

Plumpton College: Response to Consultation Document “Raising Expectations – Enabling the System to Deliver”

Introduction

Plumpton College is a medium-sized land-based college situated in East Sussex close to the boundaries with Brighton and Hove and West Sussex. We serve rural communities throughout Sussex and increasingly beyond. In the current year our intake was drawn from 173 schools across the country. We provide residential accommodation at the College for nearly a quarter of our 16-18 students. Our HE provision is growing strongly. We engage with over 1,000 rural businesses across the region, most of them micro-businesses.

We have developed strong partnerships in all aspects of our business. We lead a partnership of colleges and schools that has just been unconditionally awarded delivery of the new land-based Diplomas across most of Sussex from 2009. We have been a partner college of the University of Brighton for many years. We work in partnership with many land-based employer groups, charities, and community bodies across Sussex.

We have been rated Good overall by Ofsted in their last two inspections (2003 and 2007). Our FE success rates are the highest of any college in Sussex, and the second highest of any land-based college in England. We were one of the earliest colleges in the South East to be accredited as an Action for Business College, and we consistently come at or near the top of local employer satisfaction tables. Our HE provision is highly rated, and we are developing a research capability in our chosen subject areas.

We are committed from top to bottom of the College to improving our quality further, and to increasing our student numbers with a particular emphasis on reaching out to students who would otherwise fall into the NEET category. We have set ourselves the target of achieving and then maintaining Outstanding overall status in Ofsted terms by the end of 2008, and of continuing increases in success rates over the next three years. We have recently received LSC approval for a £10m building programme which will underpin these quality and growth objectives.

We welcome the Government’s emphasis on learner-driven funding, the continuing commitment to expanding HE numbers, and the prospect from 2013 of increased 16-18 participation. We mean to remain nimble and flexible in responding to the additional growth opportunities these should open up for Plumpton. We have accordingly asked the management team to bring forward during 2008 a further major capital programme to address this.

However, achievement of our ambitious corporate targets, and our continued willingness to invest, depend crucially on a predictable and supportive regulatory and funding regime. In particular, we look for

- **Accessibility of Markets.** Plumpton, like other specialist colleges, needs to continue to be able to recruit freely across a wide catchment area which in our case includes Surrey and Kent as well as all parts of Sussex. We welcome the proposals for joint commissioning by groups of local authorities, but there must be flexibility for easy movement of students from outside the Travel to Learn area

defined by these groupings. Alongside this we need clarity about the future funding of Student Transport and Residential Places.

- **Level Playing-field for Funding**. Local Authorities are being given greater choices about where they invest and where they expand/contract provision. However, there remain significant differences between the treatment of schools and colleges as regards VAT and the proportion of capital costs covered by grant. There are real risks that local authority choices will be distorted unless these differences are effectively addressed. Likewise learner choices will continue to be distorted unless the funding regime for Additional Learning Support in colleges is aligned with the more generous regime applied to schools.
- **Meaningful Reduction in Information Gathering**. The net demands on us to supply information to public agencies have continued to grow and are a real distraction for our management away from the job of self-improvement. We want to see current comprehensive annual data surveys, such as the Staff Individualised Records and the E-mandate survey of our estate, replaced by occasional sampling.
- **Less Regulation, Better (ie less prescriptive) Regulation, and Fewer Regulators**. In particular we seek the substitution of guidance for rules and a more enabling governance framework in place of the current over-prescriptive Instrument and Articles. And greater clarity about what each regulatory and funding agency is accountable for, and to whom, particularly where they are acting in concert.
- **Revenue Grant Allocations**. If colleges are to resource their delivery effectively and efficiently, they need timely final allocations – by February at least for academic years starting in September. And if they are to have the confidence to make long-term investments, there has to be a reasonable predictability about income levels beyond the year immediately ahead, ie indicative allocations for Years 2 and 3. As to grant levels, although similar delivery should attract similar rates of grant, wherever delivered, it should be recognised there are higher costs associated with delivery of training to rural communities and SMEs than to large urban employers (eg under Train to Gain and Apprenticeships); and that delivery of 14-16 provision to disaffected and otherwise NEET learner entails additional supervision costs.
- **Capital Grant Regime**. Even allowing for the massive sums of public money involved, our experience has been that the LSC arrangements for appraising and approving capex proposals from colleges are disjointed, overly detailed and mechanistic, and hence protracted; and they do not take as much account of public benefits and risk as might be expected. We wish to retain a single pot for all capital investment in FE, but we look for greater delegation of project approvals to local level and more streamlined appraisal processes.

It is against this background, and these criteria, that we respond below to the questions posed in the Consultation Document.

Q1 Do you agree that transferring funding from the LSC to local authorities to create a single local strategic leader for 14-19 education and training is the right approach?

Q2 Do you agree that the model we have proposed for transferring funding to the local authority is the best way to give local authorities effective powers to commission, to balance the budget, create coherence for providers and retain the national funding formula?

No, we believe that - in the interests of prompt decision-making, strong budgetary and financial control, and clear accountability - funding should normally be routed through the commissioning body. If local authorities are to commission FE provision on a collective basis at sub-regional level, then the legislation should enable local authorities also to manage the funding on a collective basis at sub-regional level. Commissioning at sub-regional level and funding at local level will lead, in our view, to increased bureaucracy, muddle, delay, and tensions; and is unlikely to be seen as durable.

In Sussex, colleges have enjoyed an enviably close partnership with the local LSC, and as a specialist land-based college with a wide catchment area, this pan-Sussex perspective has served us well. It has allowed us to offer places to land-based learners and develop new courses in response to learner demand with greater assurance that they will continue to be funded. Our risk appetite has reflected this.

We believe the best way forward for land-based learners in Sussex would be for the current LSC funding arrangements to evolve to allow the more integrated planning of schools and colleges under local authority oversight sought by Government without the need for the radical organisational changes proposed in the Consultation Document. Indeed, after a slow start, the LEA-chaired Partnership Boards are beginning to achieve this. Through our active participation in seven Partnership Boards across Sussex we have been playing a full part in making this evolutionary process as smooth as possible and in minimising the disruption for the widely dispersed learners and communities we serve.

The Department's assessment of the impact of the proposed Machinery of Government changes largely disregards the costs of the dislocation and extra risks they entail for colleges and of the added uncertainty thereby created for learners on the ground. In our view these significantly offset, and in the Sussex context probably outweigh, the benefits cited in the Consultation Document.

Nevertheless we recognise that the Sussex experience may not be replicated elsewhere. We also understand the political imperative behind transferring from LSC to local authorities strategic leadership for the commissioning and funding of all 14-19 education. Our aim is accordingly to build on what has worked successfully in Sussex within the new framework set out in the Consultation Document.

Of the models discussed in the Consultation document, we share the Government's preference for FE provision (other than Sixth Form colleges) to be commissioned collectively by local authorities on a regional or sub-regional basis (para 3.26). We also welcome the proposals that different collective commissioning arrangements may be adopted in different sub-regions, and that the arrangements in any sub-region may evolve over time (para 3.25).

However, given this collective regional or sub-regional FE commissioning pattern, we question the proposal that FE funding should invariably be routed through a single local body. What is the added value of transferring funding agreed at a higher level

from the YPLA to the individual local authority? How is an individual Local Authority to be held accountable, and by whom, for the funding of commissioning decisions which are taken jointly at a regional or sub-regional level? What freedom would the individual local authority have to amend a jointly agreed allocation to a particular college or to reallocate prospective underspends?

We believe the legislation should allow greater flexibility for local authorities to agree how funding for FE is handled within a sub-region, including freedom to establish joint FE funding structures - as well as joint commissioning structures - at the sub-regional (or even regional) level. They should be able if they wish, and for as long as they wish, to take under their joint control and continue the funding and financial control business of the local LSC. There may be certain metropolitan areas where routing funding through a single unitary local authority makes sense. But elsewhere taking over a ready-made funding mechanism in this way would make the transition to joint LEA commissioning much more seamless and provide greater assurance about maintaining budgetary control throughout the transition process. It would largely deal with the questions posed in the previous paragraph. It would reduce the number of agencies a college deals with (and therefore conforms better with the desire at para 3.2 of the Consultation Document to avoid unduly "complex interactions"). It should speed up the allocations process. It would reduce bureaucracy. We see these as important considerations.

Q2 also invites comment on retention of the national funding formula. We generally agree with this under whatever commissioning and funding model emerges, for the reasons set out in the Consultation Document. We particularly welcome the re-stated aim from the March 2006 White Paper that providers, whether schools or colleges, should receive comparable rates for comparable provision. However

- a) Although progress has been made over the last two years in narrowing the funding gap between schools and colleges, there are still cost distortions arising from different VAT treatment and different rates of capital grant funding. These undermine the concept of a level playing field, are an important competitive risk for us (particularly in considering new investment), and should be addressed much more urgently than hitherto.
- b) The Consultation Document is silent about the future handling of residential grants. Like most other land-based colleges drawing students from a wide radius, we provide residential accommodation for some 25% of our 16-18 students, particularly in those courses which require early morning routines. Many of our students are eligible for residential grant, which the LSC propose should be paid to them direct from 2009. The availability of a grant-supported residential place is an important factor in whether students outside Sussex are able to fulfil their wish to pursue a particular course with us. We believe that residential grant levels and eligibility should continue to be set on a nationwide basis, and that national guidance is required on the circumstances under which a local authority may deny residential grant to a learner wishing to pursue a land-based course outside the local authority area.
- c) The Consultation Document is also silent about the future regime for transport grants by local authorities in respect of non-residential college students. Here too we believe that national guidance is required to ensure that the learners' interests come first and that the availability of grant is not dependant on locality.

- d) The principle of comparable rates for comparable provision must continue to take into account the extra costs faced by colleges serving predominantly rural communities (higher marketing costs, often smaller class sizes). We are also finding in our efforts to widen participation and attract NEETs that the extra costs of supervising and engaging disaffected students is often well in excess of the grant rate payable. This is not sustainable, and will need attention, perhaps through an increase in the premium within the national funding formula for provision to disadvantaged areas.

Q3. Do you agree that there is a need for:

- (a) Sub-Regional groupings of local authorities for commissioning?**
(b) Authorities to come together regionally to consider plans collectively?
(c) A slim national 14-19 Young People's Learning Agency with reserve powers to balance the budget and step in if needed?

- a) We broadly agree with the model described at para 3.11 (sub-regional groupings to commission FE provision other than Sixth Form Colleges; supervised by a national agency operating at a regional level; with progressive devolution of decision-making to sub-regional groupings).

We believe the three Sussex local authorities form a natural sub-regional grouping for most FE provision, although it would be sensible to incorporate within the grouping the full area covered by the Gatwick Diamond.

However, there should be a clear duty on sub-regional groupings to address and meet learner demands for land-based and other specialist FE provision from outside their sub-region. In recent years Plumpton has been encouraged to specialise, linking with one or more partner colleges to form Centres of Vocational Excellence (CoVES) and construct specialist world-class infrastructure in particular curriculum areas. Plumpton is a member of three CoVES (horticulture, rural business management, and outdoor sports). In these and in an increasing number of other niche areas (eg agriculture, wine business and wine production, metalsmithing) our catchment area is regional (or in some cases even wider) rather than sub-regional. While we agree that the sub-regional groupings need to be formally structured and properly constituted (particularly if they are also to be funding vehicles as we propose) their geometry must also be capable of evolving to meet changes in travel-to-learn patterns, and should therefore be formally reviewed every 5 years or so.

- b) The proposal at para 3.17 that local authorities also need to come together at regional level feels clumsy and duplicative. It is unclear how this regional grouping can in practice be engaged in the planning cycle without delaying the issue of budgets agreed at sub-regional level. What is important here is that the machinery by which local authorities engage at regional level, and the decision-making process for regional prioritisation of provision and regional budget allocations is transparent to colleges and other partners, and that a bureaucratic plethora of forums and overlapping groups is avoided. A better approach might therefore be for local authorities within a region to interface with regional Government offices through a representative body, as colleges currently do through the regional arms of the Association of Colleges. A representative body with a small permanent staff would also allow an efficient and already much-needed interface regional FE bodies and with other regional organisations, including those representing higher education and employers;

and could also act as the focus for local authority dialogue with the RDA, as discussed at para 3.24.

- c) We agree that there is a need for a national/regional agency to handle the functions set out at para 3.22. Para 3.21 envisages that the YPLA would be responsible for providing an indicative budget for the region. We believe that in practice it will also need to provide - on a continuing basis - indicative budgets for each sub-regional grouping within the region. (Indeed this is explicitly proposed at para 5.7 - "The YPLA will provide indicative regional and local budgets..."). This is a major task, and it needs to be adequately resourced, in terms of both numbers and experience, to handle it. There should be no preconception that the YPLA should be "slim", particularly in the early years.

Q4. Do you agree that we have described the way these bodies would function in broadly the right way? Is the balance of responsibilities between them right?

We welcome the flexibility envisaged in the Consultation Document for the functions of sub-regional and regional bodies to evolve in their own way and at their own pace from one region to the next. It is right not to be too prescriptive about the precise balance of responsibilities between the YPLA and the local authority groupings.

We are however very concerned about the vagueness of the budget-setting process and the potential for bureaucratic delay in the setting of provider allocations. We strongly support the importance attached at para 3.27 to the need for providers to have details about their budgets sufficiently early to plan their own provision sensibly. The need is not confined simply to providers. The budget decision will often determine whether a place is available for a particular learner or whether that learner will need to look elsewhere.

Provider budgets should accordingly be notified to individual colleges by the end of February at least for the academic year starting in September, together with indicative figures for the following two years. We believe that YPLA needs to track progress by sub-regional groups against this deadline, and be in a position by the end of March immediately to notify individual provider budgets itself by default where local authorities have failed to do so.

We are also unclear about how the YPLA will in practice manage the responsibility for "the flow of 14-19 management information to meet commissioning needs" (para 3.22), or how it will relate to the new FE Data Service to be housed within the Skills funding Agency (para 11.17). We ask for the opportunity for to be further consulted on this in due course. In the meantime we welcome the assurance at para 4.26 that YPLA will carry out this task in a way which "avoids placing significant new burdens on providers". However it is no less important to reduce the existing reporting burden on providers, and for the reasons discussed more fully in our response to QQ8/9, we think this should be a formal objective for YPLA and their performance against it formally measured.

Q5 Do you agree that there is a need for a single local authority to converse with each provider?

We agree with the proposition at para 3.32 that the home local authority should lead engagement with School Sixth Forms, Sixth Form Colleges, and many local third sector organisations.

We also agree that Sixth Form Colleges should be a distinct statutory category, and that individual colleges should consider whether they wish to be so categorised in future. In our own case we feel that Plumpton's wide range of adult and HE provision is unlikely to be consistent with Sixth Form College status.

Land-based colleges tend to engage with many more local authorities than General FE colleges because of their wider catchment area. As noted earlier, Plumpton participates in seven Partnership Boards across Sussex. We value the direct links this gives us with all the local authorities and schools concerned. Our preference would accordingly be for land-based and other specialist colleges to converse directly with the sub-regional body rather than through one local authority acting on behalf of the sub-regional grouping. This has the advantage of shortening the communication chain in what is always going to be a relatively complex commissioning process because of the number of local authorities involved.

Q6 Do you agree with the proposed approach for Learners with Learning Difficulties and/Disabilities?

In general, yes. However we wish to highlight here the anomalies that exist as between schools and colleges in the regimes for Additional Learning Support. The funding and eligibility criteria for additional learning support is notably harsher for FE colleges than for schools, and we believe that this tends to deter some LLDD students from progressing from 14-16 to 16-19 courses with us. There needs to be full harmonisation of the two regimes as part of the move to the new system.

Q7 Commissioning Provision for Young Offenders

We have no comment.

Q8 Do you agree with:

- (a) **Proposals to ensure that informed learner choices should be a key part of shaping the system?**
- (b) **The proposed approach to a common performance management framework based on the Framework for Excellence?**
- (c) **The local authority role in commissioning to improve quality?**

Q9. Do you agree with the proposals for managing changes to 16-19 organisation and adjusting the arrangements for 16-19 competitions and presumptions?

We feel that learner choice should be the primary factor shaping the new system. Facilitating learner choice depends partly on providing young people with good information and advice about the choices open to them, as suggested at paras 4.4 and 4.5. (We agree that it would be useful for them to be able to access the satisfaction ratings of existing learners, but urge that that this should not turn into a major new centralised information-gathering exercise: providers should be encouraged to publish student surveys that they are already carrying out for their own purposes). But it also depends on preventing barriers to learner choice, particularly lack of – or inadequate – local authority support for transport and residential costs or delays in allocating budgets.

On (b), we agree that in addition to the views of young people, it is valuable to capture the views of employers. As regards data on success rates, we believe measures of distance travelled/value added are a better indicator of a provider's effectiveness than absolute success rates, and more impetus should be put behind their development and introduction. Elsewhere, however, we have some reservations about the Framework for Excellence platform as a basis for assessing quality, largely because of its rather mechanistic "tick box" approach and its perceived focus on improving Inadequate or Satisfactory performance rather than on supporting continuing improvement from Good to Outstanding. In our view there is a real danger that Governors will view Framework for Excellence as an imposed bureaucratic routine rather than as a tool they themselves would wish to use for driving quality improvements internally.

On data management more generally, we agree with the importance attached at paras 4.26 and 4.27 to integrated and effective use of information and reporting. However insufficient thought has been given in the Consultation Document – either here or in paras 11.15-19 - to how and by whom the information will actually be digested and exploited. The Foster Report was rightly very critical of the way in which much data was collected from colleges – at great expense - and not used. Given the proposed slimness of the YPLA and the complexity of the commissioning process against a tight timetable, there seems to us a strong risk that the failings identified by Foster are going to continue, and indeed may even get worse.

On (c), we agree that local authorities should have a keen interest in the quality of the provision they are commissioning, and we endorse the view at para 4.20 that "what is good should be able to expand". We are also comfortable about the emphasis put on collaboration between providers, with the caveat that effective collaboration (which depends on trust between partner providers) cannot be imposed.

Paras 4.23 – 4.25 discuss the accountability of local authorities for the outcomes that are achieved in their area. However there also needs to be a formal accountability framework in respect of local authority efficiency in managing the commissioning and funding process. This includes for example the timeliness of budget allocations to colleges. A particular aspect for consideration is how individual local authorities are to be held to account for failures of collective performance at the sub-regional level.

Q10. Are you content with the proposals:

- (a) To retain a national funding formula based closely on the existing one?**
- (b) For funding to flow to institutions on the basis described?**

We support the continuation of a national funding formula along the lines being introduced for 2008/09. We welcome the assurance this gives that funding will be re-based to take account of delivery in the previous year; this is a positive incentive to pursue growth through increased participation. In our responses to earlier questions we have highlighted the need for a clear and supportive funding regime for residential accommodation and transport costs of out-of-area learners at land-based colleges, and for harmonisation of the funding regime for Additional Learning Support at schools and colleges. These aspects need early attention.

As regards (b) we have proposed in response to Q1 and 2 that local authorities should have the freedom to fund colleges from a collective sub-regional pot. In other respects we generally support the funding flow proposed in the Consultation

Document. However there needs to be a clearer definition of what powers, if any, individual local authorities have to adjust budgets of particular FE providers once they have been agreed at the sub-regional level, for example to offset overspends against school budgets or to find funds for additional requirements that the local authority would like colleges to undertake.

Q11. Would you support a move to a single national 14-19 funding system?

Cautiously, yes. However, any extension of a national funding formula to the 14-16 would have to be adequately funded, in a way that the current IFP programme never really was. A 14-16 funding formula would need to recognise the generally higher costs of supervising this age bracket, and in particular the significantly higher costs of engaging and supervising disaffected young people; and would also need to include a formula for funding the transport costs of moving 14-16 year-olds between school and college. Transport can be a considerable expense, particularly in rural areas.

Q 12. Do you agree with the proposals for capital funding?

No. While we welcome the objective that local authorities should ensure that capital plans across their area are coherent, we do not believe the arrangements set out in paras 5.13 to 5.15 are likely to achieve this, at least in respect of colleges. This is because, as we understand it, the capital funds will be held in two pots: the 16-19 pot held by the YPLA (including the funding for the Building Schools for the Future programme) which is designed to fund the increase in the participation age and the full curriculum and qualifications entitlement for all young people; and the FE Modernisation Fund held by the DIUS Skills Funding Agency, which will be used for both adult and young people's facilities in FE.

It is unclear how in practice coherence will be achieved between these two pots. Most of our building projects are designed to meet both growth in student numbers/widening of the curriculum and the need to replace aging infrastructure with new facilities capable of supporting our drive for outstanding provision. It is clearly not sensible for colleges to have to apply to both potholders for funds, or to impose cross-conditionality between them. That would be a recipe for delay and muddle.

More generally there is a real need, as we believe LSC themselves recognise, to overhaul LSC's current processes for appraisal and approval of capital projects before they are taken over by the SFA. The present appraisal process is protracted (it took 16 months for LSC to appraise and approve our most recent and relatively straightforward £10m project), cumbersome (a great deal of updated data was required that was not central to the strategic case for the investment), and mechanistic. There is a need for clearer and more coordinated project-handling arrangements, and for an approach more in line with best modern public sector practice, focusing on strategic risks and public benefit opportunities rather than on the minutiae of the project specification.

Q13 Do these proposals about timescale and transition appear reasonable?

The sequence for the transition set out at chapter 6 seems to us a logical one, but the timetable looks ambitious and the risks of dislocation and disruption to colleges and learners are high. The arrangements for commissioning and funding being proposed are more complex than now, and, as para 6.5 rightly points out, local

authorities have not been accountable for FE provision for many years. We question whether adequate time is being allowed for proper road-testing of the arrangements local authorities have to put in place (para 6.6) before a go-live of the commissioning Model (b) for 2010/11.

Q14 Do you agree with the proposal to create a new Skills Funding Agency to replace the Learning and Skills Council post-19?

Yes, provided that there is assurance of a seamless transition between the two bodies, particularly as regards the appraisal and approval of major capital projects. Maintaining continuity of case officers will be an important part of this.

Q15 Do you agree with its role?

Broadly yes, as regards its key role of developing and funding the skills agenda (paras 7.21-23). We have reservations in respect of some aspects of the FE sponsorship role, which we deal more fully in our response to Questions 18 and 19 below. Although not discussed here we presume that the SFA will take over LSC's role as the regulator of FE colleges' charitable status.

It is disappointing that the Consultative Document does not consider more fully the SFA's role in respect of HE and the interface between FE and HE. For colleges such as Plumpton, which offers Foundation Degrees, Honours Degrees, and post-graduate research capability, it is important to have an agency that actively promotes coherence between FE and HE policies, funding and data-gathering. We hope that the Higher Level Skills Strategy foreshadowed at para 11.13 will specifically consider conferring on SFA a greater role for overseeing the FE/HE interface than currently lies with LSC.

Q16 Do you agree with the funding and commissioning role proposed for the Skills Funding Agency?

While we broadly support the functions set out for the SFA we have reservations about some aspects of the policies described in Chapter 8.

We are for example unclear about the allocation of indicative budgets at regional level (para 8.1). Are these for sub-allocation within the region, and if so on what basis and to what level, eg to individual providers? Will these indicative budgets constrain training activity if demand within a region is stronger than budgeted, and if so how will providers be notified?

Para 8.2 envisages a national funding system based on the actual costs of delivery of the best colleges and providers. It is unclear whether the funding rate is intended to be pitched at a level which allows providers simply to recover their costs or whether it will include a profit element to incentivise providers to grow their business. In addition the Train to Gain national funding system fails to make allowance for the higher costs of aggregating and meeting demand from small and very small businesses, particularly in rural communities. In the land-based sector, for example, a third of employees are in workplaces employing less than 10 people, and a further 40% in workplaces employing between 10 and 49 people. Plumpton's reputation for training quality and service amongst land-based employers is exceptionally high. Our cost efficiency is excellent: our staff costs are barely 50% of our income.

However with national funding rates geared to the costs of supplying large urban employers the business of delivering Train to Gain to small, dispersed land-based employers is generally unsustainable for us. In our latest business strategy review Plumpton Governors concluded that without changes in funding methodology to deal with this we could no longer continue to treat Train to Gain as a core activity for the College.

Para 7.24 is clear that part of the SFA's role should be to create a funding and incentive structure that prioritises responsiveness to customers. We agree, but we believe that maintaining an adequate incentive structure requires a much greater continuing input by the SFA and a more flexible funding mechanism than is recognised in the Consultative Document.

Q17. Do the proposals in Chapter 8 reflect the right balance of strategic commissioning and individual customer service?

We welcome the recognition at para 8.16 that there is a need for the development of strategic skills within regions which cannot be met simply through demand-led programmes aimed at individual learners and employers. Successive White Papers have emphasised at national level the central role of skills development in improving the international competitiveness of the UK economy. However this emphasis has been less visible at regional level. The prioritisation given to particular sectors in regional skills strategies tends to reflect the demands of existing employers. For example the LSC skills strategy for the South East sets out 5 priority sectors – business services, health/care, construction trades, manufacturing/engineering, and wholesale/retail. Of these only business services and manufacturing/engineering are basically internationally competed sectors. Other sectors which are more internationally traded, including land-based, have not been treated as priorities in the South East (although land-based is a priority sector elsewhere in the country.) Likewise, the development of enterprise skills has received no encouragement within the FE sector, although Government has long recognised the importance of entrepreneurship in improving UK competitiveness.

Providers and other stakeholders in the skills agenda need coherence between the national and regional skills priorities. Accordingly we believe it should be an explicit part of the role of the SFA set out at para 8.20 to articulate which particular sectoral and entrepreneurial skills are seen by Ministers as key to the improvement in UK competitiveness, and to ensure that these are reflected in the skills priorities identified in the regional economic strategy, in the sufficiency of the provider capacity across the region to meet them, and in the adequacy of the funding available to the region (and the effectiveness of the funding mechanisms) to ensure they are delivered.

Q18. Do you agree with the proposals on performance management and the performance intervention role of the Skills Funding Agency?

We welcome most of the proposals in Chapter 9. We have concerns about what the Consultation Document does not say, and particularly in two areas – capital expenditure and deregulation – both of which are in our view absolutely crucial to the success of the FE sector.

Plumpton's view on self-regulation is clear. We believe that the governors of each college should be solely responsible and accountable for the performance of the

college. We do not subscribe to the notion of the sector having a collective responsibility for the performance of each college, or that any college should require some form of licence from a non-statutory FE body in order to thrive. We believe that intervention by a non-statutory body in the performance management of a statutory Corporation is likely to lead ultimately to legal challenge. We welcome peer review as a mechanism by which a college can benchmark itself against other colleges and identify better practice; but we expect the results of peer reviews to be confidential to the college concerned, and decisions on how and when to take forward the lessons learnt to be solely a matter for the college.

We accordingly fully support the approach set out at paragraphs 9.9 – 9.12 for the SFA to take over the LSC's responsibilities for performance management and intervention where either pre- or post-19 performance does not meet the nationally agreed minimum standards. We would however expect the SFA to carry out this task with a much lighter touch than the LSC, and with a very considerable reduction in the frequency and volume of information required. We would also expect the SFA to engage more regularly with governing bodies, perhaps on the basis of the Corporation Annual Reports. Regular open dialogue with Governors is important if the circumstances leading to case conferences (paras 9.13 –17) are to be nipped in the bud.

Q19. Have we got the right approach to sponsorship of the FE sector as a whole?

No, paras 9.18-9.20 do not address three key sponsorship issues, viz

- (a) Governance
- (b) Deregulation
- (c) Capital Investment

- a) **Governance.** We welcome the recognition at para 9.18 that colleges may, as a result of the Machinery of Government changes, begin to follow different models according to their particular strengths and specialisms, business opportunities or local circumstances. We see a growing diversity of models as adding potential strength to the sector in terms of responsiveness, innovation, and reduction in financial risk

However one corollary is that it no longer makes sense to impose a single highly prescriptive governance framework upon all colleges. For this reason and in the context of the Machinery of Government changes and the Government's wider deregulation agenda, we would accordingly like to see a fundamental review of the statutory Instrument and Articles. Hitherto only minor adjustments have been made to the I&A since Incorporation in spite of major changes in the corporate governance landscape and the roles of governors over the intervening 15 years. As governors we have found increasingly that trivial details in the I&A have proved an inflexible and frustrating barrier to improved management of the Corporation's business. Our preference would be to see a fuller statement of the key duties of FE Corporations set out in primary legislation, much shorter I&A (essentially paralleling the equivalent sections of the Companies Acts) set out in secondary legislation, and then any other material on corporate processes set out in non-binding Guidance Notes. Governors should be free to depart from these Guidance Notes, but would have to account for their reasons for doing so.

- b) **Deregulation.** We also expect SFA as the sector's sponsoring body to play a more proactive part than implied in the Consultation Document in driving forward an agenda of less regulation, better (ie less prescriptive) regulation, and fewer regulators, and would like to see these goals included as formal performance measures for the SFA's sponsorship role. We understand that the FE Deregulation Unit is coming under the wing of the Single Voice bodies, but it should not be left to the sector alone to make the running on this crucial issue. There are still very large costs within LSC associated with the close supervision it exercises over colleges, and we see significant scope for releasing further resources for front line activity.

In particular we see the prescriptive rules for the micro-management of the FE estate as increasingly inconsistent with the White Paper's objective of greater autonomy for colleges. Associated with this is a very large reporting system ("E-Mandate") covering every aspect of the college's estate. This is an annual survey, even though the profile of our estate tends to changes only in small respects from year to year, and it takes a senior manager a week to complete: the data is of minimal use to our own management of the estate. Instead of rules we ask for non-binding guidance or best practice notes. We recognise that along with greater autonomy should go greater college accountability for their performance, including the efficiency with which they use their estates. Under the Machinery of Government changes many more agencies will have an interest in our efficiency than the LSC/SFA alone. We accordingly suggest that the annual E-mandate report should be replaced by a requirement on College Corporations to include in their published Annual Reports an explanation for significant departures from the Guidance and any significant shortfalls against key benchmarks. Detailed material on the estate would otherwise only be forwarded to SFA in support of grant applications for major capital expenditure.

No less burdensome is the annual Staff Individualised Record (SIR) report from each college to LLUK (previously to LSC) setting out for each member of staff a great deal of personal data. We would like to see this replaced by occasional sampling exercises. We would expect a sponsor agency to be much more active in future in pressing other agencies for reductions in bureaucracy.

- c) **Capital Investment.** In our response to Q12 we express concern about the protracted period taken to process submissions to LSC for approval of capital projects, and about the prospect of having two pots of capital funding – and two potholders- in future. SFA will be inheriting from LSC a very significant FE capital budget, and it is important that colleges know the Agency's priorities for its deployment and, hopefully their thinking on how the processing of capital bids can be streamlined.

If colleges are to press forward with preparation of further projects, they also need confirmation that SFA will be prepared to see a much higher proportion of the cost of future projects financed by grant than LSC has generally agreed to so far. This is partly a question of equivalent treatment of colleges and schools. But also it reflects the fact that colleges including Plumpton have been required by LSC to borrow up to the limit of what they could afford over 20 years towards the cost of the project. As a result colleges in many cases no longer have the borrowing capacity to respond to further changes in their market place that require investment, and projects will therefore be much more dependant on high rates of capital grant in future.

Q20, Q21 Do you agree that each of the functions in Chapter 10 and Chapter 11 should be performed by the Skills Funding Agency?

As a provider we look for clarity and consistency in the way that Government policy is articulated and implemented, a reduction in the number of bodies with different agendas with whom we have to interface, and transparency and promptness in the decision-making process. Our concern is that matters on which we have hitherto had to engage only with one organisation (LSC) are now to be handled by different services with fuzzy boundaries to their responsibilities and sometimes dual reporting lines. And although many of these services are under the umbrella of the SFA, it is unclear from the Consultation Document how SFA will in practice co-ordinate and direct them, how far the funding of individual services will be ring-fenced, and how the “strong interfaces” between them promised at para 7.25 will actually be delivered. We are concerned at the scope for muddle where services are “housed within” SFA (NAS, the FE Data Service at para 11.17) but not actually directed and managed by the Agency. We are also concerned at the complications colleges and their representative bodies at local and regional level will face in having to deal with a multiplicity of new bodies with overlapping interests in particular services.

Like many land-based colleges we have found it difficult to stimulate apprenticeships in a sector where employers tend to be very small, the necessary insurance can be a significant deterrent, and in some areas the work is seasonal and the risks of lay-off are high. We believe the creation of a National Apprenticeship Service is necessary if the Government’s targets are to be achieved, along with more funding and national efforts to overcome the barriers to work-based learning in particular sectors. However we feel that the relationship between the NAS and Train to Gain described at para 10.11 is a muddle.

Q22 Do you agree with the description of the wider skills landscape within which the Skills Funding Agency will operate?

Our response to Q18 sets out our serious reservations about the direction of travel of the self-regulation agenda, and our views about the need for greater impetus behind deregulation.

Our response to Q15 sets out our views on the interface between HE and FE. We welcome the steps being taken to facilitate progression from FE to HE. We have highlighted earlier in our response to Q6 the need to harmonise the regime for funding Additional Learning Support as between schools and colleges. There is also scope for greater alignment of the funding arrangements for Additional Learning Support as between FE and HE. Para 11.14 deals with maintenance grant, but it is important that young people who require additional learning support can also see a clearly-funded route into the next stage of their education.