

PARTIAL REGULATORY IMPACT ASSESSMENT

FURTHER EDUCATION REFORM WHITE PAPER

1. **PURPOSE AND INTENDED EFFECTS**

i) **Objectives**

1 The FE Sector has a vital role to play in developing the skilled workforce the nation needs to compete economically. Its key role is to equip young people and adults with the skills for productive, sustainable and fulfilling employment and to ensure that employers have the right skills for their businesses to succeed in a competitive global economy. This White Paper sets out a wide-ranging programme of reform designed to enable the sector successfully to rise to that challenge.

2 The White Paper is a response to Sir Andrew Foster's report of November 2005, on the future of FE *Fulfilling the Potential*. The reform proposals are intended to enable the further education system to play its role in delivering the strategies for the 14-19 phase of education and the adult skills strategy.

3 The White Paper covers the whole of the learning and skills sector in England, including FE colleges, sixth form colleges, school sixth forms, independent providers of training and adult and community learning providers. This sector provides services to some 6 million learners each year and receives approximately £4bn in public funds.

4 The overall objective of this White Paper is to reform the FE sector to enable it to equip young people and adults with the skills for productive, sustainable and fulfilling employment, and to ensure that employers have the right skills for their businesses to succeed in a competitive global economy. To achieve this the White Paper proposes many reforms in the following areas:

- a. **mission:** many FE colleges in particular have an exceptionally broad scope of activity, from entry level basic skills to degree programmes, serving students from age 14 to those well into retirement. In some cases the breadth of the activity colleges are seeking to deliver has made for patchy provision in some programmes. The White Paper defines the central purpose of the sector as being to equip young people and adults with the skills, competences and qualifications that employers want. It sets out changes to funding methods, performance management and success measures and to workforce development within the learning and skills sector to support that primary purpose;
- b. **specialisation:** the Government will support colleges and training providers in developing their own areas of specialist excellence in serving one or more sectors of the economy. The programme of National Skills Academies will be extended and a

new phase of the programme for Centres of Vocational Excellence will be implemented;

- c. responsiveness to learners and employers:** learners and their current or future employers are the customers of FE. The needs and interests of these two groups are not always identical but tend to closely align – the top priority being excellent quality teaching and gaining the skills and qualifications for a good job. We are drawing on the Employer Training Pilots in rolling out the national Train to Gain programme. We are also introducing a new entitlement for learners aged from 19-25 to complete their initial education with fee remission for their first full Level 3 qualification. And we are introducing measures which will give learners and employers a stronger voice to influence provision;
- d. quality and capacity building:** success rates in FE have risen, a great majority of programmes are satisfactory or better. However there are still pockets of poor quality and far too many colleges and other providers or departments within them, which are “coasting” and need to improve. The White Paper introduces a reformed set of performance indicators that will include employer and learner satisfaction and impact on employability, as well as learner achievement and value for money, from which we will derive a single overall performance rating for each college and provider. It also sets out a robust new approach to tackling underperforming provision with persistently failing or coasting provision subject to competition, merger or federation if improvements are not secured within a specified period. The overall approach will be a risk-based one, with much lighter touch inspection and performance management regime for successful providers;
- e. workforce development:** working with the QIA, we are committing to a comprehensive strategy for recruitment and training of staff. We will offer better incentives to attract talent into the sector, both new graduates and managers, drawing on good practice in schools such as the Teach First programme. The strategy will also introduce a new regulatory requirement for continuous professional updating for teaching staff and a requirement for college principals to hold a relevant professional qualification;
- f. planning and funding:** will underpin all the reform proposals, with an approach that creates the right incentives and drivers to secure a high performing system capable of meeting the skills challenge. In the 14-19 phase the result will be fair funding for comparable activity across all institutions. For adults, we will progressively build up the proportion of funding that is driven by customer choice – for employers through the Train to Gain programme and for learners through accounts. There will be a clear distinction between what the state pays for, to tackle market failures and ensure access for those who would

otherwise be excluded, while adult learner and employers pay more in relation to the benefits they receive;

- g. **a new relationship with providers:** the FE system is currently over-regulated and too complex. If colleges and training providers are to be able to step up to the challenge we are setting, they must have the space and freedom of manoeuvre to do so. The DfES will focus on its core purpose of strategic leadership and policy formation. The LSC will remain the key body responsible for planning and funding the FE system, ensuring the right pattern of colleges and providers are delivering high quality programmes. The LSC will strengthen its regional capacity and its general capacity to work strategically with colleges and providers, while withdrawing from much day to day admin activity. The overall effect will be to create a better balance of autonomy and accountability for colleges, with more discretion for good providers to decide how to respond to customer needs, combined with sharper LSC intervention to sort out poor and mediocre provision.

ii) Background

5 The further education sector is large and diverse. It comprises a number of different types of provider serving some 6 million learners in 2004/05. The majority of learning took place in General Further Education and Tertiary Colleges, accounting for just under 3.4 million learners. 226,000 learners attended Sixth Form Colleges, 435,000 attended External institutions and 193,000 studied in other colleges (agriculture and horticulture, art, design and performing arts and specialist designated). Personal and community development learning accounted for 915,000 learners and 519,000 studied with work-based learning providers. 349,000 learned in school sixth forms. An additional 94,000 studied FE courses in HE institutions in 2004/05.

6 There are 390 further education colleges in England. Over half of these are General FE colleges (201) and just over a quarter (100) are Sixth Form Colleges. The rest includes 52 Tertiary, 17 Agricultural and Horticultural, 15 Specialist Designated and 5 Art, Design and Performing Arts colleges.

7 Work-based Learning (WBL) for young people is a major programme of government-supported training comprising Advanced Apprenticeships, Apprenticeships at level 2, NVQ learning and Entry to Employment (E2E). There were 1,163 institutions delivering work-based learning in England in 2004/05. A significant proportion of work-based learning is undertaken on day release in further education institutions, but the majority is delivered through private training providers. Personal and community development learning (PCDL) includes a diverse range of community-based and outreach learning opportunities, primarily delivered through institutions maintained by the 150 Local Education Authorities in England. A small proportion is delivered through a handful of further education college

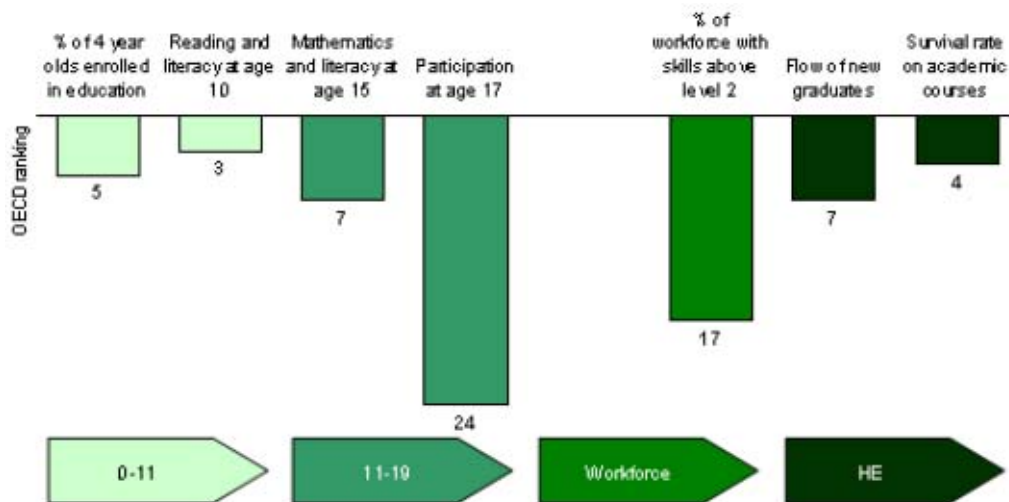
8 Public investment in the sector totals £4bn annually. In addition, employers invest some £33 bn pounds a year in training.

9 The Learning and Skills sector has a crucial role to play in sustaining and improving national economic competitiveness and in supporting social mobility.

iii) Rationale for Government Intervention

10 The UK continues to lag behind its economic competitors in terms of the staying-on rates for 16 year olds and in terms of intermediate skills in the workforce. The interim Report of the Leitch Review of Skills and the 14-19 White Paper have highlighted the challenges the UK faces if we are to increase productivity and sustain long term economic competitiveness. Figure 1 illustrates how post-16 education is the key to addressing these challenges. This shows a comparison of UK educational performance with Organisation for Economic Co-operation and Development (OECD) countries. The UK compares favourably on measures for the younger ages and for higher education. However we are relatively weak by comparison for the 16 year old participation rate, and in the intermediate level of skills in the workforce.

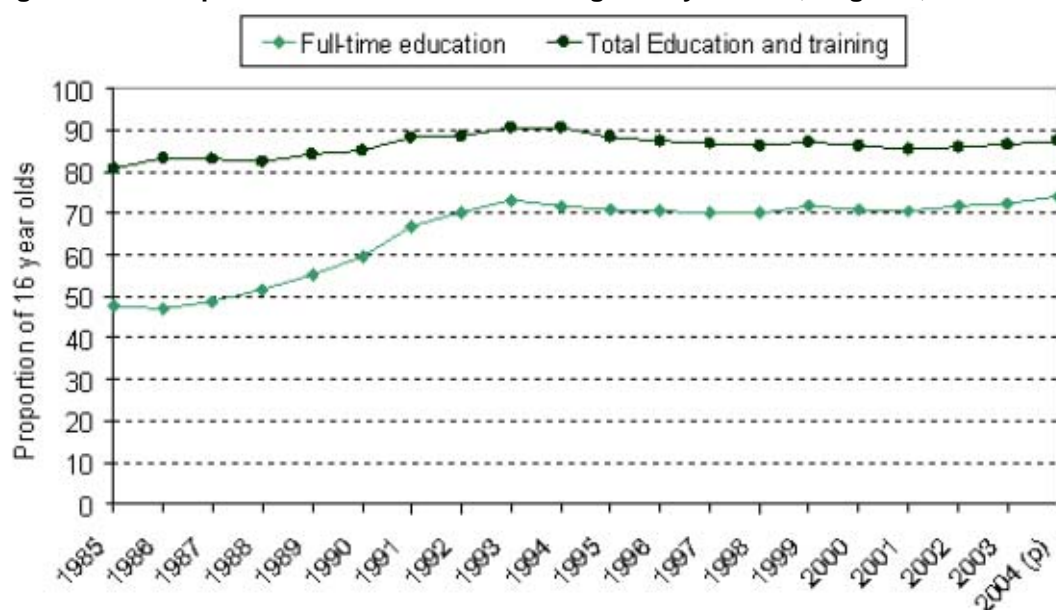
Figure 1 – Performance of the education system



Source: OECD 'Education at a Glance 2005', Programme for International Student Assessment 2000, Progress in International Reading Literacy Study 2001

Figure 2 illustrates participation rates for the last 20 years for 16 year olds in education and training after leaving compulsory schooling. Participation rates in full-time education were rising until the early 1990s. They then flattened off at about 70% and remained steady for the next ten years. There are signs that the participation rate has started to rise in the last two years, and the provisional figure for 2004 is 74.2%. The equivalent rate for 17 year olds is 60.5%, and for 18 year olds it is 38.0%.

Figure 2 - Participation in education and training of 16 year olds, England, 1985-2004



Source: DfES Statistical First Release 27/2005

11 Through its strategies for 14-19 education and training and its adult skills strategy the Government has set out major reforms which will address these concerns. But each will require the further education system to perform to its maximum potential. Moreover the initial report in autumn 2005 by Sir Sandy Leitch estimated that even if we achieve all our current targets for raising skills and qualifications amongst young people and adults the UK would still end up in 2020 no better than mediocre in the international rankings. The Government therefore regards it as essential that the Learning and Skills sector is reformed to enable it to play its role in rising to these vital challenges.

12 The sector has many successes to its credit. College success rates rose from 59% in 2000/01 to 72% in 2003/04. Work-based learning rates went up from 36% in 2001/02 to 46% in 2003/04. Completion rates for Apprenticeships are also improving. In 2004/05 the completion rate was 40%, up from 31% in 2003/04. But the evidence also demonstrates that there are specific concerns which need to be addressed in relation to the quality and performance of some institutions in the sector and how far it is fulfilling its potential to deliver the skills employers need. For example:

- 3% of colleges are currently assessed by inspectors as inadequate, 22% of colleges have at least one curriculum area regarded as unsatisfactory, and 5% of leadership and management in colleges is unsatisfactory.
- Inspection results for work-based learning during the past year indicated that 12% of providers were inadequate, 13% of work-based areas of learning were unsatisfactory, and 11% of leadership and managements was unsatisfactory.

- 7% of employers who used FE colleges during the last year were 'not very' or 'not at all' satisfied with provision. 82% of employers did not use colleges at all

12. In November 2005, Sir Andrew Foster completed a review of the Further Education sector commissioned by the Secretary of State for Education and Skills. He recognised the many achievements of the sector but concluded that it was being held back from fulfilling its potential contribution to prosperity and social mobility by a number of factors which the White Paper's proposals seek to address including the need for a clearer and more focused mission; a reduction in the complexity of its funding and performance management arrangements; measures to tackle under-performance including increased use of competitions; and a new workforce development strategy. It remains a sophisticated system which requires detailed consideration. The White Paper proposes a considerable number of individual reform measures. Whilst the cost/benefit balance of the overall package has been broadly assessed at this stage, detailed analysis measure by measure can only be undertaken at the implementation stage and individual RIAs will be brought forward as necessary.

13 The Learning and Skills sector has a crucial role to play in sustaining and improving national economic competitiveness and in supporting social mobility. The initial report in autumn 2005 by Sir Sandy Leitch estimated that even if we achieve all our current targets for raising skills and qualifications amongst young people and adults the UK would still end up in 2020 no better than mediocre in the international rankings. The Government therefore regards it as essential that the Learning and Skills sector is reformed to enable it to play its role in rising to these vital challenges.

2. OPTIONS

14 The broad options for achieving the objective of enhanced skills within the economy remain as considered when the Skills Strategy was introduced. The Government remains of the view that a voluntary approach at the level of employers is the best option. The arguments in favour of the voluntary approach were set out in detail in the RIA for the 2005 Skills White Paper and are repeated here.

The options are:-

- a) doing nothing
- b) adopt a voluntary approach
- c) legislate

a) The factors in favour of **doing nothing** have not changed since the introduction of the Skills Strategy. Letting employers, providers and individuals reach a balance realising the value of training would happen over time, and with intervention a flexible market would offer simplicity and clear winners and losers. The capacity of the system would be allowed to find its own level. Doing nothing is undoubtedly easier.

b) A **voluntary** approach leads to less regulation on business and less bureaucracy. It recognises the legitimate interest of Government in improving competitiveness and influencing both demand and supply of skills. The voluntary approach does not rule out voluntary levy arrangements. The voluntary approach is very much more flexible, allowing different industry sectors/ segments/ geographic areas to develop approaches that meet their own needs and those of their people and to take account of time factors in implementing change. The voluntary approach gives the individual a greater sense of ownership and choice. This may lead to an improved sense of achievement and stimulate further learning and progression.

c) The **legislative approach** has been tried and we know the benefits it can bring in forcing the pace of change and sending clear messages about rights and responsibilities. And it would also allow a clear focus. A legislative approach has been tried before.

Having considered these advantages the Government has decided on the **voluntary approach**, because, in addition to the above advantages, we can argue:-

- a) That it is wrong for the state to introduce compulsion on employers when a substantial part of the problem lies with the public supply side. We should first get our house in order before telling others what to do.
- b) That experience in other countries (e.g. France and Australia) which have tried compulsory approaches indicates a substantial problem of avoidance behaviour by employers.

3. BENEFITS

i) Business Sectors Affected

15 All sectors of the economy should benefit from these reforms to the learning and skills sector which are designed to improve the training services available to employers and individuals thus ensuring that business and the public sector can recruit and develop well educated and skilled employees who will enhance the success of their enterprises.

16 It is not possible straightforwardly to quantify the economic benefits likely to result from the proposed reforms. They represent multiple interventions on the existing system designed to change the behaviour of all the different agents in the system – learners, employers, providers, teachers, leaders, Government, the Learning and Skills Council and many others. It is not possible to predict in detail what the cumulative impact is likely to be. However an illustration of the possible economic impact of successful reform to the sector is provided by analysis in the recent Leitch interim report on Skills which estimated that, for example, getting an extra 3.5 million people to level 2 by 2020 could deliver a net benefit to the economy in the long term of between £85 and £100bn.

17 Post 16 learning is a dynamic system of non-compulsory activity which is influenced by local factors such as employer and learner demands. These measures are designed to better meet those demands. Establishing true costs would involve combining the employer contribution and the Government's contribution over long timescales and economic conditions. The Government has benchmarked the areas of highest priority with PSA targets and these act as a marker of the benefits to the country as a whole.

18 Beyond these generalised benefits, the sector most directly affected by the reforms will be the learning and skills sector itself. Colleges and other training providers should benefit from the White Paper's proposals which offer clarity of roles and less bureaucracy at every level in the system. Providers will benefit from a lighter touch and better targeted performance management regime and more stable funding and planning systems, and enhanced opportunities to expand their operations through increased contestability.

19 Through the sector's Bureaucracy Review Group a number of attempts have been made to quantify the financial cost to providers of accountability and inspection requirements in the current system but this has not proved straightforward and, whilst successive studies and consultation with providers confirm that significant burdens are perceived, no reliable figures are available to quantify these. The Bureaucracy Reduction Group commissioned work in 2004 and 2005 to measure the staff time and other costs of bureaucracy imposed on colleges and WBL providers. These covered accountability systems and LSC management information demands. These studies produced indicative information, but also showed wide variations between different colleges in meeting the same requirements. The contractors recommended that significantly larger studies were needed to produce reliable results, so they were not published.

20 The specific reforms which we consider should lighten the burden on providers relate to

- a. inspection; the White Paper provides that, the average number of inspection days for colleges and other providers will generally reduce by 30%, with good and outstanding colleges seeing a reduction of around 50%. The estimated cost of an inspection was assessed by ALI in 2005 as £134K for an average college and £18K for an average WBL provider;
- b. performance management, planning and funding; the White Paper commits Government and the Learning and Skills Council to a range of changes to lighten the burden of these arrangements on providers, including a commitment that there will in future be a single nominated LSC account manager, and that for most colleges and providers meetings will take place only twice a year;
- c. qualifications; the White Paper commits the DfES, Learning and Skills Council and Association of colleges to work together to address the financial burden of the examinations system; and the Qualifications and Curriculum Authority will lead a review of examination fees charged by awarding bodies;

- d. data collection; the LSC is already making good progress towards improving both the collection and use of information through the MIAP (Managing Information Across Partners) project and the *agenda for change* programme. The White Paper builds on this by proposing to establish a single mechanism for setting information standards and data and reporting requirements;
- e. communications with colleges and other providers where the White Paper proposes a “single gateway” approach analogous to that in place for schools.

ii) Equality and Fairness

21 The Learning and Skills sector has a very strong record in providing opportunities for learners from disadvantaged groups. The reforms proposed in the White Paper seek to build on the sector’s strong performance in this area and to make a number of specific improvements which should benefit disadvantaged groups. Specifically:

- a. **The refocused mission and vocational specialisation** will raise the profile of occupational and skills learning, and clarify the entry and progression routes for sectors and occupations which have traditionally been stereotyped – particularly along gender lines. National networks supporting specific sectors will increase the reach and accessibility occupational pathways, raising aspirations and promoting a wider recruitment base.
- b. **Personalisation of learning and support** will be particularly significant in raising aspirations and enabling learners to enter and succeed in types and levels of learning that might previously have seemed closed to them. Personalised teaching and learning will reflect cultural differences and focus on the needs of specific groups and individuals to enable them to succeed.
- c. **E-learning** intrinsically provides a vehicle for equalising access to learning for those who find it difficult to access traditional, site-based delivery.
- d. **Clearer learning pathways and qualifications, underpinned by high-quality IAG** will ensure that pathways into specific careers and/or further learning are transparent. Good information and guidance will challenge traditional gender or racial stereotypes attached to particular types and levels of learning, enabling learners and potential learners to make more informed choices rooted in their own individual strengths and aspirations.

- e. **The 19-25 entitlement to learning at level 3** will be particularly important in removing financial barriers and raising aspirations and providing a pathway to higher level skills for learners from groups which are disproportionately disadvantaged by the current cut-off at age 19 - for instance, those who progress more slowly through the system, and those, such as young single mothers, who drop-out of learning at 16 or 17 and then may wish to re-enter. In developing the new entitlement, we will monitor carefully its diversity and equal opportunities impact.
- f. Similarly, **level 3 learner accounts and the extension of Train to Gain** will provide a new pathway for adults re-entering the labour market, such as women returning after a career break, or those moving from lower to higher skilled employment. Again, diversity monitoring and reporting will be built into the further development and implementation of these proposals.
- g. **Train-to-Gain brokerage**, focusing on employers and sectors where training levels are historically low, will particularly help women and minority ethnic groups traditionally over-represented in low-skilled, low pay employment, and underrepresented in work-based training.
- h. Development of the **Foundation Learning Tier, and subsequent 19-25 entitlement to learning at this level**, will support step-by-step progression for adults returning to learning and those young people who need more time to progress, and raising their skill levels to the point where they can access full programmes at the levels needed to sustain stable, skilled employment.
- i. **LLDD provision** will be improved through the response to the Little report. LLDD learners will benefit from a national strategy for the delivery of provision to meet their needs. This will include higher quality teaching and learning, improving the accessibility of work-based provision, and more effective arrangements at local level will ensure that they can make transitions into further learning and employment.
- j. **Workforce reforms** will both support personalisation, particularly by improving the capacity of FE teaching staff to tailor their teaching and learning to more diverse groups of learners, and improve career paths and progression for teachers and leaders within the FE sector for under-represented groups.
- k. **Contestability** will open up new opportunities for 'niche' providers who can focus on particular community or individual needs, both in terms of types of provision, and delivery and accessibility of mainstream provision to specific groups.
- l. **The national learning model** will enable the needs of specific learner-groups to be integrated systematically into the national

analysis of supply, demand and delivery of skills. Equality organisations will be consulted to ensure that we achieve this.

- m. Equality and diversity will be fully integrated into the **planning, management and monitoring of performance for individual providers and the sector** locally and nationally. The experience of learners, including on diversity and equality issues, will be systematically collected through providers' learner satisfaction surveys, based on a revised LSC Learner Satisfaction Survey, and will form part of the monitoring and management of quality and performance.

4. COSTS

22 The intention is that the overall impact of the White Paper should be to release additional resources to the front line of post 16 education and training. To that end, Chapter 7 of the White Paper gives details of the ways in which the planning and funding system will change to reduce provider administrative costs. In summary these are:-

- We will implement a simplified system for planning and funding provision, which will make clearer the links between national priorities and local action, and enable colleges to play more fully to their strengths.
- A single named strategic partner will lead for the LSC in its relationship with each college or provider.
- There will be improved communications between government and its agencies and the system: there will be a single gateway process for all publications and data returns, which will ensure that only relevant, clear and important communications are sent as a matter of course to providers.
- Improved arrangements for data collection will ensure that data is collected once and used many times.
- There will be new freedoms from the planning infrastructure for the most effective providers.

i) Compliance Costs

23 Because the White Paper sustains the voluntary approach to skills development in the economy, none of the measures in the White Paper should give rise to compliance costs for employers generally.

24 In relation to colleges and other providers of learning and skills (some of whom are, of course, businesses themselves), few of the measures proposed in the White Paper will give rise to compliance costs. Detailed assessments of costs, where appropriate, will be undertaken in relation to the individual measures at the implementation stage and, consistent with the commitment to lightening burdens shown through the LSC's *agenda for change* programme and the White Paper itself, care will be taken to minimise any transitional costs which may arise. The major reforms including the creation of learner accounts, the new entitlement to fee remission for 19-25 year olds; the new funding and capital systems, and the increased

responsiveness to employers and learners should, we believe, be compliance costs neutral in the medium term, although some modest costs may be incurred by providers initially as align their systems with the new entitlements available to their users. In addition, in the following specific areas we believe that modest specific compliance costs may arise from the reforms:

- a. workforce development: compulsory continuing professional development requirement for college teachers based on a minimum of 30 hours per year;
- b. requirement for college Principals to hold a specified qualification.

25 A full regulatory impact assessment for these proposals will be brought forward alongside the relevant statutory instruments following detailed consultation. In relation to proposal a, we estimate an annual cost in the order of £12 million for providers to cover the cost of replacing staff during training periods incurred by the small minority of providers who do not already provide training opportunities for their staff. In relation to proposal b, we anticipate that costs may be in the order of £250,000.

ii) Other Costs

26 The Budget 2006 provides £25m from 2007-08 to fund a 19-25 entitlement to first full Level 3, and £11m from 2007-08 to allow the rollout of the Adult Learning Grant to be brought forward to the 2007/08 academic year. Both amounts will become part of the baseline from 2008-09.

27 This will fund a package of integrated support for 19-25 year olds, levelling up the support we provide for the 19-25 age group to tackle the key Level 3 skills gap, so as to provide a seamless transition from the 14-19 phase through to 25 for those young adults who have not achieved Level 2 or Level 3 by 19. The 19-25 entitlement will also protect young adults from the increase in fees to 50% that they would otherwise face. Both the entitlement and the Adult Learning Grant will be paid through accounts for those individuals in account trial areas, although we aim not to announce accounts until the FE white paper if possible.

28 The Budget funding for the 19-25 entitlement is not for use on sub-Level 2 provision for 19-25 year olds. However, in the FE white paper we will commit over time to extending full fee remission to cover these sub-Level 2 programmes, first for 19-25 year olds and then for the whole adult cohort – but this will require redeployment within existing LSC budgets, and will depend on the availability of resources. By 2010, this provision will have become part of the Foundation Learning Tier of the Framework for Achievement.

29 The Budget also provides £11m from 2007-08 for additional FE workforce reform initiatives to strengthen the exchange of skills between colleges and the workplace (Teach Further, Teach First, Business Talent, Business Interchange). These will be on top of the programme of reform of Initial Teacher Training and leadership in FE already begun. We propose to spread the £11m roughly equally across the four programmes. This will still

allow us to meet the recommendation made by Foster that we should recruit and train 50 managers per annum from outside the sector by 2008/09.

30 The White Paper will have other resource implications for DfES and LSC but these will be contained within existing budgets. The public purse provided a total £4.5 billion in 2004/5 to colleges and other providers of learning and skills.

iii) Costs for a Typical Business

31 Training staff is a cost for all businesses and the Government contribution to the cost benefits both the business and the individual to varying extents. This White Paper does not introduce any additional costs for a typical business who wish to have their employees engage in learning. There will continue to be no compulsion for employers to engage with the learning and skills system. The reforms should ensure that it is simpler – and therefore less costly – for employers to access training for their employees which meets their needs. The Government will continue to encourage employers to become involved through:

- investing in the training and development of their employees and making an appropriate financial contribution to the costs;
- contributing to the planning of training provision by representing their views to the supply side eg through engagement with college governing bodies and with sector skills councils
- providing opportunities for learners, particularly young people, to gain an understanding of the world of work.

32 Training providers who are businesses will be subject to some additional requirements as indicated in the section on compliance costs above but overall the impact of the White Paper will be to reduce burdens on them. .

5. SMALL BUSINESS IMPACT TEST

33 We do not intend to impose any regulatory requirements on small businesses through this White Paper. During the development of the White Paper the proposals have been discussed with the Small Business Council and the Small Business Service. The SBC have expressed a concern at the possibility that future requirements in relation to achieving recognition within the sector may require too much information to be realistically achievable for the smallest training providers. The Learning and Skills Council will be seeking to ensure that the implementation of all the measures in the White Paper takes into account the differing circumstances of different providers.

6. COMPETITION ASSESSMENT

34 We have considered the “competition filter test” questions. No individual provider holds more than a 10% market share. The new approach to performance management will impact differently on stronger and weaker providers, with the latter liable to more intensive inspection requirements and, where appropriate specific improvement actions. This is part of the policy objective.

35 The reforms will impact on competition in two main ways

- a. the White Paper encourages increased use of mergers and federations between providers in appropriate cases as part of the approach to encouraging innovation and a drive towards excellence. Whilst in individual cases we hope that the impact of this approach on quality and the experience for learners will be significant, the impact on overall competition within the sector in terms of numbers of providers, is likely to be marginal;
- b. the White Paper proposals will have the effect of increasing the opportunities for market entry by new, high-quality providers . There will be a presumption that, in all cases where significant blocks of new education and training provision need to be commissioned the LSC will use open competitions as the preferred way to identify which provider should supply the service. Appropriate development funding and capital incentives will be available for new entrants.

36 We therefore consider that the net effect on competition in the market for publicly-funded training services should be strongly positive.

7. ENFORCEMENT AND SANCTIONS

37 The Government does not propose sanctions beyond those already available within existing legislation. Sanctions for the new regulatory requirements in respect of college teachers and principals will be finalised in the light of the detailed consultation on the proposed regulations. We anticipate that these will be similar to those already in place in respect of regulatory requirements for college teachers.

8. MONITORING AND REVIEW

38 Alongside the White Paper we are publishing a detailed technical annex setting out the underlying statistical and economic analysis. The implementation of the White Paper proposals will be managed jointly by the DfES and LSC and will be kept under review and monitored by both organisations. The complexity of this system leads to many proposals in this White Paper, its implementation will require frequent feedback from participants which will ensure that opportunities and benefits are maximised. The overarching economic objectives in relation to skills and the 14-19 system will continue to be monitored through the established programme management arrangements and evaluation programmes for those strategies.

39 In relation to burdens on the sector itself, in May 2005 the Cabinet Office accepted a recommendation from the Better Regulation Task Force that the Government should adopt a standard method for measuring the bureaucracy it imposes, both on businesses, the voluntary sector and on public services. In August 2005 the Department for Education and Skills volunteered to pilot the new methodology for Government. Pilots of the methodology, designed by Price Waterhouse Coopers, started on the private sector last autumn, and on the FE, HE and Schools sectors in February 2006. We expect to know around Easter 2006 whether the methodology works for public services. If so we would expect to use it to measure bureaucracy throughout the FE sector in 2006-7, subject to agreement with

the Cabinet Office Better Regulation Executive that this is indeed the methodology they want to adopt for Government. It will be used both to establish baselines from which to set targets and monitor progress in reducing bureaucracy, and benchmarks for best practice.”

9. IMPACT ON RURAL AREAS

40 The wide-ranging consultation on the White Paper has included providers from rural areas. Two aspects of the White Paper proposals required particularly careful thought to ensure that rural areas are not disadvantaged.

41 First, as part of the robust approach to under performing provision, it is proposed that in some circumstances an alternative provider should be contracted to provide the service. However, we recognised the risk that in rural areas, for example a market town GFE college serving a dispersed rural community, alternative provision would not be a realistic option. The White Paper therefore provides for the management of a college to be replaced as an alternative form of radical action to secure improvement in performance.

Second, the White Paper reflects the 14-19 strategy and its implementation plan in respect of delivering the entitlement to all 12 lines of the new 14-19 diplomas through local collaboration between providers which may involve learners moving between different providers' premises for different parts of their programme. The White Paper proposes new funding principles for 14-19 partnerships and these recognise transport costs as a factor to be considered.

More generally, the White Paper proposes a new remit to the Learning and Skills Council to promote choice, diversity and specialisation in provision. This remit should ensure that learners in rural areas benefit from more diversity of provision.

Finally, the White Paper confirms and gives new impetus to the post-16 e-learning strategy which is an important aspect of the sector's service to learners and employers in rural areas.

10. CONSULTATION

42 The White Paper reflects an extensive programme of consultation both in the preparation of Sir Andrew Foster's report on the sector, on the LSC's *agenda for change* and subsequently, which has involved:

- many public meetings with different groups of providers from the college and independent sectors
- a meeting of the Skills Alliance which brings together the key economic and delivery partners who work with the Government on skills issues;
- extensive consultation with individual providers of different types, their representative bodies and other stakeholder organisations representing business, learners and other interested groups including trades unions, the Sector Skills

Development Agency and the Qualifications and Curriculum Authority.

Stakeholders have been consulted at the level of identifying the objectives of reform and then in more detail about how the reforms would be implemented and that we expect this to be an ongoing process. For example our policy on the 19-25 entitlement has been influenced by the LSC, in terms of scope, cost and maximising benefit. There are numerous examples of further consultation and review in the White Paper to ensure that its proposals are implemented on a broad consensus. These range from para 3.35 which contains the commitment of QCA to consult widely on the specification of Framework for Achievement to para 4.28 which includes a commitment to consult on the introduction a qualification which all newly appointed principals will be expected to achieve.

11. SUMMARY AND RECOMMENDATION

43 The FE Reform White Paper builds on the Government's strategies for the 14-19 phase of education and for adult Skills. It sets out a comprehensive and detailed programme of reform which should fit the learning and skills sector to deliver the outcomes required by those strategies and to respond to Sir Sandy Leitch's analysis of the skills needs of the economy in the 21st century.

12. DECLARATION

44 I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

Signed

Date

Bill Rammell MP
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