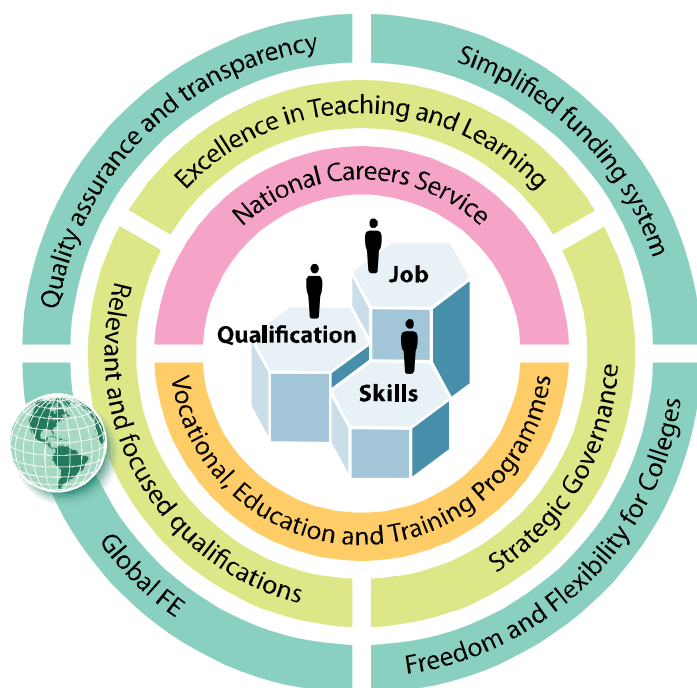


New Challenges, New Chances



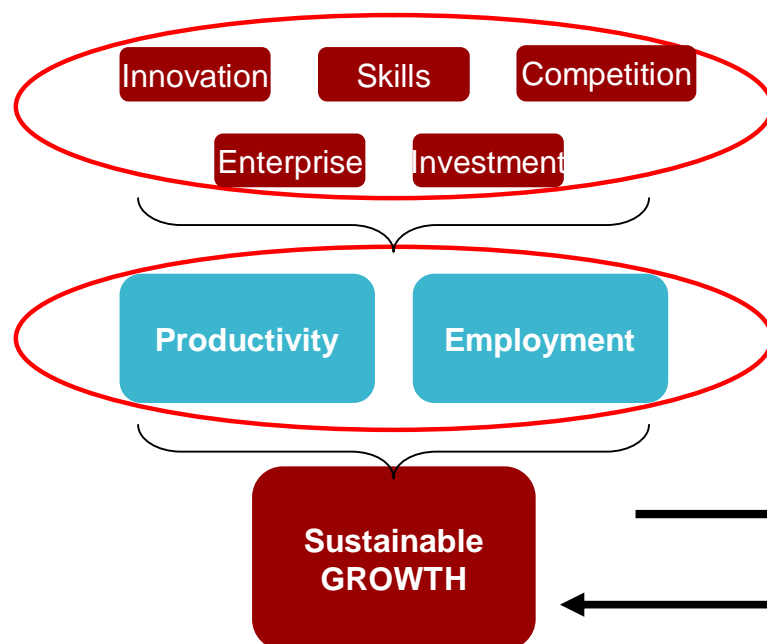
Further Education and Skills System Reform Plan

Building a World Class Skills System

Skills for Sustainable Growth

Growing the Economy

Skills are one of the key factors that drives productivity and employment both of which support balanced and sustainable growth.



Growing People

The FE and skills system grows vocational capability and encourages social mobility and well being by providing opportunities for those who need additional help in order to progress, such as:-

- young people with limited employability;
- those disengaged with education and the labour market;
- people with disabilities or severe mental health problems
- offenders,
- people with limited English.

The FE Sector delivers - basic skills, vocational learning, apprenticeships and progression into higher education – contributing to increased employment and productivity. It also supports groups at risk of social exclusion Supports the “**Big Society**” agenda – giving greater freedoms and flexibilities enabling the FE sector to better respond to the needs of learners and employers and encouraging people to take an active role in their community

Problems and Challenges (2010)

1. Capability

OECD statistics show that despite recent progress, the UK remains a middle ranking country in terms of qualifications, compared to other OECD member states:-

- 17th out of 30 in terms of the proportion of people qualified to upper secondary level and above (level 2)
- 12th out of 31 in the proportion of people qualified to degree level and above

2. Poor Choice

- Student choice is hampered by lack of information on the value of qualifications including what salary and benefits qualifications brings

3. Complicated and misunderstood skills system

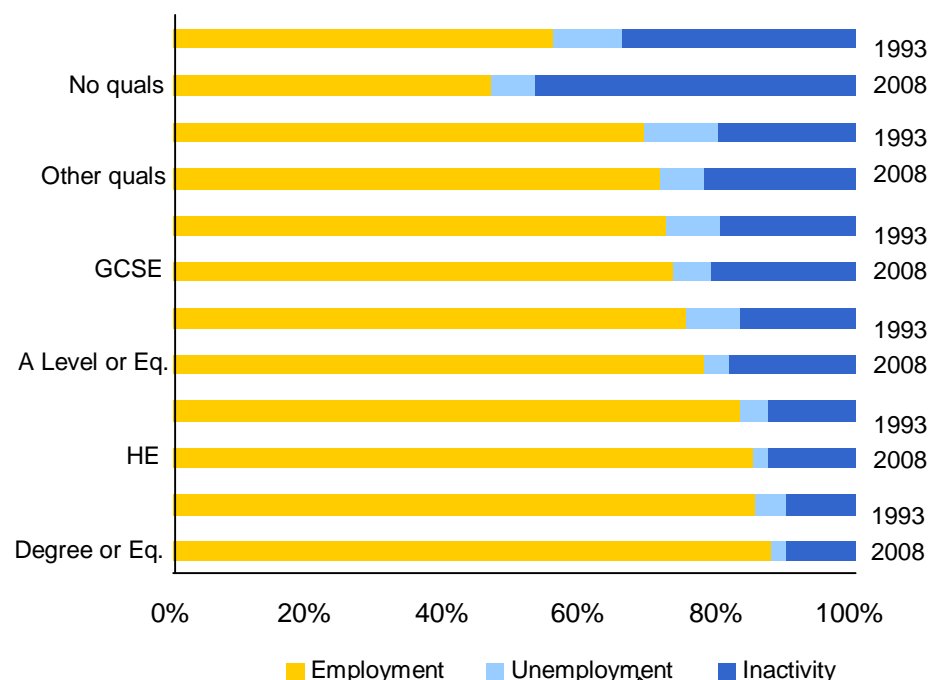
- Qualifications not valued or understood
- Funding System over regulated and bureaucratic

4. The need to increase Employer ownership and engagement

Human side of these problems

- Those with poor skills are [1]:-
- More likely to be in prison
- More likely to be in debt
- More likely to be unemployed
- More likely to be unwell and have mental health problems
- More likely to have a child who can't read at 9
- More likely to be involved with or have to be supported by the State
- Are less likely to vote
- Are less likely to own their own homes
- Are less likely to take up a community role such as school governor
- Are less likely to hear their child read

Will never normally earn more £14,000

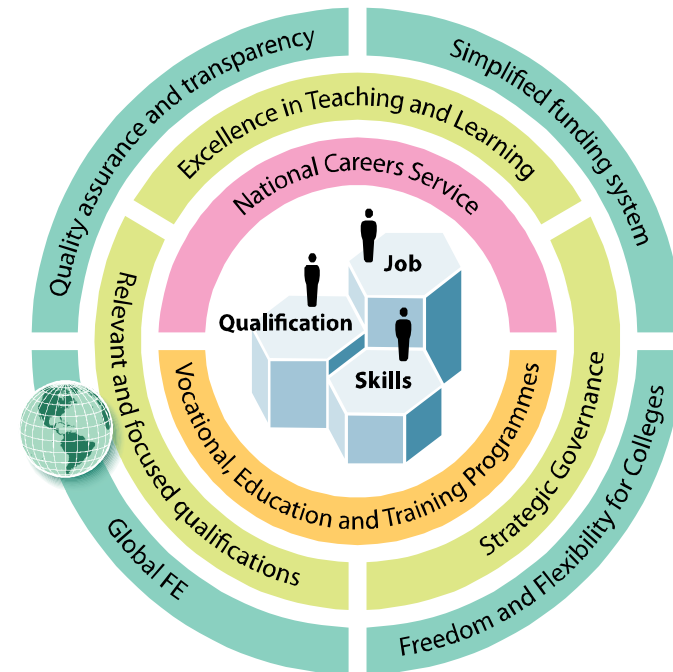


Those with no qualifications are on average 37ppt less likely to be in employment than those with HE

[1] Centre for Research on the Wider Benefits of Learning, Research Brief, October 2006

Solutions and Reform Plan

- Empowered and funded students at the heart of the system
- First class advice delivered by the National Careers Service
- A ladder of opportunity of comprehensive Vocational Education and Training Programmes
- Excellence in Teaching and Learning
- Relevant and Focused learning programmes and qualifications
- Strategic governance for a Dynamic FE Sector
- Freedoms and Flexibilities
- Funding priorities through a simplified funding system
- Students making informed choices through FE Choice published data
- Global FE



Empowered Students at the heart of the system

Students at the heart of the FE and skills system:- we will empower learners to shape the system, from basic skills through to higher level skills, using information to inform their choices together with government funding focused on supporting students where it can have most impact, including through the introduction of FE loans.

In the 2010/11 academic year we supported:-

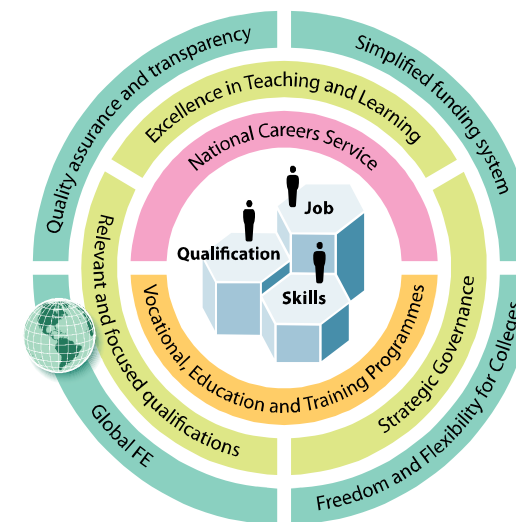
3,129,200 learners aged 19 years and over:

- 739,300 were aged 19-24 and
- 2,390,000 aged 25 or over.

Of these, there were:

- 460,400 Apprentices
- 369,800 Below Level 2 (excluding Skills for Life)
- 956,200 Skills for Life (including Literacy, Numeracy and Language)
- 639,300 learners participating in Literacy courses
- 630,600 learners participating in Numeracy courses
- 972,100 Full Level 2
- 489,500 Full Level 3
- 36,100 Level 4 or higher
- 685,800 learners were funded from the Adult Safeguarded Learning Budget.

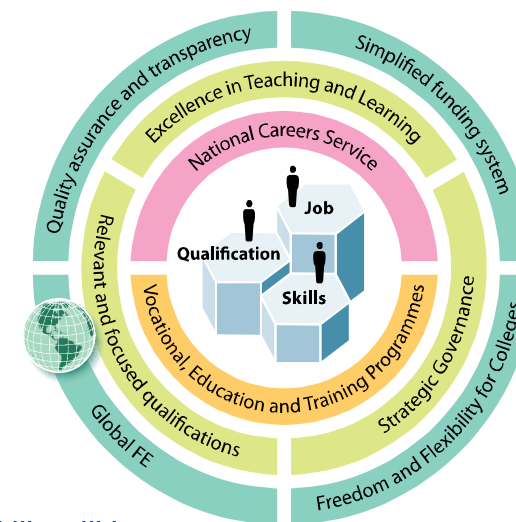
Source: Individualised Learner Record, based on provisional 2010/11 data.



Empowered Funded Students at the heart of the system

To support learners and ensure employers have an appropriate, trained workforce, FE colleges and training providers will have more flexibility than ever before within their Adult Skills budget to respond to local learner and employer demand.

As set out in *Skills for Sustainable Growth*, Government funding will be concentrated on supporting students where it can have most impact, drawing on the knowledge of local government and Local Enterprise Partnerships about local labour markets.



The Government will financially support those:-

1. **Who did not achieve basic English and Maths in school.** The Skills for Life programmes which enable adults to improve their basic literacy and numeracy skills will be expanded to include and fund those who need GCSE English and / or Maths Level 2.
2. **Who did not complete their education by the age of 19.** Young people aged 19 up to 24 can access full funding for Foundation Learning where they need that to progress into further learning or to get a job. They can also access full funding for their first qualifications at Level 2 (or 3), including an opportunity to get GCSE English and Maths.
3. **Unemployed people on benefits** who are looking for work to access labour market relevant courses, which help them improve their skills or re-train to help them get a job.
4. **At risk of social exclusion** to support them to access community learning. We remain committed to safeguarding a range of learning opportunities that support access and progression for people who are disadvantaged and least likely to participate.

Shared Funding Responsibility

In partnership with employers and individuals, we will support those:

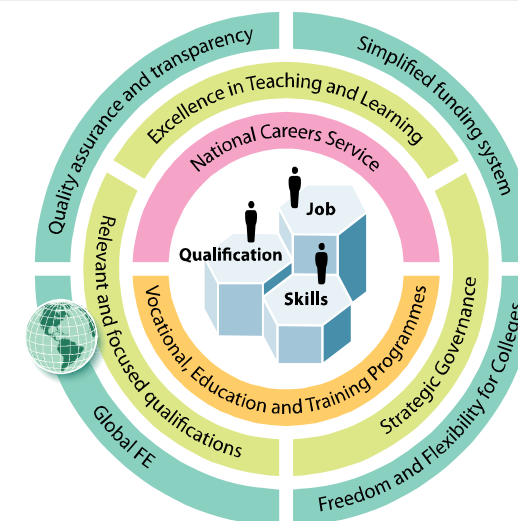
5. **Who wish to undertake an Apprenticeship framework.** We will refocus our Apprenticeships programme to target public funding more sharply where returns are greatest.
6. **In SMEs who need further management training and workplace training** to support their growth plans.
7. **Individuals over 24 who want to retrain or up-skill at Level 2** in order to secure different employment and/or improve their life-chances.

Through FE loans, we will also support those:

8. **Over 24 who wish to do full Level 3 (2 A-Levels or the vocational equivalent) or Level 4 (Higher Vocational Education)** in order to qualify for a professional job and/or progress to higher education.

We will promote innovation and enterprise by:

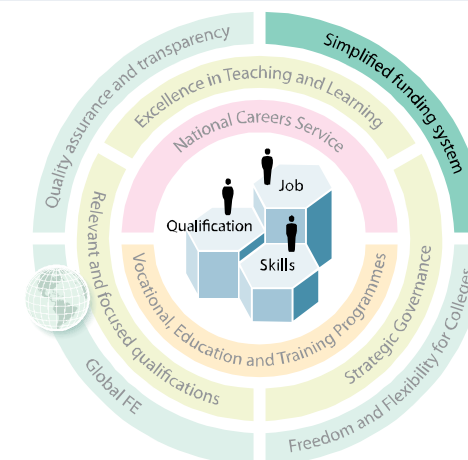
9. **Supporting FE colleges and providers to** innovate and draw down funding for programmes that meet a particular employer skills need whilst they are simultaneously developed for the QCF. This “Innovation Code” was a recommendation from Baroness Sharp’s Report on Colleges in their Communities and will operate on the understanding that colleges and providers will work with appropriate partners to develop the programme to fit the specifications of the QCF so that over time it can become part of a nationally regulated offer.
10. **Creating a new employer ownership fund** which will be used to generate innovation and employer engagements and enhanced funding for work place education and training



Government Investment

£3.8 billion Adult FE & Skills Budget in 2012-13 delivered through a simplified funding system

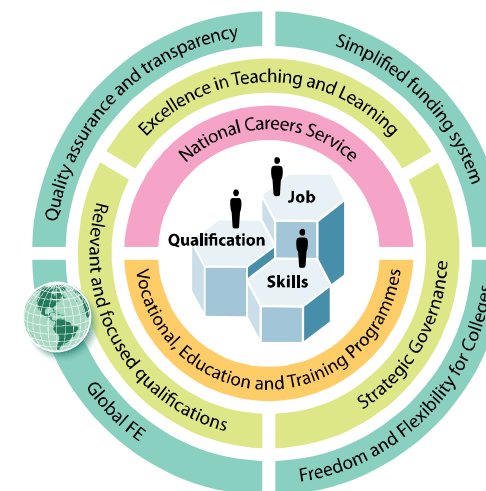
	11-12 budget (£m)	12-13 budget (£m)	13-14 indicative (£m)
Adult Skills Budget	2,835	2,699	2,497
Min. expectation 19+Apprenticeships	644	698	726
Offender Learning	134	132	131
Adult Safeguarded Learning	210	210	210
Learner Support	151	164	177
Information, Advice & Guidance	81	84	87
Skills Infrastructure	62	71	55
Capital Grants	305	279	225
Total Skills Funding Agency	3,778	3,639	3,382
Funding Available to Support the FE and Skills Sector	146	156	154
Government funding available for FE Loans	-	-	129
GRAND TOTAL ADULT FE & SKILLS	3,924	3,795	3,665



Projected learner numbers

Further Education colleges and providers are now able to determine the pattern of provision that will meet the needs of learners, employers and communities. Provided below is an illustrative forecast of learners aged 19 and over including Apprentices who could be supported through the Skills Funding Agency in the 2010/11 to 2013/14 AYs.

The illustrative forecasts below show a reduction in the number of training places available. This is due to a reduction in the overall adult FE and Skills budget; redeploying funding previously supporting lower value workplace training towards longer courses, for example Apprenticeships, and more comprehensive programmes with higher economic returns.



Year	2010/11	2011/12	2012/13	2013/14
Total learners	3,129,000	3,280,000	2,927,000	2,818,000
Of which 19+ Apprenticeships	460,000	645,000	650,000	655,000

We will continue to focus our investment on high quality provision with the sector able to determine the mix of provisions which best meets the needs of learners and employers, focusing on young adults, the low skilled and those who are unemployed.

Summary of Innovation Pilots

Incentive Payments:

At least 40,000 incentive payments of £1,500 for 16-24 Apprenticeships to be spent in the 2012-13 financial year (includes 20,000 commitment in the Youth Contract)

Large Employer Programme:

We have implemented a package of new measures to make it easier for large employers who directly contract with the Skills Funding Agency to take on apprentices.

Employer Ownership Pilot:

This programme which is jointly funded by BIS and DfE will enable employers to take direct ownership of the Skills and Apprenticeship agenda in their sector or supply chain in return for directly routing up to £250m of public investment over a two year period.

Job Outcome Payments:

In the 2012/13 academic year the Skills Funding Agency will trial making payments on the basis of job outcomes for unemployed learners, whose training is being fully funded.

Adult Community Learning:

In the 2012/13 AY we will pilot Community Learning Trust models to enable funding to be available to selected local areas. If this proves successful we will look to extend it across England to begin full operation from summer 2013.

Innovation Code:

The Skills Funding Agency will introduce an "Innovation Code" that will enable colleges and training organisations to draw down funding for programmes while simultaneously developing the programme and qualifications.

