

Briefing for MPs

Westminster Hall debate – Wednesday 28 November 2007
Funding for FE in South Yorkshire

South Yorkshire – Skills and the Economy

Any examination of the skills and economic realities facing South Yorkshire emphasises why the Government is right to establish workplace skills as the priority for further education colleges and other providers. Colleges in the County have the appetite to meet these challenges and will continue to provide an excellent service to learners and employers in the area.

Key Issues for South Yorkshire

There is a tradition of ‘hard work and ingenuity’ rather than lengthy study and formalised learning in South Yorkshire. This is characterised by the following factors:

- Low levels of education attainment in secondary schools (at 16)
- Lower levels of participation post-16
- High levels of young people not engaged in education, employment and training (NEETs)
- High levels of unwaged adults and higher levels of adults receiving incapacity benefit (see attached fact sheet)

The South Yorkshire economy could be characterised as a ‘boot straps economy’ which is recovering well from industrial collapse and large scale restructuring. The significant characteristics are as follows:

- Higher reliance on larger employers

- Lower levels of business start up than the national average
- Higher reliance on public sector employment
- As many people are employed in financial and business services as in manufacturing

From Yorkshire Forward Strategic Economic Assessment, November 2006 and LSC Regional Strategic Analysis for Yorkshire and the Humber, November 2006.

Colleges in South Yorkshire

Colleges can and do respond flexibly to their local economic context and often work successfully alongside businesses delivering national programmes. Colleges aim to meet the short, medium and long term needs of employers. Train to Gain, the Government’s training scheme in which £900million will be invested by 2010, should meet the long term needs of the economy by offering employers free level 2 or level 3 training. However, in areas such as South Yorkshire, colleges need the flexibility to meet the short and medium term skills needs of companies too. This is all part of the difficult process to win the hearts and minds of companies in relation to training as an investment priority.

Colleges propose a strong self-regulatory system that assures businesses and individuals of quality, standards and relevant, robust qualifications. Colleges need the ability to offer locally or regionally

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determined and accredited programmes which meet the needs of the local economy.

For example, a strong, vibrant economy in London with skills and labour shortages, high-tech needs and a global financial business base has a different set of adult skills priorities from South Yorkshire.

For example, in Yorkshire and the Humber there is much enthusiasm amongst colleges, Yorkshire Forward and the LSC to develop provision to meet the enterprise and innovation priorities that might improve economic growth, competitiveness and productivity. National systems restrict such aspirations for dynamic and responsive skills provision.

The 2007 Spending Review

The Chancellor of the Exchequer announced the three year spending settlement for the public services in his Pre-Budget report on Tuesday 9 October. The Government wants to contain public spending increases to 2% a year in real-terms but wants the money to deliver stretching targets.

The Department for Children, Schools and Families has done relatively well (2.8% real terms increases at a time when school rolls are static).

The Department for Innovation, Universities and Skills has received a 2.2% real terms increase but much of the money is committed to higher education. Further education is expected to more than double the rate at which adults gain skills for life and level 2 qualifications and to achieve a massive expansion in apprenticeships and level 3 Train to Gain programmes.

DCSF accounts for 62% of the LSC budget over the 3 years while DIUS accounts for 38%. The LSC cannot move money between the budget blocks "without the agreement of the departments".

The introduction to the LSC *Annual Statement of Priorities*, says that the FE system (in other words, colleges) contribute to 11 of the Government's 30 main targets. Given that the Government's 30 targets cover everything it does (from reducing global conflict to raising UK productivity), this is a pretty strong contribution to national goals.

Independent Advice and Guidance

In order for the Education and Skills Bill and the national roll-out of the Diploma to be successful the advice and guidance provided (usually by schools) to 14 and 16 year olds needs to have a greater degree of independence. AoC believes there should be a greater role for local authorities in the provision of such guidance particularly as they will become responsible for all 16-18 funding from 2010. Effective choice can only be brought about with effective advice and guidance for young people.

Education Maintenance Allowance

EMAs have been a major contributory factor in encouraging young people to stay in education and training post-16 and are recognised by all in FE as a major success story for this Government. For many people they have become an important part of the family income. This success must be preserved even when participation in education and training up to 18 becomes compulsory.

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Apprenticeships

AoC is concerned that there is an insufficient number of employers who are willing to take on apprentices to meet the Government's target of 500,000 for the number of young people completing apprenticeships.

There are some specific success stories in South Yorkshire relating to apprenticeships (for example NPower) however the lack of employer places is particularly pronounced in the area.

Establishment of DIUS/DCSF

It is important for one Government Department to be solely responsible for all aspects of children's lives from 0-19 there should be recognition that people do not recognise structural or age related boundaries. The education and training offer pre-19 is considerably different from that offered post-19 and this could potentially threaten the efforts to open up basic skills routes through to Level 2.

For the Machinery of Government changes to be successful colleges are arguing for the following principles to be considered:

- A single national funding formula for all 16-19 education regardless of type of institution or location
- No increase in bureaucracy for colleges as a result of working to two funding regimes
- Colleges need to be able to decide their own responses to Government policy, including decisions on courses, pay etc.
- Cross-boundary student intake is not unusual for colleges and could result in some logistical confusion about funding for 16-19 education at local authority

level. This will need to be addressed in advance of any legislation to ensure a transparent funding process.

Diplomas

College Principals are fully supportive of the diploma and agree that it is vital this new qualification succeeds. However they have to be nurtured carefully during the early years of roll-out. Recent announcements that employers and universities are engaging with the design of Diplomas and will support them are most welcome.

Enterprise education

If 1 in 300 more FE students were to start their own business, colleges alone would have addressed South Yorkshire's business start up needs. Pilot work on enterprise education in FE in Rotherham, Sheffield and Dearne Valley Colleges, funded under Yorkshire Forward and Northern Way suggest enterprise education in colleges could deliver the additional business start-ups the South Yorkshire requires.

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