



Department
for Education

To all Chairs of FE College Corporations,
College Principals



Department
for Business
Innovation & Skills

Nick Boles MP
Minister of State for Skills

1 Victoria Street
London
SW1H 0ET
T +44 (0) 20 7215.5000
E enquiries@bis.gov.uk
www.gov.uk/bis

www.education.gov.uk

21 July 2015

Dear Colleague

I would, first of all, like to thank you for the many kind messages I received following the election and my re-appointment as Minister for Skills. I am certainly pleased to be given a further opportunity in this role and I hope that my re-appointment will provide a degree of stability that colleges will find helpful.

The new Parliament provides a unique opportunity for us to develop a sustainable skills system that will address long-term weaknesses in the country's performance. You will have no doubt seen the productivity plan published jointly by the Chancellor and the Secretary of State on 10 July 2015 which highlights the critical role skills has in improving our productivity, which will drive skills policy going forward. Clear high-quality professional and technical routes to employment, strong institutions (including institutes of technology and National Colleges) and local involvement in the commissioning of provision will give the sector the agility to meet changing skills requirements in the years ahead. A copy of the productivity plan can be found at: <https://www.gov.uk/government/publications/fixing-the-foundations-creating-a-more-prosperous-nation>.

The Government's commitment to 3 million apprenticeships starts over the next 5 years is a key part of this. To deliver this commitment, we are developing a comprehensive plan to support growth and will legislate to set apprenticeship targets for public bodies and to provide protection for the term 'apprenticeship' to prevent misuse. We also remain committed to delivering our employer-led apprenticeship reforms and, in March, announced the 'Apprenticeship Voucher' which will give employers more control over funding. This is being developed with employers for implementing from 2017. Also, in the July Budget, we announced a UK-wide levy for large businesses to help fund the increase in quantity and quality of apprenticeship training required to meet the Government's commitment.

We have also contributed £60m (13%) towards the BIS savings of £450m announced in the July budget. Peter Lauener's letter to you, published yesterday, sets out how this is made up. I know that this will provide additional challenges for you but we have worked hard to minimise the impact and have secured these savings where possible from non-participation budgets and underspends. We have also secured up to an additional £25m to support the Government's commitment to 3 million apprenticeships starts. Peter's letter can be found at: <https://www.gov.uk/government/news/changes-to-funding-allocations-for-2015-to-2016>.

In order to achieve our ambitions on productivity in the context of tight budgets, we need to take the opportunity to proactively reshape our provider base to deliver both strong and stable institutions. Yesterday I published a policy statement that sets out our approach to facilitating a restructuring of the post-16 education and training sector through a series of area based reviews. Colleges will participate in these reviews as independent institutions but I do expect all institutions to take advantage of the opportunity to consider the best structure to deliver for learners and employers in their areas. The policy statement, "Reviewing post-16 Education and Training Institutions" can be found at: <https://www.gov.uk/government/publications/post-16-education-and-training-institutions-review>.

The objective of the area reviews is to enable a transition towards fewer, larger, more resilient and efficient providers, and more effective collaboration across a range of institution types. A critical aspect will be to create greater specialisation, with the establishment of genuine centres of expertise, able to support progression up to a high level in professional and technical disciplines, while also supporting excellence in other fundamental areas such as English and Maths. We have already piloted this approach in a number of areas, including Norfolk and Suffolk and the City of Nottingham, both of which have demonstrated the opportunities for achieving greater efficiency and stability, while also delivering better outcomes.

I would urge institutions to be proactive in considering the policy statement and in assessing how you should participate in the process, which will encompass all FE colleges, not just those failing or under pressure. The FE and Sixth Form College Commissioners will facilitate the reviews, not as part of the intervention process but because they can make use of the substantial expertise at their disposal and the lessons learnt from implementing structural change (as highlighted in the recent FE Commissioner letter and accompanying report 'Current Models of Collaboration: Post-14 Further Education'.) available at: <https://www.gov.uk/government/publications/current-models-of-collaboration-post-14-further-education-fe-commissioner-letter>.

Local areas, including local authorities and LEPs will also have a central role in the process, recognising it is essential to structure provision to meet the economic and educational ambitions of an area. I expect areas with devolution deals to be at the vanguard of the programme and to take a leading role in driving the changes.

In my previous letter, I mentioned that I had commissioned the Education and Training Foundation to carry out a review of the best way to achieve and accredit Maths and English in post-16 education outside of GCSEs. The Foundation's recommendations, published in March 2015, provide valuable new evidence for improving the quality and recognition of Functional Skills qualifications to ensure they meet the needs of employers and learners. I believe that Functional Skills should continue to be the main alternative English and Maths qualifications to GCSEs. However, to be well-respected and credible, it is critical they suit employers' needs and are properly taught and assessed. I have, therefore, asked the Foundation to set out what a programme of reform to update English and Maths Functional Skills qualifications would involve, working closely with BIS, DfE and Ofqual.

As on previous occasions, I attach a policy brief on recent progress in implementing the FE and Skills reform programme. I would be grateful if you would ensure this is disseminated to all your governors.

Please forward any comments you have to the Department's FE Governance mailbox at fegovernance@bis.gsi.gov.uk.

A handwritten signature in blue ink, appearing to read 'Nick Boles', is centered on the page.

NICK BOLES MP