much greater and more widespread understanding of the importance of skills, and we will take very seriously the recommendations Lord Leitch makes when his final report is published.

12. We urge the Government to consider the merits of promoting the more widespread use of employer levies. (Paragraph 50)

The Government is of the view that collaborative voluntary action, led by employers in a sector working with the relevant Sector Skills Council (SSC) is the most effective means of driving skills development in a given sector. We do not believe that pure compulsion is the answer. As set out in the Skills Strategy White Paper of 2003, the Government remains committed to supporting and enabling training levies where the majority of employers in a sector endorse this approach. This is evidenced by the work currently being undertaken with Skillset to establish an Industry Training Board (ITB) for the Film Industry.

13. We recommend that the Government will need to satisfy itself that Sector Skills Councils (SSCs) are effectively articulating the needs of the full range of employers, including small and medium-sized enterprises. (Paragraph 52)

The Government agrees that it is essential that SSCs articulate the needs of the full range of employers, especially small and medium-sized enterprises. We are working with the Skills for Business Network to develop the capability and capacity of the network to ensure that they are progressing to 'exemplar' levels of the SSC standards and are effectively articulating the needs of the full range of employers, including small and medium-sized enterprises.

14. We recommend that, in the medium term, the Government will need to review both whether a demand-led system is becoming a reality and, in parallel, remain attentive to any tensions which may develop in the system between those with different needs. (Paragraph 57)

We want progressively to move to a position where more funding is driven directly by employer and learner choice. By 2010, our aim is that 40% of adult participation funding should flow through Train to Gain and accounts, with the majority of funding being routed through these mechanisms by 2015.

We will be monitoring the impact of new policies and evaluating their effectiveness both in meeting the needs of employers and of individual learners. Raising the participation of young people in education or training, reducing the number of adults without basic literacy and numeracy skills, and increasing the number of people trained at level 2 will be key measures of success.

We will be consulting on funding arrangements for young people and adults in late autumn 2006—building on the 16–18 funding approach we have developed through the *agenda for change* programme as the basis of a common system for schools, colleges and providers, and introducing a new funding approach for adults, so that funding is driven directly by learner and employer choice.

Intervention from the Learning and Skills Council/Expanding the base of providers

15. We seek further clarification from the Government on how competitive tender in areas of failing provision within a college will work in practice, especially in areas where there is a single provider and, potentially, few local alternatives. (Paragraph 62)

16. We recommend that this situation whereby independent operators cannot contract directly with the LSC for some areas of learning needs to be looked at further and, we welcome moves by the LSC to make public funding more accessible to quality, established independent providers who are able to demonstrate the capacity to expand. (Paragraph 69)

The Government is fully committed to promoting dynamism and innovation by encouraging new high quality providers into the FE sector through competition. The LSC will publish an Intervention Strategy later this year, which will set out the arrangements for tackling underperformance in the provision of further education. The precise nature of intervention however, will vary according to the specific and local circumstances. Competition will be one of a range of interventions that will be available to the LSC. Competition will not be held for its own sake.

The LSC will be taking this agenda forward in 2007/08 to test out the extension to formal competitions by putting out, through procurement, substantial discrete blocks of currently less than good provision, particularly where we need to expand participation. If this is successful, the process will be extended across the country.

17. We recommend that the Government should make sure that the criteria for, and nature of, LSC intervention in cases where colleges are apparently “coasting” is defined with absolute clarity. (Paragraph 66)

The Government agrees with the Committee that there is only a small minority of colleges and other providers that are failing outright. We are pleased that the FE system as a whole has demonstrated real attention to quality over the past five years. However we are committed to eliminating inadequate provision, and to tackling that which is barely satisfactory, not improving or not as good as it could be. We set out in the FE White Paper the broad framework for action in cases where colleges were inadequate or coasting. This will include improvement notices issued by the LSC, with a deadline for making the improvement (within a maximum of 12 months). If specified improvements are not achieved within the period, the LSC will take rapid and robust action. Precise action will depend on the circumstances, but may include areas of provision being put out to competitive tender. Further clarification about how this will work in practice will be provided in the Intervention Strategy which will be published later this year.

These proposals are entirely consistent with our commitment to develop a more trusting relationship with providers. The onus on making the improvements will always initially rest with the provider, within a framework of support from key agencies including the Quality Improvement Agency (QIA). But poor and underperforming provision justifies intervention. No learner's chances should be blighted by ineffective leadership or teaching and learning. And providers share our view that tackling underperformance is an important strand in efforts to enhance the reputation of the sector.

Inspection has made a significant contribution to improving the quality of provision across the broader further education system. Ofsted has agreed protocols for the early release of draft inspection reports for inadequate providers to the LSC and QIA in order that improvement activity can begin as quickly as possible. Ofsted is working closely with the LSC and QIA in order to define underperformance, both through inspection and by other means.

Inspection, oversight and planning

18. We will be seeking evidence from Ofsted on progress toward the new arrangements to incorporate the Adult Learning Inspectorate's (ALI) activities, and will also be keen to look for evidence of a sustained focus on adult learning and employer-focused provision, along with information on the allocation of staff and budgets to adult and employer-focused work. (Paragraph 76)

The Government remains absolutely committed to independent inspection and raising standards. We are clear that Ofsted will ensure a clear focus on adult learning and employer-focused provision. We recognise the need to retain the strong expertise in work-based learning, vocational skills and the teaching of those skills in future inspection arrangements. It will be particularly important that the inspection framework and future arrangements meet the needs of employers and users of training provision.

Good progress is being made towards the Ofsted/ALI merger in April 2007. Many of the key characteristics of ALI inspections will be retained. All ALI inspectors and inspection managers who wish to transfer to Ofsted will be able to do so. This will enable Ofsted to ensure a high degree of continuity in terms of the staffing of inspections. The formation of a skills directorate will ensure that a specific focus on adult learning and employer focused provision is retained. Ofsted will evaluate providers' responses to inspection in order to monitor the effectiveness of the new arrangements. Feedback will also be sought from the CBI and other stakeholder groups.

19. We would wish to see evidence of more consistent quality before endorsing plans to move in the direction of self- and peer-assessment. (Paragraph 80)

We recognise that although there are many outstanding institutions in the FE system, not all providers are at a stage to take forward self improvement activity without further support. There have been significant improvements in the quality of further education, work based learning and adult and community learning in recent years. Inspection grades and success rates endorse this view. The combination of rigorous self assessment and objective external inspection has been shown to work well, however some significant variations in quality remain.

The Quality Improvement Agency (QIA) has an important role in helping providers identify and use appropriate self improvement tools and materials as part of raising standards through continuous quality improvement. Self assessment is one of a number of elements of the LSC's Framework for Excellence from which will be derived a quality rating system which will give employers, learners and other key stakeholders a mechanism for identifying quality provision. The QIA's Peer Referencing pilots are evaluating how this can be used to enhance the capacity of colleges to self-assess and self-improve. In parallel

we are working with the sector to explore how best to take forward the FE White Paper commitment to develop self regulation.

20. We recommend that the Government should offer strong support to inspectorates and other relevant agencies for developing their work to build capacity for self-analysis and, in particular, the ability to use the results of such analysis to formulate plans for improvement. (Paragraph 80)

The Department is working with Ofsted, LSC, QIA and other key partners to develop appropriate accountability frameworks and supporting tools to do this. Ofsted's principles of proportionality which reflect the government's wider principles of inspection and external review include increased emphasis on regular self evaluation by providers. The LSC's Framework for Excellence, QIA's Improvement Strategy and their Peer Referencing pilots are supporting the sector's capacity to undertake self-assessment and use the results to raise standards of performance.

Both Ofsted and the ALI have significantly reduced the resources devoted to the inspection of the best providers, and intend to move further in this direction. Providing that monitoring confirms that high performance is sustained, the best further education colleges will receive only a very light touch inspection. Ofsted believes that an element of external inspection is still required throughout the system, but that this should be better differentiated according to a proportionate, risk based model.

Ofsted and the ALI have been awarding a grade for 'capacity to improve' in all their inspections since mid 2005. This grade makes an explicit judgement about a provider's ability to self assess effectively and to bring about improvement as a result of this process. This aspect of inspection is expected to become increasingly significant over time.

21. We recommend that the Government should consider, as an initial step, commissioning a feasibility study to assess how the kind of "impact analysis" approach to inspection might usefully be taken forward in light of resource constraints and the imperative to "slim down" the inspection burden. (Paragraph 85)

The Common Inspection Framework gives the inspectorate the role of assessing how well providers meet the needs of employers, individuals' aspirations, and are responsive to local circumstances, as well as testing the quality of provision. The inspection system also provides for inspectors to gather the views of learners and employers as an important part of the evidence base for making their judgements. In the future, the new Framework for Excellence indicators and ratings will include a provider's responsiveness to learners and employers. This will be used by Ofsted as an input to their judgements.

It is for the LSC as commissioner to assess the skills and learning needs of local communities and employers and to procure appropriate provision to meet those needs.

Adult learning

22. We understand, and support, the Government's intention to improve the quality and relevance of learning opportunities for those at the very start of their return to education. However, there is no demonstrable evidence that it is poor quality provision

or that with the lowest “returns” that has been strategically cut in order to concentrate public funding on priorities. (Paragraph 92)

The Government welcomes the Committee’s support for improvements to the quality and relevance of learning opportunities for those at the very start of their return to education.

We are working, with QCA and LSC in the lead, on rationalising the current complex range of LSC funded provision and qualifications below L2 to create a coherent but flexible system of learning programmes and qualifications. A feature of the Foundation Learning Tier (FTL) will be the establishment of progression pathways focussing explicitly on the skills and learning needed for progression to Level 2. Trials are running from August 2006 to July 2007. When implementation of the FLT is complete in 2010 it will encompass all LSC funded provision below L2.

23. We recommend that a priority is placed on strengthening the relationship between universities and further education colleges through such mechanisms as the Lifelong Learning Networks and regional partnerships. (Paragraph 93)

The Government believes that Lifelong Learning Networks (LLNs) will be a key driver for improving progression opportunities for learners on vocational programmes, including those currently in employment, putting them on the same footing as those following more traditional academic pathways. LLNs will work with key stakeholders at the regional level including regional development agencies, LSC and sector skills councils. They will add value to existing FE-HE partnerships, building on subject-related activities such as those led through Centres of Vocational Excellence in FE, and outreach activity such as that led by Aim Higher. The Higher Education Funding Council for England (HEFCE) has provided over £90m to support 27 LLNs, spanning 113 higher education institutions and more than 260 further education colleges.

24. There is a point at which the constant pressure [on colleges] to react to a changing policy and funding landscape undermines stability and puts pressure on long-established, valued provision which suddenly becomes uneconomical to continue to provide. This is a situation which must change. At the moment, secure long-term funding is not a reality on the ground and there are questions about whether it will become the norm for the majority of providers—rather than those who perform exceptionally— in the medium term. (Paragraph 93)

Our commitment is to make sure users of the further education system—learners and employers—have more choice and more say. Our strategy is therefore to move towards a system that is more responsive to the needs, preferences and priorities of those users. However, it is in no-one’s interest to create instability or uncertainty.

The LSC is looking at different funding options for reflecting the choices made by learners and employers, whilst making sure that colleges and providers know what to expect with new opportunities for enterprising organisations to develop their business.

25. We accept that within limited funding, there are “difficult choices” that have to be made about what is to be supported by the public purse, what must be paid for by learners themselves, and what will be paid for by employers. However, we argue, the dividing line between what is of value—to individuals and to the economy—and what is

less so, is nowhere near as clear as is currently implied in government rhetoric. (Paragraph 91)

26. During its first term in office, the Government published “The Learning Age”, which emphasised the benefits—and the necessity for public funding of—provision for older learners. We recommend that the Government, working with the Learning and Skills Council, comes forward with more concrete information on how it expects local authorities, working with the LSC, to fund and plan this sort of provision. (Paragraph 97)

We recognise that people access education and training for a number of reasons and that what people value is driven by more than skills or economic objectives.

The Government remains committed to learning for its own intrinsic value, including for learning for older people. This is why we have safeguarded a budget for learning for personal and community development at £210m pa in 2006/7 and 2007/8. But we want to reinvigorate this type of learning. Too much is poor quality which does not meet the changing needs of local communities. This is why we have asked the LSC to convene local partnerships to plan and co-ordinate this type of learning. Crucially the partnerships will include a wide range of partners including local authorities, and cover the range of related learning not funded through LSC but funded by local authority sports, recreation and cultural budgets, and also local health budgets, ESF, etc. The partnerships will also include representatives of local communities and learners.

Local authorities have long experience in delivering this type of learning and will be crucial to the success of the reforms. An external Task Group including representatives of local authority providers has been established to help steer the reforms.

27. We recommend that the Government base its decisions on the targeting of funding [for adults] on much more solid and extensive research than is currently available. This research needs to provide a thorough analysis of the relative benefits of different types of learning—particularly, what the likely returns of public investment in different types of learning are, and for whom. Only in this way can the Government substantiate its claim that funding is being targeted where it is most needed. (Paragraph 97)

The Government is confident that the broad thrust of its skills strategy is right, and is supported by the evidence published alongside its White Paper, 21st Century Skills: Realising Our Potential.

Focusing more public funding on tackling the acute lack of basic skills in the workforce and on securing a minimum platform of broader employability skills for the lowest skilled is the right approach. However, we know that we need to do more work to make sure that this is targeted more precisely on the specific skills and qualifications that will make the most difference to the employment and future prospects of individuals and the productivity and professionalism of businesses. We have asked employers, via their Sector Skills Councils (SSCs), to develop qualifications strategies for each industry sector and to identify the qualifications that are most relevant. We intend to use that intelligence to target public support for skills much more accurately. We will at the same time continue to work with key partners to improve the evidence base on returns to public investment in learning (particularly to vocational learning where the evidence is less strong), for example,

through co-ordinated research programmes between DfES, LSC and the Sector Skills Development Agency (SSDA), drawing on expertise such as that in the Centre for Economics of Education.

28. We are concerned that valuable provision could certainly be lost and learners who could benefit from education will not do so. We recommend that the DfES and LSC need to negotiate a contingency plan to deal with this situation, should it arise. (Paragraph 101)

Government does not want to see learning that is valued lost. We do expect that where provision is in areas that are primarily the responsibility of employers, such as first aid, health and safety and food hygiene, then we would not expect to fund those courses. Providers that can deliver that provision cost effectively will continue to do so with employers paying the market rate. Similarly where learners value high quality learning and are prepared to pay more for courses then colleges can continue to provide provision on a full cost recovery basis. We are seeing evidence this is happening.

29. We recommend that in Autumn 2006, the DfES or one of its agencies should undertake an impact assessment of how the new fees regime is affecting the overall socio-economic profile of adult learners. Monitoring should continue as the increase to the fee assumption is rolled out, and the Government and LSC should be prepared to take action if the findings suggest problems in this area. (Paragraph 102)

We are monitoring closely the impact of our fees policies. The LSC has already commissioned research looking the impact of fee assumption increases on provider practices and learner volumes. The LSC is also planning further work looking at learner perceptions of fee changes. Our initial assessment of fee increases in 2005/06 and 2006/07 is that colleges are successfully increasing fees. We will continue to protect those on low incomes and who lack the basic skills for employability.

30. We are not convinced that a coherent funding logic is in place across the education system. (Paragraph 104)

Much work has already been carried out to draw together funding for post-16 education and training. The LSC assumed funding responsibilities from 72 Training and Enterprise Councils and 150 local authorities. The LSC has successfully introduced consistent national funding methodologies for Work Based Learning and for School 6th Forms—£3bn of provision. The LSC's *agenda for change* programme will continue with the work to ensure greater consistency of funding across the post-16 sector overall.

31. The announcement made in the Further Education White Paper concerning a new level three entitlement for 19–25-year-olds is very welcome, not least because it addresses a long-standing issue of lack of support for those who, for whatever reason, have not progressed to level three study before the age of 19. (Paragraph 104)

32. It appears that the level 3 entitlements will be designed to soften the blow for those already enrolled on courses rather than attracting significant numbers of new learners. We recognise that there would be serious issues of affordability in extending this scheme to everyone who might benefit from it, and that arguing for additional funding for this scheme while recognising a limited funding envelope would risk displacing

funding from other areas. We recommend that the Government needs to bear in mind that the new National Learning Model will have to relate to the 19–25 entitlement, and will also need to reference the entitlements in the “national debate” about “who pays for what”. We argue later in this report that this needs to take place as a matter of utmost urgency. (Paragraph 110)

We welcome the Committee’s endorsement of our new Level 3 entitlement. The entitlement will reduce the discontinuity within funding arrangements that currently exists for young adults and recognises that many young people complete their initial education in their early twenties, thus providing a seamless transition from 14 through to 25.

The introduction of this entitlement will enable 45,000 young adults to continue their initial education. However, with any entitlement there will inevitably be an element of deadweight, that is why we are focusing on firstness, which will minimise any such effect. The detailed scope of the national learning model is still to be agreed with relevant bodies.

33. We commend the Government’s decision to return with new proposals for Learner Accounts. We cannot stress strongly enough that lessons from the pilots need to be fully absorbed before any plans for the future are made. (Paragraph 113)

Learner Accounts will help us move towards our aim of developing a demand-led funding structure for further education, and will help learners to make more informed choices about learning. Final decisions on future plans will be dependent upon an evaluation and assessment of the impact and value for money of the trials. We expect that more detail on how Learner Accounts will actually work will be available by the end of the year.

Funding for 16–18-year-olds in colleges

34. We welcome the Government’s commitment to narrow the gap in funding between what colleges and school sixth forms. We recommend that commitment to narrowing the gap further must be demonstrated by revisiting the remaining funding gap after the next Comprehensive Spending Review has taken place in 2007, explaining clearly what further action will be taken, and by when. (Paragraph 116)

The Government committed in the White Paper, “Further Education: Raising Skills, Improving Life Chances” to allocating comparable funding for comparable activity. As part of this we continue to address the funding gap between school sixth forms and colleges. The Government agrees the gap is unfair and feels it to be an obstacle to the creation of an integrated 16–18 education system. It is therefore determined to tackle it as rapidly as possible.

As the Committee has acknowledged, some important steps have been taken with FE funding rates being increased relative to those offered to school sixth forms and confirmation that the Schools’ Minimum Funding Guarantee will apply equally to funding allocated for those 16-18-year-olds studying in the FE sector in 2006–07.

The funding gap will close from 13% to 8% in 2006–07 as a result of increases already made in funding rates for FE; the application of the Minimum Funding Guarantee to 16–18-year-olds in FE for 2006–07 allocations; and the LSC’s current work to align data collection and use between school sixth forms and colleges. In 2007–08 the

LSC will introduce further adjustments to the collection and use of retention and achievement data, which together with the continued application of the Schools' Minimum Funding Guarantee to FE for 2007–08 allocations, will narrow the gap by a further 3%.

For the longer term, the LSC is currently consulting on, and developing plans for, the introduction of a common funding approach across school sixth forms and colleges. These *agenda for change* proposals have been well received by sector in the first stage of consultation and plans for seeking the views of school sixth forms are well advanced. The *agenda for change* proposals will create a common funding and data collection/use system for all providers funded by the LSC and will remove most of the remaining variables which contribute to the funding gap. It is currently expected that these proposals will come into force for all providers from the start of the 2008–09 funding year.

However, as the Learning and Skills Development Agency's 2005 report indicated, closing the funding gap is not wholly about money. Some small, but significant, differences in how data is collected from school sixth forms and colleges, and others in how that data is used to inform in-year funding adjustments also contribute to the funding gap. The LSC has taken steps to address some of these differences in 2006–07 and will go further in 2007–08 and beyond.

Workforce development

35. We very much welcome the commitment to developing and implementing a coherent Workforce Development Strategy for further education, and recommend that Government needs to make clear how it intends to monitor progress and should negotiate with the Lifelong Learning UK a clear timetable for the production and implementation of the strategy. (Paragraph 119)

The Government agrees that we need to create a fully qualified, professional workforce, dedicated to Continuing Professional Development (CPD), and developing a coherent strategy to achieve this is vital. We agree that it is important to establish a clear timetable. We have discussed with Lifelong Learning UK (LLUK) how they will develop the Workforce Strategy taking into account the range of measures on workforce development announced in the FE White Paper. We have agreed that LLUK will publish the Strategy by July 2007, and we will continue to work closely with them to monitor progress.

36. We welcome the announcement that Centres for Excellence in Teacher Training will be rolled out and await further details on the scale and nature of this programme. (Paragraph 119)

Centres for Excellence in Teacher Training (CETT) will be collaborative ventures. In some cases, they will be based upon existing local or regional Initial Teacher Training (ITT) partnerships. In others, CETTs may be developed from new networks of organisations that come together for the specific purpose of enhancing training related to a particular occupational need or national priority. The selection process started in September 2006 with a programme of dissemination and support events/workshops. This gives lead in time for the first CETTs to be in place by April 2007, and for all CETTs to be fully operational by September 2007. We expect there to be around 12 CETTs. This assumes one CETT per region and allows for another 3 to meet national or specific occupational needs. CETTs will

be initially funded for 3 years, up to a total cost of between £675,000 and £900,000 per CETT dependent on scope and scale.

37. We support in principle the idea of a standardised requirement for Continuing Professional Development for further education staff, as laid out in the White Paper. We recommend that the Government needs to explain how it expects the Continuing Professional Development requirement to be resourced, and how it intends to apply the requirement to staff in non-college settings. Government also needs to clarify how the requirement will apply to part-time and fractional staff, who constitute a large proportion of the further education workforce. (Paragraph 122)

The creation of opportunities for members of the workforce to complete their Continuing Professional Development (CPD) requirements will be included in the institution's three year development plan agreed with the LSC. The LSC's development dialogues will be a major tool for assessing progress and compliance.

Part time staff will be required to fulfil fewer CPD hours than full time staff eg a person working 0.6 may fulfil 0.6 of the 30 hours requirement—18 hours a year.

Attainment of the Initial Teacher Learning and Skills (ITLS) award will be required for all new teachers in the FE system from September 07, leading to full Qualified Teacher Learning and Skills (QTLS), which will be attained through CPD. This encompasses those working in both college and non-college environments.

Ofsted will develop its arrangements to collect evidence relating to staff qualifications and the extent of continuous professional development at provider level. The qualification levels of staff and the levels and effectiveness of CPD will contribute to inspection judgements. Links will be made between this work and the inspection of further education teacher training.

38. We recommend that the Government needs to be clear about what contribution it expects external recruitment to make and what particular skills needs such external recruitment programmes will fill. (Paragraph 122)

Sir Andrew Foster found in his report that there is not a good enough supply of leaders capable of getting the best from their staff and managing highly complex business. Our new recruitment programmes are designed to attract new talent into the sector from a broader base.

With input from institutional leaders and other key players, we now have initial proposals for the design, development and implementation of the new recruitment routes. These take in to account the contribution which these routes might make to the skills needed in the sector. These proposals have been discussed with LLUK, which has responsibility for carrying forward the development of these schemes.

In the 'give something back' programme the initial priority will be on construction. Attitudinal research is now complete and LLUK are carrying forward plans for marketing; running the campaign and developing systems to handle enquiries, screening potential applicants; and link individuals to colleges/providers with vacancies, in autumn 2006. For the other 3 programmes—"Make a difference", "Business Talent" and "Business

Interchange”—design work will be completed by April 2007, followed by piloting, and leading to the launch of the programmes in September 2007.

Workforce data

39. We seek clarification on who is to have responsibility for collecting and analysing further education workforce data in the future? If responsibility is to pass from the Learning and Skills Council to Lifelong Learning UK, we would wish to see evidence that the latter has the operational capacity—and the support it needs—to carry out this task effectively. (Paragraph 129)

40. We recommend that in overseeing the implementation of its plans for workforce development, the Government should seek to ensure that the workforce data and analysis that underpins planning takes full account of the work-based learning and adult and community learning sectors. (Paragraph 130)

Lifelong Learning (LLUK) have welcomed the opportunity to take over responsibility for workforce data, including quality, analysis, interpretation and presentation. There are clearly challenges associated with this and LLUK are keen to engage with stakeholders to ensure a successful transition from the LSC’s final SIR (Staff Individual Record) collection in 2006 to new arrangements.

As part of this transition process LLUK have taken responsibility for a workforce data group, which involves key partners and stakeholders, and is offering advice on how the new arrangements might best work.

LLUK have carried out work to identify potential issues and are planning a programme of activity to ensure a smooth transition and implementation to new data collection arrangements.

Based on a consultancy report produced in October 2005, LLUK are committed to extending the collection and analysis of core workforce data to Work Based Learning and Adult and Community Learning as part of their development of this area of work.

The Learning and Skills Council as an intermediary between colleges and Whitehall

41. We welcome redistribution to the frontline of £40 million. However, we will be keeping the implementation of these reforms under close scrutiny. We recommend that the LSC should give a clear indication of its strategic role; should reinforce its commitment to widening participation; as well as strengthening the growing delivery of higher education in further education by fostering much closer links with the higher education sector. It needs to be more proactive in the regions, working closely with effective regional university clusters to tackle skills shortages and identify new needs and trends. (Paragraph 134)

42. We look forward to the LSC providing information on how savings have been reinvested, along with further details of how they plan to make the organisation leaner and more fit for purpose. (Paragraph 134)

The FE White Paper makes clear that the role of the LSC is to offer Government advice on strategy and policy, drawing on its delivery experience and practical understanding of what works and why; and to ensure that the system delivers services for learners and employers efficiently and effectively.

The LSC has a statutory duty to encourage participation in learning. The commitment to widening participation is reinforced in the FE White Paper which gives the LSC a new remit to encourage choice, diversity and specialisation, and to ensure delivery of the 14–19 entitlement in each area, working within the local authority led strategy. This commitment will be further reinforced in the LSC's Annual Statement of Priorities.

Changes to the LSC's internal structure, including the establishment of 148 local partnership teams and 9 regional offices, will increase the LSC's effectiveness in working with partners at local and regional level to identify and respond to employer and learner needs. This will be supported by parallel changes to the LSC's non-executive structure, which are expected to achieve a much greater level of simplification and reduce the bureaucratic burden on the LSC's partners. At the same time these changes are expected to ensure the wider engagement of employers and stakeholders, and more flexibility to respond to employer and learner needs at national, regional and local level. Final proposals are expected later this month.

The recently published Annual Statement of Priorities makes clear that the initial tranche of LSC savings will be invested in Adult Apprenticeships in 2007/08.

The Learning and Skills Council as a champion for further education?

43. We agree that it is appropriate that those at the front line are encouraged to take responsibility for promoting, and standing up for, further education. However, the LSC could play a more active role in this regard. (Paragraph 137)

The LSC is responsible for delivering the objectives, priorities and targets for post-16 education and skills as set out in the Annual Grant Letter, within the funding available. It advises the Government on the achievability of targets, and on any operational issues which impact on the achievement of the Government's goals. It has the primary operational responsibility and therefore needs to work in close partnership with the sector and other partners. It also has a key role in supporting action to improve the reputation of the sector. This is different from acting as a champion on behalf of the FE sector. That role is for the leaders of the sector.

Improving the relationship between DFES and LSC

44. We welcome the changes that DfES and LSC are together embarking on to improve the delineation of their respective roles and responsibilities. However, we would argue that the granting to the LSC of a greater degree of latitude in terms of how it achieves the broad policy objectives which the DfES quite rightly sets for it is not covered in sufficient detail in the recent white paper despite the need for further reform in this area. (Paragraph 141)

The Department will continue to exercise the lead responsibility for strategy and will expect partners to take the lead on delivery. This means that the LSC will continue to take responsibility for planning, funding and securing the delivery of post-16 education and training other than higher education; and to advise on the development of post-16 strategies and policies, drawing on its practical delivery experience and understanding of learning needs, and of what works and why. However, fast-moving reform across the public services, involving a number of agencies, makes a rigid distinction between strategy and delivery unworkable. We therefore intend to include partners in framing and refreshing our strategy. In turn, we need to have an active understanding of, and engagement in, delivery to secure effective performance management, to coordinate communications and burdens, and to understand front-line impact and risks.

The Department's response to the Capability Review made clear that our aim is to secure an effective relationship with the LSC within the context of promoting a more inclusive collective relationship with all our key delivery partners. This will be achieved partly through the new 'DfES Group', which will bind together the principle bodies, including the LSC, which are engaged in our collective goals, and ensure that together we achieve a better and more cohesive set of outcomes for all groups of learners.

An overall strategy for education

45. We recommend that the development of a National Learning Model should be an absolute priority for the Government. We welcome the fact that the Government has committed to publish a plan on a three-yearly basis and seek confirmation of when we can expect the publication of the first document.

46. We recommend that the parallel “national conversation” about funding needs to be based on a much clearer research base about where investment reaps the most benefit, and for whom. If such research does not exist, it needs to be undertaken as a priority. (Paragraph 144)

47. We recommend that a National Learning Model should also look at facilitating easier transition between further education and higher education and improving the portability of qualifications, via quality assurances from colleges to aid progression, lifelong learning networks and the drive to rationalise the learning pathways. (Paragraph 145)

48. We recommend that a national learning and funding model needs to have a direct influence on the process of setting national targets for further education, which exert a strong influence on what providers can realistically offer. (Paragraph 146)

We will publish the first national learning model next year to coincide with the outcome of the Comprehensive Spending Review. In developing the model, it will need to take into account forecasts of skills gaps and shortages, labour market forecasts and other key economic and social impact on the learning and skills market. This will clearly need to include flows out of the schools system and the contribution of the HE system and impact on progression. The Government agrees that it will also inform the target setting process. And it will be informed by an analysis of the skills needs from the demand side (that is the needs of individuals, employers and communities). But it is equally important that it does

not become a detailed national manpower planning tool and that we allow the system the flexibility to respond to local demand.

Ministers as champions of further education

49. We recommend that there needs to be a commitment on the part of the DfES communications directorate to promote accurate and proportionate information about further education, with due regard to the amount of coverage given it, and a commitment to making sure that critical statements are justified. (Paragraph 153)

We are committed to working with our partners to support and build the reputation that the sector deserves. Colleges themselves should take the leading role in promoting what they do and the difference they make. But the Government recognises that it also has an important contribution to make to promote the role and benefits of further education. As the Committee recognises, DfES and other Government Ministers have been playing an active role in advocating the work of colleges and training providers.

To deliver the commitments in this area in the FE White Paper, the DfES and the LSC have jointly undertaken to develop a communication strategy. This is being supported by a stakeholder group including representatives of colleges and providers and key national organisations. The strategy will include a set of metrics which will enable progress on reputation building to be monitored and reviewed, and a set of shared messages about the system and its achievements. DfES Communications Directorate will support the implementation of this strategy through maximising opportunities to promote these messages across the Department's programmes and policies and to all audiences (learners (and potential learners), parents, employers, teachers, the FE workforce, key representative bodies and national opinion formers).

50. We welcome the Government's move to establish a joint DfES/LSC programme board, but note with some disappointment that the Government appears to have decided not to establish a separate, well defined user group to advise its programme board. We urge the Government to revisit this decision. (Paragraph 158)

We are committed to engaging our users in the development and implementation of our reform programme. For this reason we have established a Ministerial Standing Group on FE comprising the chief executives of the major agencies, and representatives of providers, learners and employers. The Standing Group will focus on a strategic view of policy implementation, and provide advice, where appropriate, to the joint DfES/LSC Programme Boards which are responsible for the management of implementation of the FE reforms, and the 14–19, and adult skills strategy programmes. It will have a key role in commenting on progress on implementation, securing stakeholder input into implementation and in communicating progress to stakeholders. In addition, user groups (with employers and learners or their representative) have been set up to support the development of individual policies and programmes. In November 2006 we will be announcing the membership of the National Learner Panel which, by giving learners a voice at national level, will significantly increase their influence in the development of policies and initiatives.

Intra-departmental coherence

51. Inconsistencies remain between the funding and planning arrangements for schools and further education colleges at policy level which translate into paradoxical, and occasionally self-defeating arrangements locally. We have heard examples of instances where the costs of provision for additional 16–18-year-olds recruited by a college cannot be met while at the same time, the opening of a new academy is being considered for the same area. It is not clear that the costs associated with Strategic Area Reviews to determine 16+ provision in an area were justified when the conclusions arrived at were sometimes overridden by school planning decisions emanating from outside the LSC. This does not sound like the result of a coherent policy which enables sensible local planning. (Paragraph 162)

The Government is committed to ensuring coherence across its programmes and policies, and to putting learners at the heart of all that we do. We have recently published “The Five Year Strategy for Children and Learners: Maintaining the Excellent Progress”, a report which looks at progress against our Five Year Strategy for Children and Learners, and our priorities for the next few years. The report also includes lessons for the Department and our partners for meeting the challenge of delivering these priorities, and invites comments by 31 January 2007.

Measuring and improving value for money throughout the FE system delivery chain is vital to gaining maximum impact for every pound spent. DfES is committed to promoting a culture of efficiency and effectiveness and embedding value for money in policy development and performance management, including delivering agreed efficiency targets. The LSC also has a crucial role in securing value for money through commissioning effective and efficient provision in support of Government objectives and priorities.

52. The Further Education White Paper says that local authorities will take over the main strategic responsibility for co-ordinated planning of 14–19 provision. We question how a situation where local authorities have strategic responsibility, but are not acting as fund holders will work in practice. (Paragraph 163)

Local authorities will provide the strategic leadership for children’s services overall so that the delivery of 14–19 reform is integrated with the wider agenda for children and young people in the locality. The LSC will be local authorities’ primary partner.

The LSC will work closely with the local authority and will continue to fund colleges, sixth forms and training providers to play their part in delivering 14–19 provision including the new 14–19 entitlement. The LSC continues to have a statutory duty for planning and funding all post-16 provision; but focusing more on the core role of ensuring that there is in every area a diverse and dynamic range of high quality post-16 providers working in collaboration with schools.