

## Delivering Skills That Work for Wales: Investing in Skills

Consultation Response Pro forma

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Respondents to the consultation may be made public. Normally, the name and address (or part of the address) of the author are published along with the response unless you indicate otherwise. Would you prefer that your response is kept confidential?

- Yes  
 No

It would be very helpful if you could use this questionnaire to respond to the consultation. Thank you for your time, effort and co-operation which is much appreciated.

Responses should be returned to Mr Jo Banks by 11<sup>th</sup> January 2010.

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## Sector Priorities Fund

**QUESTION 1:** Do you support the proposal to remove barriers to engagement and increase the responsiveness of the skills system by introducing greater flexibility for apprenticeship framework delivery?

The proposal to remove barriers and increase flexibility is welcome. Engaging employees in individual qualifications rather than whole frameworks will help improve completion and achievement of individual qualifications. It will also enable providers to offer programmes that meet the needs of the desire from employers to have more 'bite size' learning approaches. These fit in with the Credit and Qualifications Framework for Wales (CQFW) and the Qualifications and Credit Framework (QCF) credit based approach being brought in under the Vocational Qualifications Reform programme. However clarity is needed on whether bite size learning is free for learners aged 16-18 and if so how providers will be funded for this activity.

There is however a risk that introducing this flexibility might reduce the numbers of apprentices who complete a full framework. This risk is offset by the fact that students taking a full framework will be entitled to full fee remission which should encourage students to undertake the full framework.

Take-up of the full apprenticeship framework should continue to be regularly reviewed to ensure that numbers completing the full framework are not adversely affected.

**QUESTION 2:** Do you support our proposals to reserve a proportion of the funding distributed through Further Education colleges for the purpose of supporting qualifications linked to sector priorities and for the delivery of National Priorities?

We welcome the fact that the funding which is currently part of the post-19 funding for colleges will be ring-fenced for the continued use of further education colleges in the future. Arrangements for calculating the amount of funding that will be ring fenced for each college need to be straightforward and transparent.

We recognise that the sector priorities fund (SPF) will enable WAG to have more influence over the vocational learning delivered in colleges. It should also in theory enable colleges to respond more closely to employers as mediated through sector skills councils. This depends on the ability of each SSC to engage effectively with its employers in Wales. There is some evidence of variability in the performance of SSCs as has been shown in the relicensing process conducted by the UK Commission for Employment and Skills (UKCES). Some SSCs do not have a strong presence in Wales.

We accept the formula set out in para 2.10 that the amount of funding for each institution will be a proportion of its post-19 funding in 2009/10. We would like to make eleven points:

1. The SPF commences in 2011/12 but calculations will be based on 2009/10 post-19 funding. There will thus be a year's gap. While this is probably inevitable because of the need to base calculations on audited accounts, the calculations will always be a year out of date.
2. The development of the Key Sector Qualifications (KSQ) (Wales) list will be informed by the Sector Qualifications Strategies developed by SSCs. SSCs are UK wide bodies and in some cases employ few staff in Wales. Several are being merged and a few have not been relicensed. Are all SSCs equally able to identify key qualifications in Wales robustly and accurately with full support of employers and to ensure a fit between qualifications and employer need? We note that *Skills That Work for Wales* pointed to the difficulty of forecasting skills needs accurately.
3. If income levels for certain qualifications are reduced by 50% (by halving the unit of resource) colleges will need to increase activity (and costs) in order to stand still. The proposals therefore pose significant financial risks to colleges.
4. What happens if a college exceeds its target? Will the 50% unit of resource and credit rating still be applied to additional activity? This will become an important matter where a college meets overall targets outside the SPF.
5. The list contains some 4,000 qualifications. It would be useful to continue to review the number of qualifications on the list regularly - as been recently done by the publication of the Database of Accredited Qualifications (DAQW).
6. As local circumstances change, it might be appropriate to vary the requirement for a college to spend its full SPF allocation in each year. It would be helpful if the sanction of clawback was reviewed. The needs of employers can fluctuate from year to year and it might be better to calculate any pay back over a two or three year period.
7. WAG must ensure relatively simple means of regulating and monitoring spend against the SPF. It would be unfortunate if disproportionate amounts of funding were tied up in completing paperwork and meeting audit requirements which could be directed at learners. Current data collection arrangements are sufficient for performance against SPF to be measured. Some reassurances were given on this at the consultation events.
8. ColegauCymru / CollegesWales welcomes the assurances given that WAG will not give directions to colleges on which courses they can run. Central planning and direction have sometimes been shown to be ineffective. The KSQ list will identify the qualifications within all vocational areas that can be offered and each college will choose which qualifications from this list it will provide to meet the needs of employers.
9. As SPF is phased in, it needs to be carefully monitored over the three years to assess any unforeseen consequences arising from its introduction.

10 There needs to be clarification on what the fee assumption means. 50% and 25% of what? Table 3 on page 17 states that a 50% fee assumption (or for a limited number of courses a 25% fee assumption) will apply for courses identified under the KSQ list. This could be made more explicit in section 2.

11 The Investing in Skills consultations confirmed that SPF arrangements do not apply to Coleg Harlech/WEA North; WEA South; and YMCA Community College, and probably not to St David's Catholic College. This should be made explicit.

## Fees policy

**QUESTION 3a:** Do you support the categories of learner and learning activity identified for tuition and certification fee remission?

ColegauCymru / CollegesWales supports the categories of learner qualifying for tuition and certification fee remission identified in Table 3, page 17.

The categories of learning activity are generally sensible and well understood by colleges i.e. courses for level 1 or level 2 for learners aged 19+; Foundation Modern Apprenticeships (FMAs) and Modern Apprenticeships (MAs); basic skills up to and including level 1; English for Speakers of Other Languages (ESOL) up to and including level 1; the Skillbuild programme.

However, there may be some unintended consequences. For example, a disadvantaged young person - who may have missed out on education as a result of illness or other reasons - may have only achieved level 1 or level 2 by the age of 18. However, if this student wishes to take a level 3 qualification s/he will not be eligible to benefit from the no fee category that other young people are able to draw on before the age of 18.

Also, many colleges charge an ancillary fee to 16-18 year old students to cover the costs of a photocopying card, a library card, a bus pass permit, studio fees, administration fees, course trips etc. They also pay for appropriate clothing and equipment. Some receive a repayable deposit for the use of books.

We understand that colleges will still be able to charge 16-18 year old students for ancillary fees and for the cost of clothing and equipment but would welcome clarification on this. Income from this source can amount to hundreds of thousands of pounds per college.

**QUESTION 3b:** What do you consider to be the benefits or disadvantages of limiting full fee remission for learners 19 and over in receipt of specified benefits to Level 1?

ColegauCymru / CollegesWales would support those on specified benefits being able to have full fee remission to level 2. However there would need to be some mechanism to prevent students enrolling on 'free' courses but then leaving early especially when other potential students may have been willing to pay but were unable to enrol because the course was full.

*Learning Country 2: Delivering the Promise* (published in 2006) set as a target by 2010 that no pupil should leave school without a recognised qualification (this is assumed to be at least level 1) and that 95% of young people by the age of 25 should be 'ready for skilled employment and/or higher education by 2015' (p37). *Skills That Work for Wales Action Plan* (July 2008) and other sources show that the skills of the Welsh workforce compares poorly with many other parts of the UK with Wales having a higher proportion of those below level 2 compared with England and Scotland (p12).

It is essential therefore that in Wales the proportion of those with level 2 qualifications is increased to at least the average of England and Scotland.

**QUESTION 4:** Do you believe that a fee assumption of 50% for qualifications prescribed on the Key Sector Qualifications (Wales) list and a lesser fee assumption of 25% reasonably reflect the principle of shared responsibility while also providing a meaningful incentive to National priorities?

In respect of the 50%/25% assumption, Table 3 states that this will apply to activities identified on the KSQ list. Such a list will need to be made widely available and regularly updated to take account of changing demand from employers. We would like to make seven points:

1 It may be necessary from time to time for WAG to adjust the fee assumption and possibly fully fund a key sector qualification if there is a sudden and perhaps unexpected demand for a type of qualification. This may occur on rare occasions but there should be some flexibly built in to allow colleges to respond positively.

2 When allocating recurrent funding, including SPF funding to colleges, WAG should avoid building in to the core allocations the additional income that colleges will be 'assumed' to have collected. Assumed income should be separately identified. Colleges will face decisions about how to handle situations where an employer or individual is unable or refuses to pay their contribution to a course fee. Some colleges will terminate the provision, others might subsidise the course from other parts of their budget where they have received income from full cost provision. They will not however have received the proportion of income that it is assumed they will. If the assumed figure is built into announced budgets, this will give a misleading picture of the amount of funding received by FE colleges.

3 The paper needs to state more clearly that colleges are not allowed to use their recurrent funding outside of the SPF funding to make up the balance of the 50% or 25% fee level.

4 In respect of providers applying their own fees policy for FE-based adult community learning and Welsh for Adults, at a time of economic downturn the evidence is that many individuals are increasingly reluctant to pay.

5 The Lifelong Learning Wales Record (LLWR) will need to identify if the learner is in the 'no fees' category to ensure the WCEUs for the qualification for that learner are not reduced by 25%/50% even if the qualification itself falls within the 25%/50% band. This runs the risk of adding to the complexity of the approach.

6 Students do not necessarily enrol on particular qualifications but on particular courses which may contain a balance of qualifications. If all the qualifications on a course are not in the same fee policy band – and all learners on the course are not in the same fee policy band – course costings will (as noted in paragraph 5 above) become more complex.

7 The impact of the approach should be carefully monitored to make sure that there are not unintended consequences. For example, will the fact that employers and individuals are expected to make a 50% (or 25%) contribution to courses on the KSQ list lead to a reduction in take-up. Evidence points to increased reluctance to pay fees at a time of economic downturn.

## Financial Support for Learners

**QUESTION 5:** Do you support the proposed package of reforms to the EMA designed to target resources where they will have greatest impact and support progression into higher level learning?

The proposal to phase out lower Educational Maintenance Allowance (EMA) payment bands (£10 and £20) is sensible in the light of evidence showing that 82% of those receiving EMAs qualify for the maximum £30 award. The funding currently allocated to the lower bands can be re-invested in lowering the threshold for EMA payments. This will give more access to the full £30 from those who are currently receiving the £20 allowance.

Phasing out the £10 and £20 EMAs must not lead to a reduction in the overall budget. If this is the intention, then the £10 and £20 EMAs should continue.

ColegauCymru / CollegesWales supports the proposal that entitlement to EMA should be used as a means of guaranteeing a minimum level of maintenance support for students to progress into higher education (HE).

We note the results of the EMA evaluation which states that the bonus payment for returners has not been a major influence on decisions on whether to return for studies in the second year of study. On balance therefore ColegauCymru / CollegesWales accepts the recommendation that the returners' bonus should be removed and the money saved be added to the overall amount available for EMAs. However, the achievement bonuses have been helpful and we would urge that they are retained.

We would also support amendment to the alignment of thresholds and eligibility across the various schemes to remove complexity and ensure effective transition, particularly into higher education. As long as the Financial Contingency Fund (FCF) remains, colleges can continue to support learners who would have received the lower EMA payments with help for meals or transport.

**QUESTION 6:** Which option (repeated below) do you believe to be the best for the future of 14-19 education in Wales?

- a. EMA will be applied (under overall scheme rules) to all unemployed young people undertaking work-based learning, to bring parity with other types of learning.
- b. EMA will be applied (under overall scheme rules) to the preparatory learning undertaken by unemployed young people in work-based learning (learning at a level below level 1).
- c. The present system in Wales will be maintained. EMA will not be introduced for successor work-based learning programmes from 2011?

This is a difficult question. By endorsing the WAG's preferred option (option (a)) unemployed young people on work-based learning (WBL) schemes will have their support reduced from £50 to £30 per week. This will however bring parity across the board. Although such an approach appears fairer, students attending Pathways to Apprenticeship programmes see themselves as being 'in work' and have an extensive working week with little opportunity to earn additional money. We would prefer if the current distinction between Training Allowances and EMAs was retained.

The Assembly Learning Grant (ALG) is not mentioned in the document as part of the consultation process. ColegauCymru / CollegesWales believes that the ALG has been beneficial to many students and should not be replaced by fees support.

**QUESTION 7:** Which of the options (below) do you believe will ensure resources are best targeted at those learners who need financial support the most?

- a. We simplify arrangements for learner support by a phased ending of the ILA (Wales) scheme and addressing the needs of priority groups through the operation of the Fees Policy; the 50% ILA band (£100 value) would be withdrawn from April 2010 leading to closure of the scheme in August 2011 when the proposed fees policy reforms are fully introduced; removing the £100 rate from April 2010 will have no effect on anyone who has applied for funding and started learning prior to April 2010.
- b. We retain direct financial support for learners broadly as currently delivered through the ILA scheme, with closer alignment to the Assembly Learning Grant scheme and some modifications to reflect the fee exemption categories introduced through the fees policy.

Again this is a difficult question. There is no doubt that individual learning accounts (ILAs) have helped many people to undertake part-time courses. A key question is whether the almost 7,000 course bookings would have happened without the support of ILA grants.

Colleges find that the administration requirements in respect of relatively small amounts of funding are disproportionate to the amount of ILAs awarded.

On balance, ColegauCymru / CollegesWales would favour option (a) as long as the £500,000 or so saved by the ending of ILA is invested to support disadvantaged learners though being added to EMAs or to the Financial Contingency Fund.