

2014/10

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Pocket Watch – FE's funding settlement for 2014/15

Introduction

The latest Funding **Statement** for FE published this week comes as the Government continues to try and weld the skills system around employers and the BIS Dept grapples with an ever shrinking budget. Both themes run powerfully through this latest Statement and provide a difficult context for a sector already under pressure to raise basic skill levels, improve performance levels and deliver the skills needed to help economic growth. This is a guide to how things look now.

FE funding for 2014/15 by bullet point

- What's the core message? *"It is paramount when using our limited funding that we ensure a continual improvement in quality and value for money"*
- What are the headline figures?
 - The Adult Skills Budget: £2.25n (£2.46bn last year, indicative £2.04 bn next year)
 - Total funding for Teaching and Learning: £3.2bn (£3.15bn last year, indicative £3.08bn next year)
 - Total with capital grants, learner support etc added in: £4.13bn (£4.08 last year, indicative £3.86 next year)
- What's happening to the skills system? Broadly two things. First, it's being gradually ceded to employers with the Apprenticeship Trailblazers being used to stress test how this might work in practice. Second, providers are being encouraged to become less reliant on Government grants and planning and more responsive to employer needs/local markets. The language being used here is '*colleges as social enterprises*' with the best ones becoming elite providers
- What about LEPs and the local growth agenda? Last year's Spending Review committed the next Parliament to some money for this, roughly £2bn a year but the principle remains important. LEPs are submitting their Strategic Economic Plans by the end of March, Growth Deals are being agreed in July and three pilots are currently examining how the LEP/FE interface might work. A key factor in all this is the new round of EU Growth Funding due from this year where much of this is being parcelled over to LEPs to support local growth
- What about loans? Funding continues to be set aside for the 24+ loans including those on benefits studying Level 3 and 4 courses, with the Government claiming that with a take-up of 57,000 last year, they have been *"a better than expected success."* However, as previously indicated, they are being dropped for apprenticeships which will be funded instead from the Adult Skills Budget
- What's the position on apprenticeships? They remain the 'core offer to all young adults' and of course the Chancellor announced in December an additional £40m up to 2015 to deliver an extra 20,000 more Higher Apprenticeships. The Apprenticeship Grant for Employers will remain in place until the end of this year, minimum standards in English and maths will be required (*"all new apprentices that have achieved L1 standard in English and maths prior to starting their Apprenticeships will be required to take up the offer of training to L2 standard"*) and the Government will push ahead with the post Richard Implementation Plan published last autumn (a helpful checklist is provided in the Annexe.) As for funding, plans to route this directly to employers through the HMRC system continue with consultations on the technical details and on a possible alternative route for small businesses coming

- And Traineeships? Also remaining very important, *"we want to see a continuing expansion of Traineeships in future years."* Steps towards this as announced in the Autumn Statement include JSA claimants being exempted from the 16 hour rule so that they can undertake Traineeships and 24 year olds being entitled to Traineeship funding. Current funding arrangements will remain for 2014/15 as will the criteria for high-quality providers
- What does the Statement have to say about English and maths? Much of this has already been said and funding remains in place for those without GCSE levels to be able to carry on. This includes welfare claimants where conditionality (no study, no benefits) is now a growing feature. The Statement also pushes the importance of diagnostic assessments, something both the Funding Agency and Ofsted will be specially looking out for
- And other qualifications? The Statement makes clear the importance of the new funding rules which mean qualifications must meet certain business rules on size, purpose and recognition. This work and presumably Ofqual's review of the QCF remain important although intriguingly, the Government intends to issue a Vocational Qualifications Reform Plan *"early in 2014"* and includes a potential sting in the tail as part of this: *"the Reform Plan will consider whether funding qualifications is suitable for all learners, or whether an alternative approach to funding may be appropriate."* Offender Learning, Community Learning and learning support for those with specific needs are all included in the Statement although with little new detail, nor is there any direct reference to the Whitehead Review recommendations
- Accountability. This remains an important feature with the Government sticking with its current approach set out in last year's 'Rigour and Responsiveness' Paper. Key features here include the new intervention regime headed up by the FE Commissioner, more challenging governance arrangements, the Structure and Prospects Appraisal model for structural reform and of course the 16-19 accountability framework all of which get honourable mentions. The Government's clearly keen to go further however: *"we are developing a set of outcome focused measures that will enable learners and employers to make informed choices about which provider they go to and which qualification they take."* Currently they're looking at three measures: destination; progression and earnings changes with further modelling of at least the first two due this summer
- Learning. Finally lest we forget about the importance of learning, the Statement contains strong messages about taking forward the recommendations from last year's Commission on Adult Vocational Teaching and Learning and the FELTAG Report about online delivery. Both remain important potential instruments of change



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