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To: Cabinet – 16 June 2008

Subject: **EDUCATION AND SKILLS BILL**

Classification: Unrestricted

Summary: This report provides a summary of the Bill's key provisions and provides an initial estimate of the costs and implications for Kent.

For Information

History and Background

1. (1) The Education and Skills Bill has been described as landmark legislation. It builds on the aspiration first set out in the Fisher Education Act of 1918 (which raised the school leaving age from 12 to 14) that young people should remain in at least part-time education until the age of 18 – a provision that was never enacted as a result of the post-World War I austerity.
- (2) The Bill implements many of the key changes recommended in the 2006 Leitch Review of Skills final report: *Prosperity for all in the global economy – world class skills*. That report made a series of recommendations, accepted by Government, that increased participation in learning by both young people and adults was essential to realise the Leitch ambition that the UK achieve world class skills by 2020. This would bring key benefits to young people and adults, employers, the UK economy and wider society.
- (3) One of the key Leitch recommendations was that, once the Government's 14-19 Diploma reforms were successfully on track, the law should be changed so that all young people must remain in full or part-time education or workplace training up to the age of 18.

Raising the participation age

2. (1) The key provision in the Bill is the introduction of the requirement to remain in education or training beyond the current statutory school leaving age of 16. The participation age will be raised in two stages:
 - to age 17 from 2013, and
 - to age 18 from 2015.

Summary of key elements of the Bill

3. (1) A summary of the key elements of the Bill is set out below:

Raising the participation age:

- new duty on young people to participate in education or training;
- new duty on parents to assist their children to participate;
- new duty on local authorities to ensure participation by young people, including a new duty to identify those young people not participating;
- new duties on employers to provide training or release young people for the equivalent of one day per week to undertake training (where employer does not provide training) and to check whether a young person is participating before employing them;
- new duty on providers to inform local authorities if young people drop out of provision;
- new powers for local authorities to issue Attendance Notices, Fixed Penalty Notices and, ultimately, to initiate youth court proceedings for non-compliance by young people;
- new powers for local authorities to issue enforcement notices and financial penalties against employers for non-compliance by employers in relation to the provision of or release of young people for training;
- transfer of support service functions currently undertaken by Connexions services to local authorities;
- transfer to local authorities of current Connexions service responsibility to assess the future education and training needs of young people aged 16-19 with SEN (or up to 25 for those with learning difficulties);

Adult Skills:

- duty on the Learning and Skills Council (LSC) to secure the proper provision of courses to allow learners over the age of 19 to attain functional literacy, numeracy and first full level 2 qualifications;
- duty on LSC to ensure learners aged over the age of 19 can attain functional literacy, numeracy and first level 2 qualification, and those aged 19-25 can attain first full level 3 qualifications, without having to pay tuition fees;

Other provisions:

- changes to existing legislation to improve the provision of impartial careers education information and guidance in schools;

- a minor change to existing legislation to require local authorities to consider journey times when determining post-16 transport policy statements, and a duty for local authorities to have regard to religion or belief of sixth form students when authorities exercise their travel functions;
- changes to the status and functions of the Qualifications and Curriculum Authority (QCA) to create a new independent regulator for England, the Office of the Qualifications and Examinations Regulator (Ofqual);
- changes to the regulation and inspection of independent schools/colleges and other education providers (including non-maintained independent special schools), including provision for new minimum standards;
- a minor change to existing legislation to enable governing bodies of maintained schools to require pupils to attend alternative provision to improve behaviour and attendance; and
- minor changes to enable new regulations governing the constitution and membership of local Schools Forums.

National cost and benefit implications

4. (1) The Impact Assessment, produced by the DCSF alongside the publication of the Bill on 29 November 2007, estimates that the average annual cost of raising the participation age to 18 will be £774 million (present value). £583m is the additional costs of increased participation beyond the Government's current 90% participation aspiration.
- (2) A further £99m annually is estimated specifically for increased participation by young people with Special Educational Needs (SEN). The additional burden on Connexions services of tracking and engaging young people to ensure participation by those who will be the most difficult to engage is estimated at £38m annually.
- (3) The DCSF Impact Assessment assumes there will be no additional transport costs to local authorities arising from increased participation on the basis that the additional costs will be funded through additional formula grant from central government and from income generated by local post-16 transport charging schemes.
- (4) The DCSF estimate that the average annual benefit to the UK economy of all young people participating in education or training beyond the current 90% participation aspiration will be around £2.4 billion for each cohort of young people, discounted over their lifetimes (in 2016-17 prices). This estimate of the benefits excludes wider benefits of increased participation by more young people such as improved health and reductions in crime.

Implications for Kent

5. (1) At this stage it is very difficult to estimate the likely cost implications of increased participation to age 18 for Kent. This is because the detailed

methodology used by DCSF in estimating the national costs provided in the Impact Assessment is not clear. Our best estimate is that the costs of increasing participation from the current 74% level of participation in education and training by 17 year olds in Kent (latest available data for 2005), compared to the 76% national level, is that this could cost around £29 million annually.

- (2) KCC's provisional cost estimate for increased participation by young people with SEN is that this will cost £623,000 annually (£515,000 for the cost of young people continuing to participate in special schools; £29,000 for those with severe and complex needs, and an additional £79,000 for pupils in specialist units attached to mainstream schools).
- (3) KCC's provisional cost estimate for additional transport costs arising from the increased participation requirement is that this will cost £358,000 annually (£173,000 for young people continuing in school sixth forms or FE colleges; £138,000 for those continuing in special schools and £47,000 for those with severe and complex needs or staying on in specialist units).
- (4) There will also undoubtedly be significant transport costs for individual schools and colleges in transporting young people between schools and colleges to facilitate local access to the new 14-19 Diplomas being delivered by local consortia arrangements of providers. The additional funding being allocated for the implementation of the new 14-19 Diplomas includes a sparsity factor to recognise some of the additional costs of transport in rural areas, but this is likely to be significantly below the additional funding institutions will need to find for additional minibuses to transport young people between institutions.
- (5) Total additional annual costs for Kent could therefore amount to £30m.

Implementation

6. (1) The main provisions of the Bill, raising the participation age first to age 17 and then to 18, are expected to be implemented from 2013 and 2015 respectively. Most of the other provisions in the Bill will be subject to commencement orders, where DCSF Ministers will have a degree of discretion over when particular provisions are implemented. A handful of the Bill's provisions will come into effect immediately on Royal Assent or within 2 months. These include the assessments for those with learning difficulties and the various (mostly technical) admission arrangement changes not originally included in the Bill but introduced via Government amendments towards the end of the Commons stages of the Bill.



Recommendation

7. (1) To note the implications of the Education and Skills Bill including significant future costs for Kent.

Background documents:

8. Education and Skills Bill
DCSF Impact Assessment of the Education and Skills Bill
House of Commons Library Research Paper 07/87 Education and Skills Bill

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