

Social Policy in a Cold Climate

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The Coalition's record on Further and Higher Education and Skills: Policy, Spending and Outcomes 2010-2015

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Summary

The Coalition inherited some long-term problems in the provision of further education (FE) and skills training as well as unresolved challenges about the funding of higher education (HE). What did it do and with what result?

- In relation to FE and skills, the government embarked on far-reaching changes to curricula, organisation and funding. For 16 to 19 year-olds, the Coalition kept the academic/vocational divide. It reformed vocational courses, strengthening requirements for English and maths, and 'A' levels.
- The previous Labour government's plan to raise the participation age to 17 in 2013 took effect, but its £560m Education Maintenance Allowance was replaced by a £180m Bursary Fund.
- The proportion of 16 to 18 year-olds in full-time education grew from 67 per cent in 2009 to 70 per cent in 2013, while the proportion not in education, employment or training (NEET) fell from 10 per cent to 7.6 per cent. Overall qualification levels for 16-19 year olds continued to rise, but socio-economic gaps at Level 3 ('A' Level or equivalent) stopped narrowing.
- While 16 to 19 funding was protected, adult skills spending was cut by 26 per cent. Funding was removed from a large number of qualifications deemed to have lower quality or take up, and a new funding system introduced. There were 17 per cent fewer adult learners in 2013/14 than 2009/10.
- The Coalition shifted funding from workplace learning to adult apprenticeships. Most of the increase in apprenticeships overall was among people aged 25 or over. Traineeships were introduced for 16 to 23 year-olds. Major reforms to apprenticeship quality and funding were initiated but are not yet fully implemented.
- Despite high profile pre-election pledges by the Liberal Democrats, the Coalition raised HE tuition fees to a maximum of £9,000, funded by loans. Yet the proportion of 18 year-olds applying to university grew from 31 per cent in 2010 to 33 per cent in 2014. The proportion of applicants who came from low-income families also increased. However the number of mature and part-time undergraduates fell by more than a third.

In a difficult funding climate, the Coalition pushed ahead with system reforms aimed at improving quality in skills training. These have been introduced too recently to tell if they will work. But controversial reforms to higher education funding do not seem to have been as detrimental as many expected.

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Summary

The Coalition inherited some long-term problems in the provision of further education (FE) and skills training as well as unresolved challenges about the funding of higher education (HE). What did it do and with what result?

- In relation to FE and skills, the government embarked on far-reaching changes to curricula, organisation and funding. For 16 to 19 year-olds, the Coalition kept the academic/vocational divide. It reformed vocational courses, strengthening requirements for English and maths, and 'A' levels.
- The previous Labour government's plan to raise the participation age to 17 in 2013 took effect, but its £560m Education Maintenance Allowance was replaced by a £180m Bursary Fund.
- The proportion of 16 to 18 year-olds in full-time education grew from 67 per cent in 2009 to 70 per cent in 2013, while the proportion not in education, employment or training (NEET) fell from 10 per cent to 7.6 per cent. Overall qualification levels for 16-19 year olds continued to rise, but socio-economic gaps at Level 3 ('A' Level or equivalent) stopped narrowing.
- Up until 2013/14, 16 to 19 funding was relatively protected, while adult skills spending was cut by 26 per cent. Funding was removed from many qualifications deemed to have lower quality or take up, and a new funding system introduced. There were 17 per cent fewer adult learners in 2013/14 than 2009/10. From August 2014, funding for 18 year-olds in FE colleges was also cut by 17.5 per cent.
- The Coalition shifted funding from workplace learning to adult apprenticeships. Most of the increase in apprenticeships overall was among people aged 25 or over. Traineeships were introduced for 16 to 23 year-olds. Major reforms to apprenticeship quality and funding were initiated but are not yet fully implemented.
- Despite high profile pre-election pledges by the Liberal Democrats, the Coalition raised HE tuition fees to a maximum of £9,000, funded by loans. Yet the proportion of 18 year-olds applying to university grew from 31 per cent in 2010 to 33 per cent in 2014. The proportion of applicants who came from low-income families also increased. However the number of mature and part-time undergraduates fell by more than a third.

In a difficult funding climate, the Coalition pushed ahead with system reforms aimed at improving quality in skills training. These have been introduced too recently to tell if they will work. But controversial reforms to higher education funding do not seem to have been as detrimental as many expected.

1. Introduction

This is one of a series of papers examining aspects of the social policy record of the Conservative/Liberal Democrat Coalition in England from 2010-15, with a particular focus on poverty, inequality and the distribution of social and economic outcomes.

The papers follow a similar but smaller set covering Labour's record from 1997-2010, published in 2013, and they follow the same format as those papers. Starting with a brief assessment of the situation the Coalition inherited from Labour, they move to a description of the Coalition's aims and the policies enacted. They then describe trends in spending, and give an account of what was bought with the money expended (inputs and outputs). Finally, they turn to outcomes, and a discussion of the relationship between policies, spending and outcomes, so far as this can be discerned. All the papers focus on UK policy where policy is not devolved (for example taxes and benefits) and English policy where it is. This paper is about policy in England – although key points of similarity and difference between England and the other UK nations are highlighted. A full four country comparison is beyond the scope of the study.

The scope of this paper is very broad - essentially all policies towards education and training after the age of 16. However, we have made some decisions about what to include and exclude, given our focus on poverty, inequality and distribution, and the coverage of other papers in the series. We take as our principal focus all vocational education and work-based learning for those aged 19 and over, as well as adult and continuing education, and education for those aged 16-19 in schools and colleges. School education up to the age of 16 is in general covered in a parallel paper (Lupton and Thomson 2015). We cover access to higher education, a critical issue for social mobility and one measure of the outcome of schooling. However, we do not cover the content or quality of university courses or their outcomes in terms of future employment. In common with the policy regime, the paper takes a supply-side perspective, concentrating on government efforts to increase skills and knowledge, rather than policies aimed at increasing the level of demand for skilled labour through economic development and industrial strategies. Such policies are covered to some extent in the papers on employment (McKnight 2015) and area regeneration (Lupton and Fitzgerald 2015). Finally, unlike some of the other papers in the series, this one does not follow a similar one for the Labour period. Access to higher education was covered in a paper on Labour's record on education (Lupton and Obolenskaya 2013), but further education and skills were not. For this reason, rather more time is spent reprising previous policies, system characteristics and trends in those areas than is the case elsewhere.

The Coalition's Inheritance

Taking office in May 2010, the Coalition inherited an immediate problem of high unemployment and low labour demand, particularly for young people. Young people had borne the brunt of the recession, with full time employment rates for 20 to 24 year-olds falling by eight percentage points between 2008 and 2010 and unemployment rising to 11.5 per cent for this age group and 13 per cent for 16 to 19 year-olds by 2010 (Hills 2013). Given well established evidence of long-term scarring effects for young people unable to get a foothold in the labour market, these trends were cause for serious concern (Bell and Blanchflower 2011; Gregg and Tominey 2005).

More systemic and longer-standing problems were also evident. One was the long-term decline in demand for youth labour. As Professor Alison Wolf pointed out in her review of vocational education for the Coalition (Wolf 2011), youth unemployment was already rising during the boom years of the 2000s. It was a problem exacerbated by rather than created by the Great Recession. Vanishing youth labour markets are a feature of most advanced industrial nations, but the UK was clearly less effective than most in ensuring progression from education into the labour market. In 2010 the UK ranked bottom of 29 rich countries on the proportion of 15-19 year-olds participating in education, and fifth from bottom on the proportion of 15-19 year-old NEETs: those not in education, employment or training (UNICEF Office of Research 2013).

Another problem was low skills. Until 2011/12 there were no direct measures of skills and competences that could be compared internationally. The main benchmark was the proportion of adults qualified to Level 2 (the standard expected to be reached at the end of compulsory schooling, then for those up to 16). In 2009, the UK lay 18th out of 30 OECD countries on this measure. The results of the 2013 International Survey of Adult Skills (reporting on data collected in 2011/12) appeared to confirm this picture, with numeracy skills well below the OECD average, high levels of social inequality and particular poor skills among young workers (BIS 2013a).

As the UKCES (2009) acknowledged, these problems stemmed partly from demand-side deficiencies – relative to other industrialised nations, the UK has too few businesses in high skill, high value-added industries (see also Mayhew and Keep 2014), meaning that, in Michael Gove's terms "*our capacity to generate growth by making things remains weaker*" (introduction to Wolf 2011, p 4). However, many commentators in 2010 also agreed that the education and skills training system was partly to blame. The landscape of provision has been particularly complex since the early 1980s, when the then Conservative government opened up the market to enable private and voluntary training providers to compete with FE colleges to run the youth and adult training programmes, which were being organised by the Manpower Services Commission (MSC). At the same time, new competence-based National Vocational Qualifications (NVQs) were introduced to enable assessment of skills in the workplace. To give a sense of the scale today of what is colloquially referred to as the 'skills industry', the Association of Employment and Learning Providers (AELP) has some 600 members (of whom around 50 are FE colleges) and there are just over 300 FE colleges in England. There are also other types of providers such as Apprenticeship Training Agencies (around 50 to date) and Group Training Associations (around 40 to date). Some of these providers work in collaboration and some are sub-contractors to or even part of FE college corporations. The UK is also very unusual in having no state-led system for awarding qualifications for either general or vocational education (Unwin et al. 2004) – with some 160 awarding bodies recognised by the state regulator, Ofqual, which means providers can draw down government funding to offer their qualifications.¹ There is also a variety of (frequently reorganised) intermediary bodies, such as Sector Skills Councils, Local Enterprise Partnerships, the Education and Training Foundation, and now the apprenticeship Trailblazers, through whom flows some of the funding for skills. Trying to navigate a way through this landscape can be a daunting prospect for both young people and adults as several studies

¹ Some of these bodies date back to the 19th (e.g. City & Guilds) and early parts of the 20th century. Some are for-profit, some are charities, and some have close links with specific industrial sectors. The largest awarding bodies (e.g. OCR, AQA and Pearson) offer both academic and vocational qualifications, and some bodies operate in both the UK and other countries.

in recent years have shown (Ofsted 2010; Lewin and Colley 2011; Haynes, McCrone, and Wade 2013).

The OECD's Education at a Glance report in 2010 also raised concerns about the performance of the higher education system. The UK was shown to be under-investing in education relative to other countries (with public spending at 0.7 per cent of GDP compared with an OECD average of 1 per cent), and to have a lower graduation rate. According to these data the proportion of young people getting a degree had fallen from 37 per cent in 2000 to 35 per cent in 2008, moving the UK down from 3rd to 15th place in the OECD league table (OECD 2010).

The previous Labour government's attempts to deal with these challenges can at best be regarded as a job left unfinished. On FE, Labour had started from a very low base both in terms of system design and skill levels (Green and Steedman 1997). Very large increases in the numbers of funded learning places for people working towards Level 2 qualifications and apprenticeships were delivered – a 67 per cent increase in the number of apprenticeship starts between 2002/3 and 2009/10 (from around 170,000 to around 280,000), and a 273 per cent increase in the number of people starting workplace learning between 2006/7, the first full year of data, and 2009/10 (from around 200,000 to 600,000). Overall, the proportion of the economically active population whose highest qualification was below Level 2 fell substantially, from nearly one-third (30.8 per cent) in 2001 to under one quarter (22.3 per cent) in 2009/10², though much of this change will have been due to increasing school attainment not to adult learning. The participation rate in HE also increased under Labour, although not reaching their target of 50 per cent. A change in the methodology for calculating this makes it impossible to identify the trend for the whole Labour period. Under the old methodology, only a very small increase (from 39 to 40 per cent) was discernible from 1999/2000 to 2006/7. The new methodology re-estimated the 2006/7 rate at 42 per cent and showed it rising to 46 per cent by 2009/10 (BIS 2014b). There was evidence of rising participation of young people from lower social classes/poorer homes, despite the introduction of tuition fees (Lupton and Obolenskaya 2013).

However, a great deal remained to be done. The large increase in workplace learning was largely due to the funding of NVQ qualifications, which accredited skills that people already had, rather than the acquisition of new skills. Moreover, the expansion of apprenticeships still left England with a relatively low number of apprentices – 11 for every 1000 employees, compared with 39 in Australia, 40 in Germany, and 43 in Switzerland (Steedman 2010). In 2004, Labour rebranded the Level 3 Modern Apprenticeship (introduced by a Conservative government in 1994) and the Level 2³ National Traineeships as 'Apprenticeships'. This resulted in apprenticeship becoming a predominantly Level 2 programme (around 70 per cent) and also allowed the inclusion of modules at Level 1. Unlike many other European countries, UK apprentices and students in full-time vocational education have never been required to continue their general education. Since the 1980s, these programmes have included assessment for variously named and heavily critiqued 'transferable skills', currently termed, Functional Skills (see inter alia, Green 1998; Canning 2007). Under Labour, Level 2 and Level 3 apprentices and

² Due to methodological changes from 2006 onwards, the data for 2001 are not strictly comparable with the later data. The earlier estimates tend to be between one and two percentage points higher. This would suggest a figure for 2009/10 closer to 24 per cent.

³ Level 2 qualifications are equivalent to the expected level at the end of secondary school – in England 5 GCSEs at higher grades. Level 3 qualifications are equivalent to A' Levels.

vocational students were required, respectively, to attain Level 1 and Level 2 in Functional Skills (literacy, numeracy and IT).

During Labour's term of office, a rising proportion of apprentices were adults aged 25 plus. The then Learning and Skills Commission (LSC) disclosed in 2008 that around 70 per cent of apprentices were already employed when they started an apprenticeship (House of Commons 2008; Fuller and Unwin 2012a). This use of apprenticeship to accredit the skills of people already in work ran counter to the principal purpose of apprenticeships to provide a route into work for young people (Fuller and Unwin 2011b). As we will see later in this paper, the Coalition continued the practice of 'converting' existing employees into apprentices. Critics have also argued that Labour spent too much of its budget funding places that employers would have funded anyway – the National Audit Office (2009) found that 50 per cent of employers would have funded the training provided through Train to Gain.

Labour also failed to tackle the UK's system problems in relation to further education and skills. For young people, an opportunity for wholesale system reform presented by the recommendations of the Tomlinson report (DfES 2004) to increase the status of vocational qualifications and create a single 14-19 Diploma incorporating GCSEs, A Levels and vocational qualifications was rejected (see Pring et al. 2009 for a discussion). Instead a wider range of vocational qualifications and personalised learning routes, including workplace learning, was introduced in schools. Increasing access to higher education took a higher priority. Indeed, Unwin (2010) argues that Labour's focus on the knowledge economy and higher education led it to neglect the need for intermediate skills (see also Fuller and Unwin 2011a).

At the same time Labour established a complex administrative architecture to organise, fund and manage training providers with a view to raising the stock of adult qualifications. Increasing central control over qualification design, curricula and pedagogy led to a system that Wolf (p21) described as "sclerotic, expensive, centralised and over-detailed" and which marginalised other stakeholders, while an OECD review (Hoeckel, et al. 2009) concluded that, by comparison with other countries, the English and Welsh system of vocational education had weak employer engagement and a weaker apprenticeship system and was characterised by complex and unstable policy structures. In the face of this complexity, initial Labour plans to create an all-age careers service did not materialise. Instead Labour created Connexions – a holistic service focused on young people most at risk of social exclusion, with the result that far fewer young people received face-to-face advice – and later Next Step, an adult careers advice service (Watts 2013).

This combination of reforms and non-reforms meant that the Coalition inherited a situation in which low-skilled adults in work had too few opportunities to upskill and progress, and too few school leavers were gaining the basic skills they needed to progress in work. As Wolf pointed out, the proportion of 18 year-olds with English and Maths GCSE was barely higher than the proportion at age 16 (less than 50 per cent), and a fragmented system resulted in a lack of clear pathways and choices for young people, who were left "*churning between education and short-term employment in an attempt to find either a course which offers a real chance for progress, or a permanent job, and are finding neither*" (Wolf 2011, p 7). Despite rising achievements in primary and secondary schools, the proportion of 16-18 year-old NEETs hovered stubbornly around the 9 to 10 per cent mark throughout Labour's terms in office from 1997-2010 (DFE 2014).

Despite their rhetoric about lifelong learning, Labour governments between 1997 and 2010 also presided over the loss of around one million places for part-time adult education, in their drive to focus on Level 2 qualifications (Schuller and Watson 2009).

In the university sector, substantial social class gaps remained, particularly in access to Russell Group universities and to courses with high entry requirements (OFFA 2014). Moreover, the issue of how to pay for higher education remained unresolved. In 2009, Labour appointed Lord Browne to review HE funding and to make recommendations to ensure that university teaching in the future could be world class, sustainably financed and accessible to anyone with the talent to succeed. The outcome of the review was still unknown at the time of the election.

Thus unlike some other areas of social policy where Labour's investments and reforms left the Coalition a strong platform upon which to build (see for example (Lupton and Obolenskaya 2013; Stewart 2013), in further education, skills and higher education, the new government still had very considerable challenges to face. In addition to the short-term problems arising from the recession, the need for system reform was acknowledged both within the sector and internationally. In a tough fiscal climate, however, the Coalition would need to tackle these challenges either with less money, or by making the case for an increase in spending on these areas at the expense of others.

Aims

Despite the significant challenges ahead of it, the Coalition said relatively little about either further education and skills or access to higher education in the programme of government it published a few days after the election (referred to here as the Coalition Agreement) (Cabinet Office 2010).

In relation to higher education, the new government adopted a 'holding position', pledging to await the final report of the Browne Review and judge its proposals against the need to "*increase social mobility, take into account the impact on student debt, ensure a properly funded university sector, improve the quality of teaching, advance scholarship and attract a higher proportion of students from disadvantaged backgrounds*" (p31/32) – in other words, restating the issues Browne was asked to address without saying which way it would jump.

The Coalition also pledged to review fees and loans for part-time students, publish more information about the costs, graduate earnings and student satisfaction of different university courses, and ensure that the system for funding university research should safeguard academic integrity – a reference to a commitment in the Conservative Manifesto to reviewing and delaying the existing Research Excellence framework.

As Boxes 1 and 2 show, these were essentially the positions the Conservatives had adopted in their manifesto. The Liberal Democrat manifesto set out a very different agenda on HE, including scrapping the target of 50 per cent participation in favour of a greater mix of academic and vocational training, and creating a single Council for Adult Skills and Higher Education. They also pledged to phase fees out altogether over six years, with an immediate cut for final year students, and had signed a National Union of Students (NUS) pledge before the election not to raise tuition fees. None of these pledges made it into the Coalition Agreement. The difference between the parties on HE funding resulted in the agreement that the Liberal Democrats could abstain on any HE funding vote.

In relation to FE and skills, five aims were set out. Two focused on the immediate crisis – to “*seek ways to support the creation of apprenticeships, internships, work pairings and college and work place training places as part of our wider programme to get Britain working*” (p31) and to introduce Service Academies to offer pre-service employment, training and work placements for unemployed people (p23). The others focused on system reform: to set colleges free from direct state control and abolish many of the Further Education Quangos (p31); to ensure that “*public funding should be fair and follow the choices of students*” (p31); and, for the 14-19 age group: to “*improve the quality of vocational education including increasing flexibility for 14-19 year-olds and creating new Technical Academies as part of our plans to diversify schools provision*” (p29); These were consistent with the system reforms set out for schools - to diversify provision and move funding onto a per pupil basis.

This programme also largely reflects the pledges in the Conservative manifesto, which had not proposed large-scale reform. Although the Conservative manifesto contained a strong critique of Britain's skills capacity, it clearly located the problem at the door of schools, rather than in the FE system: “*The only way we can compete is by dramatically improving the skills of Britain's workforce, yet thousands of young people leave school every year without the skills they need to get a good job*” (Conservative Party 2010, p16/17). The major proposals in the 2008 opposition Green Paper (Conservative Party 2008), which focused specifically on further education and training, did not make it to the manifesto. In that document, the Conservatives pledged to divert Train to Gain funding into apprenticeships, and to set up a £100m NEETS fund as well as an all-age careers service.

Box 1: The Coalition Agreement: Commitments on Further and Higher Education and Skills

Commitments included in the Coalition agreement. Shared policies are underlined. Those in bold (none in this case) stem solely from Liberal Democrats

- We will await Lord Browne's final report into higher education funding, and will judge its proposals against the need to: increase social mobility, take into account the impact on student debt, ensure a properly funded university sector, improve the quality of teaching, advance scholarship; and attract a higher proportion of students from disadvantaged backgrounds.
- We will review support for part-time students in terms of loans and fees.
- We will publish more information about the costs, graduate earnings and student satisfaction of different university courses.
- We will ensure that public funding mechanisms for university research safeguard its academic integrity.
- We will seek ways to support the creation of apprenticeships, internships, work pairings and college and work place training places as part of our wider programme to get Britain working.
- We will introduce Service Academies to offer pre-service employment, training and work placements for unemployed people.
- We will set colleges free from direct state control and abolish many of the Further Education Quangos.
- Public funding should be fair and follow the choices of students.
- We will improve the quality of vocational education including increasing flexibility for 14-19 year-olds and creating new Technical Academies as part of our plans to diversify schools provision.

The Liberal Democrat manifesto (Liberal Democrat Party 2010) contained a much fuller agenda for vocational education and skills training. It stated their belief "*that education is important for all young people*" and committed them to create, "*finally, a level playing field between academic education and vocational courses*". Specific pledges committed them to substantial system reform including the creation of a single 14-19 Diploma (a Tomlinson proposal), the right for all 14-19 year-olds to study at college rather than school, the scrapping of HE participation targets in favour of a balance of college education, vocational training and apprenticeship. There were also pledges to fund 15,000 extra Foundation degree places, restrict Train to Gain to small and medium size firms and divert the money to fund Level 3 qualifications, increase the value of the Adult Learning Grant for 16-24 year-olds, and create 800,000 places on a work placement scheme, as an immediate response to the recession.

Of these, work placements and the general pledge to increase flexibility for 14-19 year-olds were the only ones reflected in the Coalition agreement. A further Lib Dem aim to be specifically included was their pledge to replace wasteful quangos, but the Agreement's version fell short of the Lib Dems' specific proposal to create a single funding Council for adult skills and higher education

Box 2: Manifesto Commitments not included in the Coalition Agreement

Conservative:

- provide 10,000 extra university places this year, paid for by giving graduates incentives to pay back their student loans early on an entirely voluntary basis
- Give SMEs a bonus for every apprentice they hire
- Establish a Community Learning Fund to help people restart their careers
- Create a new all-age careers service so that everyone can access the advice they need

Liberal Democrat:

- Reform current bursary schemes to create a National Bursary Scheme for students
- Replace wasteful quangos (the Skills Funding Agency and the Higher Education Funding Council for England) with a single Council for Adult Skills and Higher Education
- Scrap the arbitrary target of 50 per cent of young people attending university, focussing effort instead on a balance of college education, vocational training and apprenticeships
- Start discussions with universities and schools about the design of a trial scheme whereby the best students from the lowest achieving schools are guaranteed a place in Higher Education
- Fund 15,000 new places on Foundation Degree courses
- Tackle the gender gap at all levels of scientific study and research to help increase the supply of scientists
- Fully meet the up front costs of adult apprenticeships
- Increase the Adult Learning Grant to £45 per week for 18-24 year-olds in further education.
- Create a General Diploma to Bring GCSEs, A Levels and high quality vocational qualifications together
- Seek to close the unfair funding gap between pupils in school sixth forms and FE colleges as resources allow
- Scrap the government's plan to criminalise those who leave education between 16 and 18
- Establish a single Council for Adult Skills and HE
- End Train to Gain for large companies. Spend the money on course fees for adults taking a first level 3 qualification

The Coalition thus entered government without setting out a major reform programme to address the widely recognised problems of the existing system and apparently divided over what was needed. A Liberal Democrat, Vince Cable, was appointed to head up the Department for Business, Innovation and Skills (BIS), thus opening up an opportunity for some of the Liberal Democrats' ambitions to be achieved once in office, but a Conservative (John Hayes, MP, succeeded in 2012 by Matthew Hancock MP) took the role of Minister of State for Further Education, Skills and Lifelong Learning, a joint post with the Conservative-led and newly named Department for Education (DfE)⁴. Conservative MP David Willetts was given the ministerial portfolio for Universities and Science.

⁴ The DfE replaced Labour's Department for Children, Schools and Families.

2. Policies

In this section of the paper, we describe the policies actually enacted. We divide these into three sets: 16-19 Education and Training, Access to Higher Education and Adult Education and Training. We summarise the main policies very briefly in Box 3, and policy timelines are included in each set.

Box 3: Summary of Coalition's Main Policies

16-19 Education and Training

- Reduction in the number of qualifications that count towards GCSE performance tables, and their points value. Similar review of Level 3 qualifications. Qualifications to be designated as either 'Tech Levels' or 'Applied General'.
- Reform of 'A' levels, including moving to 'all exam' assessment and making AS level as stand-alone qualification.
- New programmes of study for vocational courses at age 16-19 with increased general education component.
- Implementation of Labour's Raising Participation Age policy – to 17 from 2013, and 18 from 2015.
- Abolition of Education Maintenance Allowance and replacement with 16-19 Bursary Fund.

Access to High Education

- Fee cap increased to £9000 (full time) and £6750 (part time)
- 'Core and margin' system of student places introduced, with capped core but encouraging HEIs to compete for students with ABB or above at A level.
- Increase in grants for low income students, but eligibility restricted for students whose family annual income was between £25,000 and £42,000.
- National Scholarship Programme for low income students introduced.
- Regulations for gaining degree-awarding powers simplified, making it easier for new providers to enter the sector.

Adult Education and Training

- Expansion of adult apprenticeships, abolition of Train to Gain.
- Reform to quality of apprenticeships, following 2012 Richard Review.
- Removal of funding from over 7000 qualifications with low take up or deemed poor quality.
- FE funding moved from qualifications offered to a per student basis.
- Strengthened accountability of FE colleges.
- Replacement of adult learning grants by Advanced Learning Loans

16-19 Education and Training

Once in office, the rather lean goal of the Coalition agreement to "*improve the quality of vocational education*" was transformed into a substantial reform programme. Shortly following the Election, Michael Gove, Secretary of State for Education, commissioned Professor Alison Wolf to review vocational education in England. Her 27 recommendations (Wolf 2011) were accepted in full by the government. They can broadly be divided into three kinds: curriculum, apprenticeships/workplace learning, and system and funding reforms to facilitate these goals.

On **curriculum**, Wolf rejected the Tomlinson/Lib Dem proposals for an integrated diploma, preferring to retain the academic/vocational divide. Her trenchant criticism of the poor quality and low value of some of the vocational options taken in school led to two main changes.

One was a reduction in the number of qualifications that count towards school performance tables, a recalculation of the equivalences between academic GCSE and vocational qualifications, and a cap on the contribution that non GCSE qualifications can make to a student's overall points score. These changes came into effect in the 2014 school performance tables. In addition, a new 'Technical Baccalaureate' measure was introduced to capture the achievement of students undertaking Level 3 programmes including a DFE approved occupational qualification, core mathematics and an extended project. A review of Level 3 vocational qualifications approved for performance tables will take effect from 2016. Qualifications will be designated either 'Tech Levels' (providing entry to an occupation, and which must have employer recognition) or 'Applied General' (where a young person learns about a vocational area like sports science or music technology, and with recognition from universities as allowing progression to HE).

Another key change was a new emphasis on continuing general education - that 16-19 year-olds pursuing full time courses should not be able to follow wholly occupational programmes but must include a substantial qualification which offers clear progression into further learning or skilled employment. New programmes of study reflecting these changes were introduced from September 2013. From August 2014, it has been a condition of government funding that all 16-19 year-olds who have not achieved GCSEs in Maths and English at grades A* to C must continue studying towards them (EFA 2014). Of particular importance in relation to the distributional questions that Social Policy in a Cold Climate addresses, the new programmes of study incorporate a requirement for the lowest achieving learners (including those with learning disabilities and those most disengaged at previous phases) to concentrate, on English, maths and work experience. Performance tables and Ofsted reporting requirements have been reformed to highlight the performance of such learners.

In addition to these developments but arising as part of a more wide-ranging review of school curriculum and assessment, 'A' levels are also being reformed. Curriculum content, structure and assessment are all being changed. AS levels will become a stand-alone qualification, rather than part of an A level, and, except where it is necessary to assess the required skills, assessment will be by exam only. These changes will be important for achievement levels and post-school transitions, and they are contested. There are particular concerns about mathematics, where it has been argued that the loss of the AS level may deter students who are not confident that they will succeed in a full maths 'A' level (Hillman 2014). The first new 'A' levels will not be taught until 2015.

On **workplace learning**, Wolf argued, although no evidence was provided in the review, that short bursts of work experience before 16 are of little value. The requirement to offer these was removed. However from September 2013 a similar requirement was introduced for 16-19 year-olds. Wolf also recommended that the government review the general education components of apprenticeships, to ensure that they enable progression into further and higher education for those who want it – a recommendation picked up by the Richard Review in respect of English and maths (see later).

An early **system reform** was the abolition, in the 2011 Education Act, of the Young People's Learning Agency (which funded 16-19 learning) and the transfer of its functions to the Secretary of State, to be carried out by the new Education Funding Agency (EFA), an executive arm of DFE. Following that, the

reforms we later describe under adult skills, 'liberating' FE colleges and moving the basis for funding away from qualifications offered and onto a per student basis, have also applied to 16-19 year-old provision, along with a number of other measures specifically for the younger age group. These included several measures to strengthen the workforce including allowing qualified FE teachers to teach in schools, developing maths and English CPD course for FE teachers, and also making it easier for schools to employ industry experts (not necessarily qualified) to teach vocational subjects. More controversially, the Coalition accepted the recommendation of the Lingfield Review on Professionalism in FE (set up in 2010 by the FE Minister, John Hayes), to abolish the statutory requirement for FE teachers to gain the teaching qualifications introduced by Labour in 2007, and the requirement to register with the Institute for Learning (IfL). The right of colleges to enrol 14-16 year-olds was clarified, although by September 2013 only five had done so.

The quality of the provision instituted following these changes has in a sense become increasingly important in the light of the Raising of the Participation Age (RPA) – a policy announced by the Labour government and taking effect under the Coalition. Students completing Year 11 in 2013 were the first to be required to continue in education or training at least for one more year (although this can be part-time), and from September 2015 this will be extended to two more years. Although the Coalition has enacted the RPA, it has done so with remarkably little publicity or comment, and has not implemented the fines that Labour had proposed for non-compliance both for students and employers.

The Coalition has also reduced the financial support available to students from lower income families, abolishing the Education Maintenance Allowance (EMA) in England and replacing it with a 16-19 Bursary Fund. In its last full year (2011), 45 per cent of 16-18 year-olds in full time education (around 650,000) were receiving EMA, tapering from £30 per week for those with family incomes up to £20,817 down to £10 for those with incomes between £25,522 and £30,810. Receipt was conditional on attendance. The policy cost £560m per year at the time of abolition.

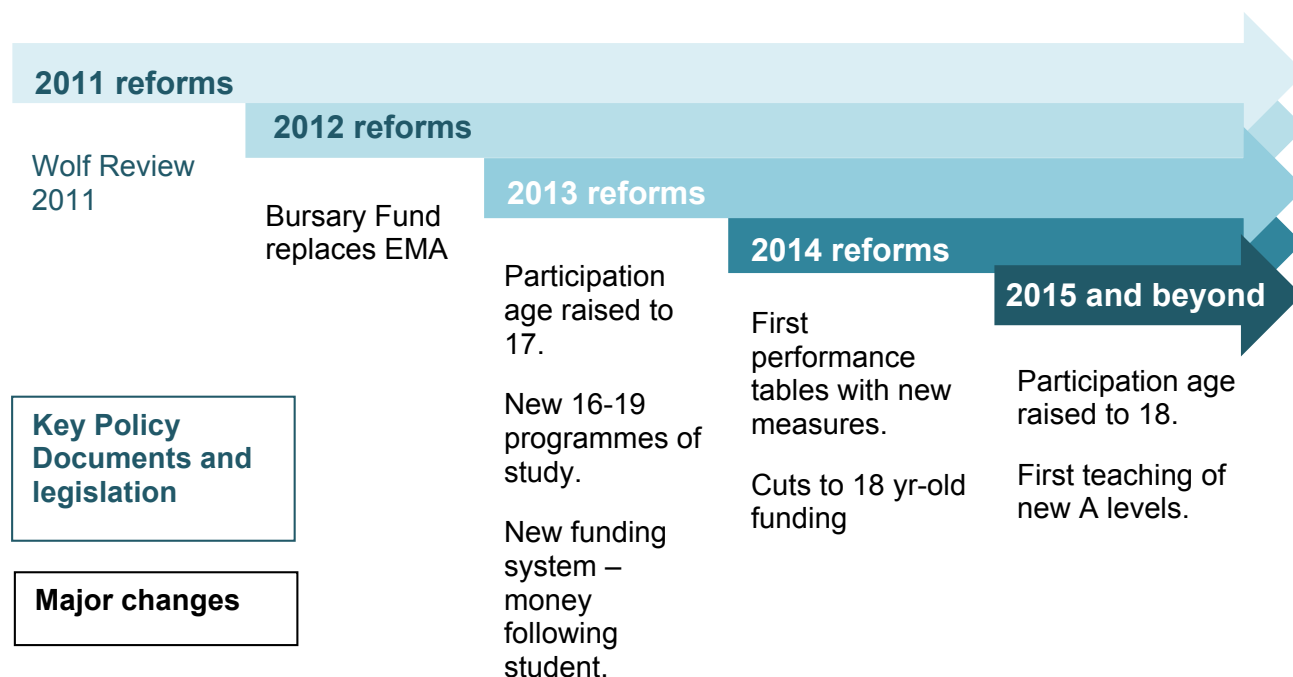
The new bursary scheme is substantially smaller - £180m, and the policy intention was to provide more efficient targeted support. A mandatory element covers 12,000 of the most disadvantaged learners (those in care, leaving care or on Income Support, Employment Support Allowance or Disability Living Allowance) with bursaries of £1200 per year. The rest is allocated to education and training providers on the basis of previous numbers of EMA learners, at the value of £266 per head, although to be used at the discretion of the provider to support the students who are most in need. Interim evaluation (Callanan et al. 2014) estimated that 34,600 students were receiving the mandatory bursary in 2012/13, and 357,300 were receiving discretionary bursaries. Thus around a quarter of a million students (or around 40 per cent) fewer students were receiving the bursary than the EMA. The mean amount for discretionary bursaries was £410 per year, thus also considerably lower than most students would have received under EMA. The majority of providers surveyed thought that the bursary scheme was positive for young people's participation and engagement, although some had concerns that the level of the bursary was insufficient for students who did not have access to other sources of support. Three quarters of bursary recipients said it helped them to cope better and nearly one third (28 per cent) said it was integral to being able to continue in education. A small proportion (9%) of young people responding to the learner survey who were not in receipt of a bursary reported being at risk of dropping out from education due to the costs of studying, and a quarter were struggling to cope financially. Quantitative evaluation (Britton, Chowdry, and Dearden 2014) estimated that participation was approximately one per cent lower for those who would have been eligible for EMA, suggesting that around 8,100 fewer students

participated in Years 12 and 13 than would have done so under EMA. This appears a modest change, in the worst case 26 fewer FT participants and 17 fewer Level 2/3 achievers per million pounds saved, although not one wholly unexpected in an economic context where entry to the job market was particularly difficult. Further phases of the evaluation will assess the long-term costs of this reduced participation to assess whether the short term saving represents long term value for money.

Moreover, funding to colleges for 18 year-olds was subsequently cut, with potential impacts on the most disadvantaged learners. The national per student funding rate was set at £4000 per student for 2013/14. However, following the 2013 Autumn Statement, which required budget cuts from both BIS and DFE, the rate for 18 year-olds was subsequently reduced by 17.5 per cent, compared with that of 16 and 17 year-olds, with effect from August 2014. The government argued that this was the least damaging cut that it could make, since 18 year-olds require less input than younger learners. Many in the college sector have countered this arguing that those who take longest to finish their courses are often the most disadvantaged, who need the most help. The 157 Group of Colleges described the cuts as “*radical, regressive and deeply worrying*” (Hubble 2014).

A final policy affecting 16 and 17 year-olds is the intensive support element of the government's Youth Contract. The Youth Contract overall offered a package of apprenticeship incentives, subsidised jobs and work experience places for 18-24 year-olds, and also a programme of intensive support for disengaged 16-17 year-olds. DFE committed £126 million over three years to this programme, which started in September 2012 and will recruit its last participants in March 2015, finishing in 2016. The evaluation of the programme found significant implementation difficulties, with flows into the national programme much slower than expected (mainly due to difficulties identifying eligible individuals), and providers having to offer a lot more support than expected. By the end of September 2013, official figures showed that 11,920 young people had started the national YC, of 70,000 originally thought to be eligible. 33 per cent of these were found to be undertaking learning or training that met the specification of full participation under the RPA legislation, although it would be expected that smaller numbers would show sustained re-engagement (Newton et al. 2014). In the 2013 Autumn statement, perhaps in recognition of the challenges faced to this group, the government announced an additional £10m per year in JobCentreplus support (delivered in partnership with local authorities) to help 16-17 year-olds to into apprenticeships and traineeships.

Table 1: Policy Timeline – 16-19 Education and Training



Access to Higher Education

The final report of the Browne Review was published in October 2010 (IRHEFSF (Independent Review of Higher Education Funding and Student Finance) 2010). It proposed a radical change: that most government funding for undergraduate courses should be withdrawn, with the lost income replaced by tuition fees. The current cap on fees of £3290 should be removed, although higher education institutions (HEIs) charging more than £6,000 should keep a diminishing proportion, returning the rest to a national student support system. Loans for fees and maintenance costs should be retained, but the earnings threshold at which graduates should start to repay their loans should rise (from £15,000 to £21,000), and debts would be forgiven after 30 years. Part time students should be eligible for loans for the first time. Furthermore, full time students should carry on receiving loans for maintenance, but these would no longer be means-tested, and maintenance grants should be increased to compensate for the abolition of statutory bursaries.

The government set out its response in a statement to the House of Commons in November and then in a White Paper, *Higher Education, Students at the heart of the system*, in June 2011 (BIS 2011). It accepted Browne’s proposed cut in direct government funding, and the increased earnings threshold and debt forgiveness, but the details of its scheme were rather different. The fee cap was increased to £9000 (full time) and £6750 (part time), with no fee levy over £6000, although HEIs charging more than £6000 were to be subject to a tougher regime on widening participation. In an attempt to keep fees down, a ‘core and margin’ system of student places was introduced. HEI’s core allocation of places would be gradually reduced, but there would be no limit on the numbers of students who scored AAB or above at A level (extended to ABB from 2013/14), thus encouraging competition for these students, while a pot of places outside the core (20,000 initially) was reserved for HEIs with an average fee of £7500 or below. In the 2013 Autumn Statement, the Chancellor announced that the overall cap on

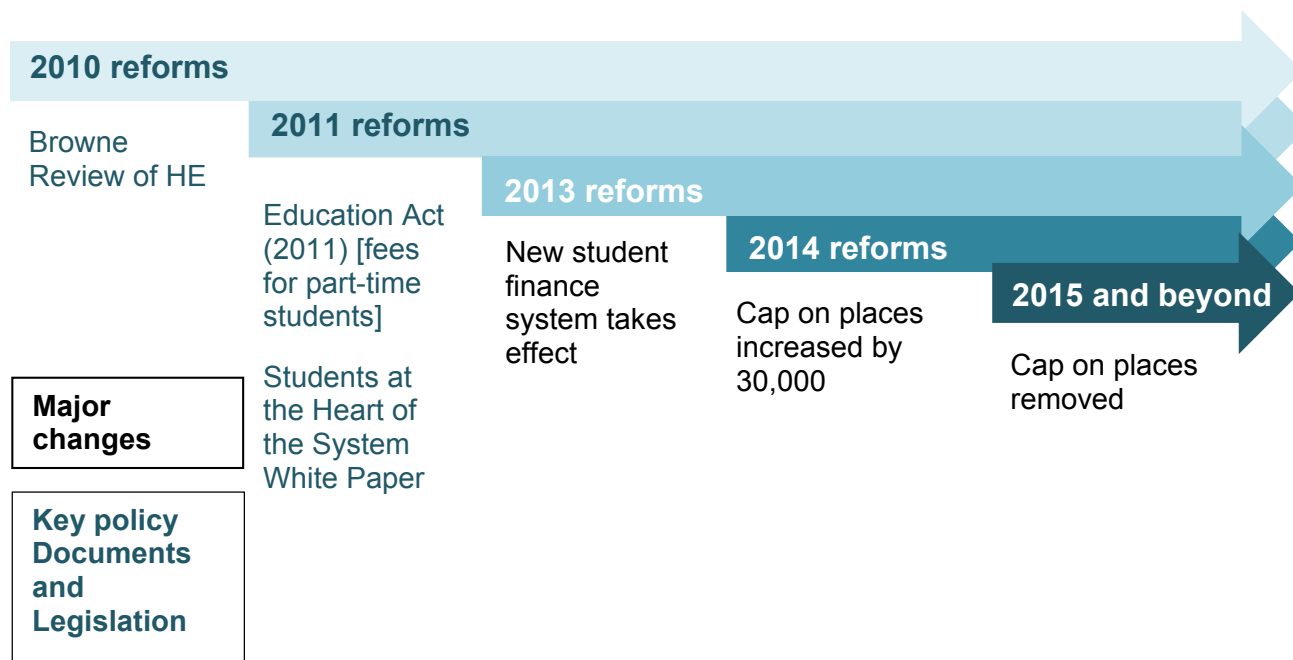
student places would be increased by 30,000 from 2014/15 (for universities only) and removed altogether (for universities and other HE providers) from 2015/16, allowing higher education to expand to meet demand.

Maintenance loans continued to be partially means-tested, and while grants to low-income students were increased, eligibility was restricted for students whose family annual income was between £25,000 and £42,000. As a concession to the Liberal Democrats, whose central election pledges had been entirely rejected in these reforms, a National Scholarship Programme (NSP) for low income students was also introduced: worth at least £3000, but with HEIs deciding both their eligibility criteria and the value of the awards. NSP could only go to students from households earning less than £25,000 per year, but such students would not be guaranteed an award, as they would have been under the previous bursary scheme. The scheme, introduced with effect from 2012, was cut in size from 2014 and withdrawn with effect from 2015. Funding for the Aim Higher programme, a national scheme to encourage and support school pupils in aspiring to university, was discontinued.

These reforms came into effect from the academic year 2012/13. Contrary to the government's intention that universities would compete on price as well as quality, the vast majority of universities opted to charge the maximum. In 2013-14, the average fee was £8,507 (ICOF 2014). They also introduced widely varying bursary schemes, as part of their fair access agreements, leading to substantially different levels of support for lower and higher-income families depending on the institution attended (Hills and Richards 2012, Dearden and Jin 2014).

Putting 'students at the heart of the system', in the sense of the White Paper, meant that students should be able to choose between HEIs based on the quality and cost of their courses (and thereby drive up quality). Thus Browne proposed, and the government agreed, that universities must provide students with more information about courses and about expected outcomes. The government also went further with its marketization of the system, simplifying the regulations for gaining degree-awarding powers, making it easier for new *providers to enter the sector*. A final Browne recommendation, that the four bodies regulating HE (the Higher Education Funding Council, the Quality Assurance Agency, the Office for Fair Access and the Office of the Independent Adjudicator) should be combined, was not taken up.

Table 2: Policy Timeline – Higher Education



Adult Education and Training

On entering office, the Coalition did not set out a major reform programme for adult education and training, but as for the younger age group, this changed very quickly. Within six months the government produced an overarching strategy document: *Skills for Sustainable Growth (SSG)*, further developed in 2011 in the document *New Challenges, New Chances: Further education system and skills reform plan* (BIS 2011).

These documents set out reforms aiming to “create a world-class skills base that provides a consistent source of competitive advantage” and which enables the benefits of renewed growth to extend throughout society (SSG p5 exec.summary). To do this, the government proposed an overhaul of the adult skills system, aiming to “to shift profoundly the balance between the state, business and individuals” (ibid p14), creating a system driven by learners who would choose from high quality qualifications valued by business and provided by autonomous providers, and in which learners and employers would make a bigger financial contribution.

This was an ambitious reform agenda picking up on, but going well beyond, immediate pre- and post-election ambitions. There were three main strands: expansion and reform of apprenticeships; reform of other vocational qualifications, and cross-cutting reform of funding and delivery. Careers guidance provision and wider adult and community learning were other smaller strands. We deal with these in turn.

In terms of what was to be delivered, the key commitment was to expand the number of adult **apprenticeships**, by 75,000 by 2014/15. This was to be achieved by cutting back on the funding for employees to gain a Level 2 qualification (Labour’s Train to Gain programme) and focusing workplace learning on small and medium sized enterprises with fewer than 250 employees. The Apprenticeship system was to be re-shaped so that Level 3 became the level to which learners and employers aspired,

although with clear progression routes into Level 3 Apprenticeships, and routes from Level 3 Apprenticeships to Level 4 Higher Apprenticeships and Higher Education. A key decision was to set aside nearly a quarter of the teaching and learning budget for the Skills Funding Agency for apprenticeships for those aged 19 and over, thus ensuring that apprenticeships would remain a route for training adults who already had work experience, not just a route for school-leavers to enter the labour market.

While these early announcements did not amount to a wholesale reform of the apprenticeship system, that followed when the government accepted in full the recommendations of the Richard Review of Apprenticeships, which reported at the end of 2012 (Richard 2012). Richard's recommendations focused on the quality of apprenticeships. In a direct challenge to the practice of 'conversions' referred to above, he recommended that an apprenticeship should be a programme for someone new to a job that requires sustained and substantial training: not to be confused with training and accreditation of existing workers. Government should make some off-site learning and a minimum duration for apprenticeships mandatory, and should require and fund the achievement of Level 2 in English and maths before an apprenticeship could be completed (although this should be taught through a functional approach). He was also clear that apprenticeship should not be confused with entry to employment. Some people would need pre-apprenticeship training, which should be separately defined and should replace some Level 2 apprenticeships. To ensure the quality of apprenticeships, Richard also recommended some major changes to give employers a more active role at the heart of the system. Apprenticeships should be judged by their outcome, with straightforward industry standards (one per occupation) replacing current apprenticeship frameworks and their associated qualifications. They should be independently assessed, involve both synoptic assessment and end tests, and involve employers directly in the assessment process. They should also be designed by individual employers, employer partnerships and other organisations - who should compete for the qualification for their industry.

The first stage of the implementation of the Richard recommendations began with the introduction of pre-apprenticeship Traineeships for 16-23 year-olds in August 2013. In October 2013 (BIS 2013b), the first 'Trailblazers' (panels of employers representing designated sectors) were announced to develop the new 'standard' for occupations in eight sectors, including aerospace and automotive. A further 29 are now underway, including in sectors such as accountancy, law, and hair and beauty. The plan is for all apprenticeships to follow the new system by 2017/18. Whilst, it is now mandatory for apprenticeships to last a minimum of 12 months, it is up to the Trailblazer panels to specify whether the achievement of any vocational qualifications (in addition to Maths and English) will form part of their apprenticeship 'standard', the length and type of off-the-job training, and whether the apprenticeship will be graded (i.e. pass, merit, distinction). It is too early to judge whether the reforms will lead to the quality improvements recommended by Richard (2012). Perhaps a key test will be whether they address what Richard (ibid: 3) saw as a key problem: '*There has been a drift towards calling many things apprenticeships which, in fact, are not*'.

The key unresolved question as we go to press is how the new apprenticeships are to be paid for. Funding for apprenticeships, it is intended, will eventually go to employers, not providers, so that employers will increasingly shape provision and drive down cost. A cash contribution from employers will be compulsory. At present, employers are expected to pay at least 50 per cent of training costs for those aged 19+, but few do. Progress towards implementation of this element of the system is not

complete and carries substantial risks. Chief among these is that employers will not be willing to pay. A BIS survey of apprenticeship employers estimated that the number of apprentices (aged 19+) trained would have been 73 per cent lower if employers had faced half fees (BIS 2012). Another is that the rates will either be set too high or too low – either undermining providers or deterring participation. Still another is how to regulate demand in a balanced way, ensuring that some sectors do not use up all the available places while others have none. The new system will also be administratively challenging – instead of contracting with 1500 training providers, the Skills Funding Agency will have to contract with potentially 100,000 employers. Fletcher (2014 p.12) argues that there is “*real risk of serious destabilisation of the apprenticeship programme with a consequent substantial loss of places and the failure of many providers*”. From 2014/15 the government is testing a new funding structure, but with funding still routed to training providers, with a view to moving to an ‘employer-controlled’ system from 2016. This is a substantially different system than the one in Scotland, where training costs of Modern Apprenticeships are covered by government – sometimes in full if the apprenticeship is in shortage sector, and where responsibility for completion rests with training providers with some funding held back for that purpose.

Alongside apprenticeships, *Skills for Sustainable Growth* promised “a wider and more flexible system of **vocational qualifications**”, with more employer involvement and with public funding removed from qualifications not meeting minimum standards. This strand has developed more slowly, and more in the direction of a smaller and simpler system. The key principles were set out in 2013 in a short DFE/BIS document entitled *Rigour and Responsiveness in Skills* (DFE and BIS 2013): qualifications must be rigorous, relevant and recognised, responsive to what employers need and what learners want to study; and it should be easier to access information the options available.⁵ This was developed further in the same year by a review of adult vocational qualifications by Nigel Whitehead of BAE systems (UKCES 2013), and in a government reform plan in March 2014 (BIS 2014a).

During 2013 and 2014, the Skills Funding Agency removed from public funding 2,800 qualifications that had low take-up. In 2014 it also adopted new business rules for the approval of qualifications for funding, more closely aligned with those of DFE but also building on Whitehead’s recommendations. An additional 5,000 qualifications are due to be removed by 2014/15. Next steps signalled in the reform plan included a stronger regulatory framework to ensure the quality and integrity of qualifications, further review of publicly funded qualifications including considerations of their design and responsiveness to employer and sector needs, building on the new apprenticeship standards, a single point of access for qualification databases, and a review of how training for unemployed people could be funded (for example on progression or job outcomes) other than through an emphasis on qualifications. While most of these measures are yet to be developed, one aspect of the approach has already been put in place through the establishment of an Employer Ownership Fund from 2014/15, to develop the work of a pilot programme, co-funded by government and the private sector to allow employers to work with training providers to develop industry specific skills solutions.

⁵ It should be noted that improving the ‘responsiveness’ of the education and training system has been a mantra of successive reports from government, industry bodies and others for over a hundred years. For a discussion, see, inter alia, Keep and Mayhew (1988); Raggatt and Williams (1999). There is also long running debate and ongoing research to try to establish the economic benefits of different qualifications, including recent work commissioned by BIS. We do not attempt to cover either of these literatures here.

Underpinning these changes to the number and content of publicly funded qualifications have been major **changes to the structure of the system and the funding flows within it**. In 2013, the government implemented a single funding system covering classroom and workplace learning. The new system rests on a simplified system of rates for different qualifications attracting public funding. Funding to colleges and other providers follows the student, such that providers will be paid for students actually enrolled (with an element held back until the learner achieves their qualification). FE colleges have been re-classified as private providers, thus liberating them from a number of central government reporting and accounting requirements, but also signalling a more limited role for them as purveyors of courses, competing with other autonomous providers, rather than as community organisations. Changes in the law in Wales in January 2014 offer the same freedoms to Welsh colleges. In Scotland and Northern Ireland, however, colleges remain public bodies. In fact, the Griggs review commissioned by the Scottish government argued that the 'individualisation' of colleges had led to widespread disparity in operating procedures and provision and proposed that each region (except the Highlands) should have only one college (Griggs 2012). The post-16 Education (Scotland) Act 2013 reformed FE funding along regional lines, making each region accountable for addressing skills shortages in their area and contributing to areas of national priority (Macpherson 2013). While a regional model has not been adopted in England, there has been partial decentralisation of skills funding, with some funding from the FE and skills budget being diverted via the SFA to the network of 39 Local Enterprise Partnerships (LEPs), which the Coalition introduced in 2011 after abolishing the nine existing Regional Development Agencies (RDAs). LEPs will be expected to identify skills needs as part of their strategic economic plans, and then work with the skills sector, schools and higher education institutions to deliver against these plans. Other current measures that reflect this desire are the City Deal and Regional Growth Fund initiatives, both of which have a skills dimension.

Several measures are being implemented in England to strengthen the quality of FE provision, including the establishment of minimum standards for colleges in performance tables, the appointment of a FE Commissioner to review colleges that have failed to meet standards or have poor financial health, and the development of a wider range of success measures, including student progress, destinations and subsequent changes in earnings for those in employment.

A further substantial system change is the abolition of adult learning grants and their replacement, from August 2013, with Advanced Learning Loans for people aged 24 upwards, for those studying at level 3 or above. 59,100 learners were funded by such loans in 2013/14, but the pattern of take-up demonstrated that these would not work for apprenticeships, leading to confirmation that these would remain funded through the routes above.

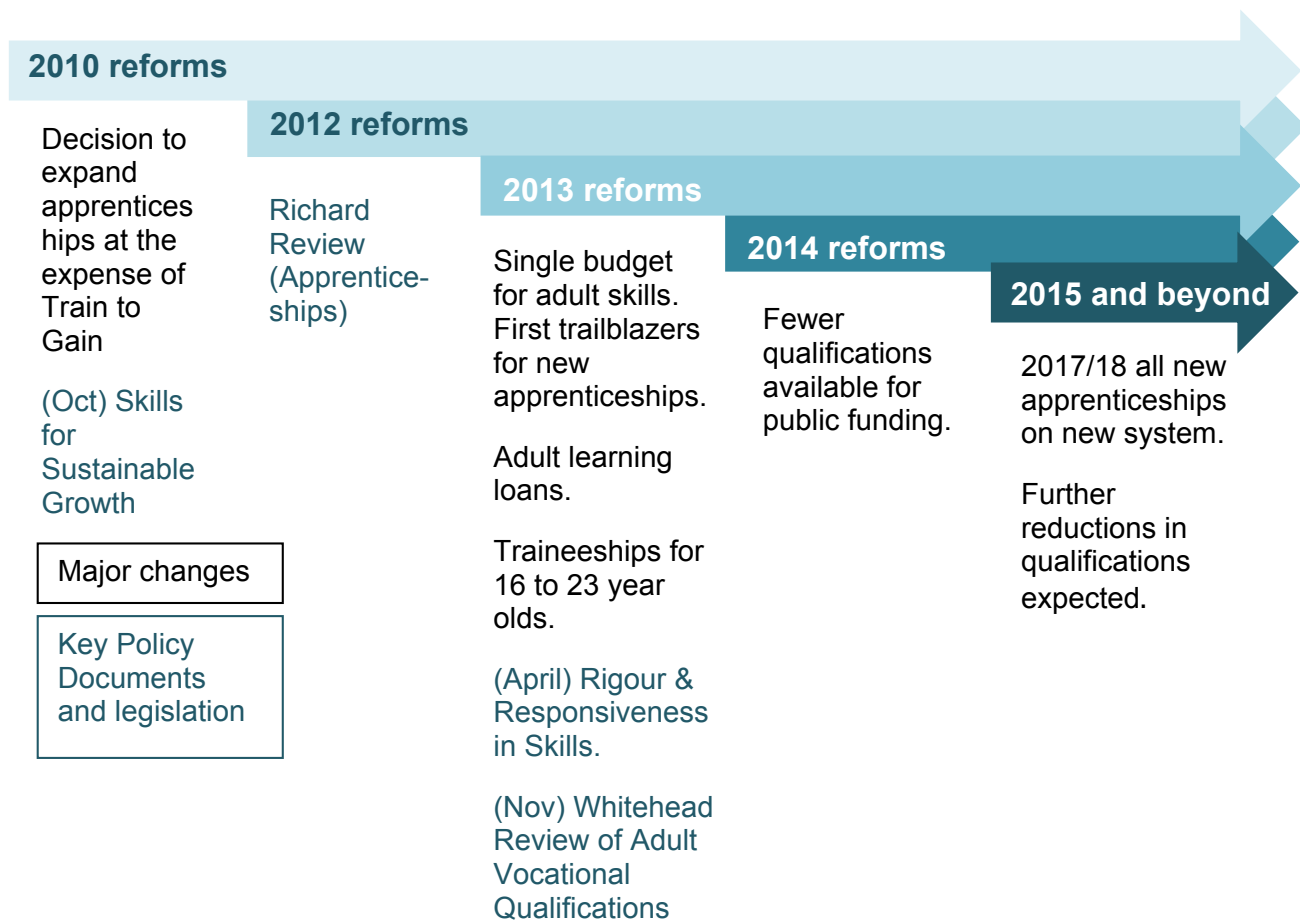
Lastly, we look at two other aspects of provision to which the Coalition pledged commitment in early policy documents: **community learning and an all-age careers service**.

In *New Challenges, New Chances*, the Coalition committed to continuing to support community learning at its existing level and set out the purposes of government supported community learning: to maximise access bringing new opportunities and improving lives, promote social renewal by bringing communities together, and to maximise the impact of community learning on the social and economic well-being of individual, families and communities. However it stated clearly that while provision should be universal, government funding should be focused on those who are disadvantaged and least likely to participate, including in rural areas and people on low incomes with low skills, and that fee income should be

collected from those who can afford to pay, to cross-subsidise learning for those who cannot. Outlining a vision of returning community learning to the community, the Coalition pledged to devolve planning to neighbourhood level, involve volunteers and voluntary and community sector groups, and encourage employers to support informal learning in the workplace (BIS 2011). The mechanism for this was Community Learning Trusts, piloted in 2012/13 and rolled out from August 2013. As well as planning the local offer, CLTs are expected to use public funding as a lever for additional funding, secure savings and re-invest in classes for the most disadvantaged groups.

A National Careers Service has also been created. However, to date this is much more limited than the all-age careers service pledged in the Conservative manifesto. The new NCS essentially continues the adult-focused work of Labour’s Next Step, although with less active marketing and advertising due to resource constraints. The 2011 Education Act gave responsibility for young people’s careers guidance to schools. However subsequent guidance indicated that schools could use their own providers, not necessarily the NCS, and also that access to online resources could be considered sufficient. Ofsted is not required to inspect that aspect of provision. The DfE also cut the vast majority of its Connexions budget, leading many local authorities to cut back their provision or cancel it entirely, with associated redundancies for careers guidance professionals (Watts 2013). Provision for young people will therefore be patchy, and the guidance they receive will depend on the policies and resources of their particular school or local authority. Hooley and Watts (2011) described this as ‘a major crisis in career guidance for young people’: hardly the comprehensive all-age provision initially envisaged.

Table 3: Policy Timeline – Adult Education and Training



3. Spending

Further Education and Skills

In 2009/10, total programme spending on 16-19 education, FE and skills was £12 billion, of which spending on 16-19 year-olds (approximately £7.9 bn) accounted for 66 per cent of the total, compared to adult spending of £4bn (Table 4).⁶ This includes school sixth form spending, which accounts for just under a third of the spending on the 16-19 age group.

Between 2009/10 and 2013/14, spending was maintained almost at its 2009/10 level in cash terms (down just 2 per cent). However in real terms, accounting for inflation, this represents a 10 per cent fall in spending (or £1.2bn). Adult programmes bore nearly all of the cuts, with a fall of £1bn (-26 per cent). Spending on 16-19 year-olds was relatively protected, falling by 2 per cent. As a result, 16-19 year old spending accounted for a greater share of spend in 2013/14 than 2009/10 (72 per cent compared with 66 per cent). However, the student population in this age group rose by nearly 2 per cent in the same period, indicating a bigger decrease in per capita funding. It is also important to note that these data (the latest available at the time of going to press) do not include the cut to 18 year-old funding from 2014.

Table 4: Programme Spending on FE and Skills 2009/10 to 2013/14 (real terms 2009/10 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	Change 2009/10 to 2013/14	Per Cent Change
TOTAL 16-19	7.89	7.94	7.57	6.91	7.70	0.20	-2%
TOTAL Adult	4.05	3.88	3.29	3.21	3.00	-1.05	-26%
ALL FE and Skills	11.95	11.82	10.86	10.12	10.70	-1.24	-10%

Sources:

Young People's Learning Agency Annual Report and Accounts 2010/11 and 2011/12, Education Funding Agency Annual Report and Accounts 2012/13 and Business Plan 2013-15.

Skills Funding Agency Annual Report and Accounts 2010/11, 2011/12, 2012/13, 2013/14

Notes:

Adult spending is shown as actuals in all years. 16-19 spending is the planned figure of 2013/14.

All data in 2009/10 prices using HM Treasury (2013) GDP deflators at market prices, and money GDP following the Autumn Statement of 5 December 2013. Published 9th December 2013.

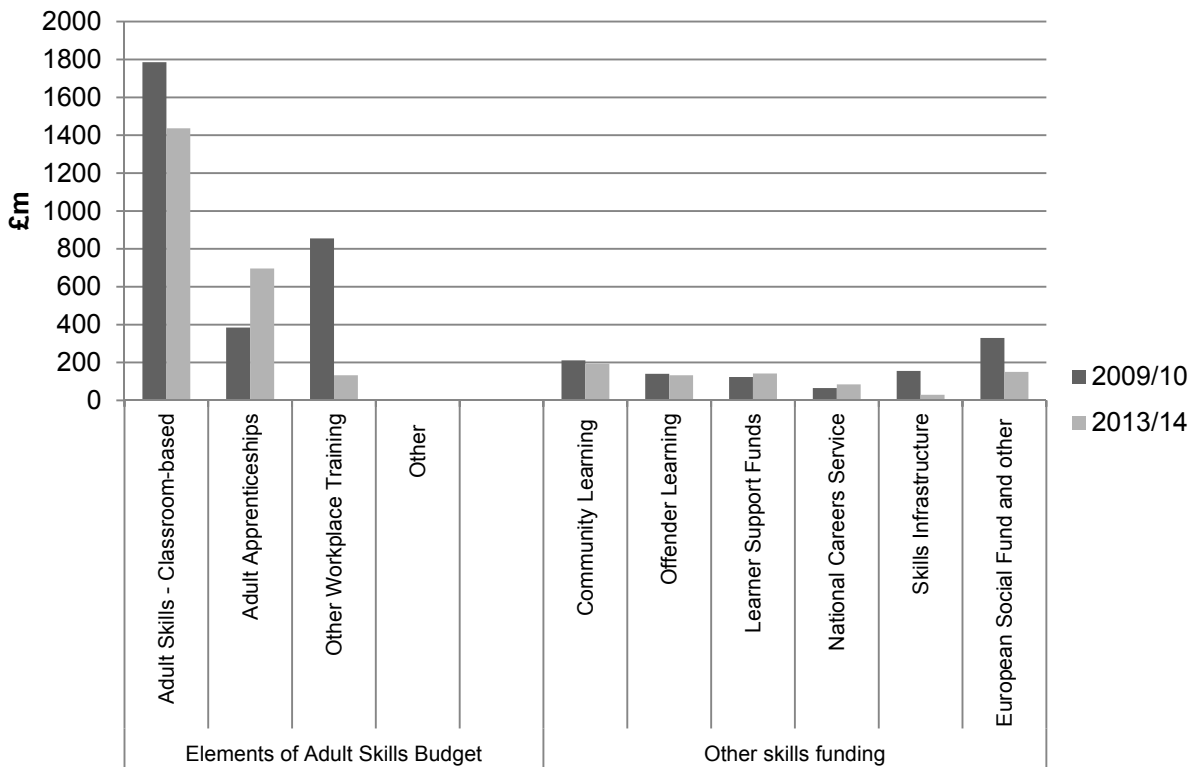
The major shifts within what became the single Adult Skills Budget (ASB) are clearly shown in Figure 1 . The Coalition increased spending on adult apprenticeships by £300m in real terms between 2009/10 and

⁶ No government department or agency reports on all the further education and training expenditure covered in this paper. Funding for 16 to 19 year old learning is distributed by the EFA for the DfE. Adult learning funding goes via the SFA, although this agency also administers 16-18 Apprenticeships and Traineeships. The administration costs of these agencies and the relevant parts of DfE and BIS are not easily disaggregated to the breakdowns wanted here. Our approach therefore is to report on the vast majority of the spending – that which goes to particular programmes. This is revenue (current) funding. We report capital funding separately.

2013/14 (up 81 per cent) while £700m was cut off the budget for other adult workplace training (Train to Gain) (down 84 per cent). As a result apprenticeships took 23 per cent of the adult learning budget in 2013/14 compared with 9 per cent, while other workplace training fell from 21 per cent to 4 per cent. Spending on classroom-based learning fell in real terms but had a slightly increased share of a falling budget (48 per cent at the end of the period compared with 44 per cent). Overall, the ASB fell 25 per cent on 2009/10. BIS reports that its funding per ‘learning aim’ (a single course or qualification) fell from £987 in 2009/10 to £678 in 2012/13 (in cash terms – a fall of about one third in real terms).

Smaller spending areas are also shown in Figure 1. Funding for European Social Fund and other non-BIS funded programmes was more than halved, and there was an 81 per cent decrease in ‘skills infrastructure’, which includes National Skills Academies, the Learning Records Service, LSIS, FE Choices, Data Services, Equality and Diversity, UK Skills, and miscellaneous discontinued programmes. There was an increase in expenditure on learner support (15 per cent) and spending on the National Careers Service is also shown as increasing. However, this is somewhat misleading. Careers guidance in 2009/10 was also provided through Connexions, with a £200m budget in the DCSF. This was almost entirely cut (Watts 2013).

Figure 1: Spending on Different Elements of Adult Skills Training 2009-10 to 2013/14 (real terms 2009/10 prices)



Source: Skills Funding Agency Annual Report and Accounts 2010/11, 2011/12, 2012/13, 2013/14

Note: All data in 2009/10 prices using HM Treasury (2013) GDP deflators at market prices, and money GDP following the Autumn Statement of 5 December 2013. Published 9th December 2013.

Central government spending on adult and community learning (administered by the Skills Funding Agency) fell by about 8 per cent in real terms 2009/10 to 2013/14, from £211 to £193 million. This is a tiny share (less than 2 per cent) of the overall spend on FE and skills. The majority of it funds Personal and Community Development Learning. Throughout the period, around a quarter went towards family literacy and numeracy, wider family learning and neighbourhood learning in deprived communities. Adult and community learning is also funded by local authorities, charities and other institutions such as museums, as well as by learner fees and charges. The authors' analysis of local authority expenditure data – not shown - (for which the latest detailed figures are for 2012/13) indicates a 20 per cent real terms drop in net expenditure on adult and community learning between 2009/10 and 2012/13. The cut was largest in London (29 per cent), compared with 23 per cent in shire counties, 17 per cent in metropolitan districts and 7 per cent in unitary authorities.

In the 2013 Spending Round, further cuts were announced to BIS's budget, meaning that further cuts to adult skills spending will be made in the years to 2015/16. Table 5 shows an anticipated further 20 per cent cut in the ASB, with anticipated growth in other areas, mainly driven by a large increase in learner support.

Table 5: Planned Programme Spending on Adult Skills to 2015/16 (Real Terms 2009/10 prices)

£ bn	2013/14	2014/5	2015/16	Per Cent Change since 2013/14
Adult Skills Budget	2.31	2.10	1.84	-20%
Other Adult	0.88	1.17	1.15	31%
Total	3.19	3.26	2.99	-6%

Source: Skills Funding Agency Skills Funding Statement 2013-16.

Note: Numbers for 2013/14 in the Skills Funding Statement differ from those in the BIS 2013/14 Annual Report thus we cannot estimate a total fall over the period from 2009/10

All data in 2009/10 prices using HM Treasury (2013) GDP deflators at market prices, and money GDP following the Autumn Statement of 5 December 2013. Published 9th December 2013.

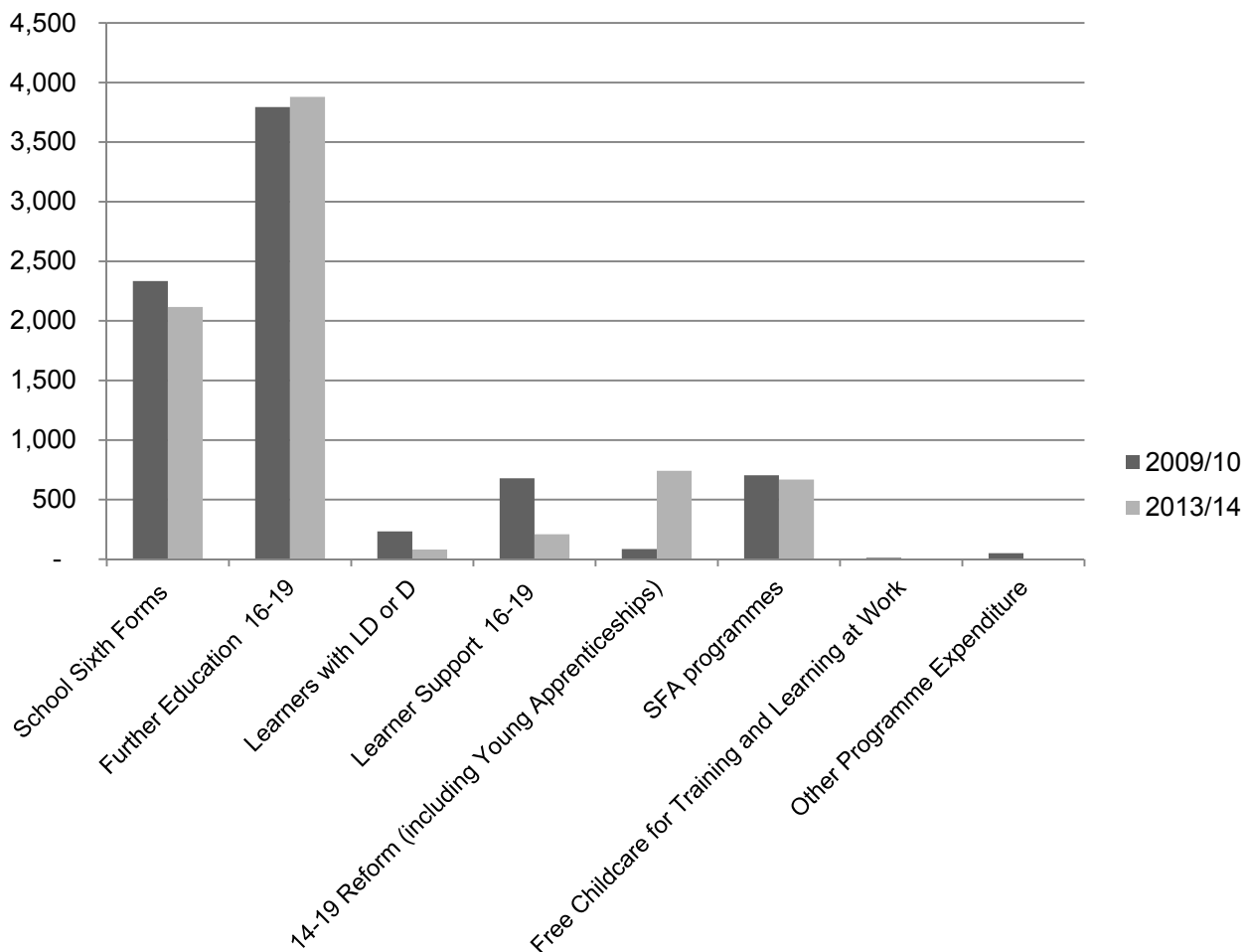
As shown earlier, spending on 16-19 learning fell only slightly in real terms up until 2013/14. Figure 2 shows that learner support was cut by £470m (the abolition of EMA and its replacement with the bursaries), while spending on 14-19 reform by the EFA and 16-18 apprenticeships by the SFA increased by £620m. DfE spending on 16-19 learners with learning difficulties and disabilities was reduced in 2013/14 with the implementation of the new Education Health and Care plans.

Our analysis (not shown) of the period 2009/10 to 2012/13 suggests that, on a per capita basis, school sixth forms and sixth form colleges, on average, lost more money than FE colleges (circa £570 per head in real terms for the former compared with £155 per head for the latter). This has had the effect of reducing the disparity in per-head funding between different types of institutions. Some commentators have expressed concern that small school sixth forms will be unable to offer the same range of qualifications as previously (Exley 2013). Others, however, argue that schools have historically had a better deal financially than other types of 16-19 providers in part because they are able to cross-

subsidise their sixth-forms with money from their general funding (Conlon and Halterbeck 2014). Neither these data nor the overall spending figures we show to 2013/14 take into account the cut to 18 year-old funding from August 2014.

Capital spending on FE is the responsibility of BIS and total capital spending is most straightforwardly derived from the department's Capital DEL (departmental expenditure limit). In real terms FE capital spending declined from £0.95bn in 2009/10 to £0.43bn in 2013/14, a decline of 55 per cent.

Figure 2: Spending on Different Elements of 16-19 Learning 2009-10 to 2013/14 (real terms 2009/10 prices)



Sources:

Young People's Learning Agency Annual Report and Accounts 2010/11 and 2011/12, Education Funding Agency Annual Report and Accounts 2012/13 and Business Plan 2013-15.

Notes:

2013/14 data are planned spending

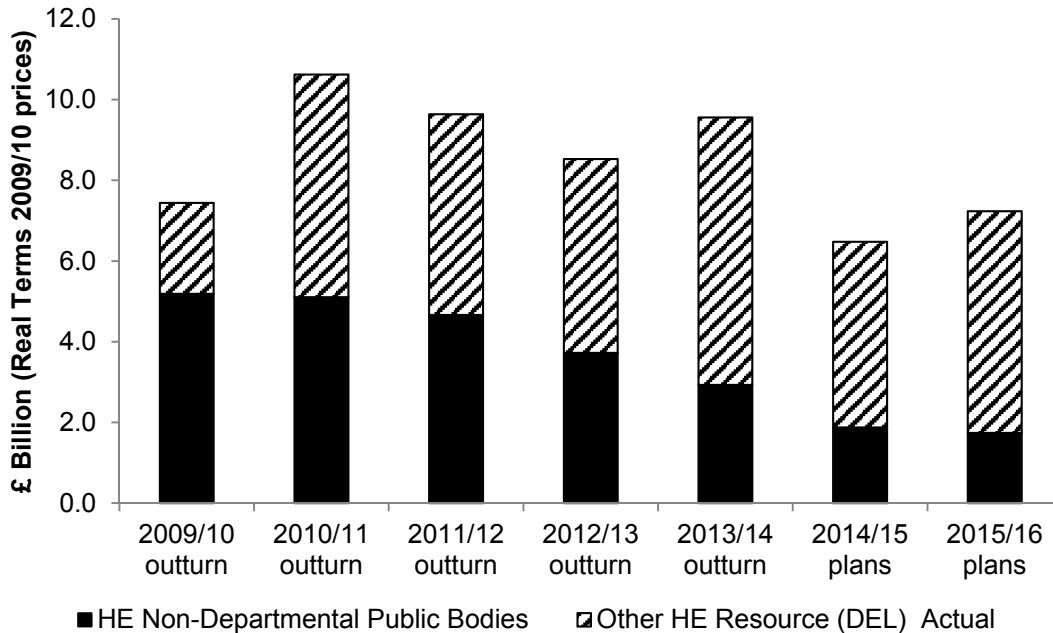
All data in 2009/10 prices using HM Treasury (2013) GDP deflators at market prices, and money GDP following the Autumn Statement of 5 December 2013. Published 9th December 2013.

Higher Education

The effects of the Coalition's higher education reforms has been a substantial short term cut in spending on HE. The shift to financing HE though student loans rather than teaching grants led to a 44 per cent real terms fall in spending by the higher education non-departmental public bodies (NDPBs - principally

HEFCE, the Higher Education Funding Council) between 2009/10 and 2013/14, from £5.2bn to £2.9bn, with plans for a further cut to £1.7bn by 2015/16 (figure 3).

Figure 3: Changes in Higher Education Spending (Resource DEL) by BIS 2009/10 to 2015/16



Source: BIS 2013/14 Annual Report

However, these data do not account for the cost of student loans. The real saving to the public purse of moving to a system funded by loan-financed fees rather than government teaching grants remains unknown, since it depends not just on the number of students taking out loans and their value, but on the rate of repayment, which in turns depends on graduate earnings over the lifecourse. Crawford, Crawford, and Jin (2014) estimate that for the cohort of students entering HE in 2012, the long-run cost to the government will be 43 pence for each £1 loaned. This is only 5 per cent lower than the estimated cost under the system prior to the 2012 reforms. BIS's own data, reported as a departmental impact indicator, show a reduction of 9 per cent (in real terms) in funding per student in higher education, including teaching grant, student support (grants) and student support (loans), between 2009/10 and 2013/14.

Other spending on HE was planned to fall gradually from 2010/11 and as Figure 3 shows, this occurred up until 2012/13. However spending in this area was £1.5bn over budget in 2013/14. The result of this was that overall HE spending was 30 per cent higher in 2013/14 than 2009/10, although it is forecast to be 13 per cent lower (than 2009/10) in 2014/15.

One factor in the overspend was higher than expected spend on maintenance grants and another the rapid expansion of HE places at private providers, mainly offering Higher National Diplomas and Certificates. Alternative providers are not subject to the same regulation as HEFCE-funded institutions, causing the Committee of Public Accounts to warn in 2011 that the whole HE sector would need new systems of regulation to cope with the changes in the student finance model and the growth in

alternative providers – a suggestion rejected by BIS at the time (National Audit Office 2014). Between 2010/11 and 2013/14, the number of students registered at alternative providers rose from around 7,000 to around 53,000 and the amount of student support paid to these students rose from around £50 million to around £675 million (National Audit Office 2014). The NAO found that many alternative providers set low entry requirements for their programmes of study – often setting English language requirements at the lowest level acceptable to the awarding body. It also found a significant mismatch between the numbers of students registered with awarding bodies for qualifications and the numbers claiming student support – with the former number much lower than would be expected (National Audit Office 2014). This could signal that many students were not entering the qualifications for which they were studying. Until 2013, the Student Loans Company (SLC) did not require proof of eligibility from EU students and a joint BIS/SLC investigation found that 5,548 EU students (around 50 per cent of those investigated) did not provide any/valid proof before payments were made to them and their providers, with 83 per cent of these students concentrated in just 16 alternative providers (National Audit Office 2014)⁷. Between 2012 and 2014, payments were suspended to 7 alternative providers that BIS suspected had registered students onto ineligible courses, and responsibility for checking course eligibility was transferred from SLC to HEFCE with strengthened checks. Late in 2013, BIS suspended further recruitment among alternative providers and introduced formal number controls from 2014/15. As a further cost-saving measure, it also cut the National Scholarship Programme from £150 million to £50 million for 2014/15 and announced its abolition from 2015/16.

⁷ Of the 5548 students found to have been unable to prove eligibility, 312 were registered at HEFCE-funded HE providers and 5236 at alternative providers.

4. Inputs and Outputs

We now turn to look at what was bought with the money spent, and with what result. The approach we have adopted across this research programme is to consider three kinds of policy results, wherever data is available: inputs, which we define as the resources in the system that were purchased with the funds expended; outputs, in terms of quantity and/or quality of provision, and outcomes for individuals.⁸ This section covers inputs and outputs, whilst the next covers outcomes.

In relation to further education and skills, a key point to note is that the data currently available to date provide an inadequate record of the effect of the Coalition's policies either on the shape of the system or on the outcomes for learners and society. Neither the curriculum and assessment reforms for 16 to 19 year-olds, nor the apprenticeship reforms, have been fully implemented. What we can see at this stage, therefore, only reflects the Coalition's early interventions and spending, prior to the major reforms announced between 2011 and 2013 and now being rolled out.

The data for young people shows an increase in participation both in full-time education and in training. Between the end of 2009 and the end of 2013, the proportion of 16-18 year-olds in full-time education rose 2.6 percentage points, from 67.4 to 70 per cent, with a more than half of this increase coming in the last year. The percentage in work-based learning or other training also rose, by 1.6 percentage points from 14.1 to 15.7 per cent, with a 0.6 percentage point rise coming in the last year⁹.

The result of these changes was that the proportion not in education, employment or training (NEET) fell from 10 per cent at the end of 2009 to 7.6 per cent at the end of 2013. Some of the fall in the last year is accounted for by 16 year-olds completing Year 11 that summer and being required to continue education or training under the Raising the Participation Age (RPA) policy. Table 6 suggests that more of this first RPA 'cohort' has stayed on in full-time education than in training. Of those in full-time education, there has been an increase in the percentages taking level 2 and level 3 qualifications (up 1.4 and 1.7 percentage points respectively) and a slight decrease in the percentage taking level 1 qualifications. At level 2, most of the increase is due to the increase (of around 1.2 percentage points) in those taking GCSE or Intermediate GNVQ. At level 3, there has been a small increase in the percentage of those taking GCE or VCE A/AS levels (around 0.6 percentage points) but a bigger increase in the percentage taking NVQ 3 and equivalents (around 1.2 percentage points).

⁸ The government has adopted a set of key indicators to monitor its performance in policy delivery. It calls these 'impact indicators', although some of them are indicators of spending or quality. We list them in Appendix 1 along with the latest data reported by the government. Our review includes all the government's indicators but we also report on a wider range.

⁹ It is difficult to assess the true changes to numbers in work-based learning specifically because when Entry-to-Employment (E2E) was changed into "Foundation Learning" in 2010, statistics on the numbers in Foundation Learning provision were not collected by the EFA (Ofsted 2013).

Table 6: Proportion of 16, 17 and 18 year-olds in full-time education and training 2009 to 2013

	Age	end 2009	end 2010	end 2011	end 2012	end 2013
Full-time education	16 yr olds	83.8%	84.4%	83.3%	83.5%	85.9%
	17 yr olds	72.9%	73.8%	73.0%	74.6%	73.8%
	18 yr olds	46.6%	48.6%	50.5%	48.4%	50.4%
All Training	16 yr olds	9.4%	9.1%	10.2%	9.6%	9.7%
	17 yr olds	14.2%	13.8%	14.9%	14.4%	15.6%
	18 yr olds	17.8%	18.0%	18.8%	20.9%	21.7%

Source: SFR 12/2012, SFR 18/2014

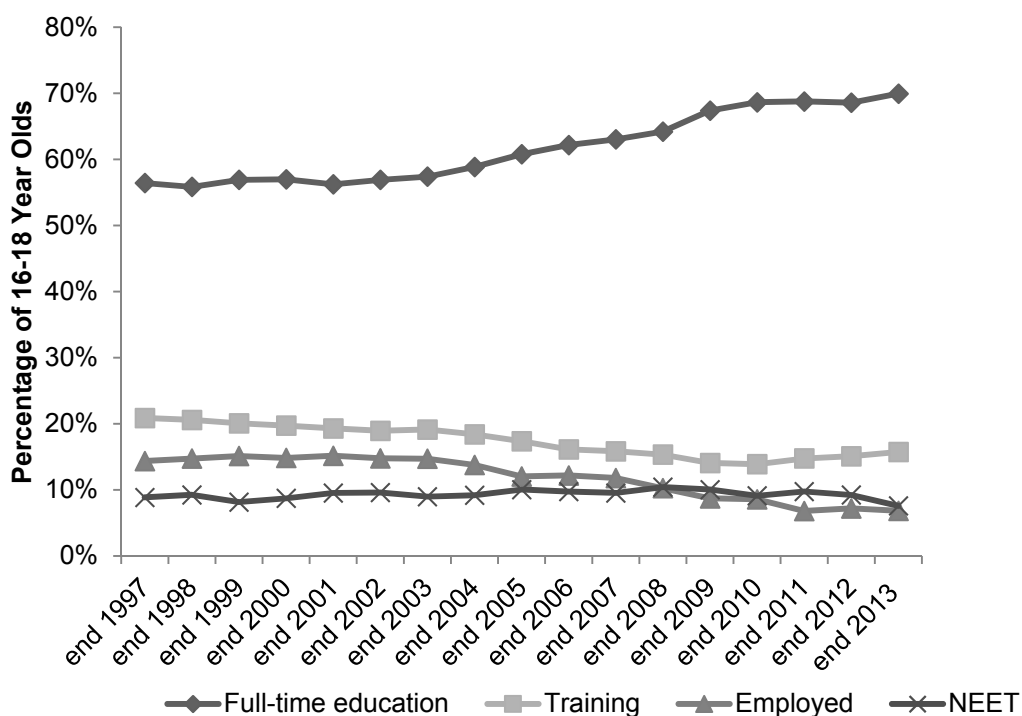
Note: 2013 data are provisional at the time of publication. Ages refer to the beginning of the academic year.

However, it is clear that not all of the cohort is participating. Local authorities have responsibility for ensuring that young people fulfil the statutory duty of the RPA policy and recording the ways in which the duty is met and not met for those young people whose activity is known. There is some variability by local authority in the percentages of those meeting the duty and the percentages of those whose activity is not known to the local authority. Latest statistics on participation show that some local authorities have under 90 per cent meeting the duty and others cannot account for the activity of more than 10 per cent of 16/17 year olds required to be in some education or training. Around 1 per cent nationally do not currently meet the statutory duty because they are only studying part-time, are having a break from learning or are in employment with no accredited training element¹⁰.

The fall in NEET however, is not wholly accounted for by the RPA. As Table 6 shows, there was also an increase in 2013 in the proportion of 18 year-olds in full time education and in training, and the proportion of 17 year-olds in training. Figure 4 shows a longer historical perspective, since 1997. The two dominant long-run trends are the decline in rates of youth employment and the increase in full-time education. The stabilisation of the youth employment rate from 2011, combined with the continued increase in full-time education and an upturn in the proportion in training, have combined to reduce the NEET rate.

¹⁰ Year-end figures for 2014 (similar to those in Table 6) were not available at time of publication. Mid-year figures for Participation in education and training by local authority for up to June 2014 are available and have been used for more up to date estimates but may contain seasonal variation.
<https://www.gov.uk/government/publications/participation-in-education-and-training-by-local-authority>

Figure 4: Trends in Participation of 16-18 Year-Olds 1997-2013



Source: SFR 18/2014

According to Ofsted¹¹, the quality of FE provision declined slightly between 2010 and 2012 with a higher proportion of learners in provision that was ‘satisfactory’ or ‘inadequate’. As with schools, the Ofsted inspection framework was altered in 2012 and all providers not adjudged good were to be deemed to ‘require improvement’ or be ‘inadequate’. From August 2012 to August 2013, the proportion judged good rose to 63 per cent - up 11 percentage points on 2012 – and the proportion deemed to require improvement was 22 per cent - a drop of 11 percentage points on the proportion deemed ‘satisfactory’ from 2012. There was also a small increase in learners in ‘inadequate’ provision in 2013. This suggests that, as with schools, inspectors could have erred on the side of ‘good’ when reassessing ‘satisfactory’ provision. There is some regional variation in the quality of FE provision. Since 2010, the percentage of learners in ‘good or ‘outstanding’ provision has increased in some areas (e.g. Yorkshire and the Humber) but decreased in others (e.g. West Midlands). Similarly, the percentage of learners in provision that is ‘inadequate’, ‘satisfactory’ or ‘requires improvement’ has dropped in some regions since 2010 (e.g. South East) but risen in others (e.g. East Midlands).

Turning to adults, the reverse trend in learner numbers is seen, with a decrease in the number of learners participating.

Table 7 shows that the total number of funded adult learners fell by 17 per cent between 2009/10 and 2013/14, with 10 per cent of this fall coming in the last year. Numbers at Level 3 and Level 4 had been

¹¹ Source: Ofsted data viewer data, which is updated periodically as more inspections take place. We look at the percentages of learners in different types of provision rather than the percentages of institutions with each quality rating.

increasing up to 2012/13, but fell sharply in 2013/14. Adult Learning Loans were introduced in 2013. Numbers below Level 2 grew throughout the period, although it is hard to tell how much of this is accounted for by a drop in 'no-level assigned'.

Table 7: Adult (19+) FE and Skills Participation by Level (2009/10 to 2013/14) – Learner Volumes, 000s

	2009/10	2010/11	2011/12	2012/13	2013/14	Change 2009/10 to 2013/14	Percent Change 2009/10 to 2013/14
Below Level 2 (excluding English and maths)	435	371	575	758	760	325	75
English and maths	909	962	1,083	1,050	952	43	5
Full Level 2	971	983	1,028	973	863	-108	-11
Full Level 3	469	494	487	495	439	-30	-6
Level 2	1,451	1,273	1,320	1,239	1131	-320	-22
Level 3	605	543	543	594	488	-117	-19
Level 4+	50	37	39	50	36	-13	-26
No Level Assigned	951	888	799	819	660	-291	-31
Total Learners	3,541	3,163	3,150	3,281	2,930	-611	-17%

Source: SFA-SFR24 (June 2014) and SFR26 Table 1:1

Notes:

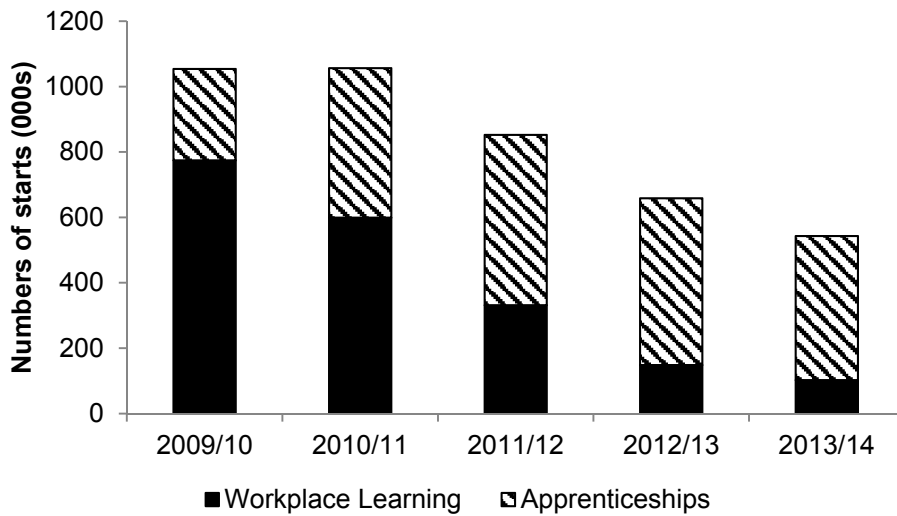
Includes all kinds of funded provision (Apprenticeships, Workplace Learning, Community Learning, FE, sixth form and specialist colleges and external institutions)

'Total Learners' counts each learner only once. The other rows in the table count learners funded for different qualifications. The same learner could appear more than once. All learners undertaking/achieving a full Level 2 or full Level 3 qualification will also appear in the Level 2 or Level 3 category, respectively.

Since 2011/12, the introduction of a single learner record has also led to the removal of duplicate learners (a drop of about 2 per cent).

Figure 5, showing the number of apprenticeship and workplace learning starts (funded or unfunded) shows the system changes underway. Overall there were 511,400 fewer people starting training in 2013/14 than 2009/10. This 49 per cent decline precedes the large-scale reductions in the number of funded qualifications from 2014. All of it was accounted for by the decline in workplace learning, where starts were down 672,000 (87 per cent) – the result of the government's decision to axe Train to Gain. This was partially offset by a large increase (161,000 or 57 per cent) in apprenticeships. Apprenticeships made up 81 per cent of starts in 2013/14 compared with 27 per cent in 2009/10. However, apprenticeship numbers as well as other workplace learning numbers fell in 2013/14 following the introduction of Adult Learning Loans. Adult apprenticeships were subsequently removed from the Adult Learning Loans system, to be funded from the Adult Skills Budget.

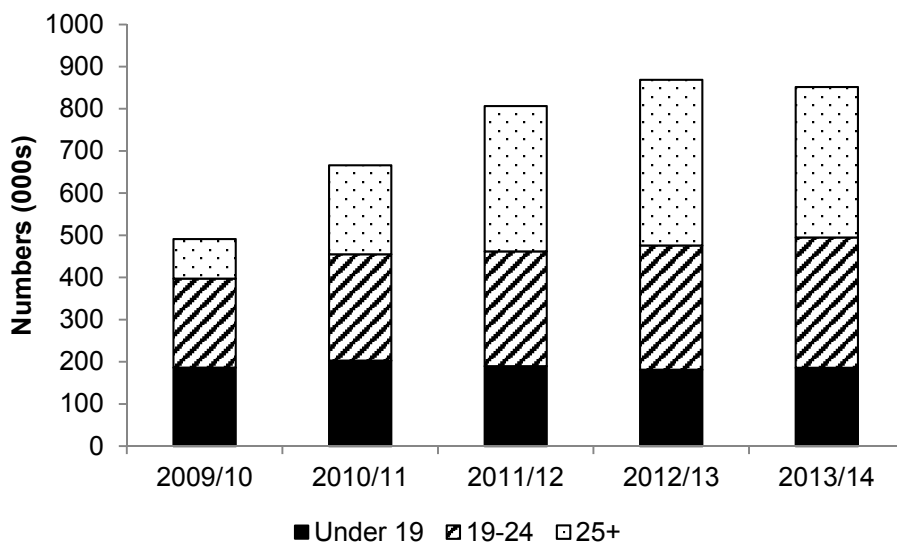
Figure 5: Total Number of Workplace Learning and Apprenticeship Starts 2009/10 to 2013/14



Source SFA_SFR24 (June 2014) and SFR26 (December 2014) Tables 6.1 and 8.1

The limitations of the shift from workplace learning to apprenticeships are illustrated by an age breakdown. As Figure 6 shows, there was no growth, between 2009/10 and 2013/14 in the total number of apprenticeships for those aged 16-18. There was significant growth (up 46 per cent) for 19-24 year-olds, but the major growth was for adults over the age of 25 – where the numbers nearly quadrupled. This tends to suggest the ongoing practice (and perhaps rational reaction of employers) of ‘converting’ the existing skills and knowledge of existing workers – using apprenticeships as the tool rather than the discontinued ‘Train to Gain’.

Figure 6: Apprenticeship Participation by Level and Age (2009/10 to 2013/14)



Source SFA_SFR24 (June 2014) and SFR26 (December 2014) Table 5

It is also salient to note the areas in which apprenticeships are undertaken. Table 8 presents the top ten apprenticeship frameworks (by the number of starts) in 2013/14. These figures show that the growth in apprenticeship numbers started under Labour came from the personal service sectors of the economy. These are the sectors where the 'conversion' of existing employees (aged 19+) into apprentices has been most used. The large numbers in Health and Social Care also reflect the regulatory requirement for 50 per cent of the workforce in residential care to be qualified to NVQ Level 2. In Engineering, numbers peaked at 18,330 on 2010/11 before falling to the current number, but between 2002 and 2008, numbers averaged between 11,000 and 15,000. In Construction, numbers peaked at 20,700 in 2006/07 (see Fuller and Unwin 2012b for a discussion of the dominance of the service sectors). All of these data precede the post-Richard reforms.

Table 8: Top ten apprenticeship frameworks (by starts) 2012/13

Framework	Starts 2013/14
Health and Social Care	70,080
Business Administration	44,190
Management	33,140
Hospitality and Catering	32,010
Customer Service	31,320
Children's Care, Learning and Development	24,320
Retail	16,560
Engineering	15,550
Construction	15,510
Industrial Applications	14,860

Source: Skills Funding Agency FE Data Library: Apprenticeships

The number of community learners also fell 96,000 or 13 per cent between 2009/10 and 2013/14.

In relation to higher education, our interest in this paper is principally trends in access, rather than analysis of the shape of provision. However, it is notable that the shape of the higher education system has begun to change. Trends in student recruitment have not been experienced equally across the university sector. Three quarters of HEIs experienced a decline in recruitment after 2010, but a quarter experienced an increase, predominantly those with higher entrance requirements (Universities UK 2014). Acceptances by Russell Group universities remained relatively stable from 2008-2012 and rose in 2013 but acceptances by Million+ and University Alliance universities fell in 2011 and, by 2013, had not recovered to their pre-2011 levels. The Russell Group universities have with highly selective admissions procedures and are generally research-intensive institutions with a broad range of traditional HE courses. The Million+ group comprises mainly newer universities – some of which were previously polytechnic or other colleges whilst University Alliance universities tend to be those offering more applied university courses, often linked directly to a profession. Over the same time period, there has been a steady increase in acceptances by Guild HE universities and FE colleges. Guild HE universities are often new universities or small, specialist institutions such as art colleges¹².

¹² Source: UCAS Acceptance data, 2008- 2013. Many UK HEI providers are members of groups which contain other similar institutions. Membership of these groups does fluctuate with time but, for this report, we have taken the latest membership of an institution and assigned it to that group for analysis. For more details on the members of each group, see <http://www.russellgroup.ac.uk/>; <http://www.millionplus.ac.uk/who-we-are/our-affiliates/>; <http://www.unialliance.ac.uk/>; <http://www.guildhe.ac.uk/>

Another shift has been the increasing provision of HE courses in further education colleges. One hundred FE colleges reported entrants to undergraduate courses for the first time 2010-11 and 2013-14, accounting for one-third of 'HE in FE' provision in 2013-14. Alternative provision (the majority of which is for-profit) is also a growing sector, as discussed above.

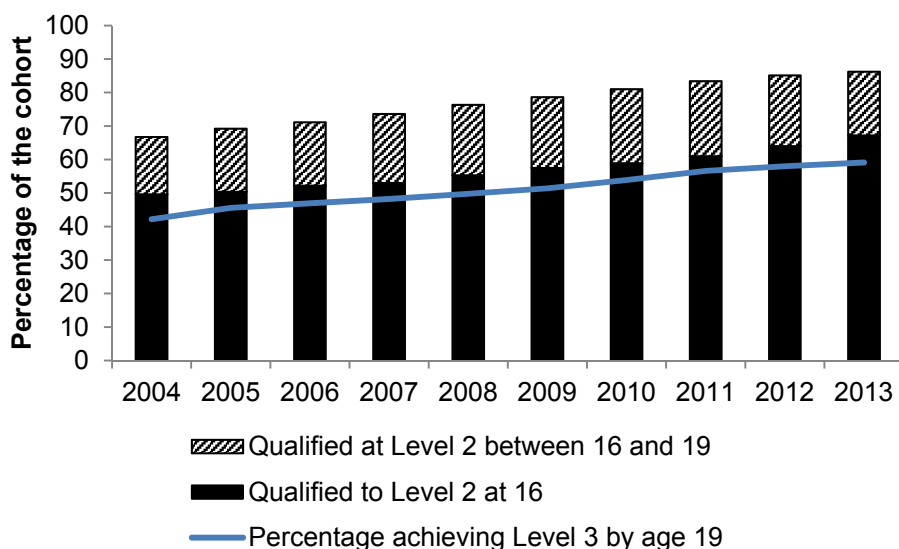
5. Outcomes

For the 16-19 age group, overall levels of qualification continued to rise. In 2012/13 86.2 per cent of 19 year-olds had achieved Level 2, compared with 81.0 per cent in 2010, and 59.1 per cent had Level 3, compared with 53.9 per cent in 2010.

These headline data are underpinned by several more complex trends.

First, the proportion of young people achieving Level 2 between 16 and 19 has fallen from 22 per cent in 2010 to 19 per cent in 2013 (Figure 7). Thus the rise in Level 2 qualifications overall has been driven by the increasing proportions achieving Level 2 by the age of 16. The government's preferred measure is tougher: the percentage achieving Level 2 Maths and English at 19, of those not achieving it by 16. This has also fallen, from 18.1 per cent in 2009/10 to 16.3 per cent in 2012/13, after steadily increasing since 2004/5. One possible explanation for this trend is that as rates of achievement at age 16 continue to rise, those who do have not reached expected levels by that age are an increasingly challenging group.

Figure 7: Trends in Level 2 and Level 3 Qualifications at age 16 and 19



Source: DFE SFR 10-2014

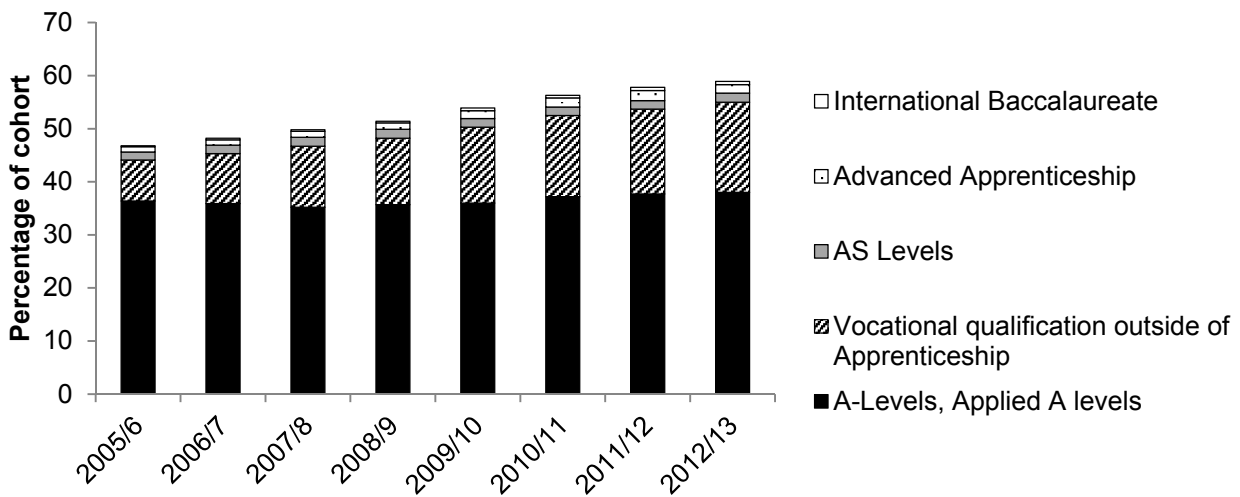
Second, the rise in Level 3 qualifications is explained by an increase in vocational qualifications rather than an increase in A Levels. Figure 8 shows the percentages of the whole cohort attaining different types of level 3 qualifications by age 19 from 2005/6. The proportions obtaining A Levels and AS Levels have remained fairly stable over this period – though this may change in future as Levels and A Levels will be ‘decoupled’ from 2015 with an AS Level no longer contributing to the award of a full A Level. There has been steady growth in those obtaining Level 3 via an advanced apprenticeship and, in 2012/13, these accounted for the same proportion of those with Level 3 as AS levels. The largest change over recent years – predating the Coalition but continuing during its time in office, has been the growth in the proportion of those obtaining Level 3 via vocational qualifications. **Source:** SFR 10 (2014)

Figure 9 shows the steady increase in the number of students entering non ‘A’ Level Level 3 qualifications. A plausible explanation for this trend is the year on year increases in GCSE attainment,

particularly towards the bottom of the distribution, that have been seen since the mid 2000s (Lupton and Thomson 2015), enabling a larger proportion of young people to continue to Level 3.

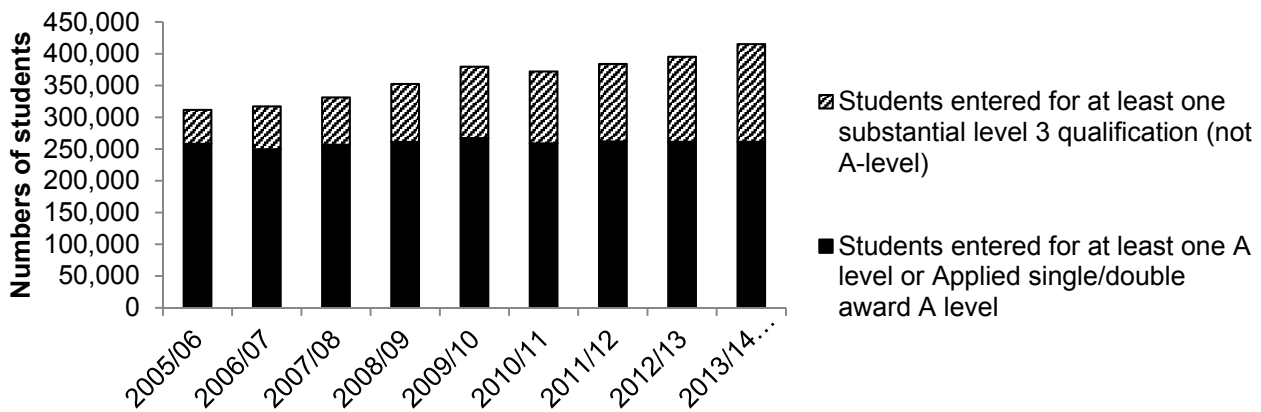
Average points score per student at Key Stage 5 (all qualification types) peaked in 2010/11 at 746 points. Since 2011, this average has dropped considerably and is predicted to fall below 700 points in 2013/14 because vocational qualifications equate to fewer points and an increasing proportion of the cohort is taking these. The average points score at A Level has increased overall since 2008/09 (though not year-on-year) whilst for vocational qualifications it has fallen (again, not year-on-year). The percentage passing A-level at grade A*-E has remained stable since 2008/09, as has the percentage passing A Level at A or A*. The percentage achieving 3A*-A at A Level reached a peak in 2010/11 of 13.1 per cent but has been falling since then and is predicted to be 11.6 per cent in 2013/14.

Figure 8: Percentage of cohort with different Level 3 qualifications, 2005/06 to 2012/13



Source: SFR 10 (2014)

Figure 9: Numbers of students entered for different qualification types at Level 3, 2005/06 to 2012/13



Source: SFR 42 (2014)

Socio-economic attainment gaps at age 19 have continued to fall, as they have at younger ages. However, as Table 9 shows, the main fall has been at Level 2. The gap at Level 2 with English and maths has fallen much more slowly, while the gap at Level 3 has not narrowed at all under the Coalition, having fallen gradually since the mid 2000s.

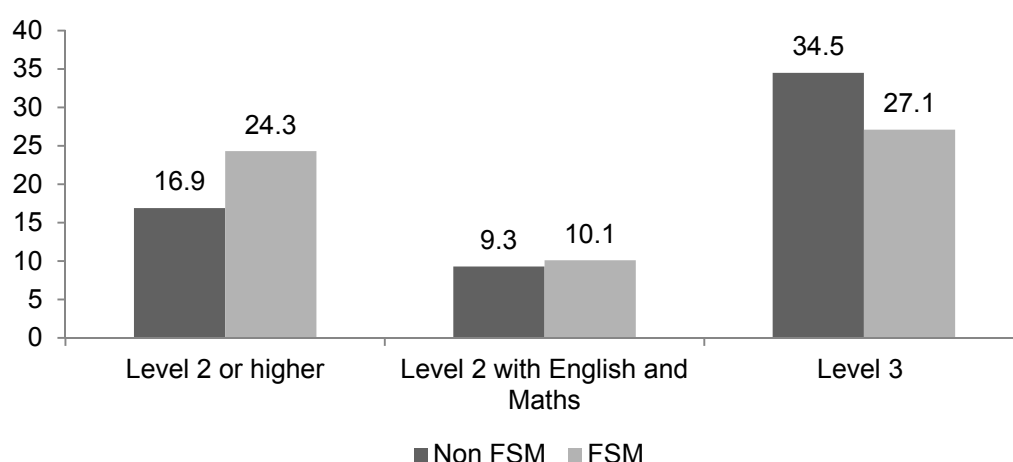
Figure 10, showing the cohort aged 19 in 2013, illustrates the extent of the challenge in closing these gaps. At Level 2 or higher, the additional percentage of people eligible for Free School Meals achieving the qualification by 19 (compared with those achieving it at 16) was higher than for the non-FSM group. Far fewer FSM young people had achieved this level at 16 (46.5 compared with 70.2) but they were able to catch up to some extent by age 19. For level 2 including English and maths there was no gain, and at Level 3 it was young people from the non FSM group who were more likely to reach the level by 19 if they had not already got it by age 17.

Table 9: Percentage Point Gaps in Achievement of Qualifications at Age 19, between those eligible for Free School Meals at 15 and those not (2005-2013)

	Cohort (19 in...)								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Level 2	28.3	27.5	25.8	23.6	21.9	20.1	18.6	17.1	16.3
Level 2 with English and Maths	29.8	29.7	29.2	29.1	28.5	27.9	27.2	26.9	27.0
Level 3	26.4	26.3	25.6	25.2	24.5	24.2	24.7	24.2	24.3

Source: DFE SFR 10-2014

Figure 10: Additional Percentage of Cohort Qualified at 19, compared with 16 (Level 2) or 17 (Level 3)



Source: DFE SFR 10-2014

Notes: Figures are for the cohort aged 19 in 2013. FSM Eligibility is measured at age 15

In terms of access to HE, concerns about students being deterred in large numbers by higher fees did not seem to be borne out.

Applications to higher education fell sharply in 2012 with the introduction of the new fee regime, partly because school leavers who had intended to defer places decided not to do so, in order to get in before the new fees (Universities UK 2014). Table 10 demonstrates that this trend was largely driven by English-domiciled students. Applicant numbers recovered to some extent in 2013, and again in 2014, to a level 2.7 per cent below that of 2010. This was in the context of a falling number of potential applicants, however, as a result of demographic change. The application rate for 18 year-olds domiciled in England rose from 31.3 per cent in 2010 to 33.2 per cent in 2014. Moreover, universities have also been accepting a higher proportion of applicants, meaning that the entry rate for English students was above its 2010 level in 2013 (latest data).

Table 10: Trends in Number of Applicants to UK universities (by March deadline), by country of domicile, 2010 to 2014

	2010	2011	2012	2013	2014	2012 v 2010	2014 v 2010
England	444,610	449,590	405,110	413,810	428,260	-8.9%	-3.7%
Scotland	40,980	41,790	40,980	41,310	42,460	0.0%	3.6%
Wales	22,200	22,670	22,140	21,450	22,060	-3.4%	-0.6%
Northern Ireland	18,940	19,640	18,800	19,960	19,930	5.4%	5.2%
TOTAL	526,730	533,690	487,030	496,530	512,710	-5.7%	-2.7%

Source: UCAS applicant figures. Reproduced from ICOF 2014.

Socio-economic gaps in application and entry to university had been gradually declining during the 2000s, including after the introduction of tuition fees. The most recent data show that this trend continued post 2010, and after the increase in fees in 2012. The gap in application rates for English 18 year-olds between those eligible for FSM and others fell by around one percentage point between 2010 and 2014. Pupils not eligible for FSM remained over twice as likely to apply to university as their FSM peers (Table 11).

Entry rates (to 2013), of those from low participation neighbourhoods, show a similar upward trend and slight narrowing of the gap (ICOF 2014). There was even a marginal increase in the rate of acceptances of students from the lowest participation neighbourhoods into the most selective universities. BIS's own data, on the proportion of 15 year-olds from low income backgrounds in English maintained schools progressing to HE by the age of 19 also shows a continuing increase, from 18 per cent in 2009/10 to 21 per cent in 2011/12. This suggests that the fee reforms of 2012 had no negative impact on the university participation of young people from disadvantaged backgrounds, and possibly that action by universities to widen participation had some effect.

Table 11: Application Rates (%) for English 18 Year-olds (by March deadline) by FSM status

	2010	2011	2012	2013	2014
Non-FSM	35.2	36.4	34.7	35.9	37.1
FSM	14.8	16.2	16.0	16.6	17.9
Percentage point gap	20.4	20.3	18.7	19.3	19.2
FSM:non FSM ratio	2.38	2.25	2.17	2.16	2.07

Source: UCAS. Reproduced from ICOF 2014.

The gap, in any case, remained very large. In 2012/13, students from the most disadvantaged fifth of neighbourhoods made up 7.3 per cent of the young first time undergraduates at the thirty most selective universities (up from 5.3 per cent in 2010). For the thirteen most selective universities the corresponding numbers were 5.5 per cent and 4.2 per cent. In 2011/12, 39 per cent of pupils who had not been eligible for FSM at 15 had entered university by age 19, compared with 21 per cent of those eligible for FSM. Crawford, MacMillan, and Vignoles 2014 confirm earlier findings that much of the difference in university participation is explained by earlier attainment, not by the process of selection into university.

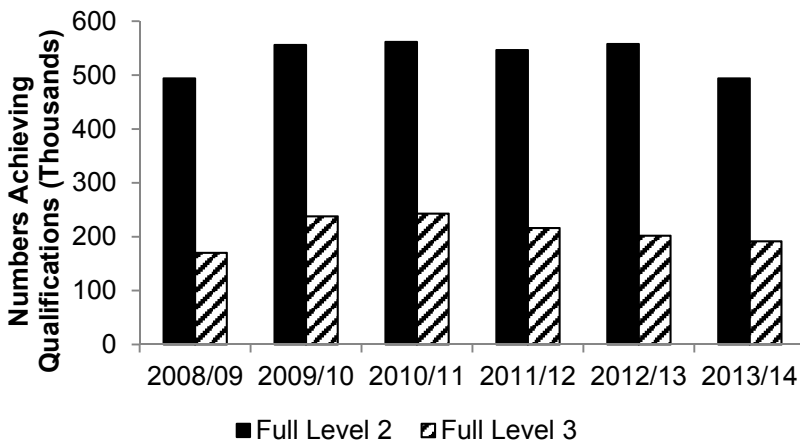
The most striking change in university participation has been the dramatic drop in mature and part-time participation. Excluding nursing students¹³, the number of mature undergraduate entrants to universities fell 40 per cent between 2007-8¹⁴ and 2012-13. Part-time numbers fell by 33.8 per cent between 2011-12 and 2012-13 and a further 10.8 per cent the following year, equating to a 47 per cent reduction in part-time undergraduate entrants between 2010-11 and 2013-14. The employer body, Universities UK, attributes this primarily to increased fees and the switch to loans in 2012, although the economic downturn and reductions in employer funding by public sector employers are also factors. While it cannot be assumed that all mature or part time students are currently disadvantaged or from disadvantaged backgrounds, this trend clearly raises questions about the role of higher education in providing routes to skills and knowledge and career progression for adults, including those who missed the opportunity to go to university after leaving school.

As might be expected given the decline in numbers of funded adult learners, the number of adults achieving qualifications has also declined, from 2.57 million in 2009 to 2.27 million in 2013/14. These data predate the slimming down of the qualifications offer from 2014. The government chooses to monitor the number of people gaining Full Level 2 qualifications (equivalent to 5 or more GCSEs at grade A* to C) and Full Level 3 (equivalent to 2 or more A-levels), as these are regarded as important enabling factors for labour market success. The number of achievements at full Level 2 remained broadly constant from 2009/10 to 2012/13, having been rising prior to that, but it fell in 2013/14. The number of full Level 3 achievements fell by around 46,000, or 15 per cent between 2009/10 and 2013/14 (Figure 11).

¹³ Nursing students are excluded because the requirement that all new nurses should be degree educated by 2013 has led to a shift from other undergraduate to degree courses for nurses which masks the trend in the rest of the sector. Nurses' tuition fees are also paid by the NHS.

¹⁴ This date is selected by Universities UK for its monitoring because of the introduction, the following year, of the limitation on public funding to students studying for a higher qualification than the one they already have. The trends in part-time recruitment suggest that most of this change came after 2012.

Figure 11: Achievements of Adult Qualifications 2005/6 to 2013/14



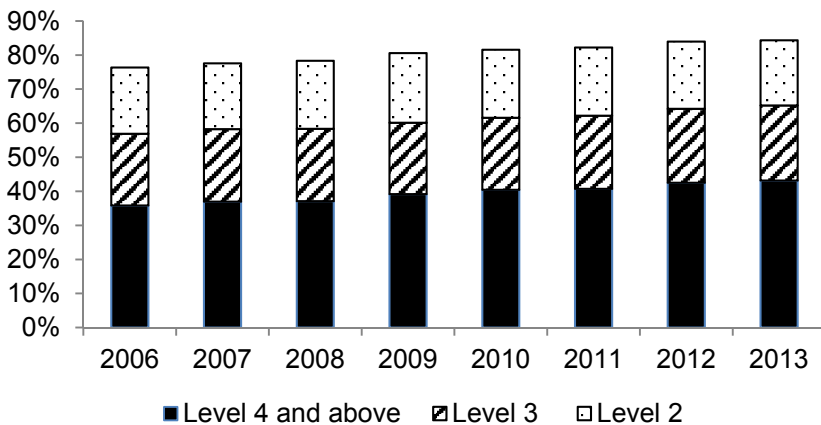
Source SFA-SFR24 (June 2014) and SFR 26 (December 2014)

One possible explanation the government provides for this is the shift to apprenticeships where the emphasis is on progression rather than there being a clear funding incentive to achieve the qualification. It is also noticeable that as apprenticeship numbers have risen. Success rates for adult apprenticeships peaked in 2010/11 at 78.2 per cent, falling to 72.6 per cent in 2012/13, with similar figures applying both to intermediate and advanced apprenticeships.

Finally, we look at qualifications in the general population. As we noted earlier in this paper, the proportion of economically active adults with qualifications in England rose substantially under the last government and this trend continued under the Coalition. The proportion with at least a level 2 qualification stood at around 84 per cent in 2013.

Figure 12 shows that the biggest growth has been in those with Level 4 (or above) qualifications and that the proportion of those with Level 2 and Level 3 qualifications has remained relatively static.

Figure 12: Percentage of the economically active population in England with different qualification levels, 2006 to 2013



Source Skills Funding Agency SFR 26 (December 2014) Table 16.1 and 16.2.
Note: Figures for 2013 are provisional.

6. Conclusion

Despite not really having trailed it in either the party manifestos or the Coalition agreement, the programme the Coalition has put in place is an ambitious one: a substantial reform of curriculum and assessment for both 16-19 and adult learners, as well a major structural reform to the funding system which shifts the responsibilities of central government, employers and learners. On higher education, too, fundamental reform has been enacted, shifting the burden of the cost of HE to graduates.

At least in parts, the reforms have attempted to address some of the acknowledged weaknesses of the previous 'system': fragmentation, over-complexity and lack of employer engagement, as well as a poor quality apprenticeship system. It might equally be argued, however, that fragmentation and complexity has increased in some respects (the 'liberation' of colleges and the new apprenticeship funding system for example, as well as the involvement of Trailblazers and LEPS), and that the government's approach has itself lacked coherence, with responsibilities continuing to be split between two departments which have pursued their own agendas.

For some of these policies, effects can be already be seen. Perhaps the most striking of these is that £9,000 fees have not stopped the trend towards increasing university participation and the closing of socio-economic differentials, as expected, although there does appear to have been a substantial effect on part-time and mature student participation. However savings to the public purse through the switch to loans seem extremely modest, especially in the context of the relaxation of student number caps, allowing numbers to expand indefinitely. As the government has itself acknowledged, the long term financial sustainability of the HE sector is by no means secured.

For further education and skills, the effects of the government's strategic reforms cannot yet be discerned. One reason is that not all the measures are yet in place. The outcome of further reform to vocational qualifications is not yet known. Significant risks accompany the proposed changes to apprenticeship funding: at worst a substantial decrease in provision and a destabilisation of the existing system architecture. 'A' Level reform is still being implemented. Another reason is that the changes to date have added up to rather less than they promised. The change from Train to Gain to apprenticeships does not seem to have stemmed the trend to accrediting existing skills. The growth in apprenticeships has mainly been taken up by adults. There is no evidence of rebalancing the economy in favouring of manufacturing – most apprenticeships continue to be in the service sectors. The government's acceptance of Richard's recommendations indicated a strong commitment to improved quality, but what has been required of the 'trailblazer' programmes is much weaker.

The reforms have also been accompanied by a significant reduction in public funding for adult skills, and these have resulted in substantial reductions in the numbers of people starting and completing qualifications. The Coalition has mainly presented these cuts as savings that should have been made even without the requirement for fiscal restraint. The main savings have come from the reductions in public funding for vocational qualifications deemed irrelevant or insufficiently rigorous, or which are accrediting existing learning rather than providing new. However, not all of these cuts will be without consequence, as we discuss below. There have been some real casualties too: the Education Maintenance Allowance, careers advice and guidance for young people, community learning, and cuts to the funding available to providers to 18 year-olds. Cuts to adult learning grants and their replacement with loans appear to have had a direct effect on participation at Level 3 and Level 4 in 2013/14, including

on the number of people starting apprenticeships, leading the government to take apprenticeships out of the scheme. Further cuts have been signaled and question marks remain over the future funding of adult training generally as well as apprenticeships in an environment of reducing public spending and the apparent unwillingness of employers to contribute.

Our particular interest is the contribution made by the programmes described here to trends in poverty and inequality. Since most of these reforms are not yet fully implemented, it is impossible to make any quantitative assessment at this stage. We can only draw on emerging evaluations, commentary, and critique to assess the potential of the reforms to have positive or negative impact.

FE and skills policy might be thought of as influencing poverty and inequality in three main ways. One is by giving adults the skills and knowledge they need to achieve secure, rewarding and well-remunerated employment, and also to provide routes into the labour market for school-leavers, thus avoiding the scarring effects of periods out of work, or in work with no training and progression, at the start of working life. Labour demand is also crucial in this respect, of course. In terms of supply side policies, the shift from workplace training to apprenticeships, and the moves towards apprenticeship quality made following the Richard Review, as well as the reform of vocational qualifications with stronger employer involvement, would appear to be positive steps. Some issues also remain unaddressed as yet, particularly the length of apprenticeships, which remain shorter than in most other countries, and the expansion of apprenticeships mainly among adults, not as a route for young people to establish a secure foothold in the workplace. The proposed 'de-cluttering' of the qualifications landscape should make it easier to negotiate for learners, but with three major caveats: first that the vast array of providers and awarding bodies remains undiminished – in fact the Coalition wants to encourage a free market of provision; second that a great deal of reliance is placed on databases - face-to-face advice and guidance to young people has been substantially reduced; third, that smaller qualifications that might have provided entry routes to learning have lost their public funding. It also remains to be seen how willing people are to invest in re-skilling by taking out loans. Research on student loans in HE has shown the most disadvantaged young people to be the most debt averse (Callender and Jackson 2005).

A second route is the role that further education plays in giving second chances to those young people who have not been successful at school. The Coalition has already presided over an increase in 16-18 participation, with numbers in 'training' as well as in full-time education increasing – a clear break in trend. This increase in 'training', however, is driven almost entirely by 16 and 17 year-olds undertaking part time education or full-time courses at private providers, not by apprenticeships or other work-based learning. It is hard to know how meaningful these changes are. In the longer run, the Raising of the Participation Age (RPA) will have the effect, technically, of engaging all young people aged 16-18. However securing the participation, never mind the engagement, of the most disadvantaged young people is a considerable challenge, as the Youth Contract evaluation has shown. That programme has now been discontinued, and although the Coalition has presided over the RPA, it has not actively supported or enforced it. Attainment data to 2013 show that although levels of achievements by age 19 continue to rise, the proportion of young people achieving qualifications by 19 if they have not got them by 16 is falling. Socio-economic gaps at 19 remain large and, while falling at the lower level of attainment (Level 2), seem to have stalled at higher levels. It is not clear that the Coalition has anything in place to tackle this challenge, nor that what is on offer for disengaged 16-17 year-olds has become substantially more attractive.

Early evidence suggests that the abolition of the Education Maintenance Allowance has been achieved with only very modest drops in participation and colleges have welcomed the flexibility to respond to actual need. However, it also shows that the support available through the new Bursary Fund is insufficient for some of the most disadvantaged learners. As these reforms roll out, and levels of 'NEET' drop, sophisticated measures of actual engagement, participation and completion will be crucial, as will evidence that young people actually progress from Traineeships to Apprenticeships, rather than simply being tracked into a lower qualification from which they find it hard to move on.

A third possible influence of FE and skills policy is the contribution that informal learning and community education can make – providing a stepping stone to formal education, growing knowledge, building confidence and motivation, reducing social isolation and strengthening community capacity to support voluntary activity and children's learning. Although central government has retained its commitments to centrally funded programmes, cuts to local authority services have led to a reduction in this kind of activity since 2010, and the number of community learners has reduced. CLTs have been welcomed as a model for engaging and including a wider section of the community (BIS 2013c) but their success depends on their ability to lever funds from other sources.

At the current time, the Coalition's record on FE and skills is a hard one to assess. To date, the numbers point mainly to an ominous future: fewer adult learners, and no increase in apprenticeship opportunities for the young, although NEET figures are coming down. Policy intentions, on the other hand are promising, but much depends on implementation, and on funding. Whatever the political colour of the next government, much will remain to be done in addressing the UK's longstanding problems in this policy area.

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Appendix 1: Coalition Government Impact Indicators

16-19 Indicator	Trend since 2009/2010	Latest data reported
16-19 aggregate spending	Higher ¹⁵	2013/14
Participation in education and work based learning at age 16-17	Higher	2013
Percentage attaining Level 2 English and maths at age 19, of those not attaining it by 16	Lower	2012/13

Adult Skills Indicator	Trend under Coalition	Latest data reported
Average funding per course in BIS funded adult further education	Lower	2012/13
Number of government funded learners participating in FE	Lower	2012/13
International comparison (within the OECD) of the qualification levels of the working age population	Better - with at least upper secondary; No change - with tertiary	2012
Proportion of 18-24 year olds who are participating in full or part-time education or training activity, with a gap measure for participation in full-time education by social background using father's occupational group	No change , and gap down	and 2009-2012

HE Indicator	Trend under Coalition	Latest data reported
Funding per student in higher education (BIS)	Lower	2013/14
Percentage of children on Free School Meals (who took A levels or other level 3 qualifications) progressing to Oxford or Cambridge University (DFE)	Higher	2011/12
Percentage of children on Free School Meals (who took A levels or other level 3 qualifications) progressing to a Russell Group university (DFE)	Higher	2011/12
Percentage of children on Free School Meals (who took A levels or other level 3 qualifications) progressing to any university (DFE)	Higher	2011/12
Percentage of children on Free School Meals who entered HE by age 19 (BIS) (this indicator includes those who did not take level 3 qualifications)	Higher	2011/12

¹⁵ Reported in cash terms not accounting for inflation