

## Chief Executive's Report to the YPLA Board

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## Summary

### Issue

- S1 An overview of the development within the YPLA over the period since the September Board meeting.

### Reason for bringing this to the YPLA Board

- S2 This is a regular report.

### Issues covered

- S3 The items covered are:
- Arms Length Body announcements
  - Spending Review announcements
  - Staffing changes and update on the Organisational Review
  - Public Accounts Committee hearing on academies
  - Guidance to Members and Observers on Handling Circulated Papers
  - Visits and Engagements

### Recommendation

- S4 Board members are invited to note developments since the September report and agree to the proposals for handling papers which are set out in paragraphs 16-19 of the main paper.

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# Main Paper

## Arms Length Body Announcements

1. The Government published its plans for public service reform in October. A significant aspect of these plans is the reform of public bodies. This will be brought before Parliament in a Public Bodies Bill which sets out a framework for all Arms Length Bodies, together with the Government's commitment to increasing the transparency, accountability and efficiency of all public services. The new Bill will list all public bodies in a schedule of the Bill so that the provisions of the Bill can apply to all. This will allow all such bodies to be abolished, merged or changed by subsequent secondary legislation so the Government needs every body to be listed. The Cabinet press notice on this announcement is in annex A.
2. The second part of this announcement relates to the current progress of the public bodies review which places bodies into five categories: no longer an NDPB, merged, retain and substantially reform, retain and under consideration. The YPLA is in the fifth category – under consideration.
3. The Department for Education has also published a press notice (annex B) about its own Arms Length Bodies. This includes a very short sentence which refers to the reason for our being 'under review' as to allow the Secretary of State to make decisions about the YPLA in the context of wider education structural reforms. We can expect these decisions to be set out in a white paper this autumn which will be the Government's major statement for this Parliament, setting out its education policies and plans.

## Spending Review Announcements

4. A second major development in October was the Chancellor's Budget announcement for the next four years. Full details of the budget for DfE and BIS are in annexes C and D. The main outcome affecting YPLA is that the Government has decided to end the Education Maintenance Allowance programme and replace it with more targeted support for the most disadvantaged. EMAs will be closed to new applicants at the end of December 2010 but those whose applications have been approved will be eligible for payment for the rest of the 2010/11 academic year. The new arrangements will mean a tripling of the discretionary learner support fund which has been managed alongside EMAs and which in the current year has a budget of £26 million.
5. Other key points in the announcements, affecting DfE, are:

- The schools budget will increase by £3.6 billion in cash terms by the end of the spending review period – an increase of 0.1% in real terms. This will include £2.5 billion for the pupil premium.
  - Funding will be available for increasing post 16 learner numbers to move towards full participation by 2015 but there is an intention that there should be a reduction in 16-19 unit costs - it is not clear yet what this means.
  - Savings in total of 12% in real terms by 2014/15 in DfE non-school budgets.
  - £15.8 billion will be allocated for capital investment over the spending review period. Although this is a reduction over what has been spent in recent years, it does provide for new places in areas of severe demographic pressure and addressing essential maintenance needs.
6. The initial announcement covered headline figures only and there is still a lot of important detail to work through. I am expecting that we will have more information at the Board's November meeting on the planning totals for post 16 and I am planning for a discussion which might provide the basis of advice to Ministers on key funding issues for the Spending review period.

## Staffing changes and update on the Organisational Review

7. As the Board will know from previous discussions there has been increasing pressure caused by significant growth in key areas of the business. For example the number of academies we fund is up over 50% in the last two months and is continuing to rise month by month. There are over 300 academies now and while there are no targets for growth, we should expect significant further growth. This uncertainty brings a particular challenge – we have to be flexible enough to fund however many schools want and are able to become academies. We also have 800 colleges, sixth form colleges and independent providers to fund and that is 800 more than we were funding in July, following the switch to direct funding. And there are another 1500 or so schools with sixth forms where we have to make the funding calculations, although the funding then goes through the local authority.
8. Our objectives over the next six months must be to deliver the 2011/12 16-19 allocations, the 2011/12 academies allocations and to manage the continuing growth of academies. As well as these objectives I want us to be operating more flexibly, managing risks better, improving efficiency and be able to respond to the changing external environment. To help us achieve these goals I have made the following staffing changes.

9. On academies, I am looking to build capacity to make sure we deliver well on Ministers' highest priority. I have transferred to the academies directorate two additional band 5 staff (internally seconded one from a regional post and one from a Government Office) and two additional band 4 staff (internally seconded from two different regions). There are also a number of Academy Liaison Officers seconded from the regions who will have their secondment extended for a further 6 months and the regional teams will continue to support grant calculations work for academies.
10. On 16-19 System and Allocations, I have brought together under a single band 5 the key post 16 funding arrangements for 16 -19 and LLDD.
11. On Corporate Services, I want to develop a stronger national capacity on the data we manage and also increase our capacity to find savings in our internal operations so I have created a new post for a Chief Statistician to take charge of publication and analysis of all our data. I have asked a band 5 director to lead on our shared services to drive up efficiency, he will move from his role as joint regional director in London to do this. A colleague returning from secondment in a regional government office will lead a project on reviewing all aspects of our pay and grading.
12. Finally, I have moved responsibility for the Annual Plan and programme management into the same team that manages business performance to improve the alignment of our planning and reporting.
13. Although I have made these immediate staffing changes they are not the outcome of the organisational review and this review continues. The information gathering phase is complete and I have asked the team to design some options for models of delivery. How we should be organised on a permanent basis for the rest of this Parliament – up to 2015 - is not yet decided. It can only be considered in the light of the spending review outcomes, the forthcoming education white paper and the James review of capital. I will also need to factor into the organisational review the implications for our staff who work on learner support and who are all located in Sheffield.

## Public Accounts Committee hearing on academies

14. At the time of writing I am preparing for the Public Accounts Committee (PAC) hearing on Academies, following the National Audit Office report which we discussed briefly at our September meeting. I will be giving evidence with DfE's Permanent Secretary, David Bell and Peter Houten, DfE Director of Academies Policy. Unusually, the PAC is also taking evidence on the day of our hearing from two academy sponsors.
15. I will provide an oral update to the Board meeting on how the hearing goes!

## Guidance to Members and Observers on Handling Circulated Papers

16. At our September meeting, the Board reviewed practice to date with the classification of papers for Board meetings. I agreed at that meeting to write with further guidance on how Board colleagues should handle papers, including those that are classified.
17. I would suggest arrangements as follows:
- Papers that are classified 'not protectively marked' will be published on the YPLA website just after the meeting subsequent to the meeting where they are discussed. This is to allow them to be published with the agreed minutes of the meeting concerned. In the case of these papers, Board members and observers are requested not to distribute papers widely before publication on the YPLA website but they should feel free to consult colleagues who are not on the YPLA if they would find that helpful in considering the issues under discussion;
  - Papers that are classified as 'protected' should not be circulated outside the Board membership without my agreement.
  - All papers which are marked as 'protected' should be kept securely in locked cabinets or cupboards.
18. A further issue raised in discussion at the last Board is the secure circulation of Board papers. Papers for this meeting were circulated with a code for access. From December, we expect to introduce a new secure Board extranet which will allow colleagues access to papers (including past papers) on a secure basis.
19. ***The Board is invited to agree these arrangements.***

## Visits and engagements

### **Chief Executive**

15 September	Kent County Council
17 September	Carillion Training Services
27 September	BBC's Launch of New Strategy for Learning
28 September	FE & SKILLS MINISTERIAL ADVISORY PANEL
29 September	157 Group – perception research
7 October	Independent Academies Association National Conference
7 October	Inside Government's Raising Attainment Event
8 October	Alison Boulton, Chief executive, Natspec David Kendall Chair Natspec
11 October	Prof Alison Wolf, Vocational Education review

12 October	Prospects College and Futures College
15 October	Tertiary Colleges Group Annual Seminar
21 October	New College Nottingham
22 October	Sheffield Springs Academy
22 October	Education Business Partnership Breakfast Employer Event
27 October	Institute for Education – Organisation and Governance Event
27 October	Public Accounts Committee (with Neil Flint)
28 October	Lord Hill
2 November	The Skills Conference
3 November	Lancashire College Principals Group
3 November	The Rathbone Achiever of the Year Awards 2010
4 November	Reforming Further Education – Westminster Briefing event
4/5 November	157 Group Annual Reception and Conference
8 November	Oxfordshire Secondary Schools Headteachers Association Conference

### **Executive Team**

27 September	Education & Employers Taskforce - Partnership Board	Rob Why
30 September	Campaign for Learning event	Rob Why
6 October	National Youth Agency	Rob Why
14 October	Barnsley College	Rob Why
14 October	Youth Offending Institution New Hall	David Russell
22 October	Isle of Sheppey Academy	David Russell
13 October	Richard Rose Central Academy	Neil Flint

### **Forthcoming Meetings**

3 November	Heartlands Academy
3 November	Sheffield Academy
5 November	Stockley Academy
5 November	Capital City Academy
5 November	West London Academy
8 November	ASCL Conference
11 November	Federation of Awarding Bodies Annual Conference
16 November	AoC Annual Conference and Exhibition 2010
22 November	City College Birmingham – prize giving event
25 November	ACE Annual Conference
30 November	Youth Offending Institution Feltham
30 November	Bede Academy South
1 December	Northumberland Church of England Academy



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# News Release

CAB 167/10

14 October 2010

## **Quango reforms herald new age of accountability in Government**

As part of the Government's commitment to radically increase the transparency and accountability of all public services, the Minister for the Cabinet Office, Francis Maude, today summarised plans to substantially reform a large number of public bodies and also announced further proposals.

The Government intends to introduce a Public Bodies Bill that will enable many of these plans to be implemented.

The reform process, which covered all of HM Government's Non-Departmental Public Bodies (NDPBs), as well as other bodies, such as some non-ministerial departments and some public corporations, will help to reinvigorate the public's trust in democracy and also ensure that the Government operates in a more efficient and business-like way.

The Government proposes to reform 481 bodies. Of these 192 will cease to be public bodies and their functions will either be brought back into Government, devolved to local government, moved out of Government or abolished altogether.

Examples include:

- Devolving responsibility for the work of Development Corporations to local government;
- Bringing organisations under more direct Ministerial control, such as the Child Maintenance and Enforcement Commission, Renewable Fuels Agency and, as previously announced, the Appointments Commission; and
- Enabling organisations, such as the Design Council and the National Endowment for Science, Technology and the Arts (NESTA), to become charities.

In addition, as part of the planned reforms, if it is clear that a public body has accomplished its mission and no longer needs to exist, it will be abolished.

Speaking about the changes, Francis Maude said that this process represented the restoration of political accountability for decisions which affect people's lives and the way taxpayers' money is spent:

“We know that for a long time there has been a huge hunger for change. People have been fed up with the old way of doing business, where the Ministers they voted for could often avoid taking responsibility for difficult and tough decisions by creating or hiding behind one of these quangos.

“Today's announcement means that many important and essential functions will be brought back into departments meaning the line of accountability will run right up to the very top where it always should have been.”

As part of the reforms the Government is also announcing proposals to merge 118 bodies down to 57, and to substantially reform a further 171. Examples include:

- Strengthening the competition regime by forming a single competition and market authority; and
- Substantially reforming organisations such as the Environment Agency and the Homes and Communities Agency working with them to streamline their work.

Speaking about these bodies, Francis Maude said:

“In many cases, today’s proposals will ensure we preserve the quality of vital services, while allowing them to become more efficient and, where appropriate, giving more power to the front line professionals who know those services best.”

A proportion of public bodies will be retained and will remain at arm’s length from Government, although work will continue to ensure that they become more open, accountable and efficient. All of the retained bodies will have met one of the three tests:

- Performing a technical function;
- Requiring political impartiality; or
- Needing to act independently to establish facts.

Francis Maude said:

“There are of course organisations that will remain, although it is unlikely that any will be completely unchanged. This is because we recognize that some of these bodies do hugely important and essential work that has to be done at arm’s length from Government, especially when political impartiality, independence or technical expertise is required.

“But those that remain will not be allowed to go back to the old way of working. As part of the reforms, we will also be introducing new transparency requirements, a new governance framework and a new review process to ensure that there is a

robust and regular challenge of the continuing need for all the public bodies that remain.”

He added:

“While today’s changes will help us move quickly to a new era of accountability in government, we recognise that there will be significant changes for many staff, who have done an enormous amount of excellent work for their organisations. We also want to recognise the public service given by members of boards and committees. We will continue to do all we can to work with their Chief Executives, Chairs and management teams to ensure any change is conducted as fairly and as smoothly as possible.”

The Government now plans to introduce a Public Bodies Bill into Parliament. This will help enable proposals to be rapidly implemented where statutory changes are required. Other legislation, which will be introduced this session, such as the forthcoming Education Bill and Localism Bill, will also enable some specific changes. All final decisions and implementation will be subject to the Spending Review, necessary legislation and other measures where appropriate.

Further proposals to increase the accountability of those bodies which remain, such as through new tri-ennial reviews, will be set out in the new year.

### Notes to Editors

1. The full list of reforms to the Government’s Public Bodies can be found on the Cabinet Office website: [www.cabinet-office.gov.uk](http://www.cabinet-office.gov.uk)
2. The following table summarises the number of bodies which are proposed for reform:

No Longer an NDPB	Merge	Retain and Substantially Reform	Retain	Under Consideration	Total
192	118 (down to 57)	171	380	40	901
			<b>Remaining Public Bodies after Reforms:</b>		<b>648</b>

3. Where proposed changes have implications for the devolved administrations in Scotland, Wales and Northern Ireland, the Government will continue to work closely with them to develop and implement changes.
4. Non-Departmental Public Bodies (NDPBs) or quangos (Quasi-autonomous non-government organisation) are defined as bodies which have a role in the processes of national government but are not government departments or part of one and which accordingly operate to a greater or lesser extent at arm's length from Ministers. This includes:
  - a. Executive NDPBs, e.g. grant or service delivery, regulatory or training providers; and
  - b. Advisory NDPBs, e.g. scientific committees or pay review bodies;
  - c. In addition, for this reform process other bodies, such as some non-ministerial departments and some public corporations are being included in the scope.
5. This reform process covered all of HM Government's NDPBs and also considered other statutory bodies, such as some non-ministerial departments and some public corporations, bringing the total number of organisations covered by this process to 901.
6. This announcement includes all announcements made since the election, such as the abolition of the Regional Development Agencies and the Qualifications and Curriculum Development Agency. They include changes which the previous Government had proposed but had not implemented and which this Government is confirming, such as selling the Horserace Totaliser Board (the Tote), reducing the number of Advisory Committees on Justices of the Peace, abolishing the Agricultural Dwelling House Committees and Agricultural Wages Committees and the Hearing Aid Council.
7. As part of this work, the Cabinet Office has continued its commitment to the reform process and published details of its 15 public bodies.
8. Some proposals are subject to legislation and Impact Assessments.
9. A final decision has still not been taken on the status of a number of Public Bodies and they are currently listed as "Under Consideration". This means that:
  - a. It is being considered by a wider formal review of that policy area which has yet to be completed;
  - b. A final decision on whether and/or how to reform has not been made. This may be because, for example, it is linked to the Spending Review or wider service reforms. Where options are still being considered, it may be the particular way in which an organisation operates, rather than the overall status, which is being assessed.
10. Today's announcement relates to the status of the Government's Public Bodies. All of the public sector, including public bodies, will need to undergo further reforms and efficiency measures as a consequence of the forthcoming Spending Review. Those public bodies which are expected to maintain their current status may be subject to significant changes in their budget and structure as a result of this process. For more information on the Spending Review, please contact HM Treasury Press Office directly.
11. The Public Bodies Bill will be introduced shortly. Where necessary, this Bill will provide the legislative underpinning for this reform process.
12. For questions about the Public Bodies review process, please contact the Cabinet Office Press Office. For questions about individual bodies, please contact the relevant departmental press offices.

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**Tel: 020 7276 0400 – Fax: 020 7276 1146**

**[www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk)**

**Out of hours telephone 07699 113300 and ask for pager number 721338**

### DfE arms length bodies to go to improve accountability

The Cabinet Office has today published its cross-Government review of public bodies. This impacts on all Government Departments and the Education Secretary Michael Gove has today confirmed which of the Department for Education's (DfE) arms length public bodies will close as part of the plans to improve accountability, transparency and efficiency. The decisions are set out below.

The following bodies will be closed:

- Teenage Pregnancy Independent Advisory Group (TPIAG)
- Teachers TV Board of Governors.

The following bodies have *already* been told that they are to close (with some essential functions to be taken on by the DfE):

- British Educational Communications and Technology Agency (Becta)
- General Teaching Council for England (GTCE)
- Qualifications and Curriculum Development Agency (QCDA).

The following bodies are still under review:

- Child and Family Court Advisory Support Service (CAFCASS)
- Partnerships for Schools (PFS)
- Office of the Children's Commissioner (OCC)
- Training and Development Agency for Schools (TDA)
- National College for Leadership of Schools and Children's Services (NC)
- School Support Staff Negotiating Body (SSSNB)
- Children's Workforce Development Council (CWDC)
- Young People's Learning Agency (YPLA).

The following will be retained:

- Office of Qualifications and Examinations Regulation (Ofqual)
- Office for Standards in Education (Ofsted)
- School Teachers Review Body (STRB)
- School Food Trust (SFT) (remaining as a charity with the potential to become a community interest company).

Secretary of State for Education Michael Gove said:

"There has been a proliferation of arms length public bodies in recent years with 17 across the education and children's sectors alone. These organisations

are expensive and by removing responsibility from ministers and handing it to unelected officials they reduce accountability. These organisations have done much valuable work, but I believe there are too many of them.

“If we are to see a genuine improvement in standards in our schools it won’t be delivered by people at the centre, it will have to be driven by school leaders and teachers at the frontline. And where there are functions that need to be done at the national level they should be properly accountable through ministers – unless there are compelling reasons why they cannot be.”

The Government acknowledges the fact that public servants have worked hard in these bodies and is committed to working with Chairs and Chief Executives to ensure any change is conducted as fairly and smoothly as possible.

### **Notes to editors**

1 – The current roles of the mentioned bodies are:

**BECTA** - established in 1998 through the reconstitution of the National Council for Educational Technology (NCET). Led Government’s Harnessing Technology strategy.

**CAFCASS** – set up in 2001, its role is to safeguard and promote the welfare of the child. Give advice to the courts and make provision for children to be represented.

**CWDC** - set up in 2005 to support the implementation of the Every Child Matters agenda. It’s remit is to improve workforce skills and competences through investment in training and development and embed integrated working practices across the children and young people’s workforce.

**GTCE** - set up in 2000 as an independent self-regulatory professional body for teachers.

**IAGTP** - set up in 2000 as a result of a recommendation in the Social Exclusion Unit’s report of 1999 on Teenage Pregnancy that an independent, expert group should monitor the previous Government’s ten-year Teenage Pregnancy Strategy.

**NC** - set up in 2000 to bring about a transformation in leadership practice in schools. Over time this has expanded to include the training and development of school business leaders and more recently Directors of Children’s services.

**OCC** - role was established under the Children Act 2004 to promote the views and interests of children in England. Statutory organisation to promote children’s interests by exploring and challenging issues from their perspective.

**Ofqual** - established on 1 April 2010 as a non-ministerial department by the Apprenticeships, Skills, Children and Learners Act 2009. Ofqual is the independent regulator of qualifications and assessment in England, reporting to Parliament.

**Ofsted** - established following the 1992 Education (Schools) Act. Ofsted is a non-ministerial Government department, and is responsible for the inspection and regulation of schools and colleges; childcare and aspects of children's social care, including local authority children's services, adoption and fostering services; and the Children and Family Courts Advisory Support Service.

**PfS** - set up in 2004 as a joint venture between the Department and private sector to achieve value for money in the delivery of Building Schools for the Future Programme.

**QCDA** - established on 1 April 2010 by the Apprenticeships, Skills, Children and Learners Act 2009, which split the former Qualifications and Curriculum Authority (QCA) into two: the QCDA and Ofqual.

**SFT** - set up in 2005 - Government's delivery partner in transforming the quality and uptake of school food. Supports schools and local authorities in complying with regulations on school food standards as well as producing guidance, good practice and targeted support.

**SSSNB** - established in July 2009 becoming a statutory advisory body in January 2010. Remit to consider and seek agreement on matters relating to the remuneration and conditions of employment relating to the duties or working time of school support staff who work in maintained schools in England.

**STRB** - established in 1991 as an independent body to examine and report on matters relating to the statutory conditions of employment of school teachers in England and Wales.

**Teachers TV Board of Governors** - established in January 2005. Advised DfE on the best practices of a UK public broadcasting service, helped ensure the Teachers TV supplier is held accountable for the public funds it receives.

**TDA** - created by the Education Act 2005 and are primarily concerned with securing the supply of the workforce, assuring the quality of initial teacher training and supporting workforce reform.

**YPLA** - set up by DfE in April 2010 under the Apprenticeships, Skills, Children and Learners Act 2009. Funds young people's participation in education and training.

2. The TTV Board of Governors is no longer required as TTV has moved solely online. It was put in place to ensure editorial independence as required by the Ofcom TV broadcast license and the Communications act 2003.

3. The remit for the Independent Advisory Group on Teenage Pregnancy comes to an end in December 2010, and it will not be renewed or replaced. The Department will be making arrangements for Ministers to access expert advice when needed to help make further progress in reducing teenage pregnancy rates.

4. British Educational Communications and Technology Agency.

Schools professionals are best placed to make many decisions about their schools ICT requirement. Where functions need to be retained centrally, for example to ensure good value for money for schools in procuring technology or to protect support for those with special needs, this is currently being arranged by the Department.

5. General Teaching Council for England. The GTCE's abolition is part of the Government's wider plans to streamline and improve arrangements for tackling underperforming teachers.

6. The Qualifications and Curriculum Development Agency will be abolished but the Government is committed to ensuring that some activities such as National Curriculum Tests continue to be delivered.

7. The following Reviews are underway:

- The Department's workforce bodies (TDA, NC and CWDC) are under departmental review. We are considering how their key functions will best be exercised in the future.
- YPLA is also under departmental review as part of the wider work on education structural reforms
- PfS is being reviewed as part of the Departments review of all capital investment in schools, early years, colleges and sixth forms and is being led by Sebastian James, Group Operations Director of DSG international plc, the Review team includes Kevin Grace, Tesco - Director of Property Services, Barry Quirk, Chief Executive of Lewisham Council, John Hood former Vice-Chancellor of University of Oxford and Sir John Egan, former Chief Executive of Jaguar and BAA. The review was launched 12 July. Call for evidence was issued 6 August and closed on 17 September. A forward plan for capital investment over the next spending review period will be produced by the end of the calendar year.
- OCC: On the 12 July the SoS announced an independent review of the role and office of the OCC to be carried out by John Dunford, recently retired General Secretary of the Association of School and College Leaders. He will consider the powers, remit and function of the Commissioner in his review as well as the impact the post has made to date. John Dunford will make his recommendations to the SoS by the end of November 2010.
- CAFCASS is being reviewed as part of the Family Justice Review (FJR) which is considering the whole of the Family Justice System. The FJR began work in March 2010 and formally launched its call for evidence in June 2010. The Review panel is independently chaired by David Norgrove Chair of the Pensions Regulator and the Low Pay Commission, and includes a senior family judge, a director of Children's Services, a lead member for Children's Services, a senior colleague from the voluntary sector, the Welsh Children's Commissioner, and a director from both this Department and the Ministry of Justice. The Review Panel will then provide an interim report in March 2011 which will include a steer on the future of CAFCASS and which will be the subject of public consultation. The Review Panel will publish its final report in September 2011.
- SSSNB. The Secretary of State is yet to make a final decision on the future of the SSSNB. A further announcement will be made in due course following discussions between the Secretary of State and the SSSNB's Independent Chair and support staff employer and trade union member representatives.

8. School Food Trust: The Government is committed to ensuring that pupils can eat healthy, nutritious school food. The School Food Trust has developed significant expertise around the school food agenda over the past five years and continues to have an important role to play in supporting schools and local authorities to meet the nutritional standards. As a Community Interest Company, the Trust will continue to be able to play that role and to provide advice to the Government, which is informed by the practical work it does out in the field. It will also have the freedom to sell its services - advice, guidance, research - to local authorities, schools, caterers and others on a commercial basis.

Community Interest Companies (CICS) are limited companies, with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage. This is achieved by a "community interest test" and "asset lock", which ensures that the CIC is established for community purposes and the assets and profits are dedicated to these purposes. Registration of a company as a CIC has to be approved by the Regulator who also has a continuing monitoring and enforcement role.

We expect that the Trust will continue to take forward a number of activities for the Department. The level of future DfE support for the Trust is dependent on the spending review outcome and the tasks SFT are asked to undertake for DfE.

9. Some essential functions of ALBs that are to be closed will be transferred over to the DfE. Further details of this will be laid out in due course.

## Spending Review 2010 Pages 41 and 42

### Department for Education

Table 2.1: Department for Education

£ billion					
	2010-11	2011-12	2012-13	2013-14	2014-15
Resource DEL <sup>1</sup>	50.8	51.2	52.1	52.9	53.9
Capital DEL	7.6	4.9	4.2	3.3	3.4
Total DEL	58.4	56.1	56.3	56.2	57.2
Departmental AME	2.2	2.7	3.3	3.7	4.2

*1 In this table, Resource DEL excludes depreciation and AME excludes non cash items*

#### 2.1 The Department for Education (DfE) settlement includes:

- real terms increases of 0.1 per cent in each year of the Spending Review for the 5 to 16s school budget, including a £2.5 billion pupil premium. Underlying per pupil funding will be maintained in cash terms;
- extending 15 hours a week of early years education and care to all disadvantaged two year olds from 2012-13, and maintaining the universal entitlement to 15 hours for all three and four year olds implemented by the Coalition Government;
- Sure Start services will be maintained in cash terms, including new investment in Sure Start health visitors, and Sure Start will be refocused on its original purpose of improving the life chances of disadvantaged children;
- £15.8 billion of capital funding over the Spending Review period. The Government will rebuild or refurbish over 600 schools from the Building Schools for the Future (BSF) and Academies programme. The decision to end BSF will allow new capital to be focused on meeting demographic pressures and addressing maintenance needs; and
- overall resource savings in DfE's non-schools budget of 12 per cent in real terms by 2014-15, contributing to overall DfE savings of 3 per cent in real terms. This will be achieved by cutting administration and back office costs, reducing 16 to 19s unit costs, focusing the support currently provided by Education Maintenance Allowances (EMAs) on the most disadvantaged children in the context of raising the participation age to 18, and rationalising and ending centrally directed programmes for children, young people and families.

#### Fairness

**2.2** The education settlement supports a comprehensive approach to narrowing the attainment gap and improving social mobility throughout ages 2 to 19. For

early years, the Spending Review will extend 15 hours a week of free early education and care to all disadvantaged two year olds – helping these children develop and be ready for school. At the same time, Sure Start services will be protected in cash terms and will be refocused on their original purpose, targeting 42 Spending Review 2010 early intervention on families who need the most support. This builds on a continued universal entitlement to 15 hours of free early education per week for all three and four year olds. The Government will introduce a new and simplified early intervention grant. The Spending Review also announces a new national campaign to support and help turn around the lives of families with multiple problems, improving outcomes and reducing costs to welfare and public services. The campaign will be underpinned by local Community Budgets focused on family intervention – enabling a more flexible and integrated approach to delivering the help these families need.

**2.3** For school age children, a new £2.5 billion pupil premium will support the educational development of the most disadvantaged, and provide incentives for good schools to take on pupils from poorer backgrounds. The premium forms a key part of the overall settlement for schools – with total funding growing at 0.1 per cent in real terms in each year of the Spending Review, and underlying per pupil funding for the schools system protected in cash terms.

**2.4** For 16 to 19 learning, the Spending Review will support further increases in participation, while moving towards raising the participation age to 18 by 2015. This will reduce the proportion of young people not in education, employment or training and ensure more young people from all backgrounds have the support they need to fulfil their potential in the labour market and improve social mobility.

## **Reform**

**2.5** Reforms to the education system at each stage will ensure parents have far greater choice and schools and providers have more freedom to innovate.

**2.6** In early years, reforms to Sure Start children's centres will encourage more community providers to enter the market, including through payment by results. The independent review of the Early Years Foundation Stage will help ensure that unnecessary bureaucracy and overregulation of early years providers are identified and removed. The introduction of an early years single funding formula will also make the market more fair and equitable.

**2.7** Parents, teachers and community groups will be supported to establish Free Schools outside of local authority control to improve standards for all children, regardless of their background. In addition, teachers will be given greater freedom from bureaucratic burdens to use their professional judgement to meet the needs of their pupils. Head teachers will have increased flexibility over their budgets, including through simpler, fairer and more transparent funding streams.

**2.8** The Government has made tough choices to secure overall resource savings in DfE's non-schools budgets of 12 per cent, including through a 33 per cent reduction in central administration and from abolishing five Arms Length Bodies. In

the context of raising the participation age, there will be unit cost reductions in the 16 to 19 participation budget and the support currently provided by Education Maintenance Allowances will be focused on the most disadvantaged children, saving around £0.5 billion. Further savings have been secured through efficiencies in Sure Start, as well as rationalising and ending centrally directed programmes for children, young people and families. In addition, within the schools budget, procurement and back office savings will allow at least £1 billion to be invested directly in frontline teaching while the public sector pay freeze will free up an additional £1.1 billion.

**2.9** The capital settlement will allow £15.8 billion over the Spending Review period to maintain the schools estate. Although reduced by 60 per cent over the Spending Review period, the decision to end Building Schools for the Future (BSF) will allow new capital spending to be focused on providing new places in areas of severe demographic pressure and addressing essential maintenance needs. The Government will meet the commitment to rebuild or refurbish over 600 schools from the BSF and Academies programme.

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### Department for Business, Innovation and Skills

Table 2.9: Department for Business, Innovation and Skills

£ billion					
	2010-11	2011-12	2012-13	2013-14	2014-15
Resource DEL <sup>1</sup>	16.7	16.5	15.6	14.7	13.7
Capital DEL	1.8	1.2	1.1	0.8	1.0
Total DEL	18.6	17.6	16.7	15.5	14.6
Departmental AME	1.5	1.4	1.4	1.4	1.4

*1 In this table, Resource DEL excludes depreciation and AME excludes non cash items*

2.47 The Business, Innovation and Skills (BIS) settlement includes:

- ensuring the UK remains a world leader in science and research by continuing support for the highest value scientific research, maintaining the science budget in cash terms over the Spending Review period with resource spending of £4.6 billion a year;
- £150 million from the Government over the Spending Review period to leverage significant equity investment and guaranteed lending to small businesses;
- continued commitment to maintain and modernise the Post Office Network. This will transform the network and protect community post offices, building a sustainable future Post Office Ltd;
- increasing funding by £250 million a year by 2014-15 on new adult apprenticeships, compared with the previous government's level of spending;
- major reform of the higher education sector to shift a greater proportion of funding from the taxpayer to the individuals who benefit, with extra support for those from the poorest backgrounds; and
- overall resource savings of 25 per cent, comprising 40 per cent savings from reform of higher education and an average 16 per cent savings from the other areas of the BIS budget, with relative protection for science and key elements of adult skills funding.

#### Supporting long term growth

**2.48** To support long term growth the Government will prioritise support for world class science, maintaining resource spending in cash terms. The Government will also increase the efficiency of the science budget, saving £324 million a year by 2014-15. These efficiency savings will be reinvested in science. The Government will also take measures to increase the focus on excellence, and will spend £4.6

billion in each of the Spending Review years. A ring-fence will be maintained by BIS to ensure continuity of investment in science and research. The cutting-edge Diamond Synchrotron facility in Oxfordshire will receive £69 million of public funding over the Spending Review period in partnership with the Wellcome Trust.

**2.49** The Department of Health will increase spending on health research in real terms. Within this, additional funding will be made available to support the translation of research into practical applications, including the development of new medicines and therapies. To complement this, BIS will ensure that Medical Research Council expenditure is maintained in real terms. In addition, £220 million of capital funding from the Department of Health has been allocated for the UK Centre for Medical Research and Innovation, subject to approval of the final business case.

**2.50** To develop the sector's contribution to economic growth, the Government will reform the Higher Education Innovation Fund to incentivise universities to increase commercial interaction between the research base and business.

**2.51** The Government will provide £200 million a year by 2014-15 to support manufacturing and business development, with a focus on supporting potential high growth companies and the commercialisation of technologies, including funding for an elite network of Research and Development intensive technology and innovation centres.

**2.52** To ensure that small businesses have access to the finance they need for working capital and for growth, additional lending will be made available over the Spending Review period through a continuation of the Enterprise Finance Guarantee scheme. Funding will also be made available to provide equity finance for small businesses with growth potential.

**2.53** In recognition of the high economic returns to adult apprenticeships, the Government will boost spending on adult apprenticeships by up to £250 million a year by the end of the Spending Review period, relative to the level of spending inherited from the previous Government.

## **Fairness**

**2.54** The Government will continue to support basic skills provision in order to ensure individuals are given the chance to gain basic numeracy and literacy skills. Spending on Adult Community Learning will be protected and reformed.

**2.55** Reforms to the higher education system will include support for students from low income backgrounds. Further information is included in Box 2.3.

## **Reform**

**2.56** In order to focus spending on frontline services, BIS will reduce spending on administration by £400 million a year by 2014-15. The number of Arms Length Bodies will be reduced from 57 to 33, with 9 still under consideration. This includes

abolishing Regional Development Agencies as announced in the Budget, saving £1.5 billion a year by 2014-15, some of which will be reinvested elsewhere.  
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**2.57** Colleges will be freed from bureaucracy by simplifying the funding system, streamlining Arms Length Bodies and abolishing central targets. The Government will also improve the quality of information and advice for students, including through the development of an all-age careers service. Alongside these greater freedoms and reductions in bureaucracy, colleges will be expected to make savings including through greater efficiencies and pay restraint.

**2.58** The Government will significantly lower the overall cost of the further education system by abolishing Train to Gain and by reducing spending on budgets which do not directly support learners. Meanwhile, the balance of funding will be shifted from the taxpayer towards the individuals and employers who benefit, including through the introduction of student loans, and by exploring mechanisms to increase employer contributions such as voluntary training levies.

**2.59** Adopting the Wakeham Review recommendations, and applying them across research council institutes and universities, will deliver efficiencies worth £162 million a year by 2014-15.

### **Box 2.3: Reform to Higher Education and Further Education funding**

**Following Lord Browne's review of higher education funding and student finance<sup>a</sup>, the Government will bring forward wide ranging reforms in order to support a world class higher education sector. This will place the funding system on a more sustainable financial footing and provide support to individuals from low income backgrounds.**

**Subject to Parliamentary consent, universities will be able to increase graduate contributions supported by government loans, with a broadly offsetting reduction in the teaching grant, from the 2012-13 Academic Year. A new system of graduate contributions will ensure that students will only pay once they have graduated and can afford to do so. The graduate contribution system will be progressive and protect the lowest earning graduates.**

**The Government will establish a new National Scholarship fund to support students from disadvantaged backgrounds, reaching £150 million a year by 2014-15.**

**The Government will bring forward legislation as soon as Parliamentary time allows and publish a White Paper during the winter.**

**Meanwhile, in further education the Government will also introduce reforms to create a better balance of funding between the state and the individual who benefits from training and who can afford to pay. This includes taking tough choices, such as removing the entitlement to free training for a first full level 2 qualification for those over 25. Further education students aged 24 and over studying for a level 3 qualification (A-level equivalent) will be asked to pay fees. These students will be supported by the offer of a government backed loan where repayments will be**

**dependent on the learner's income, protecting those with lower earnings.**

*a Securing a Sustainable Future for Higher Education; An Independent Review of Higher Education Funding and Studies Finance. October 2010. <http://hereview.independent.gov.uk/hereview>*

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