



How FE colleges are being supported during the Covid-19 crisis

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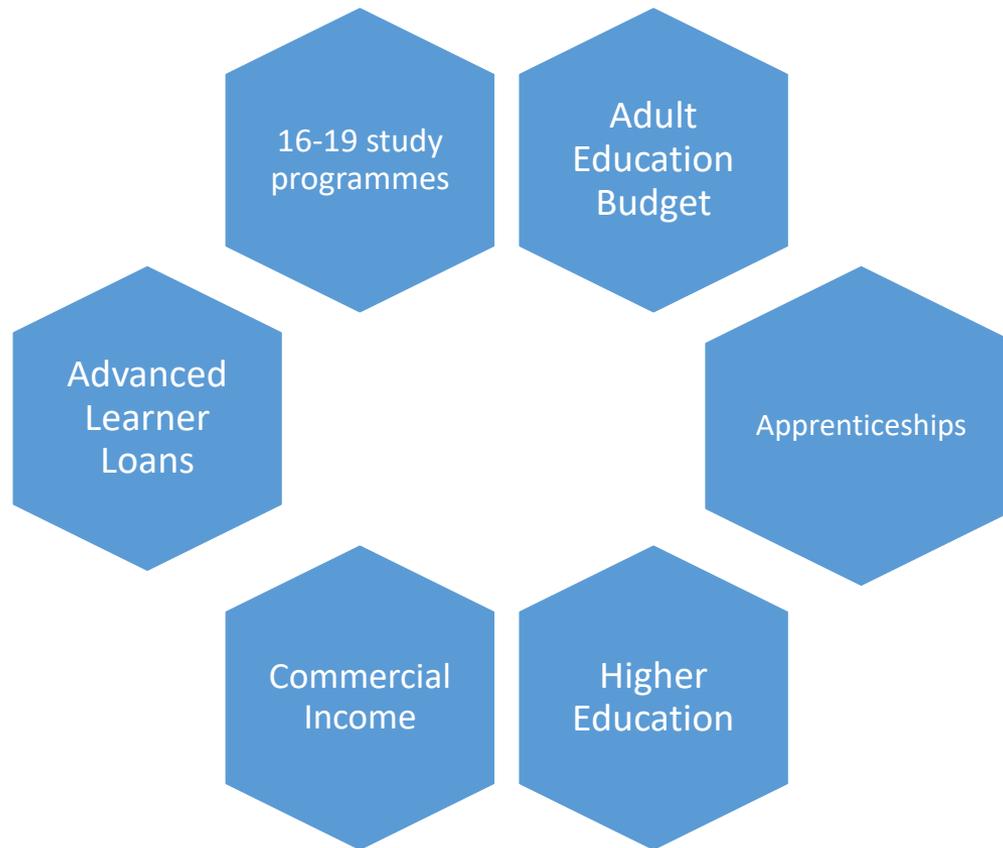


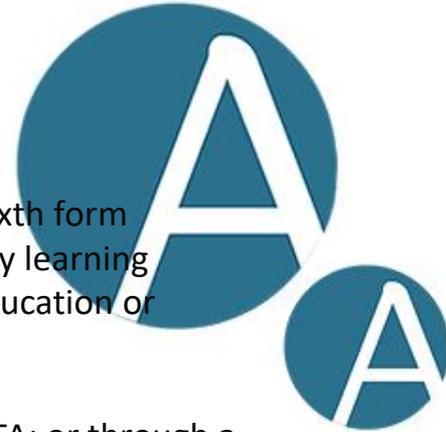
What this webinar will cover

- The Coronavirus pandemic and issues facing FE colleges
- Types of financial support to FE colleges
- Implications of financial support packages for FE colleges
- Other types of support
- Problems relating to apprenticeship provision
- Impacts on the financial health of FE colleges
- What will the future be like?
- FE reform?



We need to look at the impacts on each of our funding sources





Support for FE colleges

Further education and apprenticeship providers include **further education colleges**, sixth form colleges, designated institutions, independent training providers, adult and community learning providers, and higher education institutions to the extent that they provide further education or apprenticeships.

They are funded in **3 main ways**: by grant; under a direct contract for services with ESFA; or through a funding agreement with the ESFA (where provision is delivered under a contract for services between a levy paying employer and an apprenticeships training provider, or advanced learner loan funded learning).

Where the provider is continuing to receive public funding through any of these routes they should continue delivering this provision where feasible, including through remote delivery.

They should not furlough staff whose salaries are paid from continuing Education and Skills Funding Agency (or any other public) income. This applies to both teaching and non-teaching staff.

We recognise that many providers rely on funding from a mix of public sources and other income streams such as fees, employer contributions and commercial income. Where public income has reduced or non-public income has ceased or reduced, it may be appropriate for providers to seek support from the Coronavirus Job Retention Scheme to furlough staff.

<https://www.gov.uk/government/publications/coronavirus-covid-19-financial-support-for-education-early-years-and-childrens-social-care/coronavirus-covid-19-financial-support-for-education-early-years-and-childrens-social-care>



Support for grant funded learners and providers (updated 3 April 2020)



- ❑ To help manage the financial implications, we can confirm that the ESFA will continue to pay grant funded providers their scheduled monthly profiled payments for the remainder of the 2019 to 2020 funding year.
- ❑ ESFA allocations for 2020 to 2021 have been confirmed, and payments will be made in line with the national profile which will be confirmed in the relevant 2020 to 2021 funding rules.

... and for loan funded learners

- ❑ With regard to advanced learner loans, the Student Loans Company (SLC) will continue to make scheduled fee payments to all providers with a loans facility. Providers must continue to inform the SLC if and when a learner's circumstances change.

<https://www.gov.uk/government/publications/coronavirus-covid-19-maintaining-further-education-provision>



So what are the implications of this support for FE colleges?



The expectations are that you will continue

- to employ relevant staff on their current contracts
- to support learners on study programmes to completion of their programmes
- to make provision for children of key workers and for vulnerable young people
- to support adult learners to completion of their programmes, where possible
- to put in place suitable arrangements for all learners to continue their programmes through the use of a range of teaching and learning methods, e.g. online tutoring, webinars, e-learning
- to provide additional learning support to eligible learners, including High Needs Students
- to make provision for learners in receipt of learner support funding, including free meals

So how much of your income is assured for this and next year?



What if your organisation was not going to fulfil its allocation before Coronavirus?



For 2019 to 2020 only, the ESFA will not carry out the final reconciliation for **grant funded** providers in receipt of ESFA funded AEB (adult skills, community learning, learner and learning support and 19 to 24 traineeships) and the advanced learner loans bursary fund. These providers will be funded in line with the current agreement schedule with no clawback.

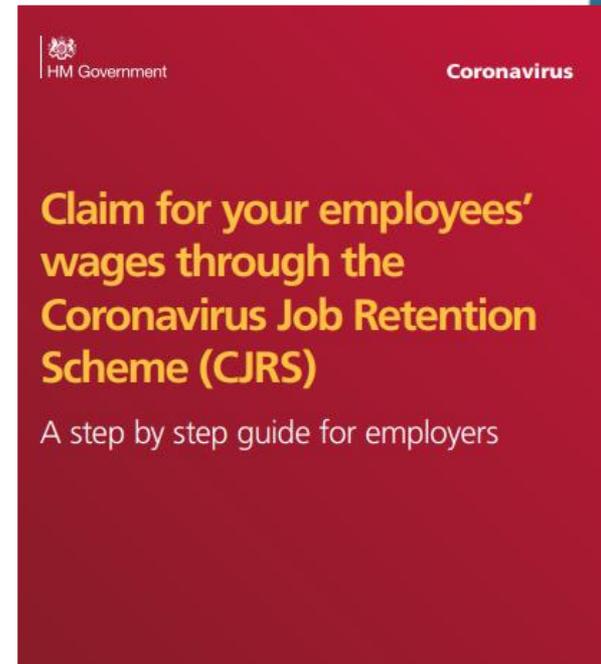
However, there will be exceptions for grant funded providers who had already forecast significant under-delivery in their mid-year returns for ESFA funded AEB and/or advanced learner loans bursary fund, in advance of the impact of coronavirus (COVID-19). ESFA will contact affected providers to discuss their forecasts and potential clawback. We also reserve the right to clawback funds where it can be demonstrated that a grant funded provider has not sought to continue delivery wherever possible online or otherwise, either directly or for ESFA funded AEB through their existing subcontractors.





Coronavirus Job Retention Scheme (CJRS) for furloughed workers

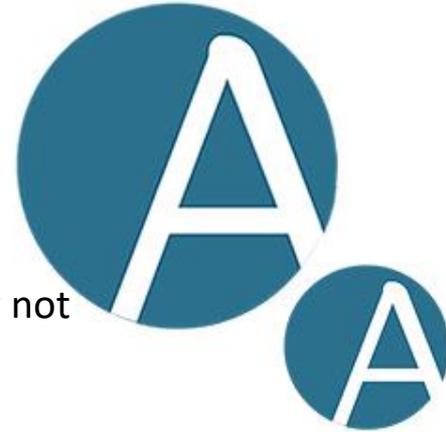
- ❑ Employers whose operations have been adversely affected by Covid-19 can claim employees' wages through the Coronavirus Job Retention Scheme (CJRS)
- ❑ Grant that covers 80% of their usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage.
- ❑ Temporary scheme in place to end of June 2020, and now extended to end of October (but only in its current form till end of July)
- ❑ From start of August furloughed workers will be able to return to work part-time with employers being asked to pay a % towards their salaries



Has your college used the scheme? For which staff?



Conditions for furloughing staff in FE



- The employee works in an area of business where services are temporarily not required and whose salary is not covered by public funding.
- The employee would otherwise be made redundant or laid off.
- The employee is not involved in delivering provision that has already been funded.
- The employee is not required to deliver provision for a child of a critical worker and/or vulnerable child.
- The grant from the scheme would not duplicate other public grants received.
- The grant from the scheme would not lead to financial reserves being created.
- The total proportion of teaching and non-teaching staff (based on gross payroll) that are retained (i.e. not furloughed) should, as a minimum, be equivalent to the continuing public income, as a proportion of all income that the provider usually receives. For example, if the only source of public funding is through a grant, and non-grant income makes up 25% of total income, then this should be the total maximum proportion of staff (based on gross payroll) that could be furloughed.
- Where providers consider furloughing staff, they should ensure that they take a fair and reasonable approach to part-time, sessional and temporary staff, reflective of good HR practice and legal requirements.



Furloughed apprentices

The Coronavirus Job Retention Scheme allows employers to claim for 80% of furloughed employees' (employees on a leave of absence) usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions, and minimum automatic enrolment employer pension contributions on that wage.

A furloughed employee can take part in volunteer work or training, as long as it does not provide services to or generate revenue for, or on behalf of the employer. Training in this context includes apprenticeship off-the-job training.

Where their provider can continue to deliver training remotely, a furloughed apprentice can therefore continue their apprenticeship whilst furloughed.

Where training is undertaken by furloughed workers, at the request of their employer, workers are entitled to be paid at least the appropriate minimum wage for this time. In most cases, the furlough payment of 80% of a worker's wage, up to the value of £2,500, will provide sufficient monies to cover these training hours. However, where the furlough payment does not meet the appropriate minimum wage for the time spent training, employers will need to pay the additional wages.

Read [HMRC's Coronavirus Job Retention Scheme guidance](#).

- Apprentices must not provide services to or generate revenue for their employer
- Training in this context includes off-the-job training
- Where the furlough payment does not meet the appropriate minimum wage for the time spent training, employers will need to pay the additional wages.



Example with employer top-up



You've furloughed a 22-year-old who is in the second year of their apprenticeship. They're contracted to work 37 hours per week, but you've agreed with the apprentice and their training provider that they'll train for 4 days per week (7.5 hours per day). This is to cover as much off-the-job training as possible whilst the apprentice is on furlough.

The National Minimum Wage for this apprentice is £8.20, which they must get for every hour they spend on off-the-job training. You do not have to pay your apprentice the National Minimum Wage for the hours they are not working or training.

Working out

$£8.20 \text{ (hourly pay)} \times 7.5 \text{ (hours)} = £61.50$

$£61.50 \times 4 \text{ (days)} \times 3 \text{ (weeks)} = £738$

Over 3 weeks, this means the apprentice must get at least £738.

You receive £728.16 from the Coronavirus Job Retention Scheme (this is 80% of the apprentice's current wages over a 3 week furlough period) This is less than the National Minimum Wage for the time the apprentice spent on off-the-job training, so the employer must pay the remaining £9.84.



Supplier relief due to COVID-19 (PPN 02/20)



“This PPN is applicable to all contracting authorities, including central government departments, executive agencies, non-departmental public bodies, local authorities, NHS bodies and the wider public sector (excluding Devolved Administrations). Together these are referred to in this PPN as ‘contracting authorities’. This PPN covers goods, services and works contracts being delivered in the UK.”

“Contracting authorities

- must act now to ensure suppliers at **risk** are in a position to resume normal contract delivery once the outbreak is over
- urgently review their contract portfolio and inform suppliers who they believe are at risk that they will continue to be paid as **normal** (even if service delivery is disrupted or temporarily suspended) until at least the **end of June**
- can consider making advance payments to suppliers if necessary.”**

This could ensure service continuity, protect the provider network and jobs, as well as the wider supply chain.



Supplier relief due to COVID-19 (PPN 02/20)



“To qualify, suppliers

- ❑ should agree to act on an open book basis and make cost data available to the contracting authority during this period. They should continue to pay employees and flow down funding to their subcontractors.
- ❑ must ensure that all of the parts of the workforce identified to deliver the contract in full are not furloughed during this period (under the Covid-19 Job Retention Scheme) because the supplier is receiving the **continuity and retention** payment.”

Important that you do not claim the 80% CJRS for staff covered by supplier relief.



Does the supplier have to pay back any money they are paid during this period?



“In many cases, suppliers in receipt of the continuity and retention payments made under PPN 02/20 will not be required to pay back this money, even if they have not been able to deliver any of the goods, services or works required under the contract due to the impact of COVID-19 during the period.

However, the goods, services or works paid for during this period may be required to be delivered at a later date. **In some individual cases, and following reconciliation of payments made, the contracting authority may consider a future claw-back of monies paid where delivery will not be made in the future but this will be decided on a case by case basis.**

Contracting authorities may seek to recover all or some of those monies if the supplier has been found not to be compliant with the terms of the interim contract variation, for example not complying with open book requirements, not paying staff and subcontractors promptly and in full.”



Where does this leave providers of AEB?



- ❑ Some devolved authorities are applying the Cabinet Office guidelines to pay **all** their providers of AEB funded provision, including ITPs, until either end of June or July
- ❑ **‘Quality’ providers of AEB who have contracts with the ESFA are now eligible (20/04) but only till the end of June**

Training providers in Liverpool will continue to receive adult education payments to “provide stability and help to protect the sector during Coronavirus crisis”.



So what have you done to continue delivery of adult learning?



Providers must:

- continue to deliver learning online wherever possible including for ESFA funded AEB via existing subcontracting arrangements to support existing learners to successfully complete their courses/qualifications or retain evidence where this is not possible
- support furloughed workers to enhance existing or develop new skills

How much provision have you been able to move online?

What new provision have you made for adults, e.g. #EducateWhilstYouIsolate campaign?

How have you enhanced the skills of key workers or furloughed workers, e.g. digital skills with Good Things Foundation ?



Where does this leave providers of Apprenticeships?



- The scheme is extended to include providers in respect of apprenticeships offered by non-levy paying employers where providers hold 'direct contracts' with the ESFA.
- This should help just under 600 providers with non-levy allocations totalling £690 million, the contracts for which have been extended to cover the financial year 2020 to 2021
- It will not apply in relation to apprenticeships funded from employer digital accounts, i.e. levy funded apprenticeships.**
- This will affect over 1000 providers that only train apprentices from levy-paying employers
- So, contradictions in the guidelines

Training providers must make every effort to continue to deliver education and training to their existing apprentices and learners including contact with and support for those learners and employers where delivery cannot continue or commence due to restrictions caused by COVID-19

Conditions applied to provider relief



Applicants will only be able to seek support from this scheme where they meet the following requirements:

- 2018 to 2019 qualification achievement rates which are above 40%. However, providers with rates below that can submit an exceptional case that they are a critical supplier based on niche provision. We will issue further information on consideration criteria in the application guidance
- submitted their latest financial accounts to the ESFA on time
- not been judged by Ofsted as making insufficient progress as a result of a new provider monitoring visit and no new starts are permitted
- delivered under the contract prior to April 2020
- plan to deliver learning under the contract in May and June 2020
- not furloughed the staff required to deliver the contract. You are eligible if staff are withdrawn from any claim for furlough if such a claim has been made when they return to work
- not received a notice of termination from the ESFA

<https://www.gov.uk/government/publications/esfa-post-16-provider-relief-scheme/esfa-post-16-provider-relief-scheme-covid-19-response-policy-document>



How will it be applied to FE colleges



- The ESFA will calculate a funding cap for each training provider requesting support from the scheme. The funding cap will be applied to the amount requested by the training provider.
- The cap will be based on a 3-month average using the ILR submission for January, February and March 2020. Existing maximum contract values (MCV) continue to apply and the providers funding cap cannot exceed 25% of the MCV even where the average earnings exceed this
- The Relief Scheme will apply to activity undertaken in April, May and June and paid in the subsequent month. Funding through this Relief Scheme will be paid on top of the regular payment claimed via the ILR. The total of the 2 payments will not exceed the provider's funding cap.
- Where the training provider is claiming other funds from wider business support measures, this offer cannot be used to cover the same costs.

Have you been successful in accessing this support?



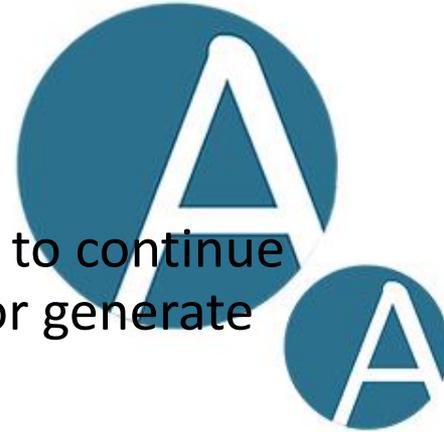
Relaxation of apprenticeship rules



“Our flexibilities will make it easier for apprentices to continue as an apprentice, by enabling them to take a break from their learning, or do their learning or assessment in a different way to that originally planned. As well as ensuring that employers will still have the skills they need for the future, it means that they can temporarily redeploy apprentices without ending their apprenticeship.”



Relaxation of apprenticeship rules



- Introducing flexibilities to allow furloughed apprentices to continue their training as long as it does not provide services to or generate revenue for their employer
- Encouraging training providers to deliver training to apprentices remotely and via e-learning as far as is practicable – **audit evidence?**
- Enabling employers and training providers to report and initiate a break in learning where the interruption to learning due to COVID-19 is greater than four weeks – **suspension of payments to the provider**
- Clarification on how to record breaks in learning so that funding is not unnecessarily disrupted
- Confirming that, where apprentices are made redundant, it is the ambition to find them alternative employment and continue their apprenticeship as quickly as possible and within 12 weeks – **is this long enough in the current situation?**

Relaxation of apprenticeship rules



- ❑ Allowing the modification of end-point assessment arrangements, including remote assessments wherever practicable and possible
- ❑ Clarifying that apprentices ready for assessment, but who cannot be assessed due to COVID-19 issues, can have their end-point assessment rescheduled.
- ❑ Apprentices whose gateway is delayed can have an extension to the assessment timeframe

<https://www.gov.uk/government/publications/coronavirus-covid-19-apprenticeship-programme-response>



Financial support available to businesses



- Deferring VAT and Self-Assessment payments**
- Self-employment Income Support Scheme
- Statutory Sick Pay relief package for small and medium sized businesses (SMEs)
- 2-month business rates holiday for all retail, hospitality, leisure and nursery businesses in England
- Small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief
- Grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000
- Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank**
- New lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans**
- HMRC Time To Pay Scheme

These will be important for businesses that either supply you or you supply them!



Impacts on financial health ?



Difference between types of colleges, e.g. sixth form and general FE?

Degree of dependency on apprenticeship and commercial income?

Potential loss of customers and income?

Viability of capital projects?

Relationship with creditors, e.g. bank, and ability to pay off loans?

Cash flow and liquidity?

Shorter term issues



- What will the gradual return to 'normal' look like for different colleges?
- Which forms of support will continue after June and July, e.g. CJRS?
- Will there be any support for providers of apprenticeships to levy paying employers (or those using the apprenticeship service)?
- What will be the baselines for 16-19, adult education and loan funding for 2020 to 2021?
- What will happen if there is a significant increase in numbers of full-time learners, especially 16-19 year olds, e.g. lagged number effect?
- Some colleges with higher proportions of non-grant income will have major financial problems, and need to reduce costs, e.g. redundancies
- Those with already strained finances might not be able to recover, i.e. become insolvent.

'For colleges in significant financial difficulties, the existing support arrangements remain in place including through short term solvency support through emergency funding.'



But everything has changed

Can we imagine what things will look like after the crisis and what will the 'new normal' be like ?

What new learning needs will there be?

How will learning be organised and delivered?

What will happen to FE colleges?





FE reform?

- Proposed White Paper and legislation
- Perceived failure of area review, restructuring funds and formal interventions to stabilise the sector
- Could involve reversal of previous legislation that in effect took colleges in England out of the public sector
- More strategic collaboration
- Implications for independence of colleges and their governance
- May lead to restructuring and mergers, e.g. Scottish experience

“The education secretary has already made clear that we are working on a White Paper aimed at delivering ambitious reform in our vital FE sector.



Ascentis Pre-Entry Qualifications

- Pre-Entry **Numeracy**
- Pre-Entry **Literacy** – Launched May 2020
- Pre-Entry **ESOL** (Introduction to Learning for Speakers of Other Languages)
 - Pre-Entry ESOL (**My Story**)
 - Pre-Entry ESOL (**My Local Area**)
 - Pre-Entry **Digital**



Ascentis Pre-Entry Overview

- Developed in response to demand and collaboration with centres.
- All have the rigour of a regulated qualification.
- Robust and quality assured.
- **Resources** and **Assessor Guidance** provided.
- Assessed via a mixture of **assessment records** and **assessment papers**.
- Aim to **build learner confidence**.
- Allow progression onto a regulated Entry 1 qualification.



For more information, please contact graham.white@ascentis.co.uk

Many thanks

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