NEW CHALLENGES, NEW CHANCES

Next Steps in Implementing the Further Education Reform Programme

AUGUST 2011
# Contents

New Challenges, New Chances .......................................................................................................................... 3

1. Foreword .......................................................................................................................................................... 4

2. Executive Summary ....................................................................................................................................... 6

3. How to respond ............................................................................................................................................... 9

4. Additional copies .......................................................................................................................................... 10

5. Confidentiality & Data Protection ........................................................................................................... 11

6. Help with queries .......................................................................................................................................... 12

7. The proposals .................................................................................................................................................. 13

   i. Vision for the FE landscape and shape of the sector .................................................................................. 13

   ii. Introducing Level 3/4 loans and sharing responsibility for investing in skills .................................... 15

   iii. FE college and training provider freedoms and flexibilities ................................................................ 17

   iv. Simplifying the funding system .................................................................................................................. 20

   v. Teaching, learning and qualifications ...................................................................................................... 21

   vi. Review of Informal Adult and Community Learning ........................................................................... 23

   vii. Review of literacy and numeracy provision for adults ........................................................................ 25

   viii. Delivering higher education and skills ................................................................................................. 25

   ix. Deregulation and devolution ................................................................................................................... 28

8. Consultation questions ................................................................................................................................... 30

9. What happens next? ....................................................................................................................................... 33

Annex A: The Consultation Code of Practice Criteria .................................................................................. 34

Annex B: List of Individuals/Organisations consulted .................................................................................... 34
New Challenges, New Chances

Following extensive discussion with the sector, on 16 November 2010 the Government published two strategy documents, *Skills for Sustainable Growth* and *Investing in Skills for Sustainable Growth*, which mapped out the future direction of the reform of further education for adults aged 19 and over. *New Challenges, New Chances* takes these strategies a stage further by making detailed proposals in a range of areas.

These proposals are designed to promote the Government’s main overall aims for adult skills. To promote high-quality teaching and learning at all levels of the adult education system. To free colleges and other skills providers from as many bureaucratic restrictions as possible in order to allow them to respond more effectively to the needs of their local communities. And to secure a fairer balance of investment in skills between the taxpayer, individual learners and employers.

Responsibility for funding post-16 learning in England is shared between the Department for Education (DfE; 16-18) and the Department for Business, Innovation and Skills (BIS; 19+). The proposals in this document apply only to BIS-funded adult provision.

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Respond by: 21 October 2011

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This consultation is relevant to: organisations delivering adult learning provision: further education colleges and their governing bodies; other providers of further education and skills and adult learning; sixth-form colleges; higher education institutions; college principals, teaching staff and their representative organisations; voluntary and community organisations; past, current and prospective adults learners.
1. Foreword

From the Minister of State for Further Education, Skills and Lifelong Learning

For countless people, opportunities to gain new skills or new qualifications have been milestones on the upward path from ignorance, unemployment, under-achievement or even offending towards personal fulfilment and a productive life.

This fact alone is proof of how important further education in its many forms is to the wellbeing of this country and the happiness of its people.

As we seek now to restore our economy and to mend the deep fractures within our society, it is vital that learning and skills play their full part.

Learning and skills are beacons of the values from which social renewal can spring. Like self-discipline, a sense of personal responsibility and belief that it lies within our power to succeed by our own efforts.

I know that learning can enrich lives, increase self-esteem and shared esteem opening up new and exciting perspectives and opportunities.

Learning and its consequences feed purposeful pride. It helps people feel a new sense of purpose and pride in the present and hope for the future.

Opportunities for adults to gain new learning and skills throughout life are the portents of progress and the positive engagement of people with their communities. They are necessary for flexible, innovative and competitive businesses and the jobs they create. They are preconditions of personal growth and social mobility. They are guarantors of the values upon which our democracy is founded.

Working together, colleges, training providers, employers, voluntary organisations and community groups can make an enormous contribution to restoring this country.

They are already working harder than ever to provide businesses with the skills they need to prosper and grow. As well as identifying what more the sector can contribute to our economic recovery, this is something that I hope the forthcoming Education and Skills Growth Review will show clearly.

Working with universities, they are bringing opportunities for higher education to parts of the country in which they did not previously exist and to adults who previously feared their chance of higher-level study had passed them by.
They are showing more adults in every part of England that learning can give them new opportunities and better lives, from wherever they start.

And they are playing their part in promoting social renewal by bringing more local communities together to experience the joy of learning and the pride that comes with achievement.

But there is so much more to do.

The two documents that we published last November, Skills for Sustainable Growth and Investing in Skills for Sustainable Growth, described in detail how we proposed to support them in their efforts during the remainder of this Parliament.

Some of the measures described in those documents are already in place or well advanced, while others have required further detailed work and discussion.

Wide and full consultation underpinned the original Skills and Skills Investment strategies. This document shows that we remain convinced of the value of listening to those who work within the sector and know its work best.

Your views can help to ensure that we take the right decisions on issues that are of vital importance to our country and to our people. I hope that you will find the time to send them to me.

John Hayes MP
Minister of State for Further Education, Skills and Lifelong Learning
2. Executive Summary

A thriving Further Education (FE) and skills sector is essential to delivering the skills businesses need to remain competitive. No network of institutions has greater expertise and local presence than the FE sector\(^1\). Its health and well being are vital to our mission to train people in the specific skills that local employers need to thrive.

We want those who gain vocational skills to be sought after by employers and admired and emulated by others in their communities. And we want to build a society which recognises both the opportunities in life that adult learning opens up and the pleasure that learning for its own sake can offer, regardless of background and previous educational history.

Last November, FE and skills made their contribution to the Comprehensive Spending Review. But at the same time, we protected student participation by focussing funding reductions on areas which did not directly support participation. In the same month, the Government published *Skills for Sustainable Growth*, a new strategy for skills which had the fundamental aim of creating an environment in which the true value of adult learning and the achievements of adult learners are recognised and valued by individuals, employers and communities. This consultation asks for views on the optimal implementation of the policies we set out in *Skills for Sustainable Growth*. We are also taking forward a Growth Review on education and skills, jointly with the Department for Education, which will look at how some aspects of our education and skills system can do even more to promote growth. The responses to this consultation will provide valuable input to the review but, alongside those, we would also be grateful for any views respondents have on ways in which the FE and skills sector could maximise its contribution to economic growth.

**Skills for Sustainable Growth**

Apprenticeships lie at the heart of the Skills Strategy. That is why, even in a difficult financial climate, we have announced funding which will deliver at least 250,000 more Apprenticeships over the next four years compared to the previous Government’s plans. We are also making more Apprenticeship places available at higher levels, where the financial returns to learners and their employers are greatest.

By launching Lifelong Learning Accounts in September 2011, we are taking further steps towards providing access to information in a single, easily accessible location, tailored to match individual circumstances. To ensure individuals and employers have confidence in their choices, we have worked with the UK Commission for Employment and Skills, Sector Skills Councils and other groups of employers to encourage the development of new industry-led professional standards schemes and ensure the suite of qualifications is valued and of high quality.

\(^{1}\) For the purposes of this paper, we have defined the FE and skills sector as FE colleges, Local Authority Adult Education Services and independent training organisations, which deliver training and skills to both young people and adults. We recognise that other organisations including Academies, Schools and sixth form colleges also deliver post 16 learning and some of these may also deliver adult learning but we have not defined them as part of the FE sector for the purposes of this paper.
We have protected the £210 million a year budget for Informal Adult and Community Learning in England and are fully funding provision for the low-skilled, young people and jobseekers to ensure that they can continue to access training. We are also introducing Government-backed loans for the first time in FE for learners aged 24 and above to ensure that, as we rebalance the investment between the public, employers and individuals, the up-front costs of training are not a barrier to following learning and skills programmes.

We have announced a Growth and Innovation Fund of up to £50 million a year of public funding, which will be used alongside funding from businesses in pump-priming and piloting selected projects, and in building leadership and management skills in Small and Medium Enterprises (SMEs).

We have honoured our commitment to removing unnecessary regulation and bureaucracy from colleges and other training providers and removing unhelpful funding inflexibilities under which they previously operated. We have also abolished the British Educational and Technology Agency (Becta), Lifelong Learning UK, and Standards and Verification UK and are streamlining and clarifying the roles of those quangos that remain.

We have been working on a simplified funding methodology for colleges and training providers, and included in the current Education Bill measures which aim to increase their statutory autonomy and freedoms.

When this Government came to power, the capital funding regime for colleges was in turmoil. We took immediate action to tackle the crisis and stability has now been restored. We introduced a new £50 million Capital Renewal Grant. To date, work has started on 154 eligible college projects across England. We made a further £25 million available to all 239 FE colleges through the Capital Works Grant earlier this year, enabling them to address urgent capital works. We are also currently developing proposals, on which we will consult sector representatives, for a new Capital Programme which will be launched this September. It will make available £100 million over the next two years and build upon last year’s programmes.

To make the most of training in prisons in order to reduce recidivism, we have published a new offender learning strategy, Making Prisons Work: skills for rehabilitation.

The Higher Education White Paper has recently set out how the FE sector has an increasing role to play in delivering not only entrants to higher education (HE), but high quality, good value higher education courses.

**New Challenges, New Chances**

*Skills for Sustainable Growth* set out a significant programme of action. Much has already been undertaken, but much more remains to be done if we are to achieve our vision. In this document, we ask for your views on how best to implement the next stages of reform. This document covers some key areas where reform is ongoing but where we seek to go further, and some areas where we are seeking to implement reform through the same consultative approach by which we developed policy.

Our plan for the next stage of reform makes proposals in the following areas:
1. Vision for the FE landscape and shape of the sector
2. Introducing level 3 /4 loans and sharing responsibility for investing in skills
3. FE college and provider freedoms and flexibilities
4. Simplifying the funding system
5. Teaching, learning and qualifications
6. Review of Informal Adult and Community Learning
7. Review of literacy and numeracy provision for adults
8. Delivering higher education and skills
9. Deregulation and devolution

These are described in the pages that follow. Some of the proposals are described in more detail in separate documents. Links are provided where appropriate.
3. How to respond

When responding please state whether you are responding as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear who the organisation represents.

For your ease, you can reply to this consultation online at https://www.surveymonkey.com/s/newchallenges. Or you can respond in writing or email to:

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4. Additional copies

You may make copies of this document without seeking permission. Printed copies of the consultation document can be obtained from:

BIS Publications Orderline
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An electronic version can be found at www.bis.gov.uk/newchallenges.

Other versions of the document in Braille, other languages or audio-cassette are available on request.
5. Confidentiality & Data Protection

Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). If you want information, including personal data that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.
6. Help with queries

Questions about the policy issues raised in the document can be addressed to:

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A copy of the Code of Practice on Consultation is in Annex A.
7. The proposals

i. Vision for the FE landscape and shape of the sector

Background
Further education and skills in England are delivered by a wide range of organisations, including over 250 colleges, over 1,000 independent training providers, public training providers such as Local Authorities, National Skills Academies and higher education (HE) institutions. In addition, post-16 learning, including some adult learning, is delivered by other organisations such as Academies, schools and sixth-form colleges: see FE Sector Shape, Form and Character Board².

Since Skills for Sustainable Growth was published, we have been reviewing with our partners how well the current strategies and models for delivery across this wide range of institutions meet our current needs.

This review has been set in the context of the wider changes taking place in 14-19 learning with the development of the free school/Academies programme; the curriculum and other changes affecting young people arising from the Review of Vocational Education – The Wolf Report (published March 2011); as well as the ambitions of the June 2011 Higher Education White Paper, Students at the Heart of the System for increased delivery of high-quality higher-level qualifications, including at degree level, within FE colleges.

We are also looking at how we can reinforce the reputation of the sector by protecting FE college titles.

Policy intent
Learners and employers should have genuine choice about how and where learning is carried out. This is particularly important when employers and individuals are making a greater contribution to the costs of training either through upfront contributions or the use of loans. So we need the FE and skills sector to deliver high-quality learning opportunities that meet their needs and aspirations. Our vision is of an FE and skills sector which is more responsive to changing social and economic needs with a more diverse set of high-quality providers that are constantly reviewing their delivery models to ensure that they are fit for purpose.

Where we are
Many colleges and training providers are now considering alternative business and collaborative models to meet the diverse needs of their learners and to achieve further efficiencies. These models include partnerships with Academies, development of sector-focused campuses, and different types of partnerships between colleges and businesses.

The Learning and Skills Improvement Service (LSIS) has run a series of policy seminars with sector leaders to explore the contribution of the sector in the Big Society and commissioned

² http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/F/fe-sector-background-data-may-2011
independent research from the RSA's 2020 Public Services Hub to look at the longer-term potential role of the sector. The LSIS report *The FE and Skills Sector in 2020: A Social Productivity Approach* illustrates that the sector is already developing on-the-ground best practice and innovation that is pointing the way to a future where the sector, society and the state can collaboratively create the right conditions to improve social and economic outcomes.

In addition, the Efficiency and Innovation Project jointly steered by the Association of Colleges, 157 Group and the Skills Funding Agency is funding 40 collaborative projects involving almost 200 organisations that explore new delivery models. These projects include joint ventures, membership organisations, joint governance committees, community interest companies, trusts and other not-for-profit structures, and partnerships between FE and HE institutions.

The National Apprenticeship Service (NAS) has contracted with 12 projects to set up new Apprenticeship Training Associations (ATAs) and Group Training Associations (GTAs). These new models will help a range of organisations, especially small businesses, to make more Apprenticeship places available. An ATA directly employs and manages individuals who undertake their Apprenticeship with an approved Training Provider whilst being hired out to a “host employer”. The ATA also co-ordinates the training activity for the Apprenticeship which is delivered through Skills Funding Agency contracted training providers. A GTA provides support on accessing, managing and the delivery of training for a group of employers to encourage their involvement in Apprenticeships.

**Next steps**

We intend to issue a new policy framework for the FE landscape during 2011/12, replacing the current framework *Further Education Colleges – Models for Success* [http://www.bis.gov.uk/policies/further-education-skills/fe-improvement/models-for-success], published in 2008. This will contain advice and information on the wide range of possible organisational and business models that are available for colleges and training organisations to consider. These might include working with other parts of the education sector to develop higher-level qualifications: for example building on the model of University Technical Colleges or Technical Academies for 14-19, where the employer, the FE college and the associated university come together to prepare students for progression to HE.

They might include new partnerships with employers or specialist providers to deliver specific training opportunities: working with National Skills Academies to enhance the learning and skills offers within their local area, or setting up skills centres to provide specialist skills training. For example, consortia of FE, HE and employer organisations may wish to come together to take advantage of the Higher Apprenticeship Investment Fund and, through GTAs or ATAs, develop innovative Apprenticeship delivery models which support progression into Higher Apprenticeships or other higher level academic or professional qualifications.

Different organisational and business models could be considered, such as forms of employee mutualisation that directly involve the staff in college management, or acquiring a company or setting up a trust in order to meet a specific need or deliver specific services. Participating in collaborative partnerships such as federations or joint venture models, might also provide opportunities to develop innovative ways to meet the needs of learners and employers in local communities.

We intend to outline the main features of some of these models in a framework to help colleges and training organisations make their own assessments of how best to develop local solutions...
New challenges, new chances: next steps in implementing the further education reform programme

to local issues. In doing this, we will also take account of your responses to the questions below, and produce an update of the current merger criteria used by the sector.

We would like your views on how best to develop the new framework for the FE landscape so that it will promote the diversity, innovation and choice that we are seeking.

ii. Introducing Level 3/4 loans and sharing responsibility for investing in skills

**Background**

*Skills for Sustainable Growth and Investing in Skills for Sustainable Growth* confirmed that for the first time, learners in FE and skills will be able to get loan support for tuition on the same basis as in HE. The introduction of loans is in line with the need to rebalance investment in skills by Government, individuals and employers to reflect the benefits that each receives.

Last November, we announced our commitment to protect access to skills training for the low skilled and young adults without Level 2 or Level 3 qualifications. That is why we are fully funding basic literacy and numeracy qualifications, foundation learning (Entry and Level 1) for young adults who do not hold a Level 2 qualification, and first full Level 2 or full Level 3 qualifications for young adults. As part of the Government commitment to support unemployed people into work, we will also fully fund units and full qualifications to help people in receipt of Jobseekers’ Allowance and Employment Support Allowance (Work-Related Activity Group) find sustainable jobs. Colleges and training organisations use local discretion to fully fund training for people on other benefits who are looking for work where the training will help them secure employment.

Government-backed loans will be introduced from 2013/14 and will apply to provision at Level 3/4 for those aged 24 and over, including Access to HE courses as well as Advanced and Higher Level Apprenticeships. The loans will mirror arrangements for HE loans and so will only be repaid once the learner has finished the training and is earning a good salary.

**Policy intent**

During a time of limited resources, it is critical that our investment is focused where its impact will be maximised – towards individuals who would have not otherwise have undertaken the training and where market failures are most apparent. That is why we are committed to fully funding training for the low-skilled and young adults.

However, while direct Government funding will be focused on the low-skilled and younger learners we want to provide support that allows learners aged 24 and over access to advanced and higher-level courses. The introduction of loans means that these learners will no longer have to make an up-front contribution to course costs, removing a significant barrier for those who are currently unable to afford to take courses at Level 3 and above.

The loans will be repaid on an income-contingent basis in line with HE loans. This means that learners will only have to repay their loan once they are earning above £21,000 and at a set proportion above that threshold, regardless of the level of loan they have taken out. The
amount repaid will therefore be based on the amount an individual is earning above £21,000 and any loan balances outstanding will be written off after 30 years.

The loans will enable adults to make positive decisions about how to invest in higher-level skills. In this way, loans will put more power in the hands of learners to ensure that the FE and skills system is responsive to their needs.

The system of FE loans will be aligned with that for higher education loans. This will facilitate progression from FE to higher education and also allow the system to be run more efficiently and cost-effectively. Access to HE support will not be affected by previous access to FE loans and as set out above the level of loan taken out will not affect the level of repayment.

We are aware of the need to consider the position of those who progress from loan-funded FE into HE and we will commission research to understand how the attitudes of these learners will be affected by the introduction of loans. Alongside this, the National Scholarship Programme will be introduced from 2012/13, targeted at improving access to HE amongst the least well off young people and adults. Over summer 2011, institutions will publish details of how they will select students to receive National Scholarship awards for 2012 but no-one with a declared income of over £25,000 will be eligible. An evaluation strategy is being developed alongside the implementation of the programme to help inform the design of the full programme in 2014/15.

Where we are

Loans for further education will be introduced in 2013/14. The planned change to the statutory entitlement to Level 3 included in the Education Bill was due to apply from 2012/13. However, the Government has listened to concerns about the timing of changes at Level 3 and decided to delay them until 2013/14 so that they align with the introduction of loans. Changes to Level 2 arrangements will apply from 2012/13 as planned.

*Investing in Skills for Sustainable Growth* set out the principles for implementing FE loans and since then we have been working with a range of stakeholders to develop our implementation plans.

We have engaged with representatives of the FE and skills sector, and others, including employer bodies, on the criteria determining learner and course eligibility, periods of study and loan amounts. Drawing on expert advice, we have now developed the model on which the loans system will be based, building on the current system for higher education with adaptations to reflect the characteristics of FE. The challenge ahead will lie in managing change. So we want to consult on how loans are implemented.

The loans model is described in the detailed consultation document on [Further education loans](http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/N/11-1219-new-challenges-further-education-loans). The detailed consultation document seeks your views on the implementation of the proposed model and how to communicate the availability of loans to cover course costs.

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3 [http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/N/11-1219-new-challenges-further-education-loans](http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/N/11-1219-new-challenges-further-education-loans)
Next steps

The deadline for responses to the consultation document is 21 October 2011.

Following the consultation, we will publish implementation details in the autumn alongside the skills investment statement. Our intention is that from March 2013 learners will be able to apply for loans for courses starting in the 2013/14 academic year.

iii. FE college and training provider freedoms and flexibilities

Background

As the Interim Report of the Independent Commission on Colleges in their Communities – *A Dynamic Nucleus: colleges at the heart of local communities* – published on 15 July 2011 showed, a top-down, targets-driven FE and skills sector is not effective. We welcome this interim analysis and look forward to receiving the final report in the autumn. The Government is committed to freeing colleges and training organisations from central control and regulation so they are better able to respond to the needs of their learners, employers and communities. This approach is founded on trust in the sector’s leadership and staff and their proven record to date in raising performance.

Policy intent

We will build on the increased freedoms and flexibilities already given and introduce a timetable of further simplification over the next two-to-three years, recognising that we have already made a number of changes which have reduced bureaucracy in the system. This will give colleges and training organisations the space to operate in a market environment and respond more effectively to the needs of their customers. Working with the sector, we have identified that the assurance processes used to monitor performance and incentivise continuous improvement are excessive. We will address this by ensuring that providers offering a quality learning experience receive only minimal external scrutiny and intervention. To protect public funding and the interests of learners, we will focus on poor providers, who should expect greater scrutiny and a requirement to make rapid improvements, or lose funding for some (or all) of their provision.

Where we are

In 2010-11, we reduced the bureaucracy faced by colleges and training organisations by:

- Removing centrally imposed targets enabling them to determine the learning offer they make
- Introduced a single Adult Skills Budget which gives full flexibility over funding
- Removed time-consuming processes such as the annual activity statement
- Introduced single account management with a nationally consistent approach
- Removed the requirement for colleges to be subject to in-year funding changes for adult provision

We also:
• Streamlined processes for securing contracts and funding
• Improved contract management
• Introduced a more proportionate and automated performance management system
• Introduced a new, two-part assurance approach to audit, which significantly streamlines arrangements

But there is more to do and plans are also in hand for:

**Further deregulation**

• The Education Bill will remove burdensome duties on colleges and strip away inappropriate powers held by the Skills Funding Agency, and intermediary bodies, over colleges. For example, we will remove the inspection requirements on colleges and training organisations judged ‘outstanding’ (unless their performance drops).

• Removing the powers of intermediary bodies, thereby freeing the sector so that colleges and training organisations can provide the learning offer that best meets their communities’ needs.

**Bureaucracy-busting and simplification**

• Taking forward an action plan for reducing bureaucracy for large employers and reviewing the challenges faced by small and medium sized enterprises.

• Further streamlining of processes for securing contracts and funding

• Simplifying the funding system (covered in more detail at section v)

• Reducing the number and type of audit and forms

• Making better use of the data we collect.

In return, we expect the FE and skills sector to demonstrate its maturity and capacity for increased autonomy, by taking greater responsibility for its own performance and reputation, and by engaging with stakeholders about its plans and record on delivery. We expect the sector to enhance the choice and experience of learners and employers by being more responsive to their needs and ambitions.

**Next steps**

We will work with the sector, employers and other system users to root out unnecessary complexities in funding and contract management, by completing a fundamental review of FE assurance arrangements, to ensure they are fit for purpose. This will result in both administrative and operational efficiencies. Our current plans include additional steps to provide further freedoms for the FE and skills sector by:

• Streamlining the approval process for vocational qualifications. Finding simpler ways of ensuring vocational qualifications meet the needs of employers, taking into account the lessons learned from UKCES pilots and Ofqual’s new regulatory conditions published in May

• Introducing proportionate external scrutiny and/or reviews, including reviewing operation of the current reform which removes the inspection requirements on colleges and training organisations judged ‘outstanding’ (unless their performance drops) with a view to
considering whether this approach should be extended to ‘good’ providers. Ofsted will also consult during the Autumn on proposals to improve and streamline the Common Inspection Framework for further education and skills

- Removing the *contractual requirement* for providers to submit an annual self-assessment report to the Skills Funding Agency and Ofsted, in favour of this becoming a sector-led approach to performance scrutiny

- Changing the methodology for setting provider performance standards, by introducing a more transparent and less bureaucratic approach that is flexible and responsive and uses learner choice as the key determinant of what provision is funded

- Identifying and eliminating all unnecessary paperwork and burdens associated with performance management and reporting (including finance, audit and contract management)

- Moving from the requirement to report performance through Framework for Excellence in favour of using the sector’s own process for improved public information; also removing all requirements for employers training only their own staff to report publicly their performance.

We also want to clarify the point at which intervention will occur, so that providers understand how and when their performance will be judged; and the consequences of any underperformance. We have set out a proposed approach to *Proposals for intervention*\(^4\).

We continue to work with HM Treasury on the implications of the Office for National Statistics’ (ONS) decision, in October 2010, to classify FE colleges as central government bodies. The ONS has recently reviewed its decision in light of the proposed legislative changes we are making to free colleges from unnecessary burden and bureaucracy but remains minded to keep the existing classification for FE colleges, because of certain existing controls held by the Secretary of State. We are reviewing these and considering the possibility of introducing further legislative changes to free colleges from central control wherever this is practicable.

In the meantime, the ONS has advised us that the National Accounts will not be changed to reflect the classification of FE colleges until summer 2012, which means that Government Accounting rules will not apply to FE colleges in 2011-12. In the longer term, should FE colleges continue to remain classified as central government bodies it is likely that this will affect our ability to simplify/rationalise certain areas of activity, although we will make every effort to minimise the impact on colleges.

\(^4\) [http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/N/new-challenges-proposals-for-intervention](http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/N/new-challenges-proposals-for-intervention)
iv. Simplifying the funding system

Background

*Investing in Skills for Sustainable Growth* set out plans to simplify the FE funding system and methodology. This was in response to key criticisms about the complexity of the funding system.

Policy intent

From the 2011/12 academic year key elements of the reform of the FE and skills system will apply, including the changes to funding eligibility and the increased freedoms and flexibilities for colleges and training organisations announced in their allocations of the single Adult Skills Budget.

We will continue to work with the sector to invest in our priorities and to simplify the FE and skills funding system.

Where we are

We have already:

- Reduced the number of separate budget lines with the introduction of a single Adult Skills Budget with earmarked delivery for Apprenticeships
- Reduced the number of direct contracts between the Skills Funding Agency and FE colleges and training providers with the introduction of the Minimum Contract Level
- Introduced a trial of the first Outcome Incentive Payment – Job Outcome Payments
- Committed to piloting outcome-only payments to large employers directly contracting with the Skills Funding Agency to deliver Apprenticeships. This builds on new freedoms and flexibilities for colleges and other providers introduced in 2010/11 and the introduction of the Approved College and Training Organisation Register (ACTOR) and the Minimum Contract Level.

Next steps

We will be:

- Working with sector representatives in the development of a simplified rates matrix including publishing a shadow rates matrix in the 2011/12 academic year. DfE is also preparing to consult on the 16-18 funding methodology
- Piloting the first Outcome Incentive Payment during 2011/12
- Working with sector representatives to rationalise Learner Support and Additional Learning Support
- Evaluating the introduction of the Minimum Contract Level
- Reviewing Minimum Levels of Performance
- Reviewing the introduction and operation of ACTOR.
v. Teaching, learning and qualifications

Background
The Government is committed to raising the status of vocational education and training. To achieve this, the quality of teaching and learning, content and relevance of the curriculum and credibility of qualifications are all vital.

What happens in the classroom or workplace is critical to learner success. Much of what happens is good or excellent. However, Ofsted indicates that, despite improvements, too much teaching is failing to excite and enthuse students. There are particular concerns about science and mathematics in colleges given their importance for the economy.

Policy Intent
We said in Skills for Sustainable Growth we would “continue to support measures to ensure we have a professionally-qualified teaching workforce which takes responsibility for keeping its skills up-to-date and relevant; and that we would look further with the profession at how to create the conditions to encourage flexible and innovative approaches to teaching and learning, which are cost-effective, responsive to employer and learner needs, and make full use of the potential of technology”.

The Wolf Report made recommendations, which the Government immediately accepted, to strengthen vocational teaching in schools, including; for example that teachers with Qualified Teacher, Learning and Skills (QTLS) status should be recognised to teach in schools.

Having established the new Qualifications and Credit Framework (QCF), we will work with Ofqual, awarding bodies and businesses (including SSCs), to agree simpler and speedier ways for new qualifications to come on-stream. This embraces recommendations in the Wolf Report that “DfE and BIS should discuss and consult on the appropriate future and role of National Occupational Standards in education and training for young people, and on whether and how both national employer bodies – including but not only SSCs – and local employers should contribute to qualification design”.

Where we are
Expertise to deliver inspiring learning, and capability for innovative curriculum design, exists within the sector and with outstanding practitioners. We believe that the main improvement drive needs to come from the sector harnessing its own expertise, working with sector organisations such as LSIS, the Institute for Learning, and the wider National Improvement Partnership. LSIS is currently developing a strategy in which further development in these areas will be key platforms for progress. We recognise that it will be essential to engage with the research and academic community to strengthen the evidence base and underpin the development of practice.

Additionally, expertise in vocational subjects needs constant interaction between the sector and industry, for curricula to be up to date; and relevant to employers and, for teachers and lecturers to maintain “dual professionalism”. The FE and skills sector needs to harness the expertise of business to bring currency and knowledge of the practical application of skills in the work place into classrooms and to encourage learners to register with professional bodies on completion of their courses and develop their skills through their working lives. A challenge
for the sector will therefore be to build more effective links with professional, craft and learned bodies, across the industrial sectors served.

For the reform of qualifications development, the UK Commission for Employment and Skills (UKCES) has successfully trialled quicker, less complicated processes among awarding bodies. Lessons learned will provide increased flexibilities and possibilities for bringing high-quality qualifications to market. Later this year, the Government will consult (as recommended by Professor Alison Wolf in her report, specifically recommendations 24 and 27) on how in future employers should be involved in the design of vocational qualifications, including the different ways in which employers’ views should be heard, the role of national occupational standards, and how employers locally might be involved.

**Next steps**

LSIS will publish its Business Plan for 2011/12 this summer. These plans will include investment in both teaching and learning and curriculum development. For STEM subjects lead national subject experts, drawn from relevant expert organisations, will be appointed.

The Technician Council will publish a map of those apprentice frameworks that lead rapidly to Technician Registration.

The FE Data Project will extend what is currently known about the scale and nature of STEM provision and develop a greater understanding of progression and the potential individual and social returns associated with particular qualifications.

BIS and DfE will discuss with the Institute for Learning and LSIS a proposal to establish an independent commission on vocational pedagogy.

DfE will change the law to enable QTLS to be recognised in schools.

The Government will consult further on the involvement of employers in the design of vocational qualifications.
vi. Review of Informal Adult and Community Learning

Background

The term Informal Adult and Community Learning (IACL) covers structured adult education classes taught by professionally qualified teachers, unstructured activity that leads to learning, informal courses delivered in the private sector, independent study online, and self-organised study groups. Some learning happens in very short episodes and some happens over a full year or even longer. This kind of learning can be delivered by public, private or voluntary sector providers or organised by people for themselves through face to face groups, online communities or personal projects.

IACL provides opportunities for people to develop new interests, improve their confidence and wellbeing, support their children’s learning and interact positively with people from disparate backgrounds. Informal learning makes society a happier and healthier place, and this country a better one to live in.

IACL offers personal choice, personal responsibility and personal empowerment. It takes place in accessible community venues and takes account of individual needs and learning styles. It engages people through their interests in relaxed and welcoming classes that contribute to community wellbeing and social inclusion. Without this kind of learning, many people would never get started in learning or realise their full potential.

The Department of Business, Innovation and Skills supports (BIS) IACL in England through the £210 million Adult Safeguarded Learning budget. The Government’s 2010 Spending Review protected this investment subject to a review of IACL funded through this budget.

Policy intent

The Spending Review settlement, while protecting the Government’s investment, challenged us to ensure that IACL contributes to wider policy objectives and delivers value for money by:

- enabling progression, including to further learning, training and employment, and
- focusing public funding on people who would not otherwise have access to learning and maximising income from learners who can afford to pay.

But this review is not just about securing equity and value for money. That has always been a core principle for the use of public funds. It is also about demonstrating the benefits IACL brings for many other Government objectives and its potential to reduce the burden on other areas of public spend, such as the NHS and welfare costs. For example, IACL:

- delivers locally designed learning family learning programmes that motivate harder-to-reach parents/carers and actively involve them in their children’s education
- contributes to older people’s health and quality of life by enabling them to stay physically and mentally active and preserve their independence longer
- makes a significant contribution\(^5\) through introducing people to digital technology to delivering the *Manifesto for a Networked Nation* commitments published in summer 2010 by the UK Digital Champion, Martha Lane Fox

\[^5\] 2008/09 the number of class hours dedicated to basic computing skills represented 9.2 % of all Personal and Community Development learning hours added together.
keeps alive treasured traditions such as our heritage crafts, stimulating new generations to learn these skills and providing the launch pad for new small business ventures

- makes a profound and measurable impact on people’s happiness and can therefore contribute significantly to the Government’s new wellbeing initiative

- supports the development of the Big Society, in the way it is planned and delivered as well as through the activity it funds, by helping people develop the confidence and skills to influence decision-making in public services.

We want to build on these benefits and demonstrate the measurable and wide-ranging social impacts of IACL provision. We also want to make more of the potential of digital technology to open up new learning opportunities.

Where we are

The Government believes that IACL is a vital part of the lifelong learning continuum. By developing people’s self-esteem and confidence, it has a proven track record in transforming attitudes and abilities in order to prepare them for further learning or to take an active role in their communities. It can make a real difference to people’s job prospects, especially for those who have had few chances in life or who come from the most deprived and excluded sections of society.

It also has a critical role in providing learning opportunities for everyone, regardless of age or background. It enables people to interact with family, friends and neighbours. Its broad and stimulating offer encourages us to meet new people and widen our experience of the society around us.

Since the publication of Skills for Sustainable Growth, we have been working with a range of partners to review our BIS investment in this kind of learning. We have also met with policy officials across Government in order to identify important linkages with other initiatives, including the Big Society, Lifelong Learning Accounts, digital inclusion, wellbeing measurement, open public services, the role of social enterprises, charitable bodies and voluntary sector organisations, the forthcoming Rural Statement and the cross-government drive to measure social return on investment. We are also working with a partnership comprising The Open University, the BBC, UK Online and the British Library to support further development of free online IACL resources and raise awareness of these resources among staff and learners. We want to ensure that the rich variety of high quality content now available as open resources can be made accessible for everyone and we intend to explore the development of a network of e-reading rooms.

Through a series of policy roundtables with practitioners and meetings with major stakeholders, we have identified six key challenges and associated policy options. These are set out in detail at https://iacl.bis.gov.uk/, together with a range of questions on which we are seeking views.

Next steps

Following the consultation we will publish details of key implementation milestones in the skills investment statement for 2012/13. This is planned for publication autumn 2011. There will be ongoing communication and implementation activity that we will develop jointly with stakeholders up to the planned start date.
vii. Review of literacy and numeracy provision for adults

Background

Millions of adults in England lack basic reading, writing and mathematical skills. We believe this is the result of an unacceptable failure of the education system and that it is therefore only right to give them a second chance to acquire those skills.

In *Skills for Sustainable Growth* the Government committed to continued funding of courses for all adults who need them, but to maximise economic and personal returns BIS will review the way literacy and numeracy provision is delivered and take steps to make this training more effective.

Policy intent

To free providers to respond to local demand, the Government has already removed the targets for literacy and numeracy, focusing on equipping individuals with the skills and qualifications they need to get a job, progress in work and play a full part in society.

As set out in the Skills Strategy, we must now look for new ways to address the continuing high proportion of adults with poor literacy and numeracy skills and we expect providers, freed from central planning and control, to develop innovative ways of responding to this challenge.

Where we are

BIS’s review of literacy and numeracy provision is under way, drawing on the expertise of practitioners, a range of other stakeholders and other reviews such as those by the National Institute of Adult and Continuing Education (NIACE) and Ofsted.

In addition, a review of research and evaluation literature has been undertaken which brings together what is currently known about improving adults’ literacy and numeracy skills, including international evidence, and identifies where evidence-gaps exist which will be considered as part of the review.

Next steps

BIS will report the outcomes of its review in autumn 2011.

Although there are excellent providers delivering high-quality literacy and numeracy provision, evidence indicates that the quality of provision across the sector is mixed. This must be addressed. In doing so we need to identify how to accelerate the rate at which effective practice spreads.

Despite a considerable increase in recent years from a low baseline, around half of the Skills for Life teaching workforce is fully qualified (with 84% being at least part-qualified). There is also a range of evidence on effective teaching and learning methods, but these are not always observed in practice. We need to ensure that wherever teaching is delivered, every learner gets the best quality teaching that is adapted their needs, from qualified professionals.

Given the technological advances of the last decade and the increasing role of technology in work and everyday life, we want to explore how such advances could play a greater role in supporting literacy and numeracy learning.
viii. Delivering higher education and skills

Background

The White Paper, *Higher Education: Students at the heart of the system* was published on 28 June [http://www.bis.gov.uk/Consultations/he-white-paper-students-at-the-heart?cat=open](http://www.bis.gov.uk/Consultations/he-white-paper-students-at-the-heart?cat=open). The paper sets out a series of reforms which are designed to deliver a more responsive higher education sector in which funding follows the decisions of students, where successful institutions are freed to focus on the quality of the student experience and the quality of teaching, and in which alternative providers are encouraged to offer a diverse range of higher education provision.

FE colleges make a significant contribution to progression into higher education with colleges providing just under 40% of entrants to higher education.

The FE and skills sector also delivers higher education. This represents a distinctive vocational mission within their communities, and demonstrates particular strengths in reaching out to non-traditional learners. FE colleges currently educate around 180,000 students at higher levels. That is approximately one in ten higher education learners. Most are studying Higher National Certificates or Diplomas (HNCs, or HNDs) and Foundation Degrees, which are funded through the Higher Education Funding Council for England (HEFCE)\(^6\). HEFCE currently funds student numbers at FE colleges either directly through a teaching grant or indirectly through a franchise agreement with another higher education institution. In many cases FE colleges have both directly and indirectly-funded students.

Colleges also offer professional awards under the auspices of the Skills Funding Agency. These courses are predominantly studied on a part-time basis by people over 25 years of age and in employment, building their study around their work and family responsibilities. The Higher Education White Paper recognises the importance of this type of provision (sometimes called “non-prescribed”) and we will consider how it relates to other forms of provision.

Policy Intent

Our overall goal is a higher education system that is more responsive to students’ choice, that provides a better teaching and learning experience and so fuels social mobility.

In achieving these aims we recognise the key obstacles that FE providers can face in improving their capacity to offer higher education. For example:

- difficulty in accessing direct HEFCE funding and reliance upon franchising through HE institutions to access student numbers and funds;
- complex funding and regulatory arrangements that inhibit flexible delivery and add to costs;
- the lengthy application process for Taught Degree Awarding Powers and Foundation Degree Awarding Powers; and
- the need for learners to have access to a transferable credit and qualifications transfer system across FE and higher education.

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\(^6\) For details, see [http://www.hefce.ac.uk/learning/heinfe/](http://www.hefce.ac.uk/learning/heinfe/)
Because we recognise there is a risk that these sorts of barriers could have anti-competitive consequences the Higher Education White Paper acknowledges these problems. However, whilst consulting on how we can break down these barriers we intend to take urgent action to support greater delivery of HE in FE. So we have indicated that institutions which charge students average full-time fees of £7,500 or less, net of fee waivers, and can clearly demonstrate the quality of their provision, should be allowed to bid direct to HEFCE for 20,000 funded places in 2012/13. We are strongly committed to supporting FE institutions with the capacity to increase their higher education provision to do so in this way.

It is expected that the higher education landscape will evolve as a result of funding changes that we will be implementing over the next few years. Our aim is to open up the higher education market to greater competition. This presents an opportunity for the growth of a more diverse range of delivery models, and an opportunity for colleges and training providers that can deliver high-quality teaching at good value.

For example, colleges and providers used to adapting rapidly can put together attractive propositions, such as Higher Apprenticeships, HNCs, HNDs, Foundation Degrees, for more employer-focused work-based and outreach courses to meet the needs of a specialist industry or a particular set of learners.

The Government is not seeking to stratify higher education; but rather looking to diversify it to respond to diverse demand. We are moving towards a more demand led system, where the ability to meet the needs of learners and employers is central to the success of an institution. The development of an even-handed fit-for-purpose regulatory regime will see all providers being subject to appropriate requirements. Standards will remain high, but there will be no artificial barriers that inhibit growth of those diverse and competitive delivery models that warrant it.

FE colleges will have greater choice in their validation arrangements. As well as existing universities, there are specialist services such as the Open University Validation Service, or external degrees from the University of London's International Programme. The Higher Education White Paper also announced the intention to de-couple degree-awarding powers from teaching in order to facilitate externally-assessed degrees by awarding bodies. Additionally, FE colleges are able to apply for degree-awarding powers, including Foundation Degree-awarding powers. New College Durham and Newcastle College were the first FE colleges to be awarded Foundation Degree awarding powers, in July 2011.

This can provide greater choice and independence for FE colleges and stimulate the development of innovative modes of study, including fast-track, distance and employer-led provision. There are also a growing number of examples where distance and online learning has proved to be the preferred option for many employers when seeking to enhance the higher level skills of their workforce.

There are different risks within this new landscape. Where funding follows the learner, providers are more at risk of fluctuations in demand. The whole concept of “direct funding from HEFCE” will become meaningless for many courses, where ever they are delivered. This will lead to a range of strategies, including new delivery models and innovative strategic alliances, to secure effective progression for learners, and to share risk.
Where we are

Many of the Higher Education White Paper proposals will require legislative change and it is intended to bring a Higher Education Bill before Parliament in 2012.

Importantly, we have committed to an aligned system of loan support across further and higher education. As with all FE and higher education prospective learners, access to the best information about the quality of provision, and the labour market benefits of particular courses, will be paramount.

Next steps

The deadline for responses to the general consultation on the overall strategy outlined in the Higher Education White Paper is 20 September 2011.

The White Paper also sets out proposals for a small number of more specific consultations on some areas of reform where proposals will lead to changes in primary legislation or changes to how funding is distributed.

In the context of New Challenges, New Chances and the overall FE reform agenda we would welcome feedback around a number of key areas including awareness and identity, progression and innovative business models.

ix. Deregulation and devolution

Background

There is a delicate balance to be struck between the need to obtain enough data to ensure the propriety of public funding, allowing the FE and skills sector to operate efficiently and enabling students and employers to make informed choices and the need to keep the burdens that data collection imposes to a minimum. We believe that by providing better access to and use of FE data, we will improve student progression and choice, overall sector efficiency and enable creative solutions. This includes enhancing the ability of all providers to meet the needs of their customers, and through better access to a better range of information, empowering those customers to become the driving force for improvements across the sector.

Policy Intent

Our policy proposals are not predicated on increasing the total amount of data collected where there is no demonstrable benefit, but built around the principles of making the most efficient use of data collected across the sector and promoting consistency in the use of that data in order to optimise the transparency of information and to minimise burdens.

We want to improve the efficiency of how we collect data by better sharing of readily available data, including that held by Government. We only want to collect data that we can demonstrate is necessary to support the effective delivery and development of the sector – at national and local level. We also wish to encourage greater data sharing across the sector as this will lead to further reductions in data burden for learners, employers, awarding organisations, colleges
and training providers, while enabling improvements to the quality and effectiveness of the services that can be provided.

We believe that learners and employers should have access to high-quality information, that is easy to access and use, and which helps them make an informed choice. Taxpayers and communities must also be provided with information about the efficiency and productivity of the sector so that they may hold it more effectively to account. People receiving FE loans will also need access to this information in order for them to determine which course to follow.

We want large employers (who contract directly with the Skills Funding Agency) to focus on delivering Apprenticeships and not feel constrained by the current regulatory framework, so we will be looking to simplify the arrangements.

**Where we are**

Over the last 18 months, we have overturned the historical approach of collecting information for performance management purposes and then as a by-product, making some of this available to the public for information. Our approach now is putting the customer first, and gathering and presenting information that they (learners, employers and the communities) want, in more user friendly and accessible formats.

Colleges and training providers are best placed to know the needs of their customers. With this in mind, we asked the sector to lead on developing a new public information system; and to ensure that future arrangements provide a robust approach that is consistent and comparable – a fundamental requirement that underpins ‘informed choices’. Alongside this we have released national and local level data to enable the taxpayer to assess progress against our strategy and priorities.

**Next Steps**

Over the next one-to-two years, we will work in partnership with the sector (through the FE National Improvement Partnership Board) to develop and embed a new, sector-led FE Public Information Framework. We will also provide greater access to material that is collected in order to improve accountability and identify and eliminate duplication in data requests and collection methods so that the burdens on colleges, training providers, learners and employers are reduced.
8. Consultation questions

1. Vision for the FE landscape and shape of the sector

1. To what extent should the Government influence the range of structural models for FE and skills delivery?

2. What barriers currently constrain flexibility and responsiveness, in terms of structural development, and how might the Government address these to help the sector to reorganise for the benefit of learners?

3. How helpful is our proposed approach to the new policy framework to replace ‘Models for Success’: are there other areas which should be included?

4. Are there particular structural delivery models or case studies that you think it would be helpful to share, via the framework?

5. We propose that the existing college merger criteria should be broadened to cover the need for effective leadership and management and the promotion of competition and diversity in the local area. Do you agree that these changes are sufficient to support the Government’s ambitions? Are there any others you would propose?

2. Introducing Level 3/4 loans and sharing responsibility for investing in skills

Consultation questions on this section are published in a separate document at http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/N/11-1219-new-challenges-further-education-loans

3. FE college and training provider freedoms and flexibilities

6. How have you used the freedoms already made available to make a difference in your communities – what lessons can you share?

7. What else can be done to streamline the assurance system, whilst still safeguarding public funding and ensuring quality?

8. Can you identify additional systems and/or processes ripe for removal/streamlining? Please be specific about what could be removed and why.

9. Are there steps that the Skills Funding Agency should be taking to reduce the data and information it requires for operational purposes? If so, what are they?
10. Do you agree with the categories and descriptions for a ‘trigger point’ for intervention (see Proposals for intervention)? If not, what suggestions do you have for changes/improvements?

4. **Simplifying the funding system**

11. What benefits have been experienced from the introduction of ACTOR and what further action could be taken to make future contracting arrangements more straightforward?

12. What has been the impact of the introduction of Minimum Contract Levels? Has the approach to exemptions been effective?

13. What benefits do you envisage from the introduction of a simplified rates matrix?

5. **Teaching, learning and qualifications**

14. How could a commission on vocational teaching and learning best help the sector improve?

15. How can we best engage the knowledge of learned societies and professional bodies to empower improvement in the FE sector?

16. What else needs to be done to stimulate and spread innovation, including embracing the potential of new learning technologies?

17. How do you currently assess the employability skills needed by your local employers – how could this be improved?

18. Have you any experience of developing new qualifications to meet a new/emerging need – how did this work?

6. **Review of Informal Adult and Community Learning**

Consultation questions on this section are published in a separate document at https://iacl.bis.gov.uk/

7. **Review of literacy and numeracy provision for adults**

19. What more is needed to accelerate the rate at which the most successful teaching practices/models of delivery are spread across the sector?

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7 [http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/N/new-challenges-proposals-for-intervention](http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/N/new-challenges-proposals-for-intervention)
20. What more is needed to maximise the quality of the literacy and numeracy teaching workforce?

21. What conditions are needed to accelerate the pace of innovation throughout the sector and what is the potential?

22. Are the current incentives in the system driving the required provider behaviour and what else can be done to improve this?

23. What more can be done to stimulate greater learner demand for numeracy courses?

24. What more can be done to encourage employers to increase the take-up of literacy and numeracy provision by their employees?

### 8. Delivering higher education and skills

25. What can we do to improve awareness and identity of what further education can offer?

26. What are the opportunities to promote alternative progression routes into higher education?

27. What innovative delivery and business models might be explored and secured to meet the needs of learners and employers in the local community?

### 9. Deregulation and devolution

28. What more can we do to remove data requirements?

29. What more can we do to improve transparency in data collection and use?

30. How can the data already collected be shared more effectively across the sector for the benefit of learners and employers?
9. What happens next?

The consultation will end at close of business on Friday, 21 October 2011. We will aim to announce results within one month of that date.
Annex A: The Consultation Code of Practice Criteria

1. Formal consultation should take place at a stage when there is scope to influence policy outcome.

2. Consultation should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

3. Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.

4. Consultation exercise should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.

5. Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees’ buy-in to the process is to be obtained.

6. Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.

7. Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

Comments or complaints

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

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London SW1H 0ET
Telephone Sophia on 020 7215 5350
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Annex B: List of Individuals/Organisations consulted

No individuals or organisations have been consulted separately.