

## Delivering World-class Skills in a Demand-led System

### Response from Plumpton College

- Q1** No, because:
- there is the risk that we are merely substituting peer regulation for LSC oversight. The need is for less regulation, and greater autonomy for individual Governing Bodies (with the greater transparency and public accountability to all our stakeholders that should go with it).
  - Para 35 offers a less detailed LSC vetting of operating budgets. This is welcome. But there is no reference in this document to reduced LSC intervention on capital planning, which even by public sector standards is exceptionally detailed, prescriptive, and bureaucratic. Indeed para 44 makes clear that LSC will continue to direct capital funding. It is appropriate for colleges to be expected to agree strategic capital programmes with LSC, particularly where they involve significant increases in capacity and require substantial capital grant. But further detailed LSC approval should no longer be required for individual projects within agreed programmes, except for the very largest (say above £10m).
  - Para 19 envisages a continuing element of supply-side planning for 16-18 planning. Paras 47/48 and para 50 envisage a continuing commissioning role for LSC in 14-19 and adult provision respectively. We have no difficulty with these proposals. However, it will require a substantial change in LSC culture if these functions are to be discharged in the “light touch” way proposed. And there are pressures which are tending to make the commissioning process more complex, bureaucratic, and uncertain than it has been in the past: particularly the institution of Local Partnerships between Local Authorities and LSC. Even if LSC develops a lighter touch, we are far from clear that Local Authorities will, or that the machinery exists to ensure consistent good practice from one Partnership to the next. As a specialist land-based college drawing students from a wide geographical area, Plumpton College participates in 7 Partnership Boards. In our experience the effectiveness and efficiency of these Boards is uneven.

- Q2** In general we are comfortable with the scenario of greater contestability sketched out in paras 37-44, but with one very substantial reservation. We do not believe that the Government has properly addressed the potential distortions to competition caused by the differences in VAT treatment between colleges and schools on the one hand, and colleges and private sector providers on the other. We believe there has to be a level playing field in respect of VAT if competition is to deliver the benefits the Government is looking for.

In respect of 14-19 provision, we have commented above on the mixed performance of Partnership Boards, and the apparent absence of effective accountability for their performance. Otherwise we generally support the vision set out in the Consultation Document. Like most land-based colleges, we have traditionally had close collaborative arrangements with schools. We recognise that area-based planning is likely to be appropriate for General FE colleges. However, specialist colleges – particularly those accredited as Centres of Vocational Excellence (CoVEs) – tend to have a wider regional footprint; and this should continue to be recognised under the new arrangements.

- Q3** No particular comment, except to highlight the particular problems of rural areas where groups are typically smaller and transport can be a real barrier.
- Q4** We welcome the proposal in para 55 to respect employer decisions on their preferred supplier. We have no difficulty with the principle of greater choice and contestability in this area (although we believe that the current arrangements have worked well in our local area). However we do not believe that simplification alone will lead to entry of more providers. Other issues need to be addressed, in particular:
- the different VAT treatment of Colleges and other providers: there has to be a level playing field.
  - the relatively short duration of the contract awards. Where new entrants will be expected to invest in buildings and equipment (particularly in specialist areas), and in the recruitment and training of new staff, a maximum contract period of three years may well prove a disincentive. Providers may be particularly deterred by the risk of losing all their business suddenly at the end of year 3. We understand the 3-year CSR planning horizon, and the LSC's wish for flexibility to redeploy funds to meet new needs. However we suggest it would be a better sharing of risk for both sides if significant contracts provided for a Year 4 extension of say at least 50% of previous levels (subject of course to satisfactory performance and employer demand); and it would provide a real quality incentive if the guaranteed Year 4 percentage was set at say 70% for providers assessed as "Good or better".
- Q5** As noted above, we see VAT as a major obstacle to diversifying the market. Where colleges have to pay 17.5% VAT on their investment but schools pay nothing, there is a risk that decisions on location of new investment will be distorted, and that the prices tendered to employers or commissioning agencies will send similarly false signals. There is a risk that collaborative arrangements could be driven by the VAT status of one or other partner rather than by fundamentals.
- Q6 &7** Yes, in general (subject to dealing with the VAT issue). However care needs to be taken that capital grants to new providers do not undermine the business of high quality existing providers, particularly where the existing provider has borrowed heavily to expand his capacity. So as a general rule LSC should be expected, before making substantial grants to new providers, to consult with existing providers whose business might be affected.
- Q8** No. The focus on poor quality provision is misplaced, given that only a small and diminishing proportion of FE provision is now less than satisfactory. Where pockets of unsatisfactory quality persist, they will normally in our view be attributable to deep-seated problems, eg inadequate infrastructure, obstinate management, which self-regulation by the sector is not well-designed to correct. The primary responsibility for dealing with poor provision lies with the Governing Body, and it is unfortunate that this is not expressly recognised here. But the LSC will in our view inevitably have a more powerful role in this situation than a sectoral standard-setting body. As a major commissioning agent, it decides what standard of provision it is prepared to pay for. As the main FE funding body, it has the final say over whether or not to invest capital in replacing unsatisfactory facilities. And if poor quality persists, and learners vote with their feet, the college will soon encounter the financial problems that can only be dealt with by LSC.

However the more important issue is how to ensure that satisfactory provision continues to improve from Satisfactory to Good, and from Good to Outstanding. The FE White Paper strategy described at para 65 in our view has weaknesses and gaps. The plethora of quality agencies is unhelpful. The Framework for Excellence focuses on how to raise performance from poor/satisfactory to Good; but actually has little to say about the further measures required to lift performance from Good to Excellent. Within Ofsted too, there is much less clarity about the dividing line between Good and Excellent than that between Satisfactory and Good. These weaknesses and gaps need early attention by the Department.

- Q9-11** In general we support the proposals set out in paras 69-83, although there are aspects that in our view need further development:
- The proposals are silent about the linkages through to vocational provision at HE level.
  - The land-based sector has a disproportionate number of SMEs and micro-businesses. We are concerned that the focus of these proposals is on employers, with insufficient attention given to the training and qualification of entrepreneurs, who are likely to play a vital role in developing the internationally competitive businesses of tomorrow.
  - We welcome the emphasis put on identifying future skills, knowledge, and understanding in developing the new qualifications. But the pace of technical development is such that skills needs will continue to evolve. There needs to be greater clarity about the scope for SSCs to amend and update the content of their qualifications without further DfES involvement.
  - We recognise the need for alignment of government and sectoral priorities (para 73) in order to achieve the goal set out in para 1 of “competing in an increasingly competitive market.” However it also requires a more coherent Departmental articulation of the funding priorities between sectors. It is, for example, difficult to reconcile the emphasis given in Leitch and in this document to the pressing need for greater skills to achieve international competitiveness with the emphasis given in LSC regional strategies to largely non-traded sectors. Thus in the South East LSC’s five sectoral priorities include health and social care, retail, and construction trades.
  - On Q10, a key consideration for many providers will be that the turning off of funding for unfavoured FE qualifications should not damage Colleges’ ability to continue to deliver still-wanted full-cost training to employers or at HE level.

**Q 12-35** We offer no comment at this stage on the detailed questions posed at Section 3. We welcome the commitment at para 94 to funding convergence between schools, colleges, and independent providers, but reiterate the need to address the VAT anomalies between these three types of provider if the Department’s goals are to be achieved.

**Q36** Plumpton College currently receives an ALS grant of £184k. Apart from inflationary increases this has remained constant since 2003/04. Over this period our numbers of FE students have increased considerably and the number of students with a disability which requires ALS has almost doubled from 231 to 453, with the College incurring costs well in excess of the ALS grant received. It is important that the ALS funding system is much more responsive to changes in numbers and costs. We note too that there is an immense variation in the ALS funding allocated to colleges across the

country, with anecdotal evidence that colleges are treated differently depending on locality. It is important that the ALS allocation system is transparent and consistent as between regions.

Against this background we generally welcome the proposals set out at paras 211-220. In particular we support the move to standardise the approach across the range of 16-25 provision, and to base the support grant on a transparent formula to be applied nationally. We have, however, two reservations:

- While the formulaic approach suggested for lower level support seems to represent a good fit with recorded costs at the national level, there are likely to be variations from institution to institution. There needs to be a safety net whereby colleges, particularly smaller colleges like ourselves, can seek recovery from LSC of actual support costs which exceed the formula-based grant level by a given percentage, say 20%. If £5500k is confirmed as the initial threshold we would ask that it be frozen at this level for several years and not indexed up year by year, so as to help College monitor the trend of costs and recovery over time.
- As regards the higher-level support needs, we believe that further work is required to demonstrate that a single national rate per particular range of hours is appropriate across the wide range of disabilities and support needs encountered. Again some safety net is likely to be appropriate, particularly for smaller colleges.
- We would encourage the Department and LSC to extend their research to address the even greater problem of the big difference in the learning support regime disadvantaged learners encounter as they progress through a vocational education. The ALS regime for 16-19 year olds is notably harsher than the corresponding arrangements for 14-16 year olds, and different again, apparently from one university to the next, if they choose to progress to HE. These differences make it difficult for learners with disabilities to choose a progression path with confidence as to the learning support they will receive at later stages. They may also complicate the development of partnerships between schools and colleges. The standardisation proposed in this Consultation Document should be seen as only the first step towards establishing a harmonised ALS regime across all stages of a vocational education.

**Q37** We are unable to comment on the realism of the timetable. To our mind, however, the distortions in the current system are so serious that it is worth accepting some transition risk to achieve an early introduction of the new proposals.

**Q38-39** We have no comments on these proposals at this stage

**Q40** No.