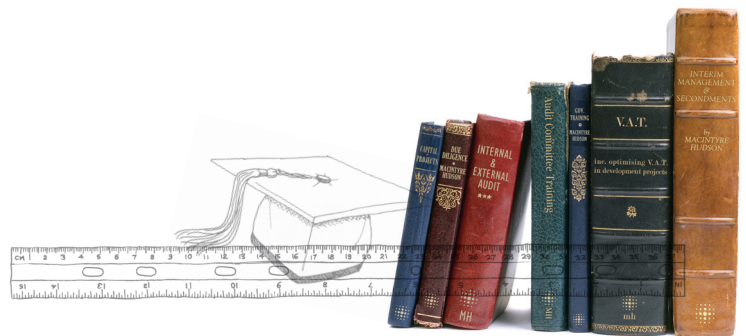




# FE Digest

## Winter 2012



FE Digest is an occasional review of some items noted in press articles and other documents. Its purpose is to advise MHA MH staff of current issues of importance or interest which may affect their work. It is also circulated to MHA MH clients for their interest. **This edition makes reference to publications up to 31 December 2011.**

## 1. Enrolment Figures

The student enrolment figures during the Autumn term varied widely between Colleges. A survey by the Association of Colleges (AoC) has shown that:

- Reductions in recruitment of 16-19 year-olds were experienced by 49% of colleges, but enrolments increased in 42%
- In 10% of colleges the recruitment of 16-19 year-olds fell by over 10% but in 5% of colleges enrolment numbers increased by 15% or more.

Demographic changes have led to there being 40,000 fewer 16-19 year-olds this year, which might have explained a general reduction in such enrolments, but the **wide variation between colleges must result from other factors**. Those most frequently identified by colleges experiencing a reduction in enrolments were:

- The abolition of the Education Maintenance Allowance (EMA) and its replacement by a

Learner Support Fund (LSF). The total funding available through the LSF is smaller than for the EMA, and is distributed at the discretion of the college.

- Many colleges are supplementing the LSF from other funds
- The majority of Local Authorities (60%) have reduced transport funding for young people, although a similar proportion of colleges have decided to subsidise transport costs.

No doubt individual colleges have sought to establish whether it is the reduced level of financial support which is deterring some young people from seriously pursuing their education or whether the funding previously available had encouraged some enrolments.

Further, it is possible that some of those colleges reporting a fall in 16-19 enrolments had experienced a reduction in previous years, and the present reductions are merely extending that trend.

It is interesting to note that overall enrolments increased to courses in science, mathematics, health & social care, and various engineering programmes. Perhaps those intent on pursuing a clear vocational interest have not been put off by a lack of funding.

**Recruitment figures for those aged 19+ are also very varied;** 35% of colleges have increased their enrolments whilst 44% have shown reductions.

The factors affecting these changes might be more variable and speculative than those for 16-19 enrolments. Reductions to funding from the Skills Funding Agency (SFA) are believed to have led to some colleges planning reductions, whilst changes in the nature and levels of local employment, and alternative training arrangements, are other possibilities.

## 2. Competition

The falls in the recruitment of 16-19 year-olds noted above could have another cause: there is **increasing competition for 16 year-olds**.

Competition between schools wishing to retain pupils into their sixth form and colleges wishing to achieve healthy admissions levels of 16 year-olds has always existed, in some areas more than others. In some areas, in which the Local Authority policy is for 11-16 schools, transfer into the local college is actively facilitated. Some colleges have enjoyed access to schools' careers evenings and in some areas school pupils have been made aware of the opportunities available at local colleges through the Local (Connexions) Careers Service. But now:

- Increasing numbers of schools are introducing sixth forms
- Increasingly, it seems, colleges are being excluded from schools' careers events and their course literature is no longer welcomed
- The Connexions advice service has been cut back.

Although schools are supposed to offer their pupils objective advice regarding opportunities post-16 there seems to be no way of ensuring that this happens. But essentially if there are no more 16 year-olds in the population, more providers with direct access to those young people and with a vested interest in retaining them in the school, colleges are more likely to experience (already may have experienced) **great difficulties in sustaining their 16-19 year-old numbers**.

## 3. Funding Issues

### 3.1 Funding Cuts

FE and Sixth Form colleges have come out particularly badly in the public spending cuts which are planned until 2014-15. A report by the Institute for Fiscal Studies (IFS) entitled "Trends in Education and Schools Spending" makes clear that:

- The real-terms cut in education spending overall by 2014-15 is 13%

The real-terms spending cut for schools over the same period is 1%

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- The real-terms spending cut in FE and Sixth Form colleges is 20%

Talk about disproportionate! And with the compulsory education age set to increase to 17, and then 18 years of age from 2013.

The authors conclude that “the planned cuts to 16-19 education seem particularly challenging”. Don’t you just love that euphemism!?

### 3.2 Skills Funding

John Hayes, the Skills Minister, speaking at the AoC Conference announced the intention for colleges to receive funding to develop new programmes so that they can meet the skills needs of local employers. Other intentions include a simplification of quality assurance and data management arrangements to reduce the administrative demands on providers. He considered that, by the end of the Parliament, **the FE landscape will be transformed.**

With a reduction of 20% in 16-19 funding who could argue with that?

### 3.3 Funding for employers

Another feature of this transformation may come through the intention to make funding directly available to employers; £50m is to be made available in 2012 and a further £200m in 2013.

The Prime Minister wants to encourage employers to take on apprentices and to that end give them “the power to take control of the training so that it best meets the skills they need”.

Martin Doel, the Chief Executive of the AoC, has raised a concern over the accountability of public money if employers can commission and provide

skills training – and act as the awarding body for its satisfactory completion.

## 4. A New Funding Methodology

The SFA has recently published details of a revised, simplified, funding methodology. In its document describing this change the SFA states that its focus has been on simplifying the funding formula, funding rates and developing a single earnings methodology to replace the current Adult Learner Responsive (ALR) and Employer Responsive (ER) models.

In the new system all programmes will be funded according to cash values defined by a (6x5) matrix: 6 sizes of qualification (Certificate, Diploma, Apprenticeship etc) and 5 grades of qualification.

The changes will be fully implemented in 2013-14 with a “dual-running” year operating in 2012-13. During 2012-13 colleges will be paid in accordance with existing methodologies.

The Young People’s Learning Agency (YPLA) is to introduce its own simplified funding model for 14-19 year-old courses. The SFA document indicates that the timescale intended will allow for alignment, where appropriate, with the changes introduced for 16-19 provision.

Full details of the SFA proposals are available in the City Office or on-line.

## 5. Red Tape

The reduction in red tape was an issue for the FE sector which figured prominently in the FE Digest some years ago. It is still an issue.

A recent report by the National Audit Office (NAO) has shown that the costs to general FE colleges of administering the present funding, qualification and assurance systems is £180m per annum, and the costs to the sector as a whole to be £250-300m per annum.

The report also refers to the need for the Department of Business, Innovation and Skills (BIS) to work more closely with the YPLA – implicitly raising again the issue of FE having to relate to two government departments, which has also featured in previous Digests.

It is to be hoped that the simplified funding system being proposed will reduce these costs to some extent, at least.

## 6. EMA Replacement

The Autumn 2011 edition of the Digest referred to the withdrawal of the student support system known as the Education Maintenance Allowance (EMA) and its replacement by a smaller Learner Support Fund (LSF).

Originally this fund was to be allocated at the discretion of individual colleges but an approach, suggested by Michael Gove, Secretary of State for Education, to allocate funds to students who would have been eligible for free school meals, was adopted by most colleges.

The allocation of funding in this way has led to problems for some colleges located in Local Authority areas with high proportions of

such students. In turn, this has led to a disparity in the support levels available in different parts of the country – a situation which has been further influenced by some, variable, amounts of funding being made available by individual colleges.

(A correlation of these colleges and these boroughs with the colleges reporting the largest falls in 16-19 recruitment as noted in Item 1 might prove interesting).

## 7. Apprenticeships

The Autumn 2011 edition of FE Digest referred to the substantial increase in the number of apprenticeships, particularly for adults. More details of this expansion are worth noting:

- Whilst the number of apprenticeships created for 16-19 year-olds has increased by 11,000 during the previous year (still an increase of 29%), 126,000 people above the age of 25 commenced apprenticeships during this period.
- There are now 175,500 over-25s pursuing an apprenticeship
- The increase in the number of apprenticeships is criticised by some as not being due to the provision of apprenticeships at all, but merely on-the-job training for those already in work, who would previously have participated in Train to Gain programmes.

The criticism has also been voiced that this increase in the number of apprenticeships is doing little to ease the high level of unemployment among young people. Responses to this criticism have been forthcoming from both the SFA and the Government:

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- The SFA now expects there to be a greater focus on the recruitment of 19-24 year-olds, with recruitment levels of over 25s declining
- The Government is to make grants of £1,500 available to 20,000 small businesses which take on an apprentice aged 16-24 for the first time.

But in the eyes of many colleges there appears to be a sting in the tail: literacy and numeracy will have to be pursued to GCSE level – rather than Level 1 as previously. Colleges believe that the challenge of requiring all apprentices to reach GCSE level, **having already failed to do so in school**, is being underestimated.

But there, colleges have been sorting out problems like this for years!

## 8. Pay & Pensions

### 8.1 The Pay Offer

The pay offer for 2011-12 of £125 per annum for all FE staff, except those earning less than £21,000 per annum who would receive £200, was noted in the Autumn edition of the Digest.

Some unions, ATL, GMB, Unison and the Association of Managers in Education have accepted the offer. Only Unite has rejected it outright. The University and College Union (UCU) has expressed disappointment but ruled out industrial action.

Last year the AoC accepted the majority view. **However, this is all of limited significance.** Colleges decide individually on the implementation of a pay offer, or not, according to their own financial circumstances.

### 8.2 Pensions

The lack of militancy over the level of the pay offer has been thought to be due to a disinclination to divert attention from **the bigger issue of pension reform.**

Lecturers in colleges are members of the Teachers' Pension Scheme. Therefore, whilst the press coverage of strike action by public sector workers in response to the changes in pension arrangements focused on school teachers, the changes are also applicable to college staff.

It appeared in mid-December that a resolution regarding changes to the Teachers' Pension Scheme might be near.

In the latest proposals:

- The increases in pension contributions would be smaller for younger and lower-paid teachers. Contributions would increase with salary level.
- The accrual rate would become 1/57 of annual salary as compared with the previous offer of 1/60 and the original intention of 1/65.
- The retirement age would still gradually increase to 68 years of age.
- The pension would be based on a career-average, not final, salary.

The signing of a Heads of Agreement is anticipated, to be followed by consultation with union members.

## 9. HE in FECs

### 9.1 Developments relating to the Core and Margin Approach

Recent editions of the FE Digest have referred to the "Core and Margin" approach being adopted to the future allocation of higher education (HE) student numbers in Further Education Colleges (FECs). The fact that the "marginal" 20,000 student places were to be made available annually on a contestable basis, and only **to those institutions charging an average fee of less than £7,500 per annum**, was thought to provide an opportunity for FECs since the majority planned to charge less than £6,000 per annum.

#### 9.1.1 Fee Adjustments

The figure of £7,500 is the fee actually charged, after any fee-waivers. But some universities are offering bursaries, money which will assist some students with their living costs, rather than fee-waivers. **They are still providing financial support to poorer students.**

Toward the end of October, the Office for Fair Access (OFFA) announced that universities were to be given the opportunity to alter their financial support arrangements and to switch money being provided for bursaries into fee-waivers. This would obviously **depress their average fee charged and allow them to bid for some of the 20,000 marginal places** – which would help them sustain their level of student numbers.

In the event 25 institutions have modified their fee structures, some reducing their basic fees for some courses, and others cutting their net average fees by offering fee-waivers rather than bursaries for some students.

### These changes have implications for FECs.

#### 9.1.2 Bids from FECs

The application process for the 20,000 marginal places has closed. The Higher Education Funding Council for England (HEFCE) received bids for 35,811 places from 202 institutions; 34 were universities, applying for 16,000 places and 167 were FECs, which had applied for almost 20,000 places.

There had been speculation that perhaps 6,000 of the 20,000 marginal places available would be made available to FECs.

But in November there was bad news for colleges. Originally HEFCE had indicated that those colleges **which it funded directly for its HE provision**, and which were charging fees of less than £6,000 per annum, would have their existing places protected. They would not be subject to the reduction of 9% of existing "core" numbers, as would universities, to produce the 20,000 place margin.

It has transpired that this was an **optimistic expectation.** FECs are to be subject to a reduction in existing numbers – with only the first 50 places being protected.

Thus colleges, believing they were applying only for extra places **could conceivably have applied for fewer places than they already have** – and most of which have been removed!

The HE White Paper foresaw **more HE being provided in FECs.** It doesn't look like that now.

The allocation of places will be made known early in the new year.

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## 9.2 Student Applications for 2012-13

Applications received by 21 November 2011, seven weeks before the January deadline for applications, have shown that:

- The total number of applications received was 12.9% lower than at the same point last year
- Applications received from British residents were 15.1% lower.

Perhaps it should be remembered that the number of applications made last year was particularly high in order that students could beat the fee increases due to be introduced in 2012.

## 9.3 An alternative model for HE

News that Coventry University is to make HE courses available at a reduced fee rate, through the establishment of a wholly-owned subsidiary, is a development which will be followed with interest.

The college, Coventry University College, will offer:

- Intensive business-related degree courses, which could be completed in fewer than two years, at £4,800 per annum
- and
- Higher National Certificate Diploma programmes and professional courses.

Courses will operate in seven, six-week teaching blocks, 7 days a week, with classes continuing until 10p.m on weekdays.

Students will not have access to the University's library, I.T or sports facilities. **They will be paying for tuition only.**

## 10. ....And a new model for an FE College?

For-profit arrangements seem to be moving slightly closer in FE. A private company, known as the Independent College Partnership, has been established to **provide capital and management expertise** for colleges. An FE college would contract with the company to provide finance and assistance with the management of the college. The college would retain ownership of the land and buildings, and its corporation, but the staff would be employed by the company.

The private company, with its management expertise and financial input, would hope to turn the college around. But once the college makes a surplus **the company would receive part of that surplus.**

A number of colleges are said to be interested in such arrangements. Whilst it is probable that most are in financial difficulties this may not necessarily be so. This mode of operation could just appeal.

The founder of the Independent College Partnership is Chris Banks, the former Chairman of the Learning and Skills Council.

## 11. 2012 Summer Olympic Euphoria

The summer of 2012 is set to be a magical affair with the UK agreeing to host the 2012 Olympics and Paralympic Games starting on 27 July 2012. With over 15,000 athletes and over 11 million spectators estimated to attend, the residents and businesses of the UK will witness a flurry of people and activity. Whilst the games are creating a wash of enthusiasm and excitement for spectators and athletes alike there is also **a number of potential costly issues that will be facing colleges** at a time when a reduction in enrolment figures and funding cuts mean they can ill afford them.

The Chief Executive of the Arbitration, Conciliation and Advisory Service (ACAS), John Taylor states that "big sporting occasions can present a number of dilemmas for firms who might be worried about the impact of less productive employees or the after-effects of lively celebrations"

The dilemmas and issues facing employers centre around the desire of staff to volunteer for the games, potential travel disruption, the management of attendance and dealing with performance issues relating to staff involvement in the games.

With over 70,000 volunteers, known as 'Games Makers', needed for the games there is a real possibility that your college may have staff who wish to volunteer for the games.

Although there is no legal right to allow staff time off to volunteer, as an employer some previous thought should be given to a number of areas. These include your ability to accommodate staff if they request this, if you are able how many requests you could accommodate, how much time off you would allow staff, how you will decide on who will be granted the time off and if this should be paid or unpaid.

Many employers see volunteering as a way to increase skills and staff motivation whilst others may view this time off as an inconvenience and disruption to their services. It is important to ensure you consider the impact on your college and you agree a consistent and clear view on how you will deal with any requests received from your staff.

Travel disruption is a major factor to consider as many commuters will be significantly affected by the Games. Consideration and preparation should be given to understand the impact on your college area and possible solutions that could be explored. **Many colleges and companies will be considering flexible working schemes** for the duration of the Games as well as potential remote working or transferring staff to alternative sites.

A recent survey by the recruiter Badenoch & Clark found that one in six people would consider taking a 'sickie' to watch the London 2012 Olympics. **Managing attendance will certainly be an area employers need to consider.** Employers should understand staff plans in advance and be provided with the required notice needed to take

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holiday entitlement throughout the games. There also needs to be clear guidance given to staff around the expectations of employers around holidays and sickness absence and how you will deal with any breaches of that guidance. This includes dealing with performance issues through staff watching live events at work and the after-effects of lively celebrations.

The key to avoiding costly dilemmas and issues associated with the Games, and indeed any sporting event or special occasion, **is to have a clear policy** in advance and to have clearly communicated this to staff.

The policy needs to clearly set out the rules and guidance for staff on what is expected and what concessions may be given when a sporting or other special event is taking place whilst also reiterating what the consequences will be if they do not follow the guidance.

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