

Horizon Scanning Update – December 2016

SKILLS

The Skills funding Agency (SFA) and DfE have published provisional 2015/16 data for further education and skills learners, including data on apprenticeships.

- 904,800 people were undertaking an apprenticeship, up 3.8% on 2014/15:
 - 517,700 Intermediate (-0.06%)
 - 369,100 Advanced (+5.7%)
 - 44,400 Higher (+49%)
 - 202,200 were aged under 19 (+4.2%) and 702,600 19+ (+3.7%)
- There were 503,700 starts (+0.76%), of which 3,800 were on the new apprenticeship standards:
 - 388,600 Intermediate (+30.3%)
 - 188,400 Advanced (+3.6%)
 - 26,800 Higher (+50%)
 - 130,400 were aged under 19 (+3.6%) and 373,300 19+ (-2.7%)

Following its recent consultation, the DfE has published the final details of the new apprenticeship funding system, as well as updated guidance for employers on how the Apprenticeship Levy will work.

- There have been some temporary concessions to mitigate funding cuts for 16-18 year-old apprentices and those from disadvantaged areas.
 - For one year, providers who train 16-18 year-old apprentices will be given an additional payment equal to 20% of the funding band maximum in order to help them to adapt to the new funding model.
 - Also for one year, providers who train apprentices from the most deprived areas – around a third of all apprentices - will continue to receive additional funding: an extra £600 for those living in the top 10% of deprived areas; £300 for the next 10%; and £200 for the following 7%.
- In the meantime, the government will conduct a fuller review into how to support individuals from all backgrounds into apprenticeships, looking at the support employers should receive, as well as providers.
- The government has also introduced more flexibility for employers:
 - The expiry date for funds in their digital account will now be 24 months rather than the original 18 months.
 - The government will work with the CBI, the Federation of Small Businesses, the British Chambers of Commerce, the Charity Finance Group and the manufacturing employers' organisation EEF to develop a system to enable employers to transfer digital funds to other employers in their supply chains or sector, or to apprenticeship training agencies.
 - There will be more funding for STEM apprenticeship frameworks and higher pricing of apprenticeship standards to support improved quality and provide greater flexibility to train those with prior qualifications.

The Register of Apprenticeship Training Providers has belatedly opened for applications, again with some changes to the original proposals.

- Providers who want to deliver less than £100,000 of apprenticeship training per year as a subcontractor can choose to apply for the register but it will not be compulsory.
- The main provider will need to be on the register but won't have to deliver most of the training – they can use sub-contractors.

The government has launched a new programme to tackle the shortage of end-point assessors in apprenticeships, funded by the DfE and commissioned by the Education & Training Foundation.

- Of 147 apprenticeship standards approved by the government, only 63 have an approved organisation to do the end-point assessment.

- Workshops will be held to help organisations become an approved Apprenticeship Assessment Organisation and prepare them to actually deliver the end-point assessment. Eight industry-focused 'Professional Dialogue Groups' will explore the knowledge, skills and resources that are required by end-point assessors, and a programme of support will be rolled out in 2017.
- The new programme will be co-managed by the Association of Employment & Learning Providers and the Strategic Development Network. It will benefit from the advice of an expert 'reference group', comprising the Association of Colleges, 157 Group, HOLEX, the Federation of Industry Sector Skills and Standards, the University Vocational Awards Council, the

Skills Minister Robert Halfon has published the Further Education and Technology Bill to support measures set out in the post-16 skills plan. The Bill includes:

- Extending the role of the Institute for Apprenticeships to cover technical education;
- A new college insolvency regime to minimise disruption to learners' studies and giving creditors certainty about how claims will be handled;
- A measure to require colleges and local authorities to continue to share information such as data on results.

The DfE has just published a letter to FE institutions, written in August by FE Commissioner Sir David Collins, commenting on the progress of area reviews.

- Waves 1 and 2 are now largely complete, and early delays have not been repeated, partly because of lessons learnt, but also because institutions have been pre-empting their review and engaging early in discussions.
- Although there are no targets around mergers or minimum institutional size, the outcomes to date suggest that the final result will be around 50 fewer general and further education colleges, and the academisation of a significant proportion of sixth form colleges. There will be an annual reduction in costs of £250m-£500m, resulting in an annual cash surplus of 3-5%.
- Regardless of mergers, there will be far more sharing of back office services and collaboration around apprenticeships and even marketing. There is a greater sense of the sector working together to support the economy.
- On completion of a review, the normal practice has been the setting up of an ongoing strategic planning and oversight group, chaired by the local authority or LEP.
- Overall, colleges seem to be seeing the area reviews as an opportunity to develop a stronger and more resilient sector that can tackle financial difficulties and make plans based on collaboration and partnership.

The 157 Group has been relaunched as The Collab Group as part of a new strategy that will see the organisation focusing on joint commercial activity across its 32 member colleges; the group aims to be at the vanguard of developing new Institutes of Technology.

- The relaunch comes a decade after the group was founded in response to the Foster review on the future role of FE colleges, which called on principals of large colleges to play a greater role in policymaking.

The DfE has confirmed Richard Atkins as the new FE Commissioner, taking over from Sir David Collins, who will retire in November. Richard Atkins was principal of Exeter College 2002-16, was president of the Association of Colleges in 2014/15, and became an Ofsted board member in July this year.

The Skills Funding Agency has published the results of the latest FE Choices satisfaction survey, gathering the views of over 60,000 employers.

- 78% of employers were very satisfied with the quality of training and assessment, up from 73% last year.
- 80% would recommend their provider to another employer, up from 77%.
- More than 80% scored their providers 8 out of 10 for professionalism of staff; 76% gave the same score for understanding of their training needs and 79% for the extent to which the courses reflected up-to-date practices in their industry sector.

Register of Apprenticeship Training Providers (RoATP) PQQ and Co-Investment ITT funding: only 1,753 providers applied to the SFA to join the RoATP to be able to deliver training directly or as a sub-contractor to large, levy-paying employers for new apprenticeship starts from May 2017. This compares to around 4,000 organisations currently on the RoTO. Out of the 1,753 organisations applying to join the register only around 75% (1,310) also completed the ITT to deliver training to smaller, non-levy paying employers through access to a new co-investment allocation. Results of the tendering are expected to be published in early 2017.

The latest SFA allocations show that the proportion of apprenticeship funding going to colleges has dropped from 37% in 2015–16 to 32% in 2016–17. Of the £305m extra funding allocated for apprenticeships this year, just 12% has gone to colleges.

Universities and colleges in England have been awarded a total of £4.5m to develop 5,200 new degree apprenticeships for students, starting in September 2017. 18 projects out of almost 70 bids have been awarded funding from the Higher Education Funding Council for England (HEFCE) in the first round of a two-year programme. Provisional figures published in October showed that more than 27,000 higher and degree apprenticeships had been started in the 2015/16 academic year.

The UK government has agreed a funding deal for the apprenticeship levy for Scotland, Wales and N. Ireland, providing them with a share based on the Office for Budget Responsibility's latest apprenticeship levy forecast.

- The UK government will manage any difference between the forecast and actual revenues.
- Beyond 2019-20, once the levy is embedded, the normal operation of the Barnett Formula should provide a similar outcome.
- The scheme has been rejected by the Welsh and Northern Ireland Assemblies. They say it will result in no new money for apprenticeships, as funding received from the levy will be offset by losses resulting from the cessation of funding for existing apprenticeships in England combined with the levy on the public sector.

The National Apprenticeship Service and the SFA have launched a new schools information project called Apprenticeship Support & Knowledge for Schools (ASK).

- Three partner organisations will provide information and support for students in Years 10–13 across the North, the Midlands, London and the South. The aim is to help schools meet their statutory duty to provide impartial information, advice and guidance, specifically in relation to apprenticeships and traineeships.
- A core aspect of the project will be to recruit 1,000 Apprenticeship Champions in schools across England.

Sir Michael Wilshaw published his final Ofsted Annual Report on 1 December, including the following key findings:

- For the sixth year in a row, the proportion of good and outstanding nurseries, pre-schools and childminders has risen, and is now at 91%.
- The proportion of good and outstanding primary schools has risen from 69% to 90% in five years.
- 78% of secondary schools are now good or outstanding, up from 74% in 2015.
- The proportion of good or outstanding general FE colleges has declined from 77% in 2015 to 71% this year. There are some signs of improvement in the quality of apprenticeships, and schools are doing more to raise awareness of apprenticeships as an option.

Health Secretary Jeremy Hunt has announced a new nursing degree apprenticeship to start from next September, which will count towards a full nursing degree.

- Aspiring nurses will join the apprenticeship at different stages, depending on their qualifications and experience, and stay in work while learning.
- Once established, up to 1,000 apprentice nurses could join the NHS each year.
- Earlier this year the government committed to creating 100,000 apprenticeships within the NHS by 2020.

The Public Accounts Committee has published the report of its inquiry into the apprenticeship programme.

- The DfE is managing the early stages of a complex transition process to make the apprenticeships programme more employer-led; however, its only real success measure is to facilitate 3m new

apprenticeship starts between 2015 and 2020. A broader range of success measures should be published, including progression to higher apprenticeships, increased earning and improved access by under-represented groups.

- The process for introducing new apprenticeship standards is slow, and the large number of new standards likely to be developed may be confusing for some sectors and employers; the process should be streamlined.
- The intended role of the Institute for Apprenticeships (IfA) should be clarified as quickly as possible alongside that of existing oversight bodies.
- The new levy may incentivise some employers to exploit the system, for example by artificially routing other forms of training into apprenticeships or hiring apprentices as a way to avoid paying the minimum wage.
- The DfE should engage more actively with SMEs to raise awareness and involve them in developing standards.
- The DfE should make better use of its data to communicate the value of apprenticeships to young people, schools and careers services.

Learning Loans: The DfE has published an update on the number of applications made for advanced learner loans for the 2015/16 and 2016/17 academic years. From 2016/17 the loans were extended to those aged 19+; 5,140 applications had been received by July from the 19-23 age group.

- Almost 83,000 applications were received for 2015/16 and 19,450 had been received by July for 2016/17.
- The highest number of applications received in 2015/16 were from the 24-30 age band (31,840), closely followed by the 31-40 age band (29,250).

Philip Hammond's Autumn Statement included a number of announcements related to education and skills.

- £50m annual capital investment from 2017-18 to support the expansion of existing grammar schools.
- Support for the Royal Society of Arts to pilot the promotion of cultural education in schools.
- The Adult Education Budget (AEB) will be devolved to London from 2019-20, subject to readiness conditions.
 - As part of the supporting programme of work the SFA will consider how funding and commissioning arrangements will operate for colleges and other providers that deliver in multiple areas.

EMPLOYABILITY

Labour market statistics for June to August 2016 show that the number of people in work and the number of unemployed people both increased compared with March to May.

- **Employment rate:** 74.5%, the joint highest since comparable records began in 1971.
- **Number in employment:** 31.81m, up 106,000 on the quarter and 560,000 on the year.
- **Unemployment rate:** 4.9%, unchanged on the quarter and down 0.5 on the year.
- **Number of unemployed:** 1.66m, up 10,000 on the quarter but down 118,000 on the year.

The OECD report *Society at a Glance* features a special chapter on the 'NEET' (not in education, employment or training) challenge and what can be done for jobless and disengaged youth.

- 15% of the OECD youth population – about 40m – were NEET in 2015 and more than two-thirds of them were not looking for work.
- Young people with no more than lower secondary education are three times more likely to be NEET than those with a higher education degree. One in six 25-34 year-olds do not have an upper-secondary qualification, particularly young men.
- Vocational education and training (VET) prepares young people for the labour market; ideally the practical training component should be an apprenticeship, matching young people with employers at an early stage.

The Department for Work & Pensions (DWP) has published its green paper on Work, Health & Disability.

The plans in the consultation include:

- Reform of the Work Capability Assessment for those with disabilities or long-term sickness;
- A debate about recognising the value of work as a health outcome;
- A trial voluntary work experience programme for young people with limited capability for work.
- Encouraging Jobcentre Plus work coaches to signpost claimants to therapy;
- A review of Statutory Sick Pay and fit notes to better encourage supportive conversations and phased returns to work; encouraging employers to work with their employees with long-term health conditions to stop them from falling out of work; extending fit notes to other healthcare professionals to help ensure people receive more tailored support.

The Employment Related Service Association (ERSA) has published an independent report on the impact of the proposed Work & Health Programme (WHP) on jobseekers with disabilities and health conditions.

- The WHP will replace both the Work Programme and Work Choice after they end in 2017, and has been billed as a specialist programme of employment support.
- The government has made a commitment to halve the disability employment gap, which will require over 1.2m more people with disabilities to enter work than is the case today.
- However, funding on the new programme is due to reduce from £750m in 2013-14 to less than £130m in 2017-18, resulting in 45,000 fewer disabled people being allowed onto specialist employment provision in each remaining year of this Parliament.

Labour market statistics for July–September 2016:

- **Employment rate:** 74.5%, the joint highest rate since comparable records began in 1971.
- **Number in employment:** 31.8m, up 49,000 on the quarter and 461,000 on the year.
- **Unemployment rate:** 4.8%, down 0.5ppt on the year and the lowest rate since July – September 2005.
- **Number of unemployed:** 1.6m, down 37,000 on the quarter and 146,000 on the year.

Youth Unemployment: The DfE has published the latest quarterly statistics for 16–24-year-olds not in education, employment or training (NEET), covering July–September 2016.

- The overall 16–24 rate remained broadly flat at 13.9%.
- The 16-18 NEET rate was 8.7%, down 1.5ppt on the year—a change that is not statistically significant.
- The 19–24 rate rose by 0.8ppt to 16.2%.

The government has published its response to the July report of the Sub-Committee on Education, Skills & the Economy inquiry into careers education, information, advice and guidance.

- It is determined to tackle the patchy state of careers provision and raise its importance and profile in schools, although this will take time to address. Steps so far include closing down the “wasteful and inefficient” Connexions Service and establishing the National Careers Service (NCS) and the Careers & Enterprise Company (CEC), as well as strengthening statutory guidance and accountability for schools.
- £90m is being invested over this Parliament, including further funding for the CEC and £20m to increase the number of mentors supporting young people at risk of underachieving. This is in addition to £77m for the NCS in 2016-17.
- Schools will have access to a CEC Enterprise Adviser to help them develop their provision, while destination measures hold them to account.
- The new Gatsby Foundation/CEC self-assessment tool will offer schools an effective way to understand how their current provision compares to the Gatsby Benchmarks; a pilot of the Benchmarks is being carried out in the North-East.
- The current Ofsted inspection framework adequately covers careers provision, and there is no plan to introduce a specific judgement. However, Ofsted has sharpened its approach to careers provision, and will continue to remind inspectors of its importance.
- The government does not intend to bring the NCS or all government-funded careers initiatives under the remit of the CEC, as they all have different roles and are working successfully together. Nor will it merge the Quality in Careers Standard and the matrix Standard, as they have different purposes.

- The DfE is currently conducting a programme of work to ensure that the right data are available to support pupils in making better education and career choices, including Labour Marketing Information (LMI). 'LMI for All'—formerly managed by the UKCES—will now be maintained by the Institute for Employment Research (IER). LEPs are generally good repositories of up-to-date LMI; however, the CEC is currently looking at how it might be promoted more effectively in guiding career decisions.
- The government agrees that employer engagement is an important element of a careers and enterprise programme; a range of other individuals including careers professionals, mentors, alumni and education and training providers can also play an important role.

Although the government agrees that experience of work is an important part of a young person's education, it continues to believe that schools and colleges should have the freedom to decide how and when they provide work experience.