

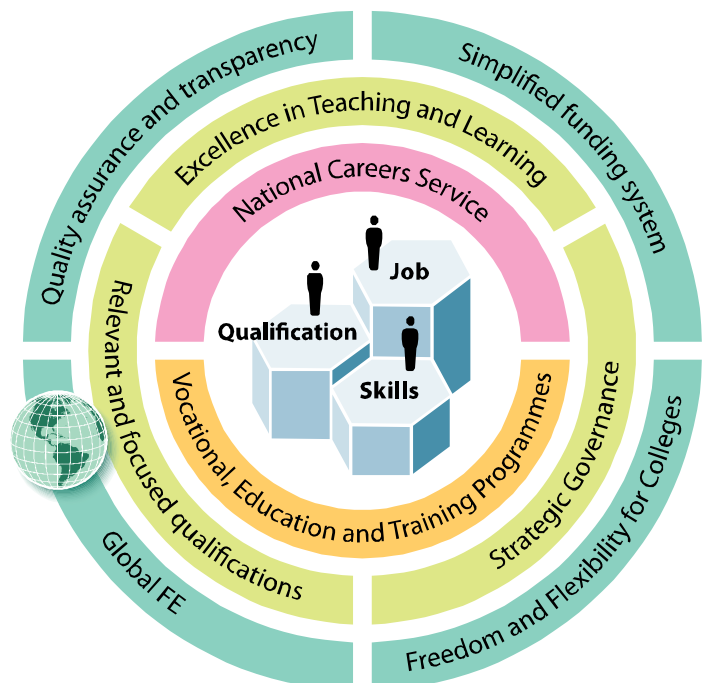


Department
for Business
Innovation & Skills

**Skills
Funding
Agency**

**SKILLS FUNDING STATEMENT
2012-2015**

DECEMBER 2012



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Foreword by Matthew Hancock, Minister for Skills

Britain is in a global race, involving not just traditional world economic powers, but also and increasingly, new players from Asia, the Middle East and South America who are investing more and more heavily in the skills of their people.

The Further Education and skills sector must be at the centre of our efforts to keep pace and to meet such challenges. To support employers in ensuring they have the workforces they will need to grow in a global and fiercely competitive marketplace. To equip young people and adults with the knowledge and skills necessary to succeed and thrive. And to ensure that no one is left behind.

This is a huge challenge. Meeting it will require all colleges and providers to rise to that challenge as enthusiastically as the best are already doing. The surest evidence that a college or a provider is delivering an excellent service lies principally in how many of its students get good qualifications or better jobs, and how well prepared their eventual employers find them.

At the Association of Colleges Conference last month, I laid out four challenges for the year ahead. These wider reforms are an important part of the context of this Skills Funding Statement.

First, we must match the record increases in the quantity of apprentices that the last couple of years have seen with increases in quality. That means that we need to focus even more closely on the knowledge and skills employers are really looking for and the evidence that emerges from the Employer Ownership Pilot. I will also be looking hard at the recommendations that have come out of the Richard Review. We are therefore not making radical changes to Apprenticeships funding this year, other than considering how to focus existing funding more closely on our key areas of skills shortage.

Second, the number of unemployed young people, though falling in recent months, remains a source of great concern to us all. Many colleges and Further Education providers have already formed strong links with their local Jobcentres and are making an important contribution to addressing this problem in their areas. That, too, is something that more need to emulate.

To help with this, we will consider developing a new traineeship scheme, combining a rigorous core of work preparation, work experience, English and maths, with a great deal of flexibility around everything else.

Third, we must do more to guarantee the value of the qualifications learners gain. For vocational education to be held in high esteem we must be uncompromising about the need for it to add genuine value and have credibility and relevance with the employer.

All the initiatives I have so far mentioned will contribute towards my fourth priority for reform in the coming year which is to raise standards.

A proposed new, sector-led Further Education guild should act as an important safeguard to teaching standards. I have also published plans for outstanding colleges and providers supported by Local Enterprise Partnerships to be eligible to apply for Chartered Status. And the funding for FE capital, increased by £270m in the Autumn Statement, will help ensure good teaching takes place in good buildings.

By the same token, we must be firmer in tackling educational and financial failure.

From this year, we are introducing common standards and measures of performance between schools and colleges. Both will be expected to meet minimum standards and I hope that both students and employers will as a result have a clearer picture of what they are being offered.

I know this Skills Funding Statement supports this strategy and the drive for high quality, relevant Further Education that helps everyone reach their potential.

Introduction

1. This year's Skills Funding Statement reaffirms our commitment to creating a Further Education (FE) system which secures the skills we need for everyone in Britain to succeed.
2. Since the announcement of the single Adult Skills Budget in 2010, we have significantly increased flexibilities for colleges and FE providers to enable them to respond more efficiently and effectively to the needs of learners and employers. We have removed planning controls, enabling them to be more responsive to their communities and achieve better value for money. With tight budgets across FE, these freedoms and flexibilities are now more important than ever.
3. Most colleges and FE providers have risen to the challenge. Despite the reduction in the budget for FE since 2010, overall levels of provision have risen, and we have continued to achieve significant growth in adult Apprenticeships. English and maths participation has also increased, a vital achievement given how crucial strong English and maths skills are for enabling individuals to progress in learning and employment. This Funding Statement sets out how we will enable the sector to build upon these achievements in the years ahead.
4. Employers play a crucial role in identifying and supporting the skills which we need for growth. Across the country, colleges are innovating and collaborating to build skills for growth. We want to encourage employer-led bodies to take the lead in designing the qualifications employers need, and ensuring that vocational qualifications are rigorous and valuable. In particular, employers will have a central role as we work to ensure that Apprenticeships are high quality, more rigorous, and deliver what employers need.
5. To enable employers to play a greater role in shaping skills provision going forward, we are giving Local Enterprise Partnerships (LEPs) a new strategic role over skills policy in line with the recommendations of the Heseltine Review. We will be asking LEPs to develop skills strategies for their areas, and to work closely with colleges and FE providers, including through initiatives such as City Deals and Whole Place Community Budgets, to ensure that skills provision is highly responsive to local employer demand.

Lord Heseltine's Review 'No stone left unturned in pursuit of growth' (October 2012), identified the importance of skills in supporting local economic growth. It highlighted the role that LEPs could play in ensuring that publicly supported skills provision has the maximum impact on local growth.

Chartered status for FE colleges will be dependent on taking account of the skills priorities of local LEPs. In addition, the Government will encourage LEPs to have a seat on the governing bodies of FE colleges, with colleges represented on LEP boards. LEPs will also be able to determine how EU Common Strategic Framework funds, including the European Social Fund, are used locally and will be able to bring bidders together to access Employer Ownership Pilot funding.

The Richard Review of Apprenticeships was published on 27th November 2012, and set out a comprehensive vision for the future of Apprenticeships. Key themes and recommendations include:

- **Redefining Apprenticeships** – Apprenticeships should be targeted only at those who are new to a job or role that requires sustained and substantial training.
- **Focusing with greater rigour on the outcome of an Apprenticeship** – what the apprentice can do when training is completed – and freeing up the process by which apprentices get there. Trusted, independent assessment is key.
- **Recognised industry standards** should form the basis of every Apprenticeship – employers and other organisations with relevant industry expertise should be invited to design and develop new Apprenticeship qualifications for their sectors.
- **All apprentices should reach a good level in English and maths before they can complete their Apprenticeship.**
- **Government funding must create the right incentives for Apprenticeship training** – the purchasing power for investing in Apprenticeship training should lie with the employer.
- **Far greater diversity and innovation in training should be encouraged** – with employers and government taking a more active role in safeguarding quality.

Government warmly welcomed the Review with its focus on putting employers in the driving seat of the Apprenticeship programme, to ensure that the skills of the workforce match employers' needs; and its emphasis on quality, high standards and rigour. The Review set out a clear challenge for Government, employers, and providers to bring all Apprenticeships up to the standard of the very best.

The Government will respond formally to the Richard Review in the Spring, and then consult on its implementation. The Government invites views on the Review at this stage, and looks forward to engaging with the sector and with employers to consider its implementation in the coming months.

6. The Autumn Statement announced cuts to resource budgets of 1% in 2013-14 financial year (FY). There will, however, be no need for further reductions to the overall BIS programmes at this stage. The Department is managing this, having over-achieved on a number of savings programmes (in particular, the closure of Regional Development Agencies and the reduction in administration costs), and through the release of planned contingencies. The budgets on page 15 are therefore in line with the Spending Review settlement which FE and skills received. Budgets for 2014-15 FY remain indicative at this stage.

7. The Government will provide an additional £270 million for capital investment to improve FE colleges. This investment will be targeted where it will have the biggest impact on growth, and on colleges with the greatest needs.
8. As budgets tighten, it is essential that we strive to reduce the costs of operating the current funding system, in order to maximise the amount of funding available for learners. Following over a year of extensive development and testing, the Skills Funding Agency is close to completing work on a new streamlined funding system for adult skills. The new funding approach will be implemented in 2013/14 academic year (AY) and represents a significant change in the way Government is working with the FE and skills sector to simplify the FE system.
9. We will prioritise funding where its impact is greatest – on individuals who would not otherwise have undertaken the training and where market failures are strongest. Our focus will remain on young adults, the low skilled and those who are unemployed. Colleges and FE providers will be free to decide how best to continue to grow the level of co-investment, in order to rebalance the contribution made by employers, individuals and government.

The overall funding for adult FE and Skills will be £4.1bn in the 2013-14 FY. Of this, £3.6bn will be routed through the Skills Funding Agency to support the capacity for over 3 million learners. The adult teaching and learning budget in 2013-14 FY will be £3.2bn of which an estimate of £764m will be available to support Adult Apprenticeships. Funding for workplace training will continue to be focused on small and medium sized enterprises (SMEs) with fewer than 250 employees and we will continue to support Community Learning with funding of £210m per year.

10. The sector is also able to access funding through a number of alternative routes. The Employer Ownership Pilot will continue to offer employers the opportunity to shape training provision for themselves, and to invest in their current and future workforces. Colleges and FE providers played a key role in many Round 1 bids, illustrating the potential of the new freedoms and flexibilities. Round 2 of the pilot was launched in November, and up to £340m of Government funding will now be made available through to the 2015/16 AY. We encourage the sector to engage actively with local employers to develop solutions to their skills needs.
11. The Government is rebalancing investment in skills, focusing funding on young people, those with English and maths skills below Level 2 and the unemployed. To support this focus, 24+ Advanced Learning Loans will be available for learners in FE from the 2013/14 AY. Learners aged 24 and over studying at Level 3 and above will have access to loans to help meet up-front course fees, removing one of the main barriers to learning. The introduction of loans promotes shared responsibility for investing in skills, recognising that much of the benefit of advanced vocational study goes to the learner.

Value for Money

12. The overall value for money case for investment in skills is compelling, and we continue to work to improve value for money in the system – re-prioritising the Apprenticeships programme to safeguard quality, raise standards and focus where returns are highest, and removing bureaucratic restrictions on providers.

Impact of the Spending Review

13. The current Spending Review (SR) required significant savings to be made. FE made its contribution to the Government's deficit reduction requirements, with a top line real term reduction in funding of 25.1% for FE and Skills, which equates to a reduction of over £1bn by the 2014-15 FY. We secured additional funding to support the introduction of 24+ Advanced Learning Loans.
14. The settlement recognises the importance of adult learning, the need to improve the skills of the adult workforce, and the contribution FE makes to growth and social mobility. Funding changes have been phased over the SR period to enable providers to plan effectively. The tight settlement was accompanied by significant freedoms and flexibilities to deliver skills in a more responsive way and in order to secure greater value for money.
15. The Government recognises that focusing funding on longer and more comprehensive programmes with higher economic returns, such as Apprenticeships and 'full' qualifications, may affect the number of learners that can be supported through public funds, and most of the outcomes we expected for the 2011/12 academic year have been realised. There has been a significant growth in apprenticeships, and overall levels of provision remain higher than 2010/11 but less than 2009/10.
16. An indicative forecast of the number of learners aged 19 and over who could be supported through the available funding can be found at page 17.

Programmes and Students

Eligibility for funding

17. The table below sets out the level of Government funding for 2013/14 AY reflecting the statutory entitlement changes taken through Parliament as part of the Education Act 2011. Where Government is fully funding a programme, colleges and FE providers should not charge student fees.

	Programme	Student	2013/14 AY
1	Adults in receipt of benefits* where skills training will help them into work	Adults aged 19+	Full Funding for all learners up to Level 2 Access to 24+ Advanced Learning Loans (Loans) for those aged 24 and over studying at Level 3 and above
2	English and maths skills: GCSE English and Maths qualifications; Functional English and maths qualifications; and QCF English and maths units.	Adults aged 19+	Full Funding
3	Students undertaking a first full Level 2 Students undertaking Foundation Learning (pre-Level 2) to progress to Level 2 or above	Adults aged 19 up to 24	Full Funding
4	Students who are not otherwise eligible for full funding wishing to retrain at Level 2 for qualifications delivered in the classroom, or in the workplace if delivered for an SME	Adults aged 19+	Costs shared with the learner or the employer
5	Students undertaking a first full Level 3 qualification	Adults aged 19 up to 24	Full Funding
6	Students who are not otherwise eligible for full funding undertaking Level 3 or 4 qualifications delivered in the classroom	Adults aged 19+	Costs shared with the learner or the employer for those aged up to age 24 Access to Loans for those aged 24 and over including unemployed
7	Level 2 Intermediate Apprenticeship	Apprentices aged 19+	Co-Funding
8	Level 3 Advanced Apprenticeship	Apprentices aged 19 up to 24	Co-Funding up to age 24 Access to Loans for those aged 24 and over (half the amount to reflect employer contribution)

***Notes to eligibility table**

- i) Adults on JSA/ESA (WRAG) for skills training in order to help them into work or to remove a barrier to getting work;
- ii) Adults in receipt of Universal Credit (UC), who are “unemployed” (“unemployed” includes claimants with earnings who would be eligible for JSA in the current system¹). Providers should check the DWP earnings threshold for individuals claiming UC classified as “unemployed”. This is subject to the Skills Funding Agency’s Funding Rules, e.g. residency and age criteria, and who are mandated to skills training by their JCP adviser; or
- iii) Adults on wider benefits, including those on UC who are unemployed (definition as above) but not mandated to skills training, who want to enter employment and need skills training to do so.

Universal Credit

- 18. Universal Credit (UC) replaces existing benefits, including income-based Job Seekers Allowance (JSA) and income-related Employment and Support Allowance (ESA), and will be introduced from October 2013. The roll out of UC will be complete by the end of 2017, when all legacy benefits will cease. Contributions-based JSA and contributory ESA will continue.
- 19. This means that in 2013/14 AY, claimants might be on UC or might be on legacy benefits when they approach providers. The funding entitlements will apply to both groups. As for other learners, loans will be available for those aged 24 and over studying for advanced qualifications at Level 3 and above.
- 20. Adults claiming UC because they are unemployed will be mandated for skills training by their Jobcentre adviser, so they will continue to be eligible for fully subsidised training². This is equivalent to people who would have been mandated under JSA or ESA (WRAG). Adults who are mandated to start skills training must complete that training – failure to do so could result in a benefit sanction.
- 21. Providers will retain current discretionary arrangements, that is to say, decisions on whether to support “self referrals”, providing individuals confirm that they are ‘out of work’, are looking for work and need training to get the skills to help them get a job.
- 22. This process will be tested in a full systems UC Pathfinder test in Greater Manchester ongoing from April 2013. Any lessons from the Pathfinder will be applied and set out in detailed Agency guidance on the system to colleges and providers during the 2013/14 academic year.

¹ At the time of print this is approximately £70 per week (or £110 per week for a household)

² Subject to the Skills Funding Agency’s Funding Rules (e.g. residency and age criteria)

Eligibility for Higher Vocational Education

The Government wants to ensure funding for higher level skills meets the needs of learners and the specific job roles required by employers. For this reason funding for these qualifications will be focused within Apprenticeships. Learners will continue to get support for other Higher Education qualifications through the Higher Education system.

For the 2013/14 AY onwards, funding above level 4 will be available only for Higher Apprenticeships at Levels 5 and 6. This will support the expansion of the Apprenticeship programme at Higher Levels, and will help to ensure that gaps in specialist skills can be addressed through the creation of the new frameworks at levels 5 and 6.

Qualifications

We will retain the post 19 Qualifications and Credit Framework (QCF) and will lead a review of its operation, in order to ensure that it works better, is simpler to use and understand and that the qualifications which are on it are of high quality.

23. This review will consider the impact of recent developments such as changes proposed by the Department for Education to qualifications for 16-18 year-olds; a review of current policy around qualifications linked to formal licence to practise; as well as how adult entitlements might be redefined and whether to extend the unit offer.
24. The review will take account of both the recommendations of the Richard Review and the implications of the Government's industrial strategy. It will consider the effectiveness and appropriateness of current regulatory and funding arrangements, including the nature and breadth of the fully funded offer post 19.
25. BIS will also work with the UK Commission for Employment and Skills and the devolved administrations on a review of National Occupational Standards, which underpin the qualifications systems throughout the UK, in order to ensure that they are sufficiently strategic and help to facilitate the development of qualifications which can respond to rapidly-changing skills needs.

Vocational Education and Training

English and maths

26. English and maths skills are essential to enable people to function in society, progress into vocational learning and employment, and to operate more productively in work. We have prioritised full Government funding on English and maths provision, comprising English and Maths GCSEs; Functional English and maths qualifications; and QCF English and maths qualifications and units. Providers are expected to use the new qualifications and units to support upward progression among lower level learners, to prepare them to achieve Level 2 standard such as a GCSE or Functional Skills qualification. Over the coming months, the Skills Funding Agency will review how these new qualifications and units are being used.

We have recognised that Functional Skills are larger and more rigorous qualifications than Key Skills, and as a result put greater demands on both learners and providers. Having reviewed this, the Skills Funding Agency is increasing the rate for Functional English and maths qualifications this year. The Skills Funding Agency is reviewing the current shadow rates which are due to come in next year (2013/14 AY) and the finalised rates will be published in January. The adult GCSE rate will increase in line with Functional Skills.

27. Work is currently underway to explore how providers can be funded on the basis of the skills gains (distance travelled) made by their learners, to incentivise providers to maximise skills acquisition. Evaluation of these pilots will be completed by June 2013. The funding rates for 2013/14 AY will be published in January as planned. Subject to the pilot outcomes, any changes to funding beyond this will be run in shadow for 2013/14 AY to allow preparation time for implementation in 2014/15 AY.

19-24 year old learners

28. The Government recognises that focussing funding on young adults will yield long term economic benefits. Young adults are more likely to have low incomes and come from disadvantaged areas than older learners studying at the same qualification level. Furthermore equipping them with the skills that they need will improve their life chances and support a return to economic growth.

The Unemployed

29. Participation in rigorous education and training makes a lasting difference to individuals, and is pivotal to the Government's ambitions to stimulate economic growth and improve social mobility. As part of the Government's commitment to support unemployed people into work, we will fully fund units and full qualifications for people in receipt of Jobseeker's Allowance and Employment and Support Allowance (in the Work Related Activity Group), and Universal Credit claimants who have had a skills need identified and where training will help them get into work.³

³ The roll out of Universal Credit will be complete by the end of 2017, when legacy benefits (income-based JSA, income-related ESA, IS, HB) and Tax Credits (WTC, CTC) systems will have been completely shut down, although contributions-based JSA and contributory ESA will continue to be available. This means that in 2013/14, claimants and potential learners might be on UC or might be on older benefits when they approach colleges and FE providers.

30. Providers also have the discretion to provide fully funded training to the unemployed and those on other benefits where this will help them into employment. In line with wider policy, all those aged 24 and over studying at Level 3 and above will have access to 24+ Advanced Learning Loans.
31. Colleges and FE providers are expected to focus their offer for those who are unemployed on training which will help them enter and sustain employment. The unit offer allows providers to deliver short, flexible courses tailored to the specific needs of unemployed people and local employers. Training for people who are unemployed is likely to include employability skills, short vocational provision relevant to the local labour market, as well as focussed English and maths, QCF units and other ESOL provision for those who need it.
32. We expect providers to work closely with local partners to deliver appropriate training to help people into work and meet local labour market needs. Strong relationships and partnership working with Jobcentre Plus and Work Programme providers are important to ensure that unemployed learners who would benefit from improving their skills are able to access appropriate training opportunities.
33. We will continue to pay job outcome payments where a learner leaves a course to take up paid work and we will continue to exclude these learners from the qualification success rate calculation. We want to encourage providers to offer training which helps people into employment. We will therefore work with partners, including DWP and the sector, to ensure that there is an appropriate system to capture information about job outcomes for unemployed learners in the months after their training finishes. We will use existing sources of data wherever possible. Ensuring we have robust and reliable data on how many unemployed people enter and stay in work after training will support any future policy development on job outcome payments and incentives. This year, we will support City Region partners, who are interested in piloting further incentives for providers to deliver job outcomes for unemployed learners as part of their City Deals.

We recognise that equipping unemployed learners with a qualification which is a statutory or sector requirement is valuable and will enable them to compete for certain jobs. From January 2013, we will fund those stand-alone qualifications in Health and Safety at Work, Food Hygiene, First Aid at Work and Fork Lift Truck which we know to be high quality and robust. These will be fully funded for those individuals in receipt of Jobseekers' Allowance and those in the Work Related Activity Group of the Employment and Support Allowance as part of a broader package to help them find sustainable employment.

Retraining and training at Level 2 for learners aged 24+

34. The Government will continue to support learners aged 24 and above wishing to retrain and costs will be shared with the individual and the employer. This includes qualifications delivered in the workplace for Small and Medium sized Enterprises.

24+ Advanced Learning Loans

35. Learners will be able to apply for 24+ Advanced Learning Loans from April 2013, for courses starting in the 2013/14 AY. Eligible providers will receive a 'loans facility' from the Skills Funding Agency, and funds will be paid on behalf of the learner by the Student Loans Company. £129 million is available for loans in 2013-14 FY and £398 million in 2014-15 FY. BIS, the Skills Funding Agency and the Student Loans Company have provided a wide range of information to help providers prepare, and have run a range of workshops across the country.
36. Further information can be found at: <http://www.bis.gov.uk/policies/further-education-skills/24-plus-advanced-learning-loans>
37. The Skills Funding Agency has issued indicative loans "facilities" to providers, alongside indicative allocations from the £50m bursary fund (see box below). These will be confirmed alongside Adult Skills Budget allocations.

Vulnerable learners will receive additional support as 24+ Advanced Learning Loans are introduced. Learners taking Access to HE courses who go on to complete an HE programme will have the outstanding balance of their loan for the Access to HE course written off. A £50m Bursary Fund over two years, administered directly by providers, will help those studying with a 24+ Advanced Learning Loan to meet associated learning costs. Additional help will be provided through the National Careers Service for adults who are uncertain about the benefits of learning funded through a loan.

Learner Support

38. The Government will continue to simplify learner support funds. Discretionary Learner Support offers vulnerable individuals, who are grant funded or self fund their learning, an opportunity to meet some of the costs associated with study. Professional and Career Development Loans also enable individuals to take responsibility for funding their learning in partnership with Government. Further information can be found at: <https://www.gov.uk/browse/education/find-course>

The current arrangements for funding Specialist Designated Institutions (SDIs) is confirmed for the foreseeable future, and an agreed proportion of the Adult Education Bursary will be included within the Discretionary Learners Support budget and allocated to the four residential SDIs.

Learners with Learning Difficulties and/or Disabilities

39. The cross-government Disability Strategy 'Fulfilling Potential', published in September 2012, set out the Government's commitment to support people with disabilities to gain employment, wherever possible. Training and re-training, is an important element of the support that Government provides to disabled people. We will continue to work with the FE sector and specialist organisations to identify and promote the most effective approaches to increasing employment opportunities.
40. To simplify the funding arrangements for learners with learning difficulties and/or disabilities, we are working to agree that from 2013/14 the Education Funding Agency will fund learners aged 19 up to 25 with Learning Difficulty Assessments (LDAs). The Skills Funding Agency will fund learners with learning difficulties and/or disabilities aged 19 and over excluding those with a LDA. Further details will be available in the new year

English for Speakers of Other Languages (ESOL)

41. We will continue to support ESOL in line with our wider priorities for skills. English language skills are essential for success in the labour market and for wider community engagement and support of children's education. It is important that learners have access to qualifications that are recognised by employers and others. We expect learners with ESOL needs to be able to progress to Functional Skills in English and GCSE English Language. We also expect ESOL courses to support employability, particularly for those learners referred for training by Jobcentres. We will work with Ofqual, the Skills Funding Agency, Awarding Organisations and other partners to ensure ESOL qualifications are rigorous, stretching and fully support our priorities.

Community Learning.

42. In 2012/13 AY, Community Learning Trust (CLT) pilots are working in new ways to enhance and turn around the lives of local people and maximise the impact of public funding on the social and economic well-being of individuals, families and communities.
43. In 2013/14 AY, we will require all directly funded providers of community learning to deliver a truly locally-determined learning offer that conforms to the objectives set out in 'New Challenges, New Chances' (December 2011) and piloted in 2012/13 AY by 15 CLTs. Providers will need to operate in strong local partnerships to ensure their plans and strategies are underpinned by engagement and consultation with communities, Local Authorities, LEPs and other key local stakeholders.
44. For 2013/14 AY, providers can expect to receive the same community learning allocations as in previous years. These allocations will now be regarded as a contribution in locally-owned community networks with clear strategic plans, priorities, delivery objectives and measurable learner outcomes – the ambitions of which will be achieved only by securing additional revenue over and above the public subsidy available. Lessons learned from the pilots will be shared widely to support preparation of delivery models in time for the start of the 2013/14 funding year.

Case Studies

West Sussex

- Liberate, the CLT pilot in West Sussex led by a new adult education social enterprise spun out from a Local Authority, is using its charitable status to secure private sponsorship and attract partnership funding to make the public pound stretch further.
- The new funding is being used to engage and motivate the most vulnerable and disadvantaged local groups, including isolated older people, recuperating hospital patients, learners with learning difficulties and disabilities, the long term unemployed and local shoppers in deprived postcodes. New learning channels include supermarkets, digital radio, open spaces, community cafes and football clubs. Local community learning champions are developing specialisms in order to empower local people, support self-organised learning groups and build stronger, more self-sufficient communities.

Solihull

- Solihull's CLT pilot has introduced a completely new fee strategy. It is re-investing fee income to provide more learning opportunities for people who are disadvantaged. It now offers tasters and workshops varying in length from one to 20 hours long, as well as 'loss leader' courses which attract more and different people into classes.
- Solihull has found that collecting fees from everyone, with concessions for initial engagement activity with the hardest to reach, maximises public investment and also ensures that learning is really valued by participants.

Exeter

- Exeter Community Learning Trust Pilot is a dynamic partnership supporting disadvantaged adults. Two partners, Exeter Community Voluntary Service and Devon County ACL, are helping young and vulnerable homeless women to gain the skills and confidence to prepare for a move back into mainstream society, working closely with the local Esther Community, which offers hostel and bed-sit accommodation.

Funding

The finance table shows the funding available through to 2014-15 FY.

Notes		Baseline 2012-13 £000s	Funding 2013-14 £000s	Indicative funding 2014-15 £000s
1	Adult Skills Budget	2,711,252	2,467,875	2,218,311
2	Employer Ownership	7,300	46,000	73,400
3	24+ Advanced Learning Loans	0	129,000	398,000
4	Offender Learning and Skills Service	131,800	130,400	128,900
5	Community Learning	210,747	210,747	210,747
6	European Social Fund	175,000	171,000	173,000
	TOTAL: Teaching and Learning	3,236,099	3,155,022	3,202,358
	<i>of which minimum expectation for apprenticeships</i>	<i>714,800</i>	<i>763,600</i>	<i>770,303</i>
7	Learner Support	163,730	176,800	205,507
8	National Careers Service	85,838	87,868	90,878
	TOTAL: Student /Learner Support	249,568	264,668	296,385
9	Skills Infrastructure	71,446	55,161	58,900
10	Funding to Support the FE and Skills Sector	159,007	156,706	155,004
11	Capital Grants	272,658	467,871	356,857
12	GRAND TOTAL	3,988,778	4,099,429	4,069,504

*Budgets in lines 1, 4, 5, 7, 8, 9 and 11 are granted to the Skills Funding Agency for delivery by BIS
Budget line 6 is granted to the Skills Funding Agency by DWP*

Notes to support the finance table on the facing page

1	The single Adult Skills Budget supports over 3 million students. The funding delivers entitlements and includes an amount to be transferred to the Education Funding Agency for 19-25 Learners with Learning Difficulties Assessments. Within this funding, the sector should focus at least £100m on workplace learning in Small and Medium Enterprises.
2	The Employer Ownership Pilot is a competitive fund of £340m available over 4 years. It is open to employers to invest in their current and future workforce. Employers can develop proposals to create jobs, raise skills, and drive enterprise and economic growth in England, and look for co-investment from Government to meet the costs.
3	24+ Advanced Learner Loans will be available for learners aged 24 and over studying at Level 3 and above from the 2013/14 academic year.
4	This provides vocational and employability skills programmes for offenders in custody, and includes £14m to meet the costs of delivering the National Careers Service in custody. We will continue to fund education for adult prisoners in England through the OLASS arrangements, with careers advice provided by the National Careers Service. We are working with the Ministry of Justice and others to improve the effectiveness of the expenditure.
5	More than 680,000 adults currently access a national programme of occupational courses enabled through local colleges, Local Authorities, the voluntary sector and a range of other training organisations.
6	The European Social Fund (ESF) is designed to improve the skills of the workforce and to help people who have difficulties finding work. The Skills Funding Agency uses ESF to provide additional investment to support and enhance its mainstream activity, to enable disadvantaged people to access and benefit from employment and skills opportunities.
	Funding relates to Apprenticeships delivered through the Adult Skills Budget, Employer Ownership and 24+ Advanced Learner Loans
7	In support of the simplification agenda, there continues to be no ring-fencing for the individual elements of this budget, giving providers the discretion to distribute the available funding to best meet the needs of their learners. In 2013/14 additional support is being offered for disadvantaged learners taking out a 24+ Advanced Learner Loan through a Bursary Fund. For the 2013/14 AY we will continue to provide Dance and Drama Awards.
8	This funds the National Careers Service which offers independent, impartial information and advice on learning and work and access to a wide range of information about careers and the job market.
9	This funding includes the Apprenticeship vacancy system and the promotion and development of the Apprenticeship Programme, including Higher Apprenticeships.
10	This includes funding for a range of programmes not routed through the Skills Funding Agency including the UK Commission for Employment and Skills.
11	This investment will provide funding to improve the college estate, particularly colleges with poor building conditions and inefficient estates.

Learner numbers

45. Based on past experience, we forecast that the funding available could support the following learners through to 2014/15 AY.

Indicative Adult (19+) learner numbers				
Year	2011/12	2012/13	2013/14	2014/15
Total Learners, of which:	3,211,000	3,126,000	3,060,000	3,130,000
19+ Apprenticeships	657,000	673,000	674,000	681,000

46. To date, the Skills Funding Agency has used ESF to fund around 1.3m learners in adult learning provision⁴.

⁴ excludes young people 14-18 on behalf of the Education Funding Agency, and Next Step/National Careers Service advice and guidance sessions

New Approaches

Apprenticeships

47. The Richard Review has recommended far-reaching changes to Apprenticeships. The Government will respond formally to the Review in the Spring and consult on the way forward.
48. Given these proposals for major change in the longer term, it has been decided not to proceed in 2013/14 AY with applying the simplified approach to setting Apprenticeships rates to existing frameworks that is being adopted for wider FE qualifications. This approach will, however, be applied for new Apprenticeship frameworks where these are developed. This will ensure that all new funding rates will in future link more transparently to the cost of the component qualifications, with account taken of the additional activities involved in Apprenticeship delivery. All other simplification changes to the system will continue to be made.
49. The Government is committed to supporting Apprenticeship growth where it can deliver the greatest returns. As part of the Government's industrial strategy, we will continue to examine how Apprenticeship funding rates can best support growth within priority sectors – such as engineering and manufacturing, construction and ICT – and will come forward with further details in the coming months.
50. The Apprenticeship Grant for Employers has been extended and will continue in its current form for at least a further 12 months, until March 2014. The scheme provides grant payments of £1,500 per apprentice to support smaller employers (up to 1,000 employees) taking on a new young apprentice aged 16-24 years old. To be eligible, the employer must not have taken on an apprentice in the previous 12 months. Employers can claim support for up to 10 apprentices.
51. In 2012/13AY, steps were taken to raise the bar on Apprenticeship standards, making it a requirement that all apprentices be supported to study towards English and maths to Level 2. This requirement on colleges and providers will remain in 2013/14AY, and further ways to raise levels of achievement in this area will continue to be explored.
52. The Government is committed to doing more to support fair access to Apprenticeships for learners with learning difficulties and disabilities, and, following Peter Little's report 'Creating an Inclusive Apprenticeship Offer' (May 2012)⁵ and the subsequent National Apprenticeships Service Action Plan, will continue to consider how their participation can be supported and obstacles overcome.

Large Employer Programme

53. In 2012/13 AY, a package of new measures was implemented to make it easier for large employers who directly contract with the Skills Funding Agency to take on apprentices. The Large Employer Outcome Pilot will continue in 2013/14 AY.

⁵ <http://www.apprenticeships.org.uk/News-Media/Latest-News/Article140.aspx>

Employer Ownership Pilot

54. Successful bids from Round 1 were announced in the summer, and Round 2 of the pilot was launched in November inviting innovative bids from employers of all sizes, and highlighting the importance of Apprenticeships in Industrial Strategy sectors. The Autumn Statement announced that the pilot will make up to £340m available through to 2015/16 AY.

Traineeships

The Government is exploring the development of a new pre-employment training offer for motivated young people seeking a route into Apprenticeships and other work or learning. Our vision for Traineeships is a model with a core content of work preparation, English and maths for those without a good GCSE pass, and a substantial work placement. Other elements, such as vocational training, could be added by providers and employers to suit local labour market needs. We expect to publish further information on our proposals shortly which will be followed by a dialogue with providers, employers and young people.

Innovation Code

55. The Innovation Code continues to offer providers greater opportunity to respond flexibly to the needs of local learners, communities and employers. It was re-launched in November 2012 with a renewed focus on supporting the unemployed to find work and improving engagement with local partners.

PBTS Ltd provides specialist training for the Healthcare Science Sector. It has been using the Innovation Code to address a gap for a new role within the Band 4 Agenda for Change of the Department for Health framework – Healthcare Science Associate Practitioner. Because the role is new, progression from Band 3 to 4 within employment can lack occupational competence in some cases. Employers are delighted that the Innovation Code can be used to enable their staff to develop their competencies at Level 4. There are over 60 NHS trusts that have shown interest in the proposed qualification.

The course is aimed at learners who have achieved NVQ level 2 and 3, as well as unemployed graduates on Job Seekers Allowance who lack vocational competence and experience.

To date 10 learners have completed the programme, with an additional 20 due to start in early in 2012 and a further 100 on the waiting list. Several learners from the first cohort were unemployed and, after completing the course, they all either moved into jobs in the healthcare sector or have continued their studies.

PBTS is working with the Hammersmith Group of Hospitals. The Association of Biomedical Healthcare Sciences and the Academy for Healthcare Science are also involved.

City Deals and Community Budget

56. In 'Unlocking Growth in Cities' (December 2011) the Government challenged eight Core Cities to agree tailored 'City Deals', in recognition of the important role that cities play alongside LEPs in driving economic development. BIS encouraged joint working with employers to raise demand for, and investment in, skills in their areas. enabling them to work with colleges and FE providers to create skills plans, against which providers could respond.
57. Details of the first wave of City Deals were announced in July 2012, setting out the innovative approaches they have negotiated to enable them better to meet their local skills needs. We are continuing to work with the Core Cities to ensure effective implementation.
58. The second wave of the City Deals was announced in October 2012. This provided the opportunity for a further 20 cities to bid for new powers to boost local growth. The aim is to complete the next wave of City Deals by November 2013.
59. We are also working with the Whole-Place Community Budget pilots in Greater Manchester, West Cheshire and Chester, Essex and Tri-borough (three LAs in London). Each pilot has developed proposals for improving responsiveness of the employment and skills systems to the needs of local employers and learners.
60. In order to make the education and skills system more effective and responsive to the needs of employers, the Government will make available the same information on FE course outcomes that is available for University courses through the Key Information Sets. Providing clear information to students on the potential returns to their investment in education and training will help them to exercise informed choice and exert upward pressure on the quality and labour market relevance of FE courses.

The Further Education funding system

61. The Skills Funding Agency will implement a new streamlined funding system for adult skills in 2013/14 AY. This represents a significant change in the way Government is working with the FE sector to simplify the FE system. All aspects of the current system – funding rates, funding formula and earnings methodology – have been reviewed by the Skills Funding Agency with challenge and input from an externally chaired Advisory Group including sector bodies and representatives from colleges and FE providers. The sector is currently testing and trialling the new approach through a period of parallel running of the current and proposed new funding systems.
62. The result will be a clear and transparent way of funding adult learning with minimal bureaucracy. Importantly, the benefits of simplifying the funding system will be realised by the whole sector – providers, learners and employers alike. The Skills Funding Agency will publish the full final description of the new funding system in January 2013.
63. At the same time, and significantly earlier than before, the new funding rules and rates for 2013/14 AY will also be published. Early notice of the funding rates will help providers to prepare their offer for 2013/14 AY, including that delivered in the future through 24+ Advanced Learning Loans.
64. Freeing the FE system from central control is crucial to the Government's wider reform agenda which recognises the maturity of the sector to run its own business and places the emphasis on learners, employers and communities. This is about whole system reform; it is not about tinkering at the edges. The future relationship between the sector and Government will be built on freedom not control.
65. Government agreed with the National Audit Office (NAO) and the Public Account Committee's (PAC) recommendations to reduce bureaucracy further in the FE sector. The BIS response to the PAC (July 2012) included a single Cross Government Simplification Plan which emphasises the benefits of a coherent approach to policy development and implementation between BIS, the Department for Education and their Agencies. It covers over 40 strands of activity and all the main Departments and Agencies that impose burdens on the FE and skills sector. Members of the FE Reform and Performance Board are convinced that the Cross-Government Simplification Plan will improve the effectiveness of the FE and skills sector by releasing time and money to front-line delivery, providing more people with the skills needed for growth. The plan can be found here:

<http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/F/further-education-and-skills-simplification-plan>

66. Removing unnecessary bureaucracy is just one stream of activity to free the FE sector to meet local needs. Other priorities have been to:
- introduce a single Adult Skills budget;
 - remove central targets and introduce the Innovation Code;
 - close, merge or shrink over 20 (intermediary) public bodies;
 - legislate so that FE colleges are able to effectively shape and manage their own organisation and business;
 - streamline systems and processes through a Whole College and Provider View; and
 - improve policy making.
67. By closing down, merging or shrinking public bodies, involving over 20 organisations, 11⁶ have been closed; some have been moved out to the public sector, such as Ufl learndirect which is now a private provider; and the remaining bodies, such as the Skills Funding Agency, have been shrunk. By 2015, the UKCES's budget will be £1.5m lower than in 2011/12 AY; and refocusing the work of Sector Skills Councils will save £35.6m by 2015. Further progress is being made through implementation of the recommendations from the Lingfield Review 'Professionalism in Further Education' (October 2012)⁷ and the development of an FE guild to provide a single focal point for professionalism.
68. The Government is working closely with the sector to ensure that the simplification plans are having maximum impact. The Skills Funding Agency has worked closely with the Education Funding Agency and a small group of providers on the "Whole Provider View" project, which identifies bureaucratic and redundant processes and activities, and is now delivering an action plan to streamline or eliminate them.
69. Alongside this activity, steps are being taken to ensure that bureaucracy does not creep back in as policies develop and change. A simple tool has been developed to support policy makers to think through the key impacts of their policy for providers, learners, employers and their community early in development process.
70. Through the Employer Ownership Pilot, funding has been brought together for 16-18 year old and adult learners, alongside Growth and Innovation funding, enabling employers to bring forward proposals which may include employer networks, skills frameworks and training delivery mechanisms.
71. This Statement includes new proposals such as Traineeships and the second round of the Employer Ownership Pilot, which will be launched in 2013-14 FY. We will monitor, review and evaluate the implementation of these to ensure that they deliver value for money.

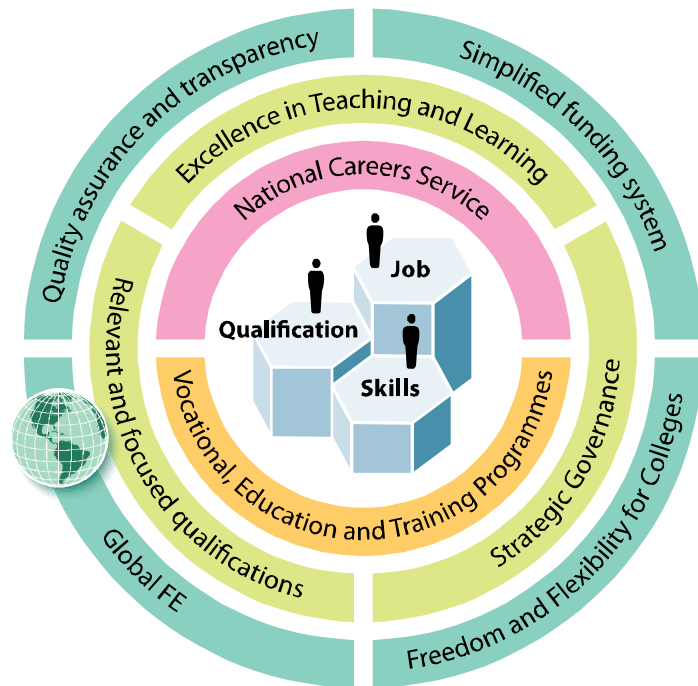
⁶ RDAs, BECTA and QCDA

⁷ <http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/p/12-1198-professionalism-in-further-education-final.pdf>

Guided by the government-wide Compact with the third sector, BIS has taken steps to involve the sector more closely in learning and skills policy development through regular dialogue with representative bodies. BIS has also funded research on the scale and scope of third sector engagement in this area, resulting in the development of a Strategic Framework for the third sector to take forward itself the outcomes and recommendations from the research programme. This work will be facilitated by NIACE and third sector partners overseen by a new third sector-led steering group. In addition, the Skills Funding Agency has agreed to review its market entry arrangements with third sector providers, whether in a "prime" or sub-contractor capacity, to ensure that the sector's unique contribution to working with hard-to-reach and disadvantaged groups is maximised.

72. The Skills Funding Agency, working closely with the Education Funding Agency, is undertaking a programme of work to review the burdens it places on colleges and training organisations in respect of Funding, and Financial Performance Reporting and Assurance.
73. Last year, the Government set out how it will intervene quickly and robustly where student and employer needs are not being met and the Skills Funding Agency is now working with the sector to develop new Minimum Standards. In line with the published Intervention Strategy, the Skills Funding Agency will secure alternative solutions where quality is poor and improvements are not made, in order to protect the interests of students, employers and local communities.

DATA ANNEX



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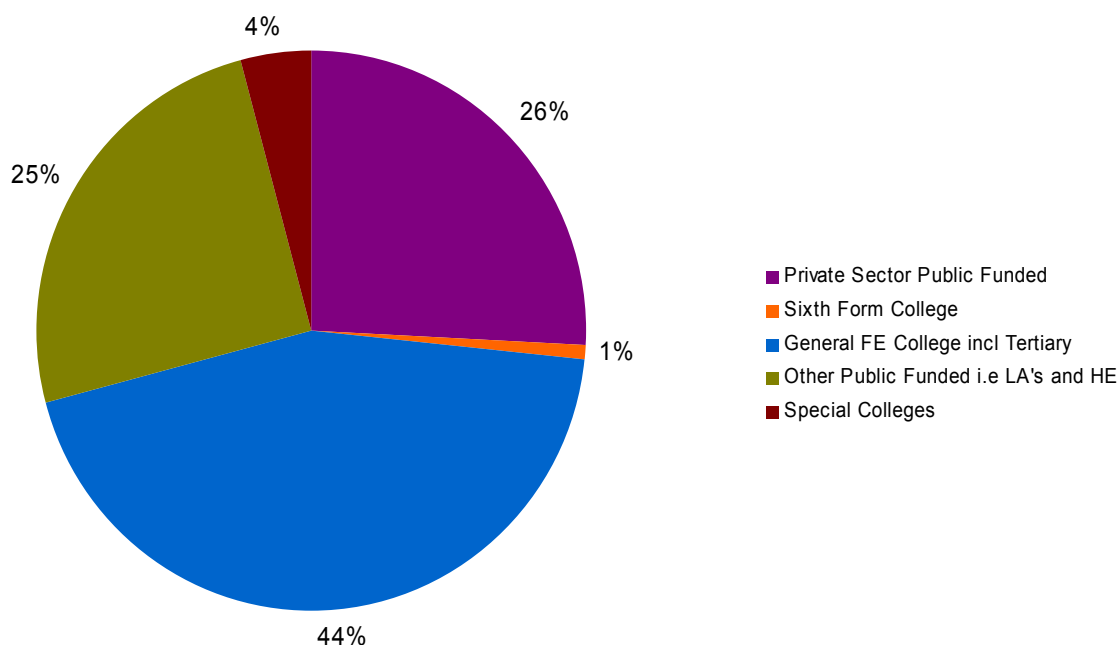
Summary

This section provides summary information on the number of learners aged 19 and over funded by the Department for Business, Innovation and Skills, in line with the strategy set out in 'New Challenges, New Chances' (NCNC), (December 2011), and the amount of funding that has been spent during 2010/11 and 2011/12 ^{8, 9}.

Adult (19+)

In 2011/12, there were 3,139,200 government-funded learners aged 19+ participating in Vocational and Educational Training (VET) programmes. 44 per cent of these carried out learning in a GFEC (General FE College).

Figure 1 Adult (19+) Learners by Provider Type, 2011/12 (provisional)



⁸Learner data based on 2011/12 is provisional because providers may not have reported all their information relating to this period. It is not possible to determine how incomplete this data is, therefore caution must be taken when comparing against earlier academic years.

⁹ Data based on aims reports all recorded FE aims on the ILR (Individualised Learning Record).

Figure 2a Adult (19+)¹⁰ Learners by Vocational and Educational Training Programmes, 2010/11 and 2011/12 (provisional)

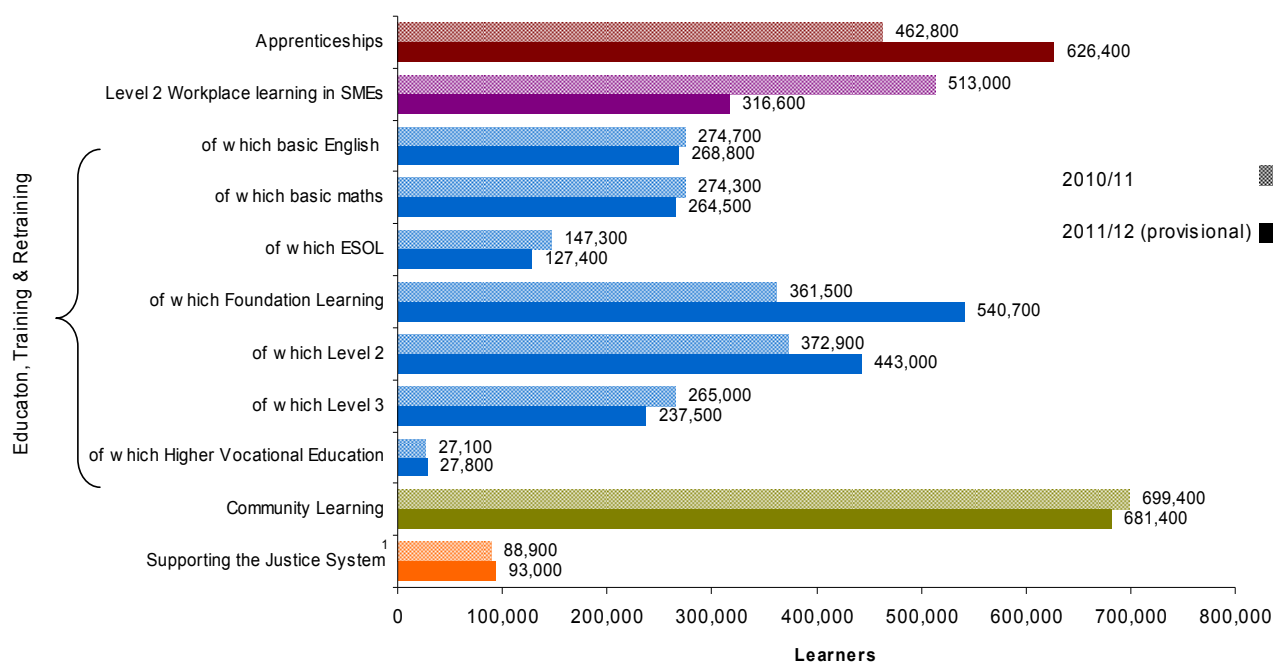
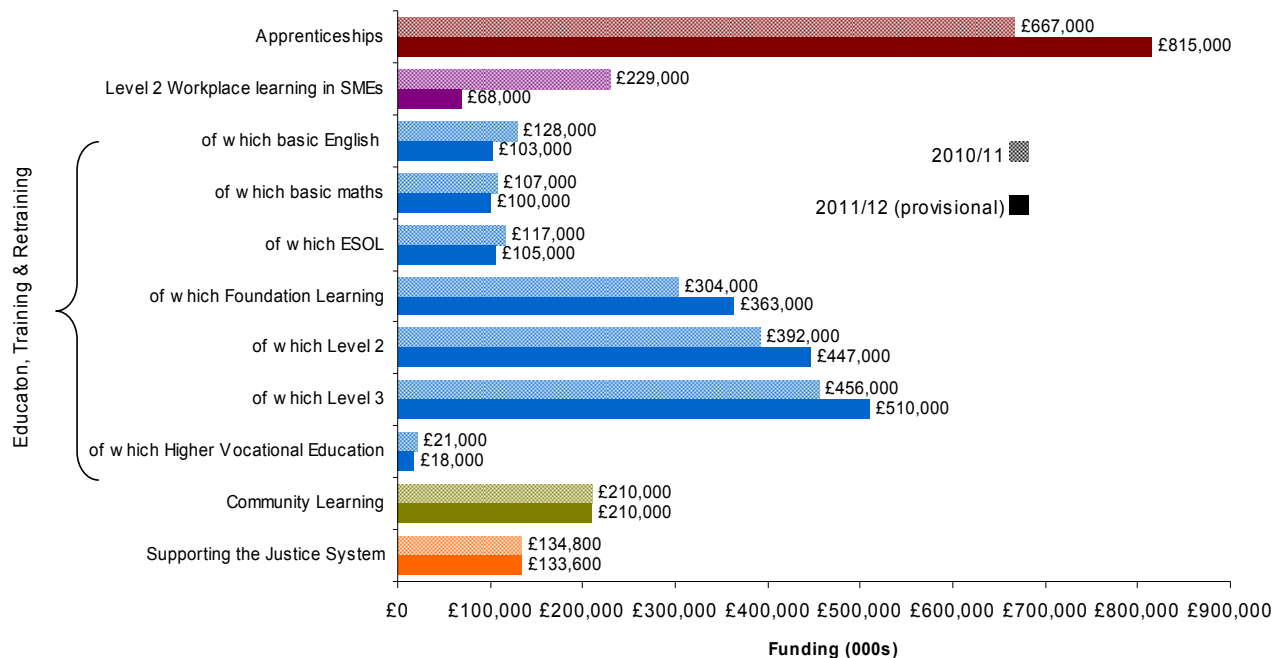


Figure 2b Adult (19+) Funding by Vocational and Educational Training Programmes, 2010/11 and 2011/12 (provisional)

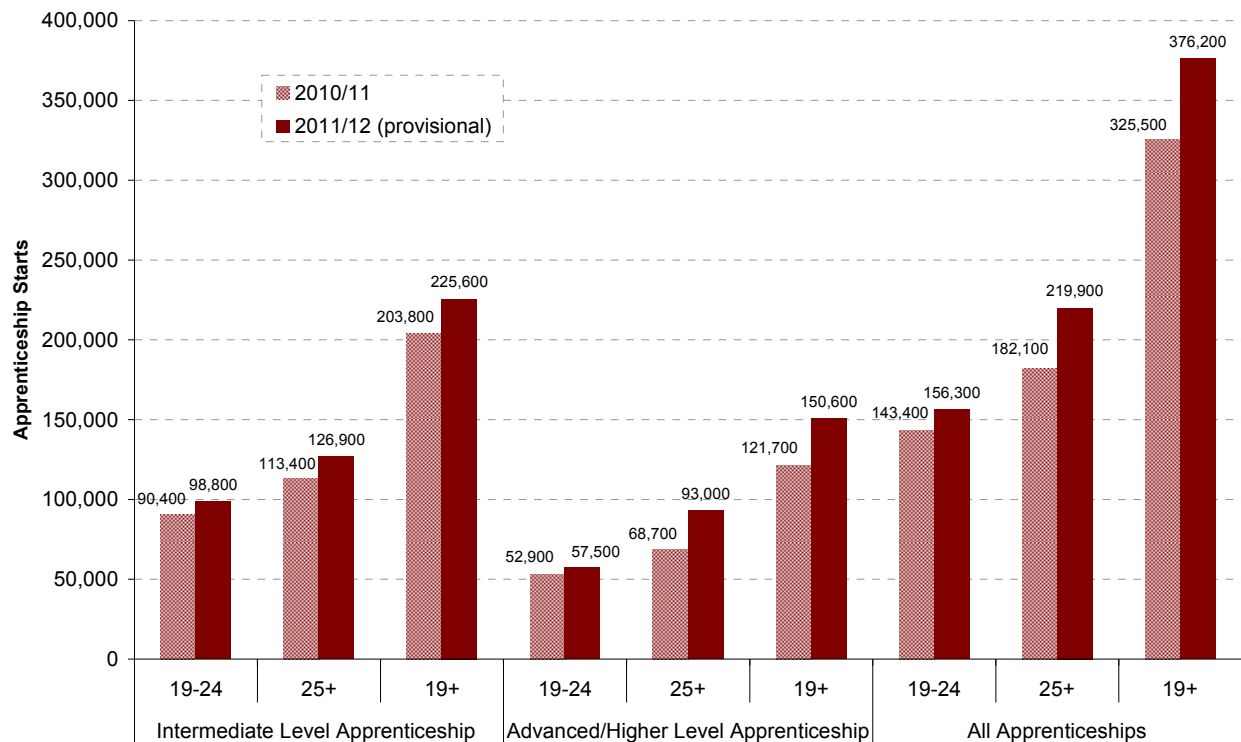


There was an increase in the number of Apprenticeship starts aged 19 and over, up from 457,200 in 2010/11 to 502,500 in 2011/12 (provisional). Of these there were:

- 225,600 Intermediate Level Apprenticeship starts, compared to 203,800 in 2010/11;
- 147,300 Advanced Level Apprenticeship starts, compared to 119,700 in 2010/11;
- 3,200 Higher Apprenticeship starts, compared to 2,000 in 2010/11.

¹⁰ includes offenders aged 18 or over in the 'Supporting the Justice System' category

Figure 3 Adult (19+) Apprenticeship Starts, by Age and Level, 2010/11 and 2011/12 (provisional)



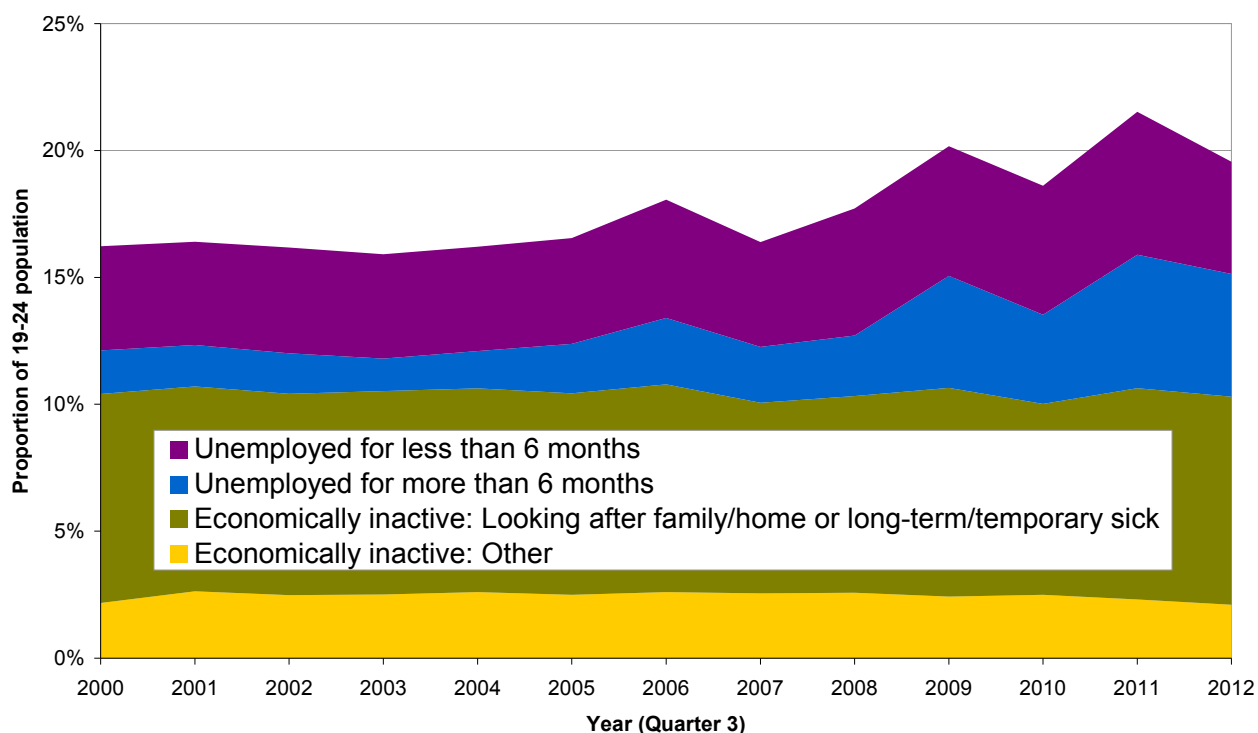
Adult (19-24)

Almost 20 per cent of 19-24 year olds are Not in Education, Employment or Training (NEET). The Government recognises that there are still too many young people who are NEET. Those who struggle with the transition from education to work and spend six months or more as NEET are more likely to experience poverty and the effects of disadvantage well into adulthood. Participation in education and training makes a lasting difference to individuals, and is pivotal to the Government's ambitions to stimulate economic growth and improve social mobility.

Around 50 per cent of the 19-24 year olds NEET are unemployed whilst the other 50 per cent are economically inactive¹¹, including those with caring responsibilities or who are sick. The recent rise in 19-24 year olds NEET has been driven by those who are unemployed, specifically those who have been unemployed for more than six months.

¹¹ Economically inactive people are not in work and do not meet the internationally agreed definition of unemployment. They are people without a job who have not actively sought work in the last four weeks and/or are not available to start work in the next two weeks.

Figure 4 19-24 Year Olds NEET as a Proportion of the 18-24 Population, Q4 2000 to Q3 2012



In 2011/12, there were 657,200 government-funded learners aged 19-24 participating in VET programmes.

Figure 5a Adult (19-24) Learners by Vocational and Educational Training Programmes, 2010/11 and 2011/12 (provisional)

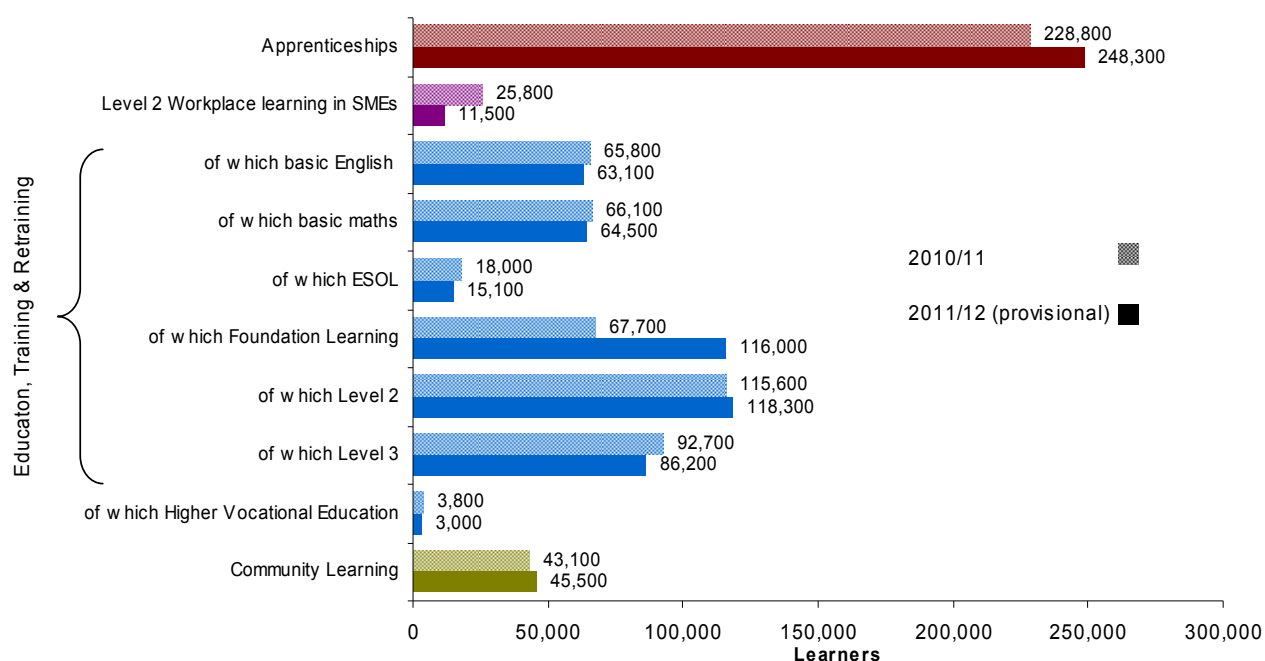
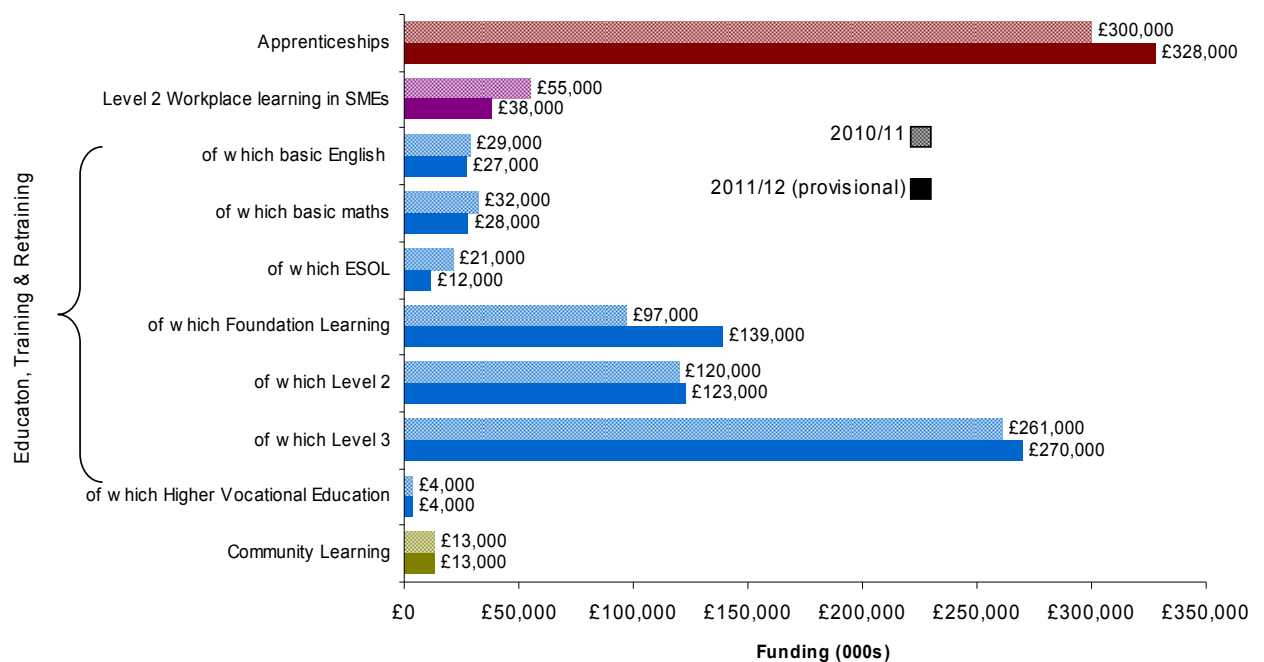


Figure 5b Adult (19-24) Funding by Vocational and Educational Training Programmes, 2010/11, 2011/12 (provisional)



English and maths

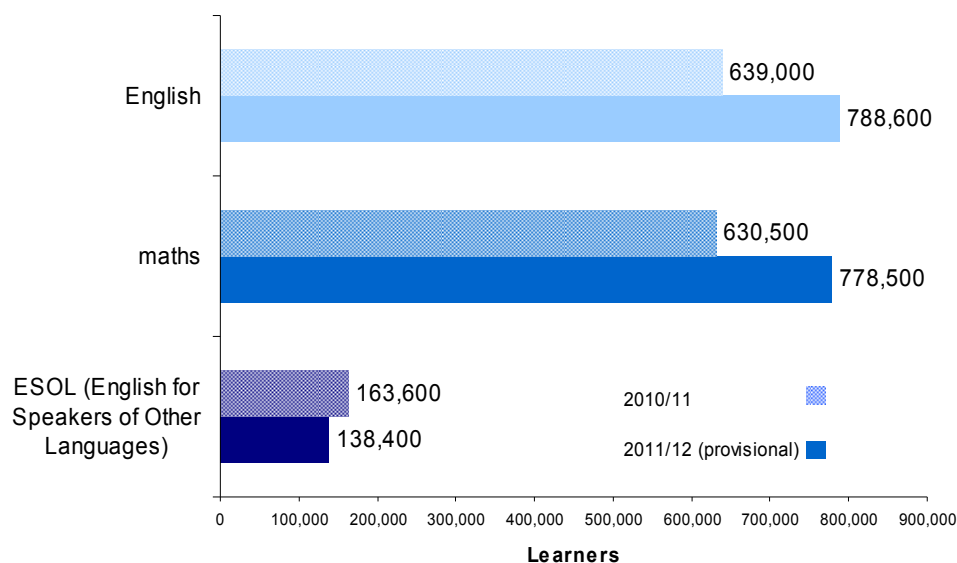
English and maths skills are essential in enabling people to function in society and progress in learning and employment. The tables in this sub-section provide information on English and maths skills and English for Speakers of Other Languages (ESOL) provision carried out across all VET programmes, not just the Education, Training and Retraining programmes as shown in previous charts.

Many learners participate in more than one English and maths course. The number of modelled enrolments in basic skills/ESOL in 2011/12 was 1,088,000 with an estimated £480 million being spent on this provision.

Table 1 Adult (19+) English and maths Provision – Covering Discrete Provision, Apprenticeship Functional Skills, and Activity Embedded in Community Learning and Foundation Learning - Modelled Enrolments and Funding, 2011/12 (provisional)

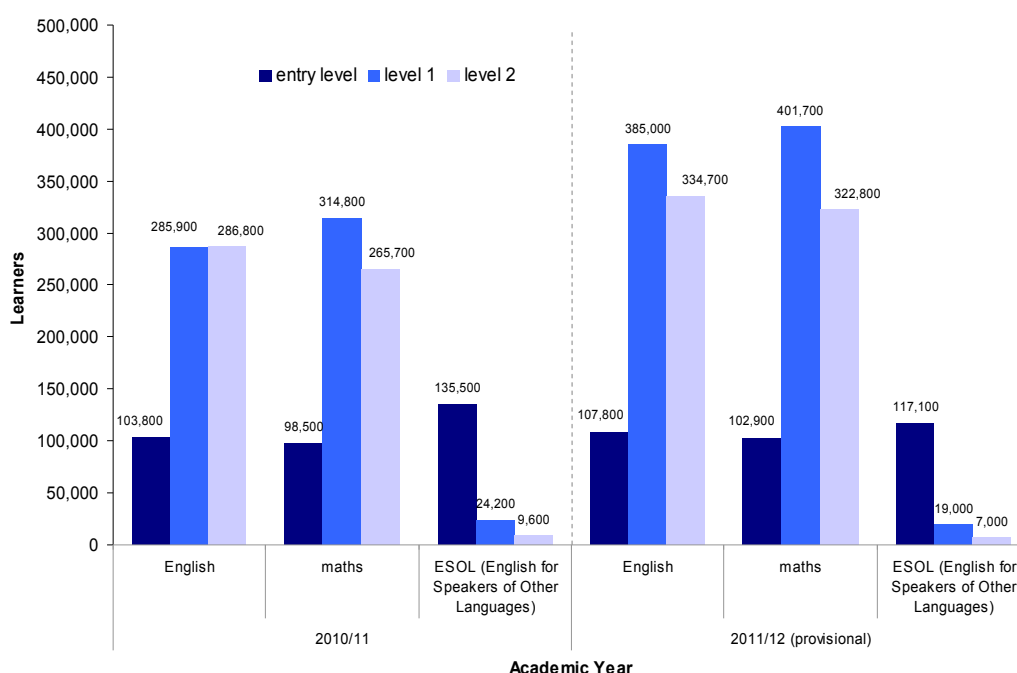
	Aims Funded	Funding (£m)
English	777,000	£190
Maths	779,000	£180
ESOL	138,000	£110
TOTAL	1,088,000	£480

Figure 6a Adult (19+) English and maths Participation by Subject, 2010/11 and 2011/12 (provisional)



In line with our policy to maintain full funding for English and maths for all adults who need it, and extending this to include GCSEs, there has been an increase in English and maths participation in 2011/12 (provisional) compared to 2010/11. Learner participation was around 780,000 in both subjects, up from around 640,000 in 2010/11. ESOL participation has dropped slightly from nearly 164,000 to just over 138,000. In 2011/12, ESOL provision has been refocused to those living in settled communities or where skills gaps have been identified as a barrier to employment.

Figure 6b Adult (19+) English and maths Participation by Subject and Level, 2010/11 and 2011/12 (provisional)



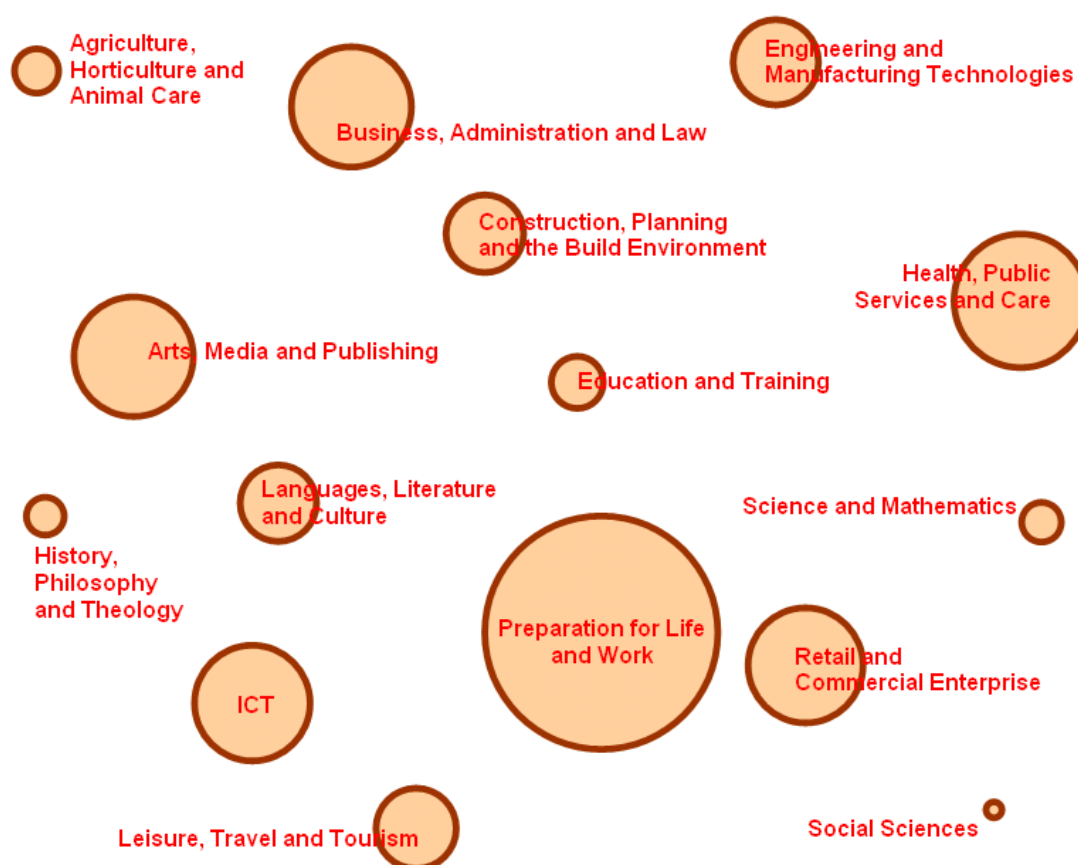
Sectors

VET programmes cover a wide range of subject areas. This section looks at the Sector Subject Areas learners study on their VET programmes. Sector Subject Areas are classifications of business areas as determined by the Qualification and Curriculum Authority (QCA). Figures 7a and d give breakdowns by Sector Subject Area, Tier 1 (15 Sector Subject Areas). Figure 7b gives the top 5 Tier 2 Sector Subject Areas (a more detailed classification).

In 2011/12, the most popular Sector Subject Area for adult (19+) learners was “Preparation for Life and Work”, with 1,635,100 aims. Other popular areas were “Health, Public Services and Care” (542,400 aims); “Business, Administration and Law” (438,200 aims); “Arts, Media and Publishing” (434,200 aims); “Information and Communication Technology” (405,800 aims) and “Retail and Commercial Enterprise” (398,400 aims).

The top Frameworks studied through Apprenticeships in 2011/12 were “Health and Social Care” (62,600 starts); “Customer Service” (46,700 starts) and “Management” (42,900 starts).

Figure 7a Adult (19+) Enrolments (aims) by Sector Subject Area (Tier 1), 2011/12 (provisional)



* Size of bubble represents the number of aims

Figure 7b Adult (19+) Top Sector Subject Areas (Tier 2), Enrolments (aims), 2010/11 and 2011/12 (provisional)

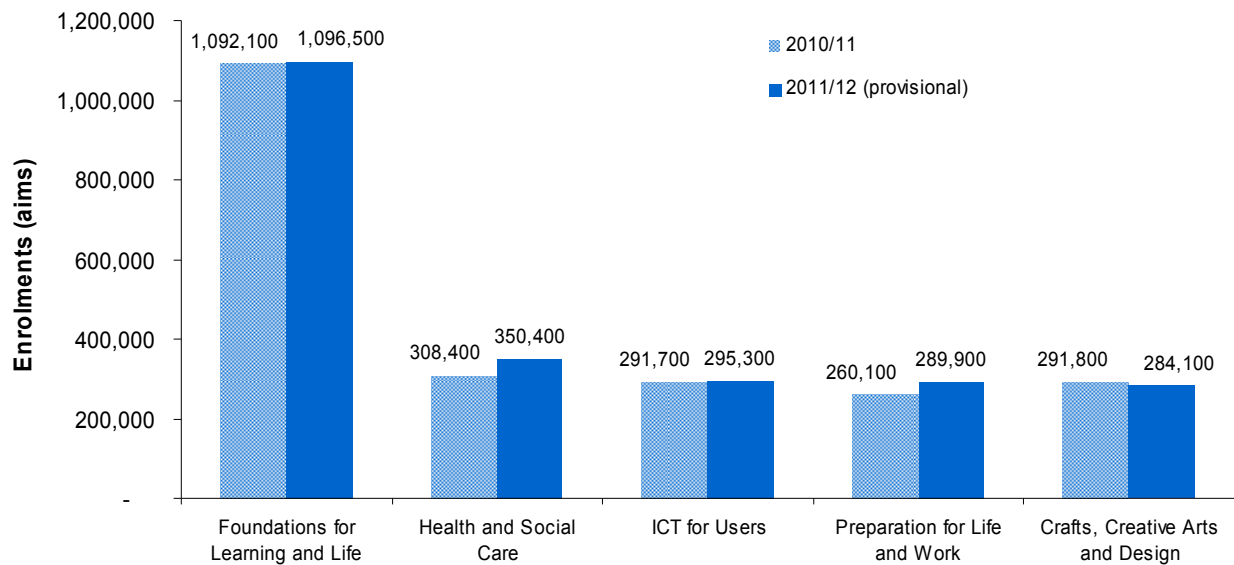


Figure 7c Adult (19+) Top Frameworks, Apprenticeship Starts, 2010/11 and 2011/12 (provisional)

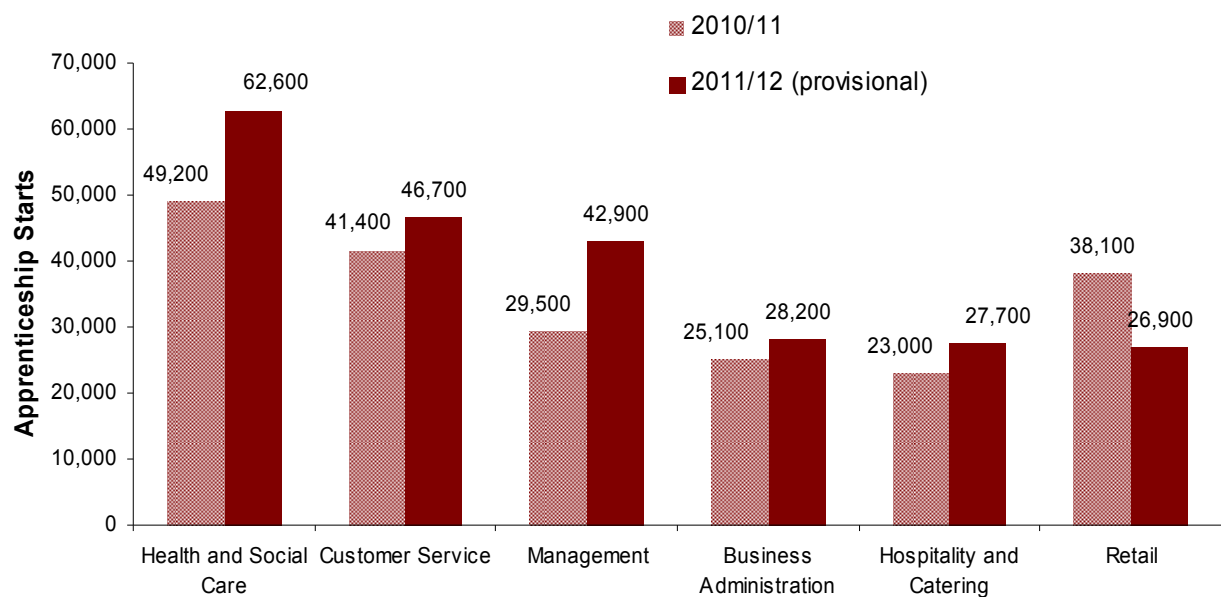
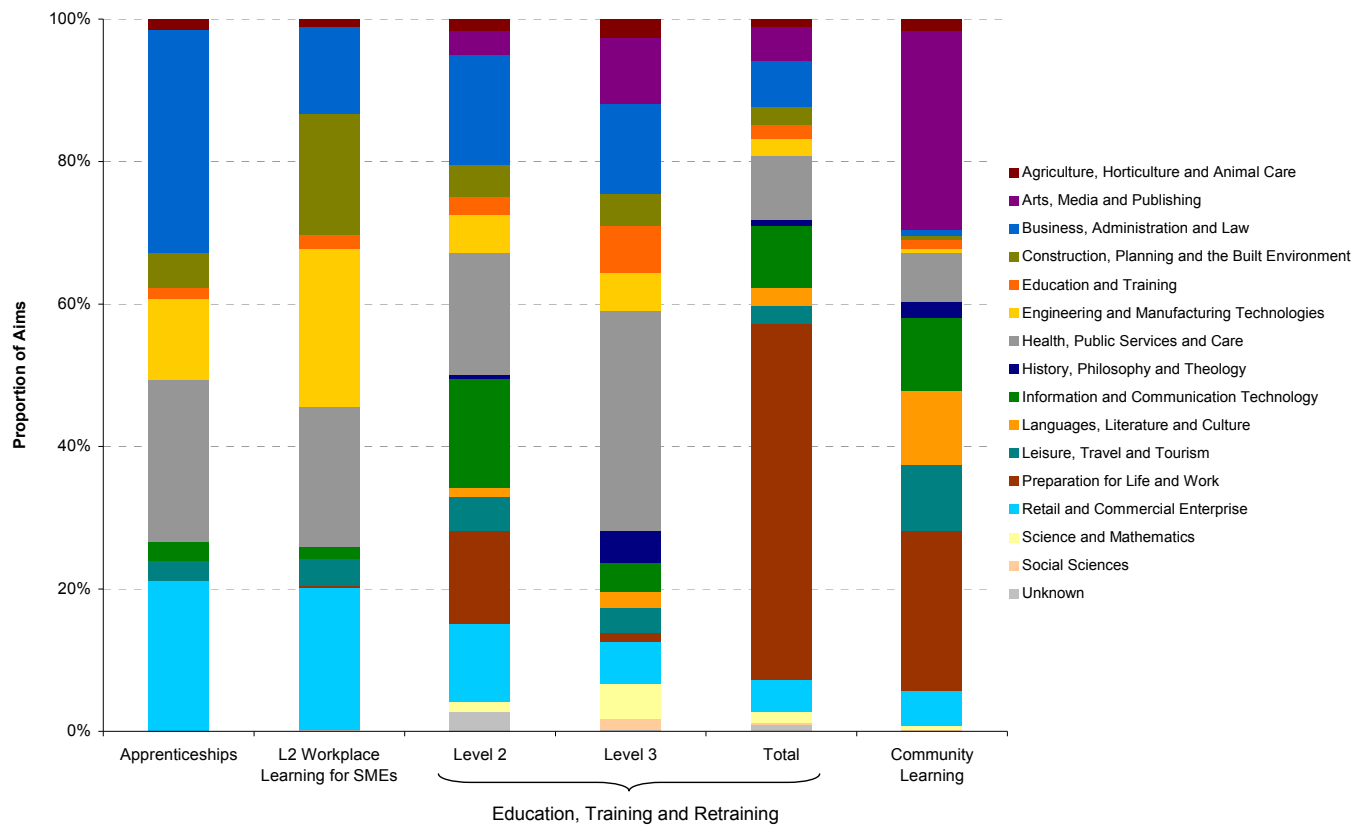


Figure 7d Adult (19+) Enrolments (aims) by Sector Subject Area (Tier 1) and Vocational and Educational Training Programmes, 2011/12 (provisional)



Equality & Diversity

The Government believes that a commitment to equality and diversity is critical to ensuring that we are able to deliver on BIS priorities, as well as the Government's wider goals. Tackling inequality at an early age through education is vital to achieving a fairer and more equal society. As well as helping young people fresh out of the compulsory education system continue into Further Education, BIS funds learners across all ages and social economic backgrounds to achieve their full potential and become more qualified.

Around 20 per cent of learners participating in VET programmes in 2011/12 were in a Black, Asian or Minority Ethnic (BAME) group. This compares to 13 per cent of the total 19-64 year old English population that are BAME.

Figure 8a Adult (19+) Equality and Diversity by Vocational and Educational Training Programmes, 2011/12 (provisional)

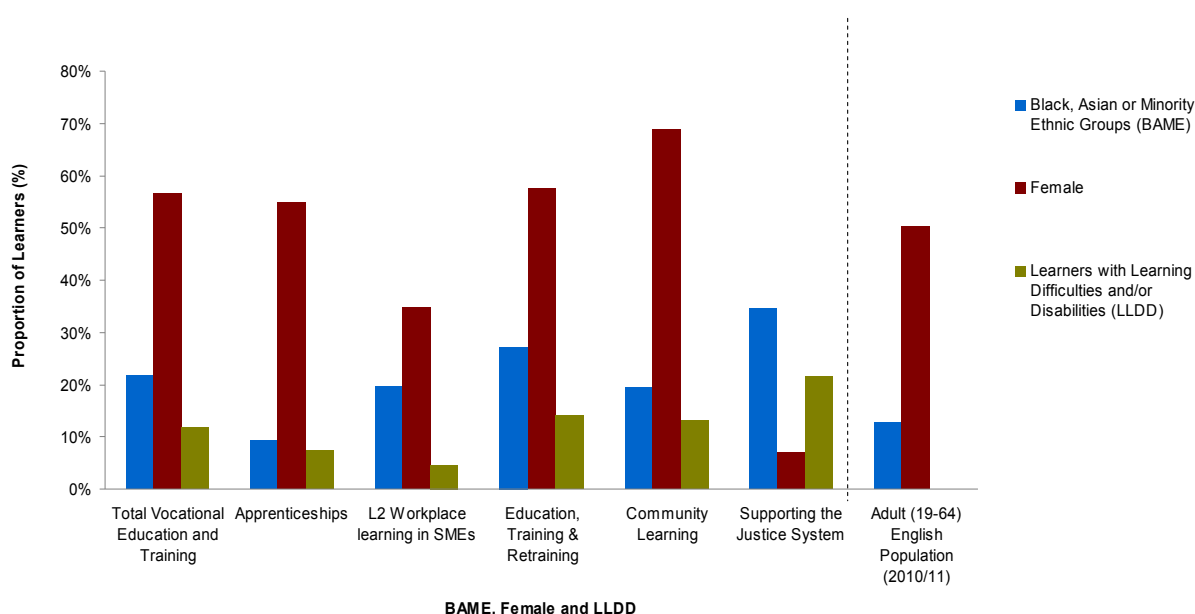


Figure 8b Adult (19+) Vocational and Educational Training by Gender and Age, 2011/12 (provisional)

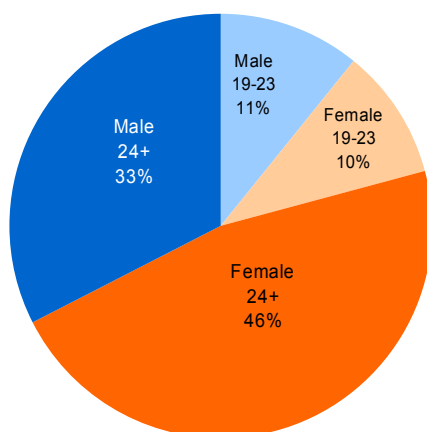
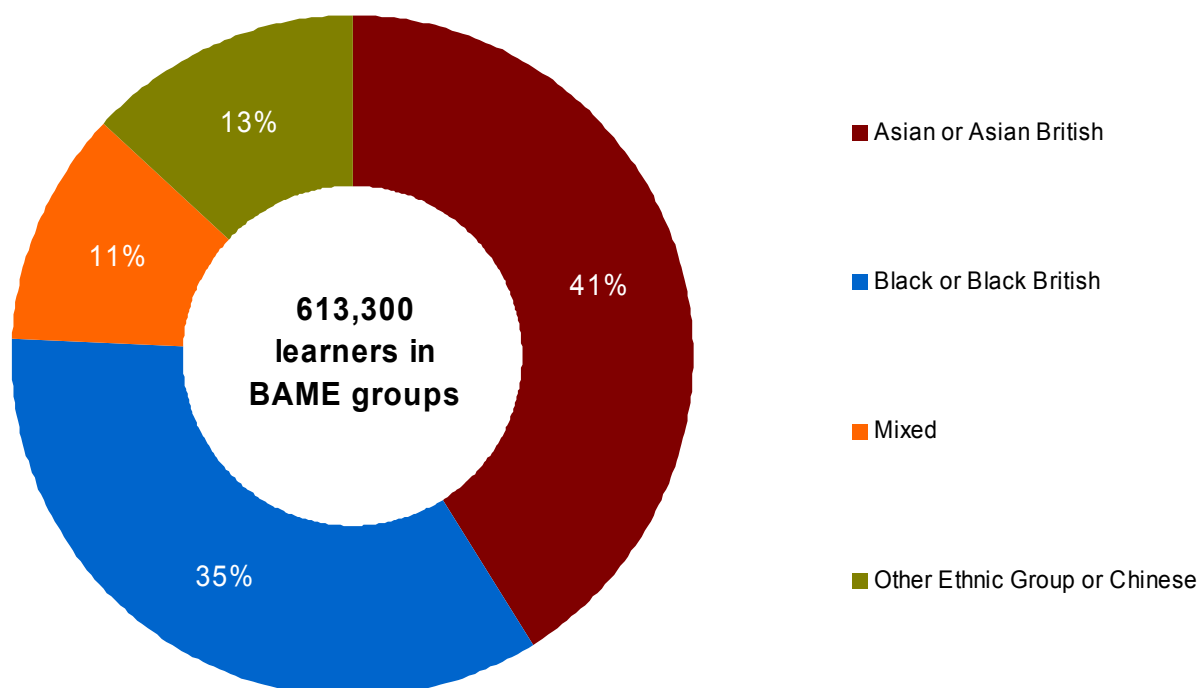


Figure 8c Adult (19+) Total Vocational and Educational Training by BAME group, 2011/12 (provisional)



Further Education and Benefit Claims

Lack of qualifications and skills is one of the main barriers to employment. In 2011, the employment rate of those qualified at below Level 2 (including no qualifications) was 58.1 per cent. This is below the average rate for all people aged 19-59/64 in England (75.1 per cent). It also compares unfavourably to those qualified at Level 2 (76.4 per cent); those qualified at Level 3 (75.8 per cent) and those qualified at Level 4 and above (83.5 per cent).

Matched BIS learner and DWP benefit data show that in 2010/11, (the most recent year for which data is available) 470,100 learners participated in VET programmes whilst on benefits. 62 per cent of these were receiving Jobseeker's Allowance or Employment and Support Allowance (JSA/ESA WRAG).

Figure 9a Adult (19+) Learners on Benefits, by Benefit Type, 2010/11

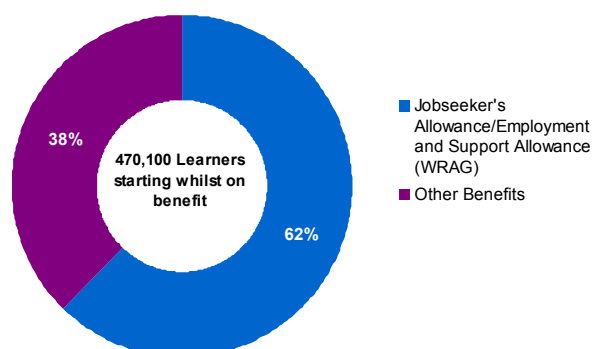
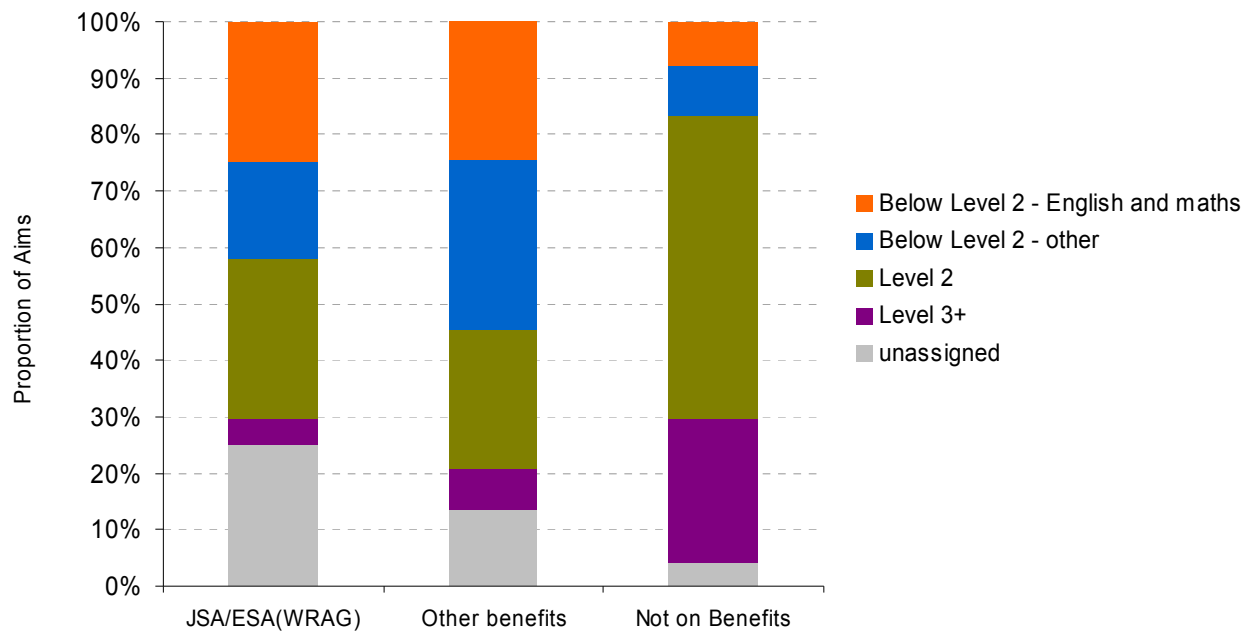


Figure 9b Adult (19+) Aims on Benefits, by Benefit Type and Level, 2010/11

Progression and Outcomes

Highest Level of Qualification in the Population

Having a skilled population is vital to maintaining the international competitiveness of our economy and creating high quality jobs. Improving our skills does not just improve our economy; it also has the potential to make the UK a fairer place by creating more social mobility and enabling people to play their part in society.

The qualification levels of the working age population have increased gradually over the past few years. In 2011 it was estimated that 78.9 per cent were qualified to Level 2 and above; 59.5 per cent were qualified to Level 3 and above; and 37.9 were qualified to Level 4 and above.

Figure 10 Highest Level of Qualification Held by Adults of Working Age, 2006 to 2011

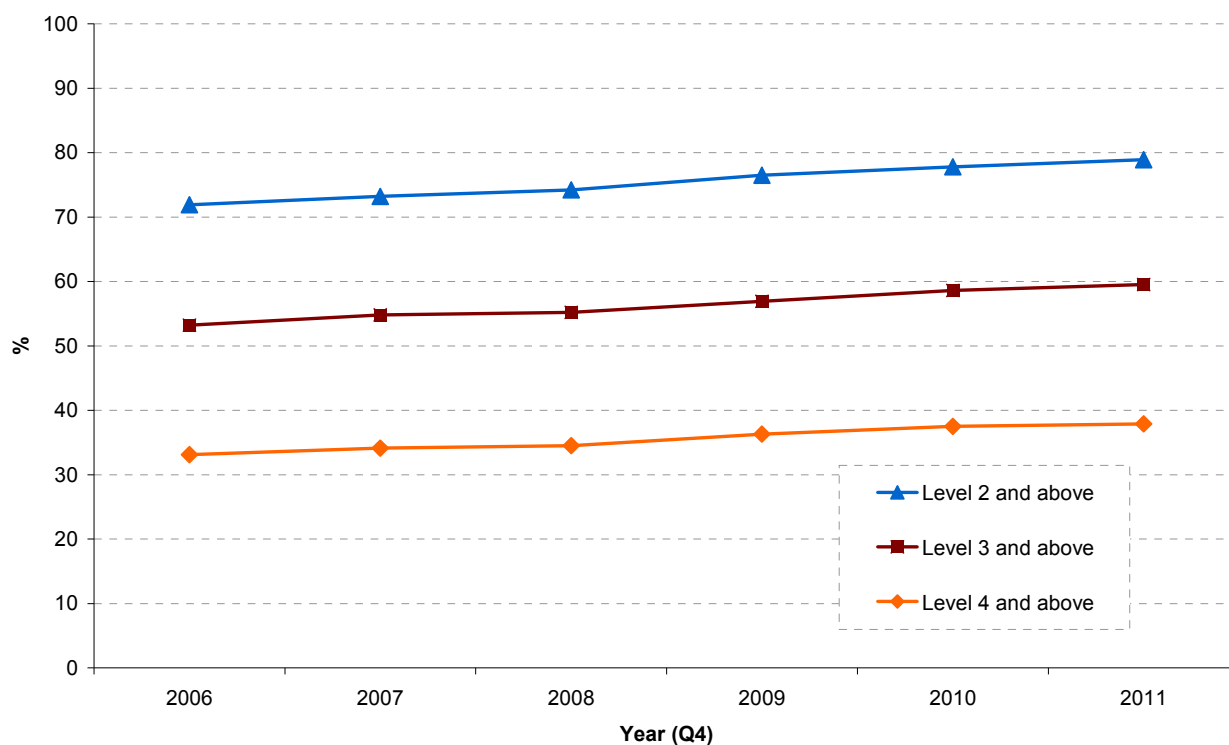
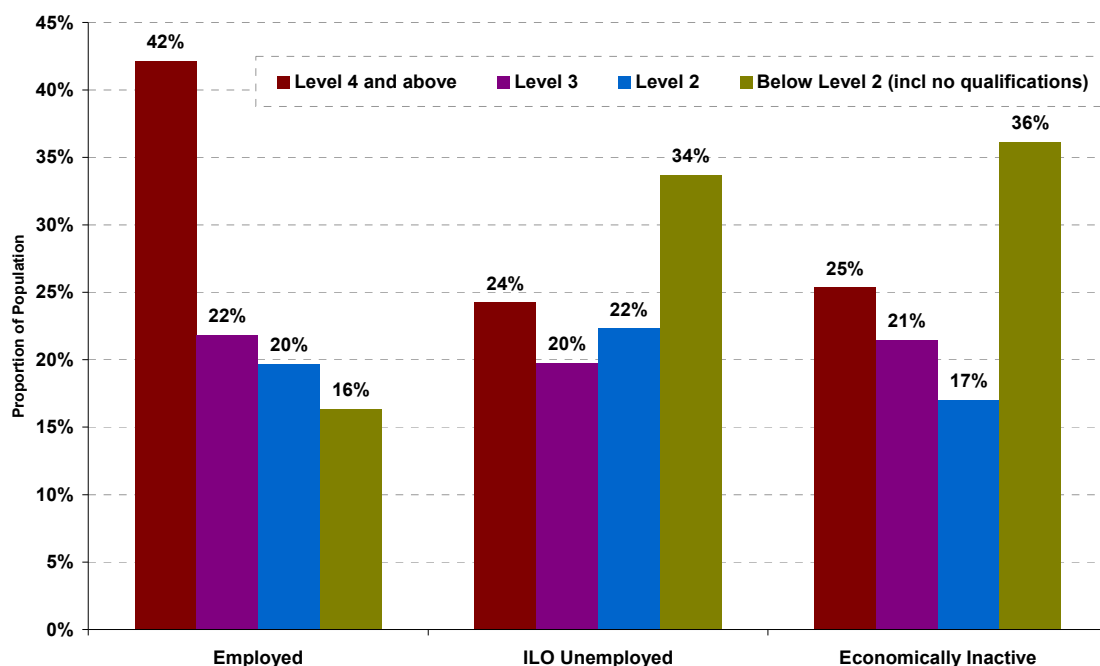


Figure 11 Highest Level of Qualification Held by Adults of Working Age, by Economic Activity¹² 2011**Table 2 Economic Activity⁵ by Level of Highest Qualification Held by People aged 19-59/64 (Quarter 4), percentages, 2010 to 2011**

Percentages					
Year	All people aged 19-59/64 ¹	Level 4 and above	Level 3	Level 2	Below Level 2 (incl no qualifications)
Employment Rate					
2010	75.4	84.2	76.0	76.5	58.9
2011	75.1	83.5	75.8	76.4	58.1
2011 95% CI (+/-)	0.4	0.6	0.9	0.9	1.0
ILO Unemployment Rate					
2010	7.1	4.3	6.3	8.4	12.9
2011	7.6	4.5	6.9	8.5	14.5
2011 95% CI (+/-)	0.3	0.3	0.6	0.6	0.8
Inactivity Rate					
2010	18.9	12.0	18.9	16.5	32.4
2011	18.7	12.6	18.6	16.5	32.1
2011 95% CI (+/-)	0.4	0.5	0.8	0.8	0.9

¹² 'International Labour Organisation (ILO) unemployed' estimates are taken as those people declaring themselves as not being employed and actively looking and available for employment. The ILO Unemployment Rate is calculated as the number ILO Unemployed divided by the number Economically Active (ILO Unemployed + Employed). Economically inactive people are not in work and do not meet the internationally agreed definition of unemployment. They are people without a job who have not actively sought work in the last four weeks and/or are not available to start work in the next two weeks.

Achievements

In 2010/11 – the most recent year for which final data are available – there were 2,265,000 achievements in VET programmes to add to the country's skills base. 232,000 of these were first time achievements in Full Level 2 qualifications and 124,700 were first time achievements in Full Level 3 qualifications.

Figure 12a Adult (19+) Learner Achievements, by Level, 2010/11

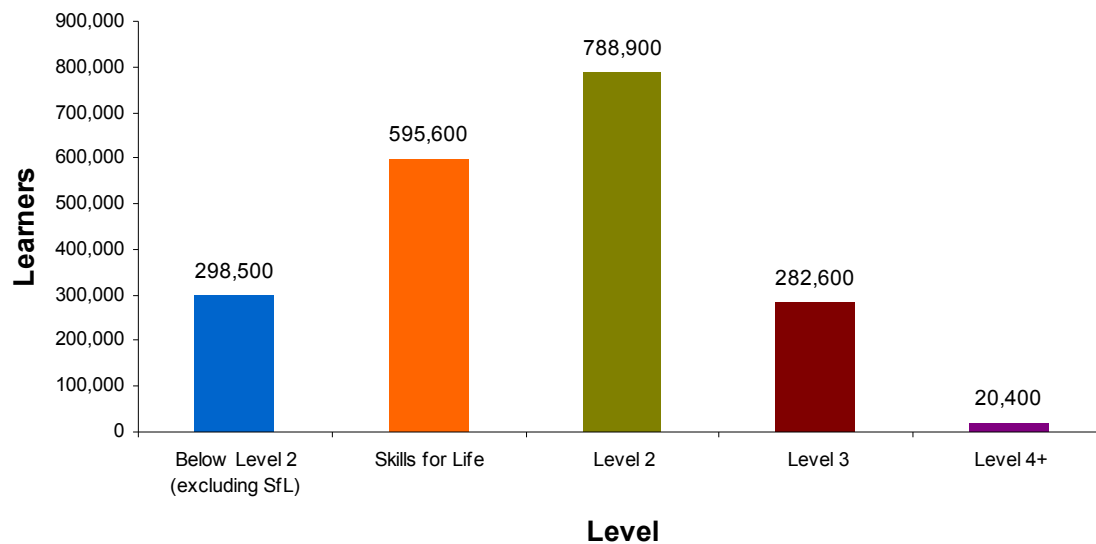


Figure 12b Adult (19+) Full level 2 Learner Achievements, by Firstness, 2002/03 to 2010/11

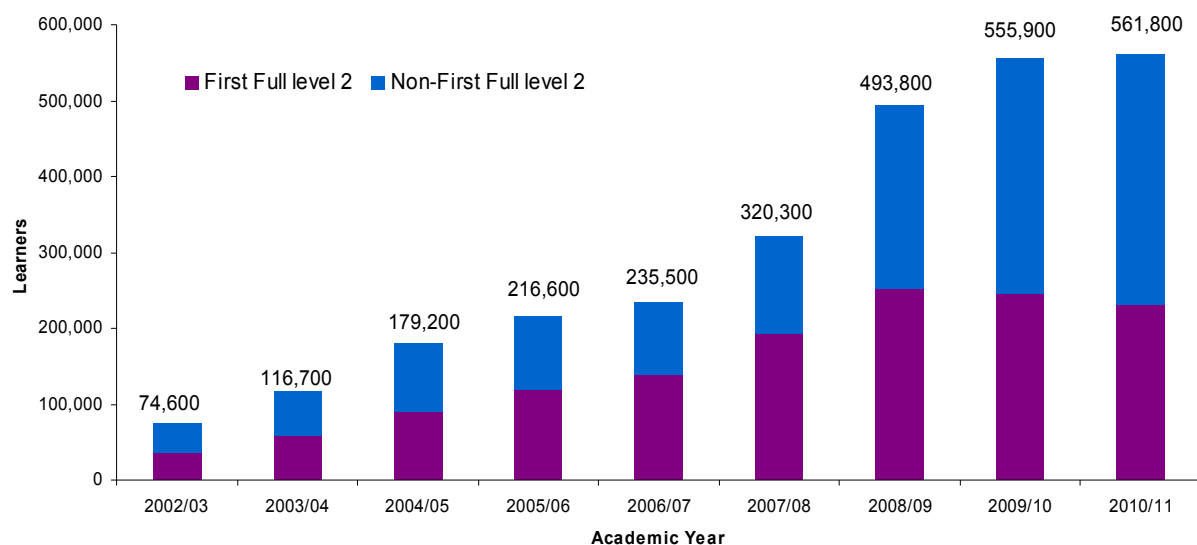
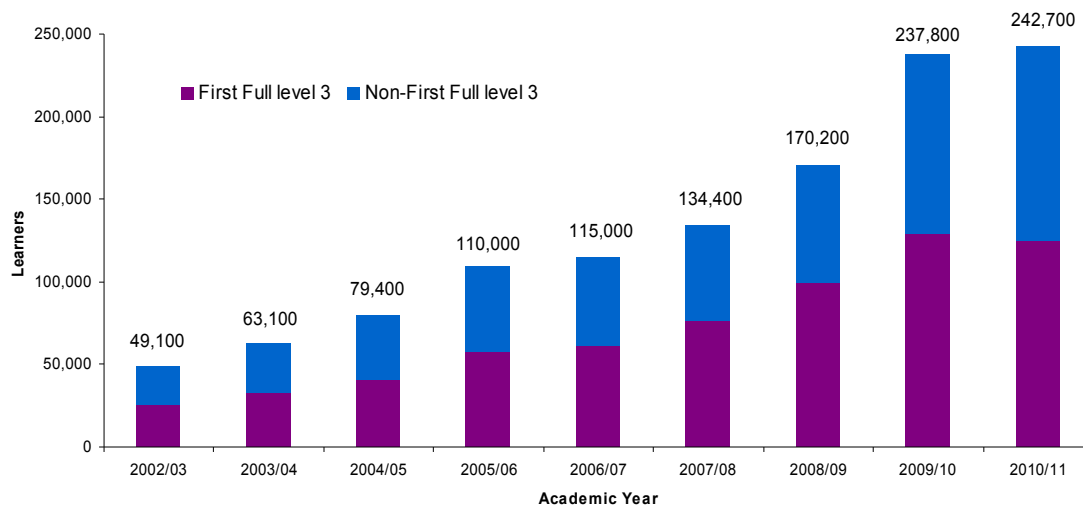


Figure 12c Adult (19+) Full level 3 Learner Achievements, by Firstness, 2002/03 to 2010/11



Earnings benefits for learners

Benefits to the individual

Evidence¹³ suggests that those who achieve a qualification earn substantially more in years 4 to 7 post-completion, than those who start but do not achieve a qualification. They are also more likely to be employed. This varies across qualifications and Levels.

- Those who achieve an Advanced Apprenticeship are 5 per cent more likely to be employed and earn 17 per cent more in employment than those who start but do not achieve. For an Intermediate Apprenticeship these figures are 5 per cent and 12 per cent.
- Those who achieve a Level 2 English qualification are 4 per cent more likely to be employed and earn 3 per cent more than those who start but did not achieve.
- Those who achieve a Level 2 maths qualification are 8 per cent more likely to be employed and earn 11 per cent more than those who start but did not achieve.
- Those who achieve a Level 3 NVQ are 7 per cent more likely to be employed and earn 11 per cent more than those who start but did not achieve. For a Level 2 NVQ, these figures are 7 per cent and 10 per cent.

¹³ Source: London Economics (forthcoming), 'A disaggregated analysis of the long run impact of vocational qualifications' BIS Research Paper.

Economic Benefits

Research¹⁴ published by the Department for Business, Innovation and Skills last year suggests substantial economic benefits from a range of government-funded post-19 qualifications. For example, the report suggests net economic benefits of £28 for every pound the government invests in the Apprenticeship programme. The figure for English and maths was £23.

Learner Destinations

Learner Destinations is the percentage of learners that completed a government-funded programme in one academic year who progressed to a positive destination in the following academic year.

In 2009/10, the median provider score for the percentage of learners progressing to positive destinations was 84 per cent. Providers scored a range of 51 per cent to 100 per cent.

Learner Satisfaction is a score out of 10 derived from a questionnaire on learners' views. The latest survey was undertaken between November 2010 and May 2011 and was based on views relating to training in the 2010/11 academic year.

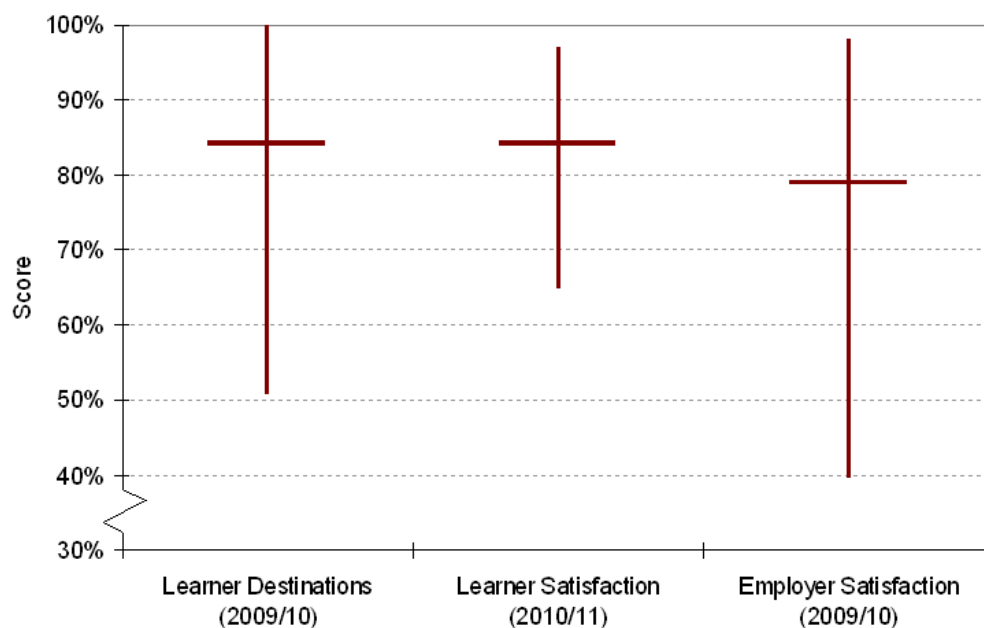
In 2010/11, the median provider score for learner satisfaction was 84 per cent. Providers scored a range of 65 per cent to 97 per cent.

Employer Satisfaction is a score out of 10 derived from employers' responses to a survey of its providers' responsiveness and quality of training. The latest survey was undertaken between January 2011 and March 2011 and was based on views on training provided in the 2009/10 academic year.

In 2009/10, the median provider score employer satisfaction was 79 per cent. Providers scored a range of 40 per cent to 98 per cent.

14 Source: Cambridge Econometrics and Institute for Employment Research (2011), 'Measuring the Economic Impact of Further Education' BIS Research Paper No. 38
<http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/m/11-816-measuring-economic-impact-further-education>

Figure 13 Learner Destinations, Learner Satisfaction and Employer Satisfaction Provider Scores

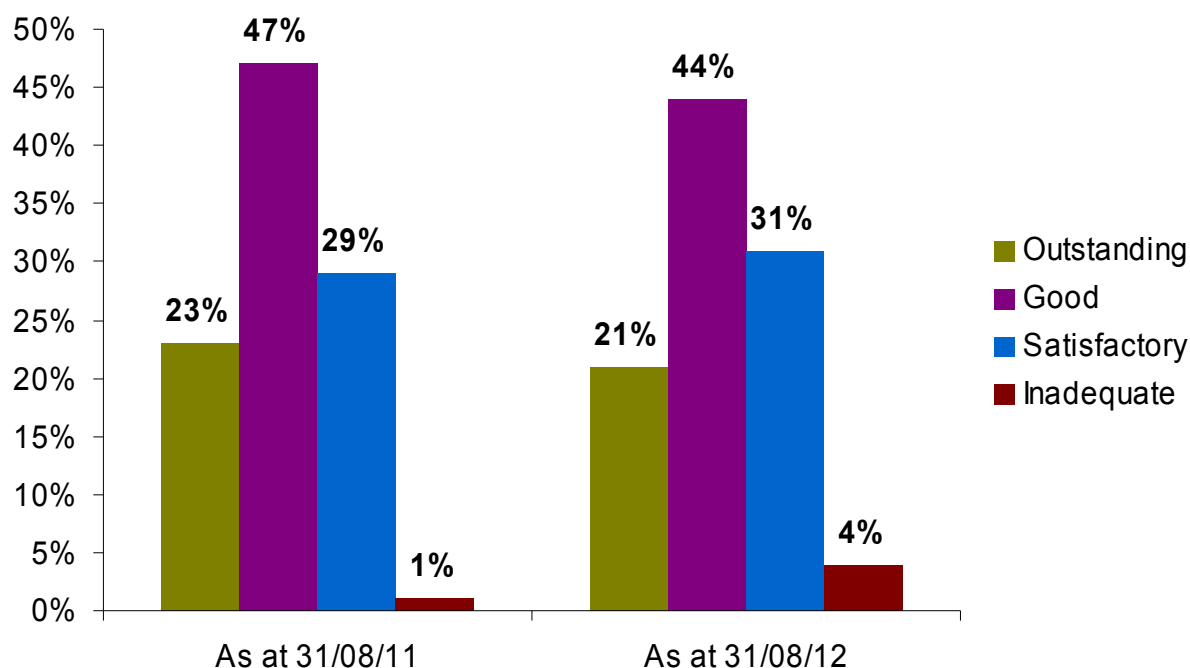


Quality

Ofsted grades

The service that providers give their learners must be of the highest quality. The Office for Standards in Education, Children's Services and Skills (Ofsted) published their *Annual Report of Her Majesty's Chief Inspector (HMCI) of Education, Children's Service and Skills, 2011/12* on 27th November 2012. This showed that as at 31/08/12, 21 per cent of colleges were graded "Outstanding"; 44 per cent were graded "Good"; 31 per cent were graded "Satisfactory"; and 4 per cent were graded "Inadequate" following their most recent inspection.

Differences to previous year's results will in part reflect that Ofsted's inspections are risk based, so they are focused more on poor performers, or high performers believed to have suffered declining performance.

Figure 14 Most Recent Inspection grades held by All Colleges

Success Rates

Success rates are also a helpful indication of the quality of education being provided. In 2010/11, the most recent full year for which figures are available, 81 per cent of adult (19+) learners successfully completed their Education, Training and Retraining courses. The Apprenticeship success rate was 78 per cent.

Table 3 Adult (19+) Education and Training and Apprenticeship Success Rates by Level, 2008/09 to 2010/11

			2008/09	2009/10	2010/11
Education and Training Provision			81%	80%	81%
	of which...	Skills for Life	75%	74%	79%
		Full Level 2	72%	75%	78%
		Full Level 3	70%	75%	78%
All Apprenticeships			72%	75%	78%
	of which...	Intermediate Level	73%	76%	78%
		Advanced Level	71%	74%	78%
		Higher			85%

Local Provision

Colleges and providers have a key role to play in responding to the changing needs of a dynamic economy and society. Through *New Challenges New Chances* the Government has created the environment for colleges and providers to be better able to engage with their communities, and respond to the needs of local employers and learners.

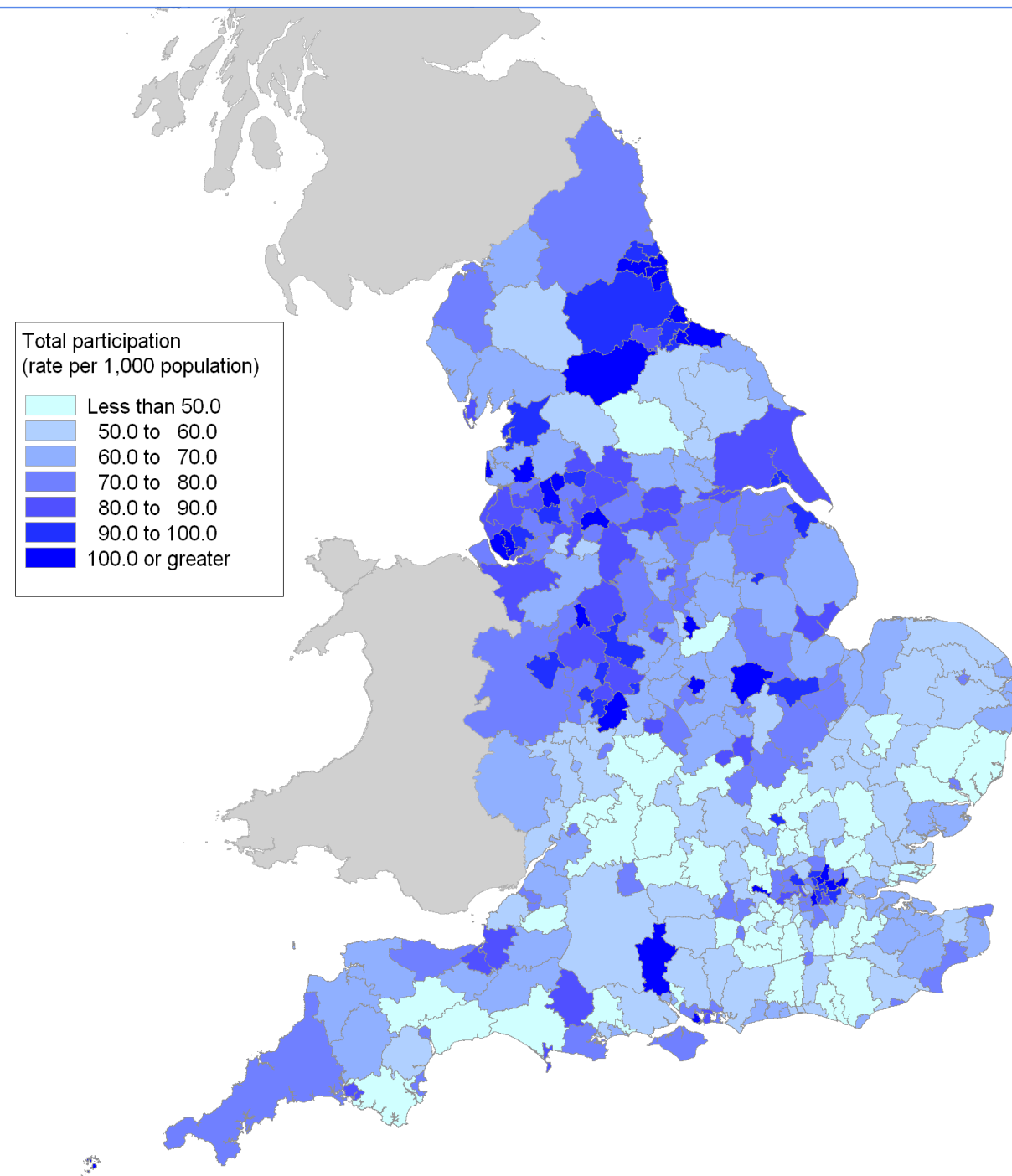
Government has given LEPs a new strategic role over skills policy; asking them to set skills strategies for their areas, and are encouraging providers to work with them, including through initiatives such as the City Deals and Whole Place Community Budgets, to make skills provision more responsive to local employer demand.

This section includes two maps showing total Adult (19+) participation and Apprenticeship participation by Local Authority District.



Department for Business, Innovation & Skills

Adult (19+) Total Learner Participation Rate, 2011/12 (full year provisional)



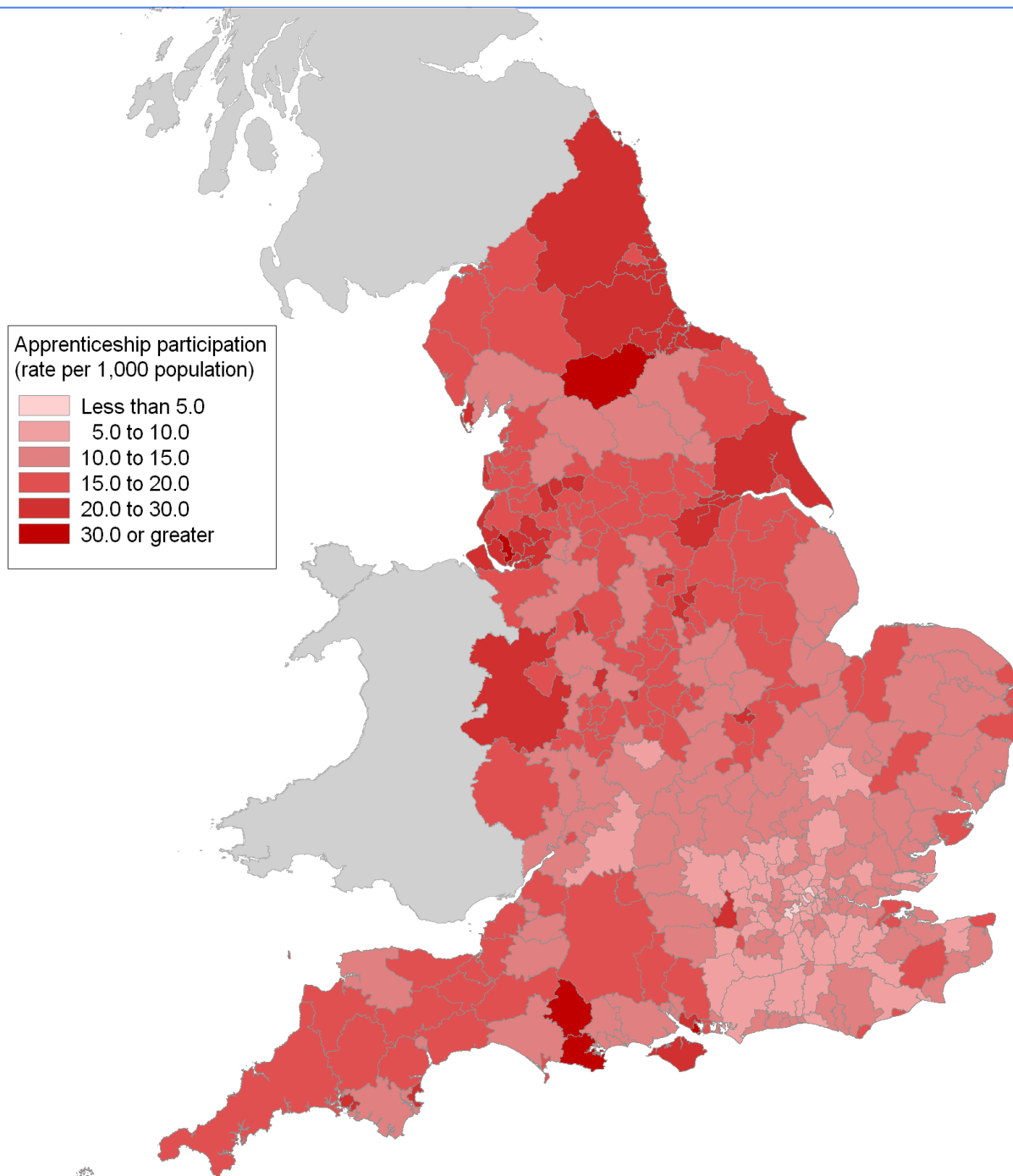
Produced by Statistical Analysis Directorate
Source: Individualised Learner Record (BIS) & Interim
2011-based sub-national Population Projections (ONS)

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Department for Business, Innovation & Skills

Adult (19+) Apprenticeship Participation Rate, 2011/12 (full year provisional)



Produced by Statistical Analysis Directorate
Source: Individualised Learner Record (BIS) & Interim
2011-based sub-national Population Projections (ONS)

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Data Sources

Learners

Learner data based on the 2011/12 academic year is provisional because providers may not have reported all their information relating to this period. It is not possible to determine how incomplete this data is, therefore caution must be taken when comparing against earlier academic years.

Aims

Data based on aims reports all recorded FE aims on the ILR (Individualised Learning Record).

Unemployment

International Labour Organisation (ILO) unemployed estimates are taken as those people declaring themselves as not being employed and actively looking and available for employment. The ILO Unemployment Rate is calculated as the number ILO Unemployed divided by the number Economically Active (ILO Unemployed + Employed). Economically inactive people are not in work and do not meet the internationally agreed definition of unemployment. They are people without a job who have not actively sought work in the last four weeks and/or are not available to start work in the next two weeks.

Figures and Tables

Figure 1 - Adult (19+) Learners by Provider Type, 2011/12 (provisional). **Source:** *Individualised Learner Record (ILR)*

Figure 2a - Adult (19+)¹⁵ Learners by Vocational and Educational Training Programmes, 2010/11 and 2011/12 (provisional). **Source:** *Individualised Learner Record (ILR)*

Figure 2b - Adult (19+) Funding by Vocational and Educational Training Programmes, 2010/11 and 2011/12 (provisional). **Source:** *Skills Funding Agency modelling based on actual performance*

Figure 3 -Adult (19+) Apprenticeship Starts, by Age and Level, 2010/11 and 2011/12 (provisional). **Source:** *Quarterly Statistical First Release: 'Post-16 Education & Skills: Learner Participation, Outcomes and Level of Highest Qualification Held'*
http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/

Figure 4 -19-24 Year Olds NEET as a Proportion of the 18-24 Population, Q3 2000 to Q3 2012. **Source:** *Labour Force Survey (LFS)*

Figure 5a - Adult (19-24) Learners by Vocational and Educational Training Programmes, 2010/11 and 2011/12 (provisional). **Source:** *Individualised Learner Record (ILR)*

¹⁵ includes offenders aged 18 or over in the 'Supporting the Justice System' category

Figure 5b - Adult (19-24) Funding by Vocational and Educational Training Programmes, 2010/11, 2011/12 (provisional). **Source:** Skills Funding Agency modelling based on actual performance

Table 1 - Adult (19+) Basic Skills Provision – Covering Discrete Provision, Apprenticeship Functional Skills, and Activity Embedded in Community Learning and Foundation Learning - Modelled Enrolments and Funding, 2011/12. **Source:** Skills Funding Agency modelling based on actual performance

Figure 6a - Adult (19+) Basic Skills Participation by Subject, 2010/11 and 2011/12 (full year provisional). **Source:** Individualised Learner Record (ILR)

Figure 6b - Adult (19+) Basic Skills Participation by Subject and Level, 2010/11 and 2011/12 (full year provisional). **Source:** Individualised Learner Record (ILR)

Figure 7a - Adult (19+) Enrolments (aims) by Sector Subject Area (Tier 1), 2011/12 (full year provisional). **Source:** Individualised Learner Record (ILR)

Figure 7b - Adult (19+) Top Sector Subject Areas (Tier 2), Enrolments (aims), 2010/11 and 2011/12 (full year provisional). **Source:** Individualised Learner Record (ILR)

Figure 7c - Adult (19+) Top Sector Subject Areas (Tier 2), Apprenticeship Frameworks, 2010/11 and 2011/12 (full year provisional). **Source:** Individualised Learner Record (ILR)

Figure 7d - Adult (19+) Enrolments (aims) by Sector Subject Area and Vocational and Educational Training Programmes, 2011/12 (provisional). **Source:** Individualised Learner Record (ILR)

Figure 8a - Adult (19+) Equality and Diversity by Vocational and Educational Training Programmes, 2011/12 (full year provisional). **Source:** Individualised Learner Record (ILR)

Figure 8b - Adult (19+) Vocational and Educational Training by Gender and Age, 2011/12 (Full year provisional). **Source:** Individualised Learner Record (ILR)

Figure 8c - Adult (19+) Total Vocational and Educational Training by BAME group, 2011/12 (Full year provisional). **Source:** Individualised Learner Record (ILR)

Figure 9a - Adult (19+) Learners on Benefits, by Benefit Type, 2010/11. **Source:** FE and Benefit Claims – Emerging Findings from the Data Matching Project: Update to 2010- 11 http://www.thedataservice.org.uk/statistics/other_statistics_and_research/

Figure 9b - Adult (19+) Aims on Benefits, by Benefit Type and Level, 2010/11. **Source:** FE and Benefit Claims – Emerging Findings from the Data Matching Project: Update to 2010- 11 http://www.thedataservice.org.uk/statistics/other_statistics_and_research/

Figure 10 - Highest Level of Qualification Held by Adults of Working Age, 2006 to 2011. **Source:** Quarterly Statistical First Release: 'Post-16 Education & Skills: Learner Participation, Outcomes and Level of Highest Qualification Held' http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/

Figure 11 - Highest Level of Qualification Held by Adults of Working Age, by Economic Activity, 2011. **Source:** Labour Force survey (LFS)

Table 2 - Economic Activity by Level of Highest Qualification Held by People aged 19-59/64 (Quarter 4), percentages, 2010 to 2011. **Source:** *Quarterly Statistical First Release: 'Post-16 Education & Skills: Learner Participation, Outcomes and Level of Highest Qualification Held'*

http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/

Figure 12a - Adult (19+) Learner Achievements, by Level, 2010/11. **Source:** *Quarterly Statistical First Release: 'Post-16 Education & Skills: Learner Participation, Outcomes and Level of Highest Qualification Held'*

http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/

Figure 12b - Adult (19+) Full level 2 Learner Achievements, by Firstness, 2002/03 to 2010/11. **Source:** *Quarterly Statistical First Release: 'Post-16 Education & Skills: Learner Participation, Outcomes and Level of Highest Qualification Held'*

http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/

Figure 12c - Adult (19+) Full level 3 Learner Achievements, by Firstness, 2002/03 to 2010/11. **Source:** *Quarterly Statistical First Release: 'Post-16 Education & Skills: Learner Participation, Outcomes and Level of Highest Qualification Held'*

http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/

Figure 13 - Learner Destinations, Learner Satisfaction and Employer Satisfaction Provider Scores. **Source:** *FE Choices*

http://www.thedataservice.org.uk/statistics/statistics_fechoices/

Figure 14 - Most Recent Inspection GRADES HELD by All Colleges. **Source:** *The report of Her Majesty's Chief Inspector of Education, Children's Services and Skills: Learning and Skills* <http://www.ofsted.gov.uk/resources/report-of-her-majestys-chief-inspector-of-education-childrens-services-and-skills-learning-and-skill>

Table 3 - Adult (19+) Education and Training and Apprenticeship Success Rates by Level, 2008/09 to 2010/11. **Source:** *Quarterly Statistical First Release: 'Post-16 Education & Skills: Learner Participation, Outcomes and Level of Highest Qualification Held'*

http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/

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