



Gavin Williamson MP  
Secretary of State for Education  
Department for Education  
20 Great Smith Street  
London SW1P 3BT

25 March 2020

Dear Secretary of State,

Colleges and COVID-19

I am writing an updated letter on the impact of COVID-19 on colleges, their students, staff and suppliers to aid government decision-making at a time of national crisis. Everyone working in colleges appreciates the pressure the government is under and I want to thank you for your warm words about their hard work; your overt support for colleges and the roles they play in our economy and communities is really important in times of enormous challenge and pressure.

This letter sets out a number of areas which require government decisions in the coming days and weeks to assist college leaders in focusing on their challenges. On all of these issues, we are working with your officials but I thought it would be useful to put them into a single letter.

Since I last wrote on Tuesday 17 March, every college has acted on the government instruction to end classroom delivery, make arrangements to support vulnerable students and children of key workers where necessary, put in place new or expanded online learning arrangements and take other measures necessary to support the national response. The closure announcement on Wednesday 18 March was followed by a lot of helpful DfE guidance for which you should thank your officials who have gone the extra mile to resolve issues. Inevitably the speed at which things have happened has left some loose ends which this letter covers.

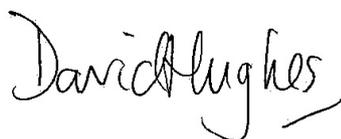
The current outstanding issues, in my view and listed in a loose priority order, are set out in the Appendix to this letter. The main five are:

- The need to start work now on future skills.
- Clarity on the job retention scheme
- Confirmation on adult education budget tolerance
- Resolving outstanding apprenticeship issues
- Setting up a simpler emergency financial support scheme

I appreciate that this is a difficult time for everyone, including the Government, but I hope that this letter helps to focus minds on the most important issues for colleges. If quick announcements can be made on these issues, it will allow college leaders to make the right decisions for their communities, students and staff, safe in the knowledge that the DfE and ESFA will support them through this crisis.

At times like this we need to provide as much assurance as we can to people at the sharp end to be able to make decisions quickly, often with limited information, safe in the knowledge that they will be judged for their best intentions, not for any mistakes they might make.

Yours sincerely,

A handwritten signature in black ink that reads "David Hughes". The signature is written in a cursive style with a horizontal line under the name.

David Hughes,  
Chief Executive, Association of Colleges

CC:

Gillian Keegan MP, Parliamentary Under-Secretary of State for Apprenticeships and Skills

Michelle Donelan MP, Minister of State for Universities and Science

Emma Hardy MP, Shadow Minister for Further Education and Higher Education

Robert Halfon MP, Chair Education Select Committee

Paul Kett, Director General at the Department for Education (DfE)

Eileen Milner, Chief Executive and Accounting Officer of the Education and Skills Funding Agency (ESFA)

Gillian Hillier, Director of Careers and Further Education, DfE

Peter Mucklow, Director, Intervention and Young People's Funding Group, ESFA

AoC Members

Media

## Colleges and Covid-19

### 1. Future skills

None of us know how long the crisis might take, nor what the impact might be. It looks very likely that colleges will not return to in person delivery until late summer or sometime in the autumn and that:

College staff will be working from home until then  
Businesses across the economy will be hit hard with some companies - and most public services - working flat-out to service current demand  
There will be large-scale redundancies, large numbers of people furloughed and many working shorter hours or under-utilised whilst at home.

We have had promising initial discussions with DfE officials to start planning how to use the capacity in colleges in the summer term. Many adults will have more time to engage in training and CPD opportunities over the next 4 to 6 months, as well as perhaps more need to ensure their productivity when the crisis is over. The time could also be used to plan what will be on offer in every college from September onwards as the economy gets back on its feet and into the 2020-1 academic year. Whilst we need to keep a strong focus on the urgent issues, an eye to the longer term will help enormously.

### 2. Job retention scheme

HM Treasury and HMRC are working at speed on the details and application process for the scheme announced on Friday 20 March by the Chancellor.

Staff on the DfE helpline have already advised college finance directors that colleges will be eligible to apply for support on account of their private sector status.

Colleges will need to make big changes to the way in which they work in the coming months and this implies major restructuring in autumn 2020 and beyond which may involve redundancies after this scheme closes. In the short-term, many colleges are holding off these sorts of decisions pending clarity about their position and the expectations of them. It is, nevertheless, likely that colleges may need to put a number of groups of staff on notice if they are not able to find new arrangements for them. Every college is different and many will take steps to re-allocate people but there are clearly roles that cannot operate as usual, in the current context, including:

Roles associated with servicing a busy education building in-person  
Roles associated with income-generating and other activities that cannot be carried out online or where the demand has disappeared.

### 3. Adult education funding

The Apprenticeship and Skills Minister's Friday 20 March letter to colleges and the subsequent DfE Monday 23 March guidance says that ESFA will continue to pay grant-funded providers their monthly profile payments for the remainder of 2019-20 but leaves it unclear whether there will be clawback in autumn 2020 if there is under-performance. We think the statement is intended to mean there will not be clawback but it is likely that

Uncertainty on this point will cause colleges to take actions that may be undesirable including:

Setting up extra online courses of no great value just to avert a future funding loss.

Delaying supplier payments

Accelerating redundancy plans.

#### 4. Apprenticeships

The Apprenticeship and Skills Minister's Monday 23 March letter to training providers and the DfE Tuesday 24 March apprenticeship guidance includes some stark messages on apprenticeship training, assessment and funding. Right now, in our society, we see:

Intense efforts to keep essential services going

Cessation of much normal economic activity

Growing absence from work

Large numbers of redundancy notifications

The combination of these developments is already escalating the number of breaks in learning which, in turn, mean that the existing rules on breaks in learning, assessment, redundancy transfer and funding are very rigid. Some levy-paying employers are already making moves to make apprentices redundant.

We would like DfE to consider a principle of 'no apprentice left behind' as we steer our way through this unprecedented situation. It should be possible to see most apprentices being able to finish their learning with a positive outcome. This would need rule changes to allow: easier transfer of learning between employers and between providers  
easier transfer from apprenticeship to online education provision  
changes to the off-the-job-training rules  
changes to the assessment rules to allow apprentices to complete if they are not working in highly regulated or dangerous occupations and have finished all parts of their apprenticeship apart from the end point assessment.

#### 5. Emergency financial support

DfE's Monday 23 March guidance confirms that existing support arrangements remain in place for colleges including emergency funding arrangements but it would be sensible for DfE, ESFA and the FE commissioner team to work out a simpler and quicker process (with

contingency arrangements to cover absent staff) because this would provide more confidence to the banks and help colleges maintain planned payments through their own supply chains.

There may be simple measures that DfE could do to build confidence and maintain economic activity:

Adjusting the date in the month when ESFA pays colleges. Currently the main payment is made on the 18th of the month. Bringing all (or even just the 16-18 part of the payment) forward by two weeks would help colleges settle bills earlier and might avoid issues in the coming months.

Adjusting the monthly profile (last changed in 2004) to front-load the allocation or even to prepay part of the 2021-2 allocation (which increases in August 2021) would make an even bigger difference.

#### 6. Free college meals

The end of classroom delivery and the shutdown of colleges risks leaving several hundred 16-to-18 year olds in every college who normally receive free meals in the lurch. Colleges want to ensure they can have access to a regular meal. DfE is working on a national voucher scheme for school pupils on free school meals and it would help if this was extended to college students - but not without difficulty because local authorities are not involved in the post-16 system. The current 16-to-18 rules already allow colleges to issue vouchers for local outlets but many of these are closing while supermarket systems are overloaded. Some colleges have made payments direct to student bank accounts and, perhaps this is the best short-term solution in an emergency.

#### 7. Payments to exam board, suppliers and sub-contractors

Colleges are contracting authorities under UK public procurement law and have seen the very sensible Cabinet Office advice on "Supplier relief due to Covid-19" which suggests measures to ensure service continuity, to continue normal payments despite disruption, to maintain supplier cash-flow, to use estimates where appropriate and to move towards open book arrangements to protect public funds. Colleges are not public bodies and so do not appear to be mandated to follow this particular advice but even where they want to do so, they have concerns about cashflow. Individual colleges have told us they are currently weighing up payments to key suppliers including:

Construction firms (covering projects which will have unavoidable delays).

Awarding bodies (covering qualifications which no longer involve external assessment)

Education and training subcontractors

It might be helpful to have an open discussion between officials and college leaders on whether colleges should be prioritising cashflow to avoid problems over the summer months or their supply chains.

#### 8. College capital projects

We estimate that there are at least twenty colleges who are midway through substantial capital projects (ranging in size from £1.5 million to £30 million). They are relatively few in number but there are some complex issues for those affected:

It is inevitable there will be delays to projects because of staff absence, self-isolation, social distancing, travel difficulties and disruptions to material supply.

Colleges are looking to follow the Cabinet office advice on amending contracts to ensure that both parties work together and share risk.

However, the issue is that there are very tight limits on the risks that we can agree to carry on our side. If a project is delayed for any length of time, especially if the lockdown is more than 12 weeks, these delay costs are very difficult to define and even more difficult to cover. One college with a project still at the preliminary works stage reports that costs are already £10,000 a week to cover equipment and staffing. For projects further advanced, the weekly costs will be higher.

Much will also depend on whether contractors directly employ their core team. Some do (and should qualify for the 80% job retention scheme but others don't). Matters become even more complicated if contractors also have legal obligations to subcontractors, with potential disputes down the supply chains about who carries the costs of delays.

Colleges are mindful of the economic implications if they terminate contracts, not just for the construction industry but also the potential recosting and repricing of projects at a later date. The purchasing power of the pound is lower so supply chain shortages and other factors will almost certainly make projects more expensive if they delay and start again later in the year. This would make some projects unfeasible, given tight margins in colleges.

The spread of responsibility between central government and devolved authorities (LEPs and MCAs) is not, on this occasion, helpful. There is an extra layer of people to work through, and local funders have no scope to help alleviate the risk. All they can do is assert their funding rules. This is not going to help us solve much.

As with other issues colleges are making decisions locally and may solve things but if they can't, projects may need to be suspended or terminated, both of which have significant consequences.

#### 9. DfE bidding deadlines

Colleges have an interest in a number of projects which are important in themselves but less important than the current emergency. These include the:

the second wave of Institutes of Technology (expressions of interest by 16 March)  
the College Collaboration Fund (8 April)  
the T-level capital fund for 2021-2 (30 April deadline)

Many colleges are also involved in the Towns Fund process which involves the expectation of town investment plans being returned by summer 2020.

There might be sense in deferring all of these deadlines until June 2020 pending further assessment of the situation.

#### 10. International students still in UK in college residences or home stay

There are still groups of international students in a number of colleges either in student residences or in homestay arrangements. We do not have firm figures and it's a mixed picture; some students have returned home, some are trying to get home and others can't get home. Some colleges have very small numbers left, others have larger numbers. The Home Office has now issued an update on visa extensions and an indication that studying from home will be permitted for current international students but more detailed guidance for college sponsors is needed from the Home Office on these areas.

It is worth noting that UK families may have arranged home-stays on the assumption that their own adult children are away from home during term-time and that complications may arise if homestay hosts become ill. For international students trying to return home, a related question is whether international students travelling to the airport to get home should carry some form of documentation to explain why they are moving around. We have suggested that colleges might need to provide a letter explaining the circumstances.