

Summary: Intervention & Options

Department /Agency: DCSF and DIUS	Title: Impact Assessment of the Education and Skills Act	
Stage: Act	Version: 4	Date: 2 December 2008
Related Publications: See Annex A		

Available to view or download at:

<http://www.dcsf.gov.uk/publications/educationandskills/>

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Telephone: **020 79257 494**

What is the problem under consideration? Why is government intervention necessary?

Higher levels of skills in an economy raise productivity, employment and living standards along with contributing towards wider social objectives. Yet, in England only 77 per cent of 17 year olds participate in education or work-based learning and the UK still lags behind the most successful economies in productivity with the major reason being the weaknesses in our skills base.

Recent organisational changes to children's inspectorates offer opportunities to rationalise the registration/approval, monitoring and categorisation of independent and non-maintained special schools (NMSS).

What are the policy objectives and the intended effects?

Through the provisions in this Act we aim:

- to increase participation in learning for young people and adults to meet the ambition set out in the Leitch Review of achieving world class skills by 2020, bringing key benefits to young people, employers, the UK economy and wider society; and
- to improve standards in independent schools; improve information for parents and pupils; and reduce the regulatory burden on independent schools.

What policy options have been considered? Please justify any preferred option.

Options for increasing participation and improving adult skills were set out in the 'Raising Expectations' Green Paper and the 'Leitch Review'. The Government's intentions and rationale are outlined in 'Raising Expectations - from policy to legislation' and 'World Class Skills: Implementing the Leitch Review of Skills in England' in November 2007 and July 2007 respectively.


Options relating to registration and regulation of NMSS and independent schools were consulted on between August and October 2007. Please see the 'Evidence Base' and Annex A for further details.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? Unless otherwise stated, the policies implemented through this Bill will be reviewed as part of the ongoing monitoring of the wider 14 - 19, adult skills and education agendas.

Ministerial Sign-off For **SELECT STAGE** Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

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Date:

Summary: Analysis & Evidence

Policy Option: Raising the Participation Age

Description: In England, to raise to 18 the minimum age at which a young person could leave education or training.

COSTS	ANNUAL COSTS		<p>Description and scale of key monetised costs by 'main affected groups' The additional costs for each cohort of young people who participate to 18 due to RPA is £774.5m. These are dominated by £583m participation costs. Catering specifically for young people with SEN is the next largest estimate at £99m and then the additional burden on Connexions of tracking and engaging young people at £38m.</p> <p style="text-align: right;">Total Cost (PV) £ 766m</p>
	One-off (Transition) Yrs	£ NA	
	Average Annual Cost (excluding one-off)	£ 766m	

Other key non-monetised costs by 'main affected groups' Although there are one-off transition costs totalling £225m, these have not been listed separately above as they have been translated into a cost 'per cohort', for consistency with the benefits. These relate to FE Capital (at £5.3m p/c), Schools Workforce (£3.6m p/c) and FE Workforce (£7.8m p/c).

BENEFITS	ANNUAL BENEFITS		<p>Description and scale of key monetised benefits by 'main affected groups' Compared to the current 90% participation aspiration, the additional economic benefit of all young people participating is around £2,400m for each cohort, discounted over their lifetimes (in 2016-17 prices). This excludes the wider benefits from more young people participating, such as improved health and reduced crime.</p> <p style="text-align: right;">Total Benefit (PV) £ 2,400m</p>
	One-off Yrs	£ NA	
	Average Annual Benefit (excluding one-off)	£ 2,400m	

Other key non-monetised benefits by 'main affected groups' The main affected group is the young people who would have otherwise not participated. The benefits are due to the increase in wages and better job prospects that higher levels of qualifications bring. The quantification of wider benefits has not been possible, although they are potentially hugely

Key Assumptions/Sensitivities/Risks Calculations are based on achieving 100% participation, compared to the 90% aspiration baseline. Figures relate to a steady-state model in 2015/16 to 2016/17, the first 2 academic years when RPA will have been fully implemented. Costs and benefits are then adjusted into present value terms, inline with Green Book guidance.

Price Base 2015	Time Period in	Net Benefit Range (NPV) £ 300m - £5,400m	NET BENEFIT (NPV Best estimate) £ 1,626m
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What is the geographic coverage of the policy/option?		England only	
On what date will the policy be implemented?		2013 / 2015	
Which organisation(s) will enforce the policy?		LAs	
What is the total annual cost of enforcement for these organisations?		£ 11.5m	
Does enforcement comply with Hampton principles?		Yes	
Will implementation go beyond minimum EU requirements?		Yes/No	
What is the value of the proposed offsetting measure per year?		£ NA	
What is the value of changes in greenhouse gas emissions?		£ NA	
Will the proposal have a significant impact on competition?		No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium Large
Are any of these organisations exempt?	No	No	N/A N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA **Decrease** £ NA **Net Impact** £ NA

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Raising the Participation Age

Description: Powers for governing bodies to arrange for pupils to be directed offsite for behaviour related training.

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' NA
	One-off (Transition)	Yrs	
	£ 0		
Average Annual Cost (excluding one-off)			
£ 0			Total Cost (PV) £ 0
<p>Other key non-monetised costs by 'main affected groups' There will not be any additional costs to schools or local authorities associated with this proposal as they are already making provision for pupils who are directed offsite. We do not anticipate a significant increase in the numbers of pupils being directed offsite as a result of these proposals.</p>			
BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' NA
	One-off	Yrs	
	£ 0		
Average Annual Benefit (excluding one-off)			
£ NA			Total Benefit (PV) £ Not estimated
<p>Other key non-monetised benefits by 'main affected groups' Ensures schools are not vulnerable to legal challenge when using powers to direct pupils to learn offsite for behaviour related training, therefore assisting in maintaining discipline.</p>			

Key Assumptions/Sensitivities/Risks Assumes there will be no increase in the number of pupils referred off-site.

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ Not estimated		
What is the geographic coverage of the policy/option?			England only		
On what date will the policy be implemented?			2008 / 2009		
Which organisation(s) will enforce the policy?			DCSF		
What is the total annual cost of enforcement for these organisations?			£ NA		
Does enforcement comply with Hampton principles?			Yes		
Will implementation go beyond minimum EU requirements?			Yes/No		
What is the value of the proposed offsetting measure per year?			£ NA		
What is the value of changes in greenhouse gas emissions?			£ NA		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA

Decrease £ NA

Net Impact £ NA

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Summary: Analysis & Evidence

Policy Option: Admissions	Description: Powers for young people to apply for school places independently from their parents.
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' NA
	One-off (Transition) Yrs	
	£ 0	
	Average Annual Cost (excluding one-off)	
£ 0	Total Cost (PV)	£ NA

Other key non-monetised costs by 'main affected groups' There will be no additional costs to schools or LAs associated with this proposal as we do not expect a change in the total numbers of preferences being expressed or appeals lodged/heard. Only one application is likely to be made in respect of a young person, either by the young person themselves, or

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' NA
	One-off Yrs	
	£ 0	
	Average Annual Benefit (excluding one-off)	
£ NA	Total Benefit (PV)	£ NA

Other key non-monetised benefits by 'main affected groups' Supports young people in fulfilling their duty to remain in education and training, by allowing them to decide in which school they wish to continue their education, should they wish to take that route; and to appeal against a refusal of admission.

Key Assumptions/Sensitivities/Risks Assumes that in the vast majority of cases, for each child, only one application to a school will be made with which school admission authorities will be required to comply. Also assumes that there will be no overall change in the number of appeals lodged/heard as parents and young people will be able to appeal jointly.

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ Not estimated
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What is the geographic coverage of the policy/option?	England and Wales				
On what date will the policy be implemented?	2008 / 2009				
Which organisation(s) will enforce the policy?	DCSF				
What is the total annual cost of enforcement for these organisations?	£ NA				
Does enforcement comply with Hampton principles?	Yes				
Will implementation go beyond minimum EU requirements?	Yes/No				
What is the value of the proposed offsetting measure per year?	£ NA				
What is the value of changes in greenhouse gas emissions?	£ NA				
Will the proposal have a significant impact on competition?	Yes/No				
Annual cost (£-£) per organisation (excluding one-off)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Micro</td> <td style="width: 25%; text-align: center;">Small</td> <td style="width: 25%; text-align: center;">Medium</td> <td style="width: 25%; text-align: center;">Large</td> </tr> </table>	Micro	Small	Medium	Large
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Are any of these organisations exempt?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;">N/A</td> </tr> </table>	No	No	N/A	N/A
No	No	N/A	N/A		

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA **Decrease** £ NA **Net Impact** £ NA

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Admissions	Description: Duty on local authorities to produce an annual report on the school admission arrangements in their area
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' One day's additional work for a senior manager (at £63.83/hr) and a junior manager (at £33.43/hr) in each local authority to produce the report from information already held. This amounts to £680.82 per local authority.
	One-off (Transition) Yrs	
	Average Annual Cost (excluding one-off)	
	Total Cost (PV) £	

Other key non-monetised costs by 'main affected groups' We don't expect there to be any other costs to local authorities or schools.

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' NA
	One-off Yrs	
	Average Annual Benefit (excluding one-off)	
	Total Benefit (PV) £ NA	

Other key non-monetised benefits by 'main affected groups' Provides an incentive for LAs to object to unlawful admissions arrangements, provides the Schools Adjudicator with annual information about the level of compliance in each local authority and enables action to be taken. Ensure a targeted consultation process; and reduces burdens on

Key Assumptions/Sensitivities/Risks Total costs are calculated over 3 years and discounted at a rate of 0.035 and then annualised.

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ Not estimated
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What is the geographic coverage of the policy/option?	England only				
On what date will the policy be implemented?	Autumn 2009				
Which organisation(s) will enforce the policy?	DCSF				
What is the total annual cost of enforcement for these organisations?	£ NA				
Does enforcement comply with Hampton principles?	Yes				
Will implementation go beyond minimum EU requirements?	Yes/No				
What is the value of the proposed offsetting measure per year?	£ NA				
What is the value of changes in greenhouse gas emissions?	£ NA				
Will the proposal have a significant impact on competition?	No				
Annual cost (£-£) per organisation (excluding one-off)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Micro</td> <td style="width: 25%; text-align: center;">Small</td> <td style="width: 25%; text-align: center;">Medium</td> <td style="width: 25%; text-align: center;">Large</td> </tr> </table>	Micro	Small	Medium	Large
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No	No	N/A	N/A		

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA Decrease £ NA Net Impact £ NA

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Support Services	Description: Duty on local authorities to work to secure effective collaboration with providers of 14-19 education and training
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups'
	One-off (Transition) Yrs	
	Average Annual Cost (excluding one-off)	
	Total Cost (PV) £ 0	

Other key non-monetised costs by 'main affected groups' NA

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' NA
	One-off Yrs	
	Average Annual Benefit (excluding one-off)	
	Total Benefit (PV) £ NA	

Other key non-monetised benefits by 'main affected groups' Ensure that local collaboration arrangements for 14-19 education led by the local authority operate within a stable framework and can support the delivery of 14-19 education and training, support the policy to raise the participation age and ensure effective collaboration.

Key Assumptions/Sensitivities/Risks NA

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ Not estimated
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What is the geographic coverage of the policy/option?	England only				
On what date will the policy be implemented?	2008				
Which organisation(s) will enforce the policy?	DCSF				
What is the total annual cost of enforcement for these organisations?	£ NA				
Does enforcement comply with Hampton principles?	Yes				
Will implementation go beyond minimum EU requirements?	Yes/No				
What is the value of the proposed offsetting measure per year?	£ NA				
What is the value of changes in greenhouse gas emissions?	£ NA				
Will the proposal have a significant impact on competition?	No				
Annual cost (£-£) per organisation (excluding one-off)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Micro</td> <td style="width: 25%; text-align: center;">Small</td> <td style="width: 25%; text-align: center;">Medium</td> <td style="width: 25%; text-align: center;">Large</td> </tr> </table>	Micro	Small	Medium	Large
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Are any of these organisations exempt?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;">N/A</td> </tr> </table>	No	No	N/A	N/A
No	No	N/A	N/A		

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA Decrease £ NA Net Impact £ NA

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Support Services	Description: Requiring all Schools Forums to have non-schools members
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' NA
	One-off (Transition) Yrs		
	Average Annual Cost (excluding one-off)		
	Total Cost (PV) £		

Other key non-monetised costs by 'main affected groups' We estimate that only 8 Schools Forums do not have non-schools members. There will be minimal administration costs to these authorities associated with recruiting and including non-schools representatives.

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' NA
	One-off Yrs		
	Average Annual Benefit (excluding one-off)		
	Total Benefit (PV) £ Not estimated		

Other key non-monetised benefits by 'main affected groups' Enable non-school based settings, such as private and voluntary early years providers and 14-19 partnerships to have a voice in discussions on funding allocations. This is necessary to implement effectively the 14-19 and early years funding reform programmes.

Key Assumptions/Sensitivities/Risks

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ Not estimated
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What is the geographic coverage of the policy/option?	England and Wales			
On what date will the policy be implemented?	2008			
Which organisation(s) will enforce the policy?	DCSF			
What is the total annual cost of enforcement for these organisations?	£ NA			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	Yes/No			
What is the value of the proposed offsetting measure per year?	£ NA			
What is the value of changes in greenhouse gas emissions?	£ NA			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA

Decrease £ NA

Net Impact £ NA

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Summary: Analysis & Evidence

Policy Option: Support Services

Description: Transfer of Connexions to local authorities, including responsibility for learning difficulty assessments

COSTS	ANNUAL COSTS		<p>Description and scale of key monetised costs by 'main affected groups' £469m will be transferred to local authorities in 2008-09. This is commensurate with the amount currently allocated to deliver the Connexions service.</p>
	One-off (Transition)	Yrs	
	£ 0		
	Average Annual Cost (excluding one-off)		
	£ 0		Total Cost (PV) £ 0
<p>Other key non-monetised costs by 'main affected groups'</p>			
BENEFITS	ANNUAL BENEFITS		<p>Description and scale of key monetised benefits by 'main affected groups' £469m to DCSF. The SoS will no longer be responsible for the delivery of Connexions. Monetised benefits of increasing participation and improving all young people's skills and employability, including those with special educational needs (SEN), are covered in the raising the participation age assessment.</p>
	One-off	Yrs	
	£ 0		
	Average Annual Benefit (excluding one-off)		
	£ 0		Total Benefit (PV) £
<p>Other key non-monetised benefits by 'main affected groups' There are likely to be some savings made from local authorities reconfiguring 'Connexions' service delivery models to fit in with existing structures.</p>			

Key Assumptions/Sensitivities/Risks Assumes no additional costs.

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ 0		
What is the geographic coverage of the policy/option?		England only			
On what date will the policy be implemented?		2008			
Which organisation(s) will enforce the policy?		DCSF			
What is the total annual cost of enforcement for these organisations?		£ NA			
Does enforcement comply with Hampton principles?		No			
Will implementation go beyond minimum EU requirements?		Yes/No			
What is the value of the proposed offsetting measure per year?		£ NA			
What is the value of changes in greenhouse gas emissions?		£ NA			
Will the proposal have a significant impact on competition?		No			
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA

Decrease £ NA

Net Impact £ NA

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Summary: Analysis & Evidence

Policy Option: Support Services

Description: Extending a LAs duty to arrange learning difficulty assessments to include those with an SEN statement leaving school after Y11.

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Evidence suggests that most young people with SEN statements who leave school after the end of Year 11, to enter further education or training are already offered assessments, and so there is unlikely to be any additional cost. However, we will keep this under review.
	One-off (Transition)	Yrs	
	£ 0		
	Average Annual Cost (excluding one-off)		
	£ 0		Total Cost (PV) £

Other key non-monetised costs by 'main affected groups' None

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' NA
	One-off	Yrs	
	£ NA		
	Average Annual Benefit (excluding one-off)		
	£ NA		Total Benefit (PV) £

Other key non-monetised benefits by 'main affected groups' Ensures that statemented young people who stay on at school post 16 and then leave to receive post-16 education, training or higher education will be entitled to an assessment.

Key Assumptions/Sensitivities/Risks We have assumed that the expansion of the duty will not lead to an increase in the number of assessments, as many of the young people would have received assessments under the Secretary of State's power to arrange them. If the number of assessments does increase as a result, we will need to look again at funding.

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ Not estimated		
What is the geographic coverage of the policy/option?		England only			
On what date will the policy be implemented?		2008			
Which organisation(s) will enforce the policy?		DCSF			
What is the total annual cost of enforcement for these organisations?		£ 0			
Does enforcement comply with Hampton principles?		Yes			
Will implementation go beyond minimum EU requirements?		Yes/No			
What is the value of the proposed offsetting measure per year?		£ NA			
What is the value of changes in greenhouse gas emissions?		£ NA			
Will the proposal have a significant impact on competition?		No			
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA

Decrease £ NA

Net Impact £ NA

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Summary: Analysis & Evidence

Policy Option: Support Services

Description: Adding 'travel time' as a factor to be considered by local authorities when delivering their transport strategy.

COSTS	ANNUAL COSTS		<p>Description and scale of key monetised costs by 'main affected groups' 16-18 transport is funded through a formula grant from central government and income generated by councils. There are no additional costs to local authorities as a result of this proposal. The objective is for the local authority to strike a balance between all competing factors when drawing up their transport statement.</p>
	One-off (Transition)	Yrs	
	£ 0		
	Average Annual Cost (excluding one-off)		
	£ 0		Total Cost (PV) £ 0

Other key non-monetised costs by 'main affected groups' NA

BENEFITS	ANNUAL BENEFITS		<p>Description and scale of key monetised benefits by 'main affected groups' NA</p>
	One-off	Yrs	
	£ NA		
	Average Annual Benefit (excluding one-off)		
	£ NA		Total Benefit (PV) £

Other key non-monetised benefits by 'main affected groups' Ensure that all local authorities take account of the appropriate factors when considering options for young people's transport.

Key Assumptions/Sensitivities/Risks

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ Not estimated		
What is the geographic coverage of the policy/option?			England only		
On what date will the policy be implemented?			2008		
Which organisation(s) will enforce the policy?			DCSF		
What is the total annual cost of enforcement for these organisations?			£ 0		
Does enforcement comply with Hampton principles?			Yes		
Will implementation go beyond minimum EU requirements?			Yes/No		
What is the value of the proposed offsetting measure per year?			£ NA		
What is the value of changes in greenhouse gas emissions?			£ NA		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA

Decrease £ NA

Net Impact £ NA

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Summary: Analysis & Evidence

Policy Option: Assessment arrangements	Description: Changes to assessment arrangements
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups'
	One-off (Transition) Yrs	
	Average Annual Cost (excluding one-off)	
	Total Cost (PV) £ NA	

Other key non-monetised costs by 'main affected groups' There may be some small impact on providers of educational support materials.

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups'
	One-off Yrs	
	Average Annual Benefit (excluding one-off)	
	Total Benefit (PV) £ NA	

Other key non-monetised benefits by 'main affected groups' Discontinuing national tests at Key Stage 3 will produce efficiency savings and a reduction in school burdens for over 3000 secondary schools. It will benefit teachers and pupils by giving teachers more flexibility and freeing up the time associated with test preparation in Year 9.

Key Assumptions/Sensitivities/Risks This provision will enable, at a future date, changes to be made to assessment arrangements for any given school year after the start of that school year. We intend to use this power to discontinue Key Stage 3 tests in maintained schools from 2009 and the above assessment relates to this proposal.

Price Base 2008	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ Not estimated
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What is the geographic coverage of the policy/option?	England only			
On what date will the policy be implemented?	2008			
Which organisation(s) will enforce the policy?	DCSF			
What is the total annual cost of enforcement for these organisations?	£ 0			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	Yes/No			
What is the value of the proposed offsetting measure per year?	£ NA			
What is the value of changes in greenhouse gas emissions?	£ NA			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices) (Increase - Decrease)

Increase	£ NA	Decrease	£ NA	Net Impact	£ NA
Key:					
Annual costs and benefits: Constant Prices				(Net) Present Value	

Summary: Analysis & Evidence

Policy Option: Adult Skills

Description: Duty on the LSC to secure proper facilities for first courses in basic literacy and numeracy to eligible adults, free of charge.

COSTS	ANNUAL COSTS		<p>Description and scale of key monetised costs by 'main affected groups' Average annual cost of £10.5m to central Government for course fees for additional learners. An estimated annual average cost of £9.5m to learners due to loss of earnings and other additional costs associated with learning.</p>
	One-off (Transition) Yrs	£ 0	
	Average Annual Cost (excluding one-off)	£ 20m	
			Total Cost (PV) £ 20m

Other key non-monetised costs by 'main affected groups' Some administrative costs to the LSC and providers. These courses are already taking place and cost will be around processing additional enrolments and marketing, which will generally come from existing funding.

BENEFITS	ANNUAL BENEFITS		<p>Description and scale of key monetised benefits by 'main affected groups'</p>
	One-off Yrs	£ 0	
	Average Annual Benefit (excluding one-off)	£ NA	
			Total Benefit (PV) £ NA

Other key non-monetised benefits by 'main affected groups' To individuals: increases in employability and earnings; associated benefits to their children, health and family life. To business: increases in productivity. There will also be wider benefits to society as people become less marginalised and are able to participate more.

Key Assumptions/Sensitivities/Risks Assumes that 5% of each year's increases in learners and successful qualifiers can be attributed to the legislation. The annual costs to Government and learners are averaged over the three years: 2008/09, 2009/10, and 2010/11; and are discounted based on 2007/08 prices.

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ Not estimated		
What is the geographic coverage of the policy/option?		England only			
On what date will the policy be implemented?		2008/09			
Which organisation(s) will enforce the policy?		DIUS			
What is the total annual cost of enforcement for these organisations?		£ 0			
Does enforcement comply with Hampton principles?		Yes			
Will implementation go beyond minimum EU requirements?		Yes/No			
What is the value of the proposed offsetting measure per year?		£ NA			
What is the value of changes in greenhouse gas emissions?		£ NA			
Will the proposal have a significant impact on competition?		No			
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA

Decrease £ NA

Net Impact £ NA

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Summary: Analysis & Evidence

Policy Option: Adult Skills

Description: Duty on the LSC to secure proper facilities for first level 2 qualifications for eligible adults, free of charge.

COSTS	ANNUAL COSTS		<p>Description and scale of key monetised costs by 'main affected groups' Average annual cost of £5m to Government for extra course tuition fees. Average annual cost of £26m to learners due to loss of earnings and other costs associated with learning.</p>
	One-off (Transition) Yrs	£ 0	
	Average Annual Cost (excluding one-off)	£ 31m	
			Total Cost (PV) £ 31m
<p>Other key non-monetised costs by 'main affected groups'</p>			
BENEFITS	ANNUAL BENEFITS		<p>Description and scale of key monetised benefits by 'main affected groups' £55m to learners. This is estimated average lifetime benefit to one year's cohort of additional learners (5%) as a result of gaining their first full level 2 qualifications.</p>
	One-off Yrs	£ 0	
	Average Annual Benefit (excluding one-off)	£ 55m	
			Total Benefit (PV) £ 55m
<p>Other key non-monetised benefits by 'main affected groups' To individuals: improved employability and increased wages, increased likelihood of going on to further learning. To business: increased productivity. Wider social benefits from better health and social engagement.</p>			

Key Assumptions/Sensitivities/Risks Assumes 5% of each year's increases in learners and successful qualifiers can be attributed to the legislation. The annual costs and benefits for Government and learners are averaged over the three years: 2008/09, 2009/10 and 2010/11. They are discounted to 2007/08 prices.

Price Base	Time Period	Net Benefit Range (NPV) £ 5m - £48M	NET BENEFIT (NPV Best estimate) £ 24m		
What is the geographic coverage of the policy/option?			England only		
On what date will the policy be implemented?			2008/09		
Which organisation(s) will enforce the policy?			DIUS		
What is the total annual cost of enforcement for these organisations?			£ 0		
Does enforcement comply with Hampton principles?			Yes		
Will implementation go beyond minimum EU requirements?			Yes/No		
What is the value of the proposed offsetting measure per year?			£ NA		
What is the value of changes in greenhouse gas emissions?			£ NA		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA

Decrease £ NA

Net Impact £ NA

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Summary: Analysis & Evidence

Policy Option: Adult Skills

Description: Duty on the LSC to secure first level 3 courses to 19-25 year olds, free of charge

COSTS		ANNUAL COSTS	<p>Description and scale of key monetised costs by 'main affected groups' Average annual cost of £1.9m to central Government for tuition fees; and £6.4m to learners due to loss of earnings and other costs associated with learning.</p>	
One-off (Transition)	Yrs	£ 0		1
Average Annual Cost (excluding one-off)		£ 8.2m		
		Total Cost (PV) £ 24.7m		
<p>Other key non-monetised costs by 'main affected groups' Some administrative costs to the LSC and providers. These courses are already taking place and cost will be around processing additional enrolments and marketing, which will generally come from existing funding.</p>				
BENEFITS		ANNUAL BENEFITS	<p>Description and scale of key monetised benefits by 'main affected groups' £27.9m to learners. This is estimated average lifetime benefit to one year's cohort of additional learners (5%) as a result of gaining their first full level 3 qualifications.</p>	
One-off	Yrs	£ 0		
Average Annual Benefit (excluding one-off)		£ 27.9m		
		Total Benefit (PV) £ 83.7m		
<p>Other key non-monetised benefits by 'main affected groups' To individuals: health and social benefits. Employers: will benefit from higher productivity and profitability. To society: wider social benefits.</p>				

Key Assumptions/Sensitivities/Risks Assumes 5% of each year's increases in learners and successful qualifiers can be attributed to the legislation. The annual costs and benefits for Government and learners are averaged over the three years: 2008/09, 2009/10 and 2010/11. They are discounted to 2007/08 prices.

Price Base	Time Period	Net Benefit Range (NPV) £ 11.8m to £118m	NET BENEFIT (NPV Best estimate) £ 59m		
What is the geographic coverage of the policy/option?		England only			
On what date will the policy be implemented?		2008/09			
Which organisation(s) will enforce the policy?		DIUS			
What is the total annual cost of enforcement for these organisations?		£ NA			
Does enforcement comply with Hampton principles?		Yes			
Will implementation go beyond minimum EU requirements?		Yes/No			
What is the value of the proposed offsetting measure per year?		£ NA			
What is the value of changes in greenhouse gas emissions?		£ NA			
Will the proposal have a significant impact on competition?		No			
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA

Decrease £ NA

Net Impact £ NA

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Summary: Analysis & Evidence

Policy Option: Adult Skills	Description: Enable sharing of data between DIUS, DWP and HMRC
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' £50k to Government - for statistical staff to match data. Once the process has been set up the costs will reduce significantly for subsequent years. Without data-sharing it would cost approximately £1.5m to collect the data.
	One-off (Transition) Yrs	£ 50k	
	Average Annual Cost (excluding one-off)	£ -1.5m	
	Total Cost (PV)		

Other key non-monetised costs by 'main affected groups' Any additional costs to QCA will be minimal and will be met from existing budgets. Small costs to QCA associated with communicating the proposal to providers.

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' Benefits to individuals, employers and the economy related to increased skills levels, productivity and profitability are considered in the analysis of duty on the LSC to secure basic skills, level 2 and level 3 courses for adult learners.
	One-off Yrs	£ 0	
	Average Annual Benefit (excluding one-off)	£ NA	
	Total Benefit (PV)		

Other key non-monetised benefits by 'main affected groups'

Key Assumptions/Sensitivities/Risks

PriceBase Year 2008	TimePeriod Years 1	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ 1.45m
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What is the geographic coverage of the policy/option?		England only		
On what date will the policy be implemented?		2008		
Which organisation(s) will enforce the policy?		NA		
What is the total annual cost of enforcement for these organisations?		£ NA		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		Yes/No		
What is the value of the proposed offsetting measure per year?		£ NA		
What is the value of changes in greenhouse gas emissions?		£ NA		
Will the proposal have a significant impact on competition?		Yes/No		
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA

Decrease £ NA

Net Impact £ NA

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Summary: Analysis & Evidence

Policy Option: Adult Skills

Description: Altering the functions of the Qualifications and Curriculum Authority in England

COSTS	ANNUAL COSTS		<p>Description and scale of key monetised costs by 'main affected groups' Any additional costs to QCA will be minimal and will be met from existing budgets. Small costs to QCA associated with communicating the proposal to providers.</p>
	One-off (Transition)	Yrs	
	£ 0		
	Average Annual Cost (excluding one-off)		
	£ 0		Total Cost (PV) £ 0

Other key non-monetised costs by 'main affected groups' Any additional costs to QCA will be minimal and will be met from existing budgets. Small costs to QCA associated with communicating the proposal to providers.

BENEFITS	ANNUAL BENEFITS		<p>Description and scale of key monetised benefits by 'main affected groups' £11k savings to central Government - as a result of being able to designate an organisation to approve decisions on behalf of the Department.</p>
	One-off	Yrs	
	£ 0		
	Average Annual Benefit (excluding one-off)		
	£ 11k		Total Benefit (PV) £ 11k

Other key non-monetised benefits by 'main affected groups' There will be some cost savings to the QCA as it will be able to regulate organisations rather than qualifications. It will provide a streamlined and less resource intensive accreditation and monitoring process for awarding bodies; and a transparent and less bureaucratic system for participants.

Key Assumptions/Sensitivities/Risks

PriceBase Year 2008	TimePeriod Years 1	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ 11k
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What is the geographic coverage of the policy/option?		England only		
On what date will the policy be implemented?		2008		
Which organisation(s) will enforce the policy?		DIUS		
What is the total annual cost of enforcement for these organisations?		£ NA		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		Yes/No		
What is the value of the proposed offsetting measure per year?		£ NA		
What is the value of changes in greenhouse gas emissions?		£ NA		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA

Decrease £ NA

Net Impact £ NA

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Summary: Analysis & Evidence

Policy Option: Adult Skills	Description: Extending the functions of the QCA in Northern Ireland
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' Approximately £515K will be allocated to the QCA to administer vocational qualifications. This covers the employment of four staff who work on vocational qualifications and the credit framework.
	One-off (Transition) Yrs	
	£ 0	
	Average Annual Cost (excluding one-off)	
£ 515k	Total Cost (PV)	£ 515k

Other key non-monetised costs by 'main affected groups'

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' £515K to Council for the Curriculum, Examinations and Assessment as they will no longer be responsible for providing the regulatory function for VRQs (vocational qualifications that are not National Vocational Qualifications).
	One-off Yrs	
	£ 0	
	Average Annual Benefit (excluding one-off)	
£ 515k	Total Benefit (PV)	£ 515k

Other key non-monetised benefits by 'main affected groups' Because of the creation of the Northern Ireland Education and Skills Authority, CCEA as a regulator will cease to exist from April 2009. In order to ensure the continuity of regulation it will be necessary for arrangements to be put in place to fill the regulatory gap left by the dissolution of CCEA.

Key Assumptions/Sensitivities/Risks Assumes no additional costs or benefits

PriceBase Year 2008	Time PeriodYear	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ 0
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What is the geographic coverage of the policy/option?	England only				
On what date will the policy be implemented?	2008				
Which organisation(s) will enforce the policy?	DEL (N)				
What is the total annual cost of enforcement for these organisations?	£ 0				
Does enforcement comply with Hampton principles?	Yes				
Will implementation go beyond minimum EU requirements?	Yes/No				
What is the value of the proposed offsetting measure per year?	£ NA				
What is the value of changes in greenhouse gas emissions?	£ NA				
Will the proposal have a significant impact on competition?	No				
Annual cost (£-£) per organisation (excluding one-off)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; background-color: #ffff00; text-align: center;">Micro</td> <td style="width: 25%; background-color: #ffff00; text-align: center;">Small</td> <td style="width: 25%; background-color: #ffff00; text-align: center;">Medium</td> <td style="width: 25%; background-color: #ffff00; text-align: center;">Large</td> </tr> </table>	Micro	Small	Medium	Large
Micro	Small	Medium	Large		
Are any of these organisations exempt?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;">N/A</td> </tr> </table>	No	No	N/A	N/A
No	No	N/A	N/A		

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA **Decrease** £ NA **Net Impact** £ NA

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Regulation and Inspection	Description: Rationalisation of registration, monitoring and categorisation of independent schools in England: abolition of consents regime
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' There are no monetised costs for any group.
	One-off (Transition) Yrs	£ 0	
	Average Annual Cost (excluding one-off)	£ 0	
	Total Cost (PV)		

Other key non-monetised costs by 'main affected groups'

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' Removal of the need for local authorities (LAs) to seek DCSF consent to place a child in an independent school will reduce the burdens on both LAs and DCSF. Estimated annual savings are £120k to LAs and £7k to DCSF
	One-off Yrs	£ 0	
	Average Annual Benefit (excluding one-off)	£ 127,000	
	Total Benefit (PV)		

Other key non-monetised benefits by 'main affected groups' Removing the consents regime will speed up the process of placing pupils with SEN in independent schools.

Key Assumptions/Sensitivities/Risks All costs and benefits are assumed to accrue over a 10 year period. Costs are discounted at a rate of 0.035.

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ 0
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What is the geographic coverage of the policy/option?		England only			
On what date will the policy be implemented?		2008			
Which organisation(s) will enforce the policy?		DCSF			
What is the total annual cost of enforcement for these organisations?		£ 0			
Does enforcement comply with Hampton principles?		Yes			
Will implementation go beyond minimum EU requirements?		Yes/No			
What is the value of the proposed offsetting measure per year?		£ NA			
What is the value of changes in greenhouse gas emissions?		£ NA			
Will the proposal have a significant impact on competition?		No			
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA
Decrease £ NA
Net Impact £ NA

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Regulation and Inspection	Description: Independent educational institutions: changes to inspection fees
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' £285k to independent schools as a result of increasing inspection fees to reduce subsidies; £65k inspection fee costs to independent schools approved under s347 of Education Act 1996 (currently exempt from fees); £50k to newly registering institutions in registration inspection costs (currently no fee).
	One-off (Transition) Yrs	£ 0	
	Average Annual Cost (excluding one-off)	£ 400k	
	Total Cost (PV) £ 3,440,000		

Other key non-monetised costs by 'main affected groups' It is difficult to determine the exact number of additional establishments that may need to register as a result of this legislation, but we estimate that up to 300 providers of alternative provision may need to do so.

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' The monetised costs to independent schools are monetised benefits to the Treasury as the taxpayer will subsidise independent school inspections fees less.
	One-off Yrs	£ 0	
	Average Annual Benefit (excluding one-off)	£ 400k	
	Total Benefit (PV) £ 3,440,000		

Other key non-monetised benefits by 'main affected groups' Schools with good standards will be charged less than at present as light touch inspections attract lower fees to reflect the reduced cost of inspection.

Key Assumptions/Sensitivities/Risks All costs and benefits are assumed to accrue over a 10 year period. Costs are discounted at a rate of 0.035.

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £		
What is the geographic coverage of the policy/option?		England only			
On what date will the policy be implemented?		2008			
Which organisation(s) will enforce the policy?		DCSF			
What is the total annual cost of enforcement for these organisations?		£ 0			
Does enforcement comply with Hampton principles?		Yes			
Will implementation go beyond minimum EU requirements?		Yes/No			
What is the value of the proposed offsetting measure per year?		£ NA			
What is the value of changes in greenhouse gas emissions?		£ NA			
Will the proposal have a significant impact on competition?		No			
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA

Decrease £ NA

Net Impact £ NA

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Summary: Analysis & Evidence

Policy Option: Regulation and Inspection	Description: Changes to the notice period for Initial Teacher Education inspection.
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' This proposal will not result in any significant additional costs.
	One-off (Transition) Yrs		
	Average Annual Cost (excluding one-off)		
	£ 0		
			Total Cost (PV) £

Other key non-monetised costs by 'main affected groups'

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' NA
	One-off Yrs		
	Average Annual Benefit (excluding one-off)		
	£ NA		
			Total Benefit (PV) £ NA

Other key non-monetised benefits by 'main affected groups' Chief Inspector will be able to plan inspections more flexibly; to move swiftly where there may be serious failings in provision. This will benefit students by ensuring problems are dealt with quickly. It will reduce the burden on staff of spending a long time preparing for inspections.

Key Assumptions/Sensitivities/Risks

Price Base	Time Period	Net Benefit Range (NPV) £ NA	NET BENEFIT (NPV Best estimate) £ Not estimated
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What is the geographic coverage of the policy/option?		England only			
On what date will the policy be implemented?		2008			
Which organisation(s) will enforce the policy?		DCSF/DIUS			
What is the total annual cost of enforcement for these organisations?		£ 0			
Does enforcement comply with Hampton principles?		Yes			
Will implementation go beyond minimum EU requirements?		Yes/No			
What is the value of the proposed offsetting measure per year?		£ NA			
What is the value of changes in greenhouse gas emissions?		£ NA			
Will the proposal have a significant impact on competition?		No			
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

Increase £ NA **Decrease** £ NA **Net Impact** £ NA

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

This Impact Assessment was originally published on 28 November 2007 when the Education and Skills Bill was introduced into the House of Commons. The Bill has since become an Act, having gained Royal Assent on 27 November 2008. The Impact Assessment has since been revised to take account of changes to the legislation made prior to this. This is the final version.

The Evidence Base provides further details on the proposals contained within the Education and Skills Act and their costs and benefits. It is divided into two parts which relate to the two overall objectives of the Act:

Objective A - To increase participation in learning for young people and adults, to meet the ambition of achieving world class skills by 2020 set out in *World Class Skills: Implementing the Leitch Review*.

Objective B - To rationalise the registration, monitoring and categorisation of independent schools and non-maintained special schools; and to make changes to the inspection fee regime for independent schools and to the inspection notice period for Initial Teacher Education (ITE) providers.

Within these two parts the document is organised into the following sections:

Objective A	Increase Participation in Learning
Section 1	Rationale for Government intervention
Section 2	Proposals
Section 3	Sectors and groups Affected
Section 4	Consultation
Section 5	Cost/benefit Analysis: Raising the Participation Age
Section 6	Cost/benefit Analysis: Admissions and Assessment arrangements
Section 7	Cost/benefit Analysis: Support Services
Section 8	Cost/benefit Analysis: Adult Skills
Objective B	Regulation and Inspection
Section 9	Rationale for Government intervention
Section 10	Proposals
Section 11	Sectors and Groups Affected
Section 12	Consultation
Section 13	Cost/benefit Analysis: Independent schools and non-maintained special schools
Section 14	Cost/benefit Analysis: Initial Teacher Education

OBJECTIVE A

- To increase participation in learning for young people and adults, to meet the ambition of achieving world class skills by 2020 set out in *World Class Skills: Implementing the Leitch Review*.

1 RATIONALE FOR GOVERNMENT INTERVENTION

- 1.1 It is vital that we have a highly-skilled workforce in order to compete successfully in a rapidly changing world. Higher levels of skills in an economy raise productivity, employment and living standards, enable social mobility, and contribute to wider positive outcomes for society as a whole.
- 1.2 In England only 77% of 17 year olds (the second year after compulsory education) participate in education or work-based learning¹ and there are currently 6.2 million economically active adults without a full level 2, and more who lack the numeracy and literacy skills they need². In the *14-19 Education and Skills White Paper* the Government outlined its aspiration for 90% of 17 year olds to be participating by 2015, and it is one of the key aims of the reforms we are making to the 14 – 19 phase. Yet achieving 90% will still not put us amongst the leaders of the OECD, even if other countries do not improve. If we are to retain our economic position and supply our businesses with the skills they need, we must reach out to include all young people up to the age of 18 in some form of education or training.
- 1.3 The benefits that higher attainment and longer participation bring to the individual, to the economy and to society as a whole are considerable. We want to stop young people missing out on these by dropping out of education or training before 18. Young people who participate for longer to improve their skills will find it easier to obtain and keep employment, in jobs that will pay higher salaries. This will help to ensure that all young people have the opportunity to gain the skills and knowledge they need to succeed in life, regardless of background. The skills gained by individuals will be an asset to employers and increase economic productivity. There are also wider benefits to society of having a well-educated population. Research suggests people with higher qualifications are less likely to commit crime or behave anti-socially, and more likely to be healthy and have good social skills. Options for raising the participation age for education and training to 18 were outlined and consulted on in *Raising Expectations: Staying on in education and training post-16*; and plans for taking this forward were set out in the recent publication, *From policy to legislation*.
- 1.4 Over 70% of the UK's 2020 workforce has already completed compulsory education³. So, it is crucial that, alongside raising the participation age, we improve adult skills. In many other countries, much larger numbers of young adults achieve level 2 and 3 qualifications after 19 and particularly between the ages of 19 and 25. In this country, by contrast, there is at present a sharp divide at the age of 19. In addition, the Leitch Review projects a sharp decline in low-skilled jobs up to 2020 at the same time as the importance of high-tech jobs is increasing. It is projected that by 2020 there will only be around 600,000 unqualified people in work compared to around 3.2m who are in work now. This means that it is

¹ SFR21/2006 released in June 2006

² Regulatory Impact Assessment for "*Leitch Implementation Plan: World Class Skills: Implementing The Leitch Review Of Skills In England*"

³ Lord Leitch (2006) "*Leitch Review of Skills, Prosperity for all in the global economy – world class skills*"

imperative that adults and young people have the right skills to succeed and that we close the qualification gap between this country and its international competitors.

- 1.5 We want to send a clear message that the Government is committed to improving the prospects of those with low skills. To do this, we need to ensure that the qualifications that we deliver are economically valuable. They must enhance individuals' chances of gaining employment and increasing their earnings. The Government will act on the Leitch Review recommendation for an objective shared between DIUS and DWP to improve sustainable employment and progression.

2 PROPOSALS

- **To raise the participation age**

- 2.1 We propose, in England, to raise to 18 the minimum age until which a young person must participate in education or training. This will be implemented in two stages: to 17 from September 2013; and to 18 from September 2015.
- 2.2 Under the proposals, a young person could study or train full time in a school or college or with a work-based learning provider. For those young people who want to start work at 16, they will continue to be able to do so, provided they participate in education and training for the equivalent of 1 day per week (or 280 guided learning hours per year). Those in state-funded education would be working towards general qualifications, a Diploma or an Apprenticeship, and those in privately-funded education, towards an accredited qualification.
- 2.3 Before employing a 16 or 17 year old for more than 20 hours a week, over more than 8 weeks, without providing accredited training, employers will need to reassure themselves that the young person has a place on a course. They will also have to release the young person for the equivalent of a day a week so that they can train elsewhere.
- 2.4 The responsibility for ensuring that there is appropriate provision for young people, to enable them to participate in valuable learning, lies with the Learning and Skills Council (LSC). This legislation will not change that responsibility. As part of this provision, the Act makes explicit the responsibility of the LSC to ensure that apprenticeships are available to all suitably qualified young people.
- 2.5 Local authorities will be responsible for making sure that young people resident in their area participate. A key part of this will be working with the LSC to ensure that there are suitable and engaging learning opportunities available for the young people in their area. The curriculum and qualification reforms announced in the *14-19 Education and Skills White Paper* will support this by consolidating and expanding the range of opportunities available, not only in schools and colleges, but also through work-based learning providers and in the workplace.
- 2.6 From 2013, all young people will have access to learning that suits their needs and interests and that will provide them with the skills they need for adulthood. This will include: Diplomas, available at all three levels – Foundation, Higher and Advanced – in 17 lines of learning; A levels; GCSEs, incorporating functional maths, English and ICT skills; apprenticeships; work-based training towards an accredited qualification; and, for young people not yet working at level 2, a new Foundation Learning Tier with clear ‘progression pathways’ which will be routes to higher levels of learning. The local authority will maintain accurate information about what young people are doing, and will provide support services that are designed to encourage, enable and assist participation. Parallel to the duty on local authorities to encourage participation the Act places a duty on providers of post 16 education to promote good attendance; providers will also be required to tell local authorities if young people drop out.
- 2.7 The Act will establish a system for enforcing the duty to participate, because, without compulsion, we do not believe we will get beyond our current ambition of 90% participation, for which we are aiming by 2015 (the 90% trajectory). This would still leave 10% of 17 year olds not gaining the benefits that participation can bring. These young people, already likely to be the most vulnerable, would become more marginalised.

- 2.8 The emphasis of the framework we are establishing will be on supporting young people to participate by offering information, advice and guidance on possible learning options. The enforcement system will only take effect if the young person still does not engage once a suitable programme has been identified and appropriate support has been provided. The Act provides for a system of Attendance Notices, which in turn, if not complied with, could lead to the issuing of a Fixed Penalty Notice. The Act also establishes appeal mechanisms. Ultimately, the Act gives the local authority the power to bring a case before the Youth Court. It will not be possible in practice for any young person to enter custody as a direct result of not participating in education or training.
- 2.9 Some young people will meet their duty for remaining in education or training by attending independent providers not receiving funding from the LSC. The Government wishes to be able to ensure the health, safety and welfare of young people aged between 16 and 18 years old who are educated in this type of independent provision as part of the new requirement for participation in education and training. This will be achieved by making provision for the application of the “independent educational institution standards”, or part of them, at a future date through regulations which will be subject to the affirmative resolution procedure. A full impact assessment will be carried out on the effect of the standards when these are laid before Parliament. Therefore, the costs and benefits arising from their possible future application are not included in this assessment.
- 2.10 It is central to the duty, and to 14-19 reforms generally, that young people may learn by attending more than one provider. The Act therefore takes the opportunity to clarify governing bodies’ power to arrange for young people to learn elsewhere than on the school site.

- **Admissions**

- 2.11 Where a young person over compulsory school age wishes to remain in state-funded education, the Act extends the right to apply for a school place to the young person themselves, independently of their parents. The provision also proposes to extend this right to those who are not yet 16 years old, but who are academically ahead of their chronological age group, to apply for admission to a school sixth form alongside their peers. The Act also makes provision for these young people who apply for a school place, to have the right of appeal to an independent appeal panel, should their application for admission be unsuccessful. These consequential amendments in respect of schools are in line with admission provisions in the Further Education sector and support young people in fulfilling their duty to remain in education and training, by allowing them to decide in which school they wish to continue their education, should they wish to take that route. It is also right that schools and local authorities should take account of the young person’s wishes, given their age and maturity.
- 2.12 In addition the Act proposes placing a duty on local authorities to produce an annual report on the school admission arrangements in their area. Alongside this it amends the School Standards and Framework Act 1998 to remove the provisions for consultation on proposed admission arrangements, and instead provides a power for the Secretary of State to prescribe the consultation arrangements in regulations for 2010/11. The intention is to make the process less burdensome and complex for admission authorities, and this will enable the Government to more easily and quickly change the consultation process for admission authorities if their admission arrangements do not change. The proposal also aims to ensure parental and community representatives are targeted in the consultation process. The Act also extends the role of the Schools Adjudicator so that he can consider any admission arrangements that come to his attention, by and means; and that, when they are referred to him by the Secretary of State or are highlighted in a local authority report on admissions, he must consider them and act accordingly. Extending his role in this

way means that he can act whenever unlawful arrangements come to his attention, ensuring greater compliance with the School Admissions Code and admissions legislation.

- **Changes to assessment arrangements**

2.13 Currently, section 88 of the Education Act 2002 requires schools to implement the National Curriculum, including assessment arrangements, as it exists at the start of the school year. The current arrangements are set out in secondary legislation, under an Order made in 2003. The proposed amendments will exclude assessment arrangements from this requirement. The effect of this will be to allow the Secretary of State to make changes to assessment arrangements for any given school year after the start of that school year.

- **Support Services: To ensure that local authorities are able to support 14 – 19 year olds as they move through the education system and make the transition to adulthood.**

2.14 The Act makes provision to strengthen local partnership working on 14-19 education by introducing a specific requirement for local authorities to set up 14-19 co-operation arrangements. This will be achieved through an amendment to section 10 of the Children Act 2004, which places a duty on local authorities to make arrangements for local co-operation with a view to improving the well-being of children. Local authorities will be under a duty to make specific arrangements for co-operation with providers of 14-19 education. This will provide a legal underpinning for the 14-19 partnerships which already exist in all areas, and which will have an increasingly important role in developing local plans and a supporting infrastructure for 14-19 education.

2.15 To further support local arrangements for 14-19 delivery, the Act legislates to make a small change to the way Schools Forums are convened. Schools Forums, which local authorities must consult on the distribution of revenue funding, will be required to have non-schools members, which currently is at their discretion.

2.16 The Act transfers the responsibility for delivering the service currently known as Connexions to local authorities. This takes forward commitments in *Youth Matters*⁴ and ties in with local authorities' responsibility for ensuring that all young people aged 16-18 in their area participate in education or training. They will maintain the information system that tells them when a young person is participating, and will provide a service to all 13-19 year olds in their area (13-25 year olds in the case of young people with learning difficulty or disability) to encourage, enable and assist them to do so. Alongside this, we propose to make amendments to schools duty to deliver careers education to ensure that it is given in the best interests of the young person and supports them to make appropriate choices about the options that are open to them.

2.17 For those young people with a statement of SEN, local authorities will also have a statutory responsibility to conduct an assessment of their learning needs if they are in the final year of compulsory education or above (but under the age of 25) and are intending to leave school or their current education setting to learn elsewhere. Local authorities will also have a power to conduct an assessment for a young person who has a learning difficulty but no statement and is in the final year of compulsory education or above (but under the age of 25) and is receiving or likely to receive post-16 education or training or HE. Where the young person is still of compulsory school age, local authorities will have a responsibility to ensure that a suitable learning programme is available and that they are given appropriate support, to enable them to achieve, progress and contribute to society. Following the end

⁴ Youth Matters: Next Steps (2006)

of compulsory schooling responsibility for making available suitable learning provision would rest, as now, with the LSC.

2.18 Provision must be in place to allow young people to access available education and training opportunities. Local authorities have an existing duty to make arrangements for the provision of transport, or for the support of it, for people of sixth form age, and publish these each year in a policy statement. To support young people to access available opportunities, the Act requires all local authorities to have regard to 'travelling time' when finalising their transport policy statements for young people. In this way, travelling time will become one of a range of factors to be considered, along with cost, distance and the need for choice of education provision.

2.19 The Government is committed to consulting young people on matters that affect them. The Act places a duty on governing bodies of maintained schools to invite the views of pupils on matters that affect them, to be prescribed in regulations. In exercising any of their functions relating to the conduct of the school, as prescribed in regulation, the governing body must consider any relevant views of registered pupils. In considering pupils' views they should take account of the age and understanding of the pupils who expressed them.

- **Adult skills: To improve the availability and accessibility of accredited training and education for adult learners.**

2.20 Provisions in the Act confirm the Government's prioritisation of funding to help those with poor skills by ensuring that they will not be subject to tuition fees and by strengthening our commitment to literacy (Level 1), numeracy (Entry Level 3) and first full Level 2 qualifications. This legislation will place the LSC under a duty to ensure sufficient provision of an appropriate quality is available within a reasonable period of time, and that the provision will be free to the learner. It will also include provisions to ensure free tuition for young adults aged 19 up to 25 seeking their first full Level 3 qualification. Alongside other measures, strengthening the current administrative entitlements by translating them into law will be part of a long-term strategy to help to raise demand for education and training amongst adults and employers.

2.21 If we are to achieve our ambition of world class skills by 2020, we need to be able to determine whether the training in which learners are engaged leads to skills that improve their employability and, in turn, the productivity of employers and the economy. The Act enables sharing of data between DIUS, DWP, HMRC and the devolved administrations so that we can monitor the effectiveness of learning interventions.

2.22 The Act gives the Qualifications and Curriculum Authority (QCA) a statutory basis for scrutinising awarding bodies, and provides a statutory footing for their regulatory relationship with awarding bodies. This will enable the QCA to recognise awarding and authenticating bodies, making the process of accreditation more transparent and less bureaucratic. The Act also removes the requirement for the Secretary of State to consent to every approval decision on eligibility for funding which the QCA might take on his behalf. As part of an agreement reached with the Northern Ireland Executive, the Act extends the regulatory remit of the QCA in Northern Ireland to cover vocational qualifications.

3 SECTORS AND GROUPS AFFECTED

3.1 The following groups will be affected by these proposals:

- Specific groups of young people and adults:
 - all 14 year olds in England;
 - all 16-17 year olds in England;
 - all school pupils in years 7 to 11 in England;
 - parents or legal guardians of 16-17 year olds;
 - 19 – 25 year olds who do not have a full level 3 qualification;
 - adults who do not have a full level 2 qualification; and
 - adults who lack functional numeracy and/or functional literacy.

- 47 Connexions Partnerships

- Business, particularly:
 - All businesses employing a 16-17 year old, without providing accredited training.

- Providers of education and training:
 - 3,343 Secondary Schools: and
 - 378 FE Colleges

- Providers of educational support materials;

- Qualifications and Curriculum Authority;

- Government:
 - 150 top-tier local authorities in England;
 - 22 local authorities in Wales;
 - 49 Connexions Partnerships;
 - Learning and Skills Council;
 - Northern Ireland Assembly Government;
 - Welsh Assembly Government; and
 - Central Government in England.

- Her Majesty's Court Services.

4 CONSULTATION

4.1 There has been extensive consultation on our proposals with a wide range of stakeholders, including other Government departments.

Raising the participation age:

- A full public consultation has been carried out through the *Raising Expectations: Staying in Education and Training post-16* Green Paper. We received around 500 written responses from a wide range of groups and individuals.
- Additional young people's materials were circulated with just under 1,000 responses received in connection with these, including 14 group responses representing just over 800 young people.
- Regional conferences were held by the then Secretary of State for Education and Skills, Alan Johnson, to gain the views of a variety of interested parties.
- Focus groups aimed at young people and their parents were held, together with consultations with voluntary sector organisations and business groups
- There have been extensive conversations with other Government Departments, including: DCLG; DCA and subsequently MoJ; Home Office; MoD; DWP; Cabinet Office, BERR, including the Better Regulation Executive; DfT; and, HMT; and discussions with Devolved Administrations have taken place.
- Ongoing consultation with a wide range of stakeholders, including business organisations, representative bodies, unions, charities and children's organisations.

Admissions:

- The proposals were developed as a result of ongoing consultation with a wide range of stakeholders, including the Schools Adjudicator, faith bodies, local authorities, and representative bodies, along with evidence from admissions casework and reports.
- During the summer of 2008 we consulted on the new draft regulations arising from the provisions in the Act. This was part of a wider consultation to improve compliance with the School Admissions Code and admissions legislation, and strengthen the school admissions framework.

Assessment arrangements:

- The proposals were developed as a result of ongoing consultation with a range of stakeholders, and in response to the Select Committee's report on Testing and Assessment in May 2008. Further consideration of the assessment system will be taken over the coming months by an Expert Group on Assessment, appointed by the Secretary of State for Children, Schools and Families, who will continue to take into account the views of a range of stakeholders.

Support Services:

- Proposals to devolve the responsibility for the funding and commissioning of Connexions services to local authorities were subject to public consultation in the context of *Youth Matters* (July 2005), the post-consultation response document *Youth Matters: Next Steps* (March 2005).
- The national standards for young people's information, advice and guidance were developed following an extensive consultation process and a "road testing" exercise in the North West. Organisations involved included local authorities, Connexions partnerships, 14-19 consortia, schools, colleges, work based training providers and voluntary/ community organisations.
- Provisions relating to local transport strategies were developed in response to the consultation on the *Raising Expectations* Green Paper.
- The matters on which schools will have to consult pupils will be set out in regulations, which we will consult on during spring 2009.

Adult Skills:

- There has been extensive consultation on the Government's skills strategy. Lord Leitch's review worked with key stakeholders including the LSC, education and training providers, employers, businesses and trade unions. Specific consultation has also taken place on certain issues where appropriate.
- The approach also reflects the public consultation undertaken as part of the Race Equality Impact Assessment on ESOL in 2006-07
- As an ongoing process the key Whitehall Departments have been working closely on the implementation of recommendations made by Lord Leitch and set out in *World Class Skills*, including through cross-government groups. Lord Leitch's review also engaged stakeholders from across Government.
- There has been extensive consultation within Government on data sharing, including with HMT, MoJ, HMRC, DWP, and with the Information Commissioner.

5 COST/BENEFITS ANALYSIS: RPA

Raising the Participation Age:

- 5.1 The additional economic benefit to the economy from 100% of young people participating until 18, over and above our previous 90% participation aspiration, is estimated to be around **£2.4 billion** for each single cohort of young people, discounted over their lifetimes (in 2016-17 prices). In other words, for every year in a steady state that a new cohort emerges, this will yield estimated additional productivity benefits worth around £2,425m, reflecting the increase in wages and better job prospects that higher levels of qualifications and skills bring⁵.
- 5.2 However, as well as yielding benefits, raising the participation age (RPA) to 18 will incur costs. In total the economic costs of RPA over and above 90% participation are estimated to be around **£766m** in Present Value (PV) terms (in 2016-17 prices). These are dominated by the direct participation costs of more young people being in education and training which are estimated to be around £583m in a steady state.

Table 1: Summary of RPA Costs in a steady state (2016-17 prices)

Present Value of Costs	
Participation costs	£583m
Foregone productivity loss to the economy	£4.3m
Cost of employing older workers	£2.7m
LA role of tracking , engaging and supporting through Connexions	£38m
Connexions admin and appeals	£1.2m
SEN provision	£99m
EMA admin costs	£6.4m
Employer checking status of young people	£0.1m
Train to Gain brokerage for young people	£1.9m
Issuing Attendance Notices	£8.0m
Issuing Fixed Penalty Notices	£2.2m
Employer appeals	£0.1m
MoJ prosecution costs	£2.1m
Proportionate increase in education related cases started in civil law	£0.5m
FE Capital	£5.3m
Schools Workforce	£3.6m
FE Workforce	£7.8m
Total Present Value of Costs	£766.2m

- 5.3 In England currently 77% of 17 year olds participate in education or work-based learning. Since the 14-19 Education and Skills White Paper in 2005, the Government has had an aspiration to reach 90% participation by 2015, and we are already planning on this basis. All economic costs and benefits in this analysis have therefore been calculated based on raising the participation rate above this 90% aspiration, to full participation of 16 and 17

⁵ The benefits are very narrow in so far as they only consider the productivity gains from more young people attaining accredited qualifications. They do not incorporate the wider benefits of better health, better social skills and reduced likelihood of being involved in crime which make it easier for those who participate for longer to later enter work and succeed in life.

year olds by 2016/2017, the year after RPA has fully been implemented.

- 5.4 We propose to raise to 18 the minimum age at which a young person can leave education or training and this will be implemented in two stages: to 17 from September 2013; and to 18 from September 2015. All calculations are based on costs and benefits reaching a steady state in the academic year 2016/17 - in other words they are based on full participation in the year after participation becomes compulsory. Costs and benefits have been up-lifted so they are all expressed in 2016/17 prices. This involved using an up-lift of 4.5% per annum (i.e. the sum of nominal and real earnings growth) for the benefits and those costs based on salary costs; and an up-lift of 2.7% per annum for all other costs (i.e. the GDP deflator). Costs and benefits have then been discounted by 3.5% per annum (the HMT recommended discount rate) over the period which they are incurred, to convert them into Present Values (PV). All adjustments have been applied consistently to costs and benefits calculations to enable like-for-like comparisons to be made.
- 5.5 Whilst most of the costs listed are ongoing costs incurred whilst young people are participating, there is a group of costs that are incurred as investments in the lead-up to RPA implementation. This means they are spread across more than the duration over which a single cohort participates. These are capital, recruitment and training costs and are listed in the above table under 'FE Capital', 'Schools Workforce' and 'FE Workforce'. For consistency with other costs, these are divided by the lifetime of the investments. This then gives 'per cohort' costs, which are consistent with other calculations, and used throughout this assessment. The total one-off costs of investments are also set out in text below.

Economic Benefits Analysis

- 5.6 We know that there are benefits to the individual and society from continued participation in education and training. With every young person participating until 18, we expect more young people to attain and subsequently earn more in the future, reflecting their higher productivity. Under the central scenario, the additional economic benefits of raising the participation age are estimated to be around £2.4 billion for each cohort of young people (discounted over their lifetimes) who remain in education or training to age 18, compared to the 90% participation trajectory. This is based on a report published on 29 November 2007, entitled 'Raising the Participation Age: An Assessment of the Economic Benefits'⁶, which has been co-written by DCSF economists with an academic at Sheffield University.
- 5.7 The economic benefits are based on estimates of (a) the number of additional participants in year 12 and year 13, (b) the type and level of qualifications achieved by these participants, and (c) the monetary value of the additional productivity benefits from more young people attaining qualifications. In building the economic benefit model a large number of assumptions had to be made. Analysis was carried out to test the sensitivity of the central economic benefit estimate to changes in the assumptions. Variables which were altered included the level of qualifications chosen, the achievement rates of the additional participants, the labour market value of new qualifications and the lifetime benefits that additional participants will acquire through achieving further qualifications. Changing the key assumptions within plausible limits results in a wide range between the very worst and best case scenarios of £0.3 billion to £5.4 billion and the rationale for this is explained in further detail in the separate benefits analysis work. Using the most likely values for each assumption gives an estimated benefit of £2.4 billion.
- 5.8 This estimate only captures the expected productivity gains from the increased wages and better job prospects, associated with the higher levels of qualifications and skills among

⁶ See DCSF website: <http://www.dfes.gov.uk/research/data/uploadfiles/DCSF-RW026.pdf>

young people. It does not include any wider benefits which may accrue from young people participating for longer, such as improved health or reduced likelihood of crime.

- 5.9 We expect the economic benefits to be realised because of the increasing demand for a better-skilled workforce. As the Leitch Review estimates, by 2020 there will be only around 0.6m jobs undertaken by those without qualifications, compared to around 3.2m such jobs now. This compares to an increase in the number of jobs taken by those with graduate level qualifications from around 30% now, to 40% by 2020.
- 5.10 Increasing the qualifications of young people through RPA could also have significant positive spill over effects for whole industries. Dearden⁷ et al found that raising the proportion of workers trained in an industry by 5 percentage points (say from an average of 10% to 15%) is associated with a 4% increase in value added per worker, compared to a 1.6% increase in wages. Therefore any earnings gains to individuals represent the lower bound of the productivity gains to their employers.
- 5.11 Significant benefits from having a better-skilled workforce could also accrue to the economy as a whole. For example, Sianesi and Van Reenen's (2003)⁸ review of returns to education concludes that there is compelling evidence that at the macro-economic level, rising human capital is associated with increases in productivity. Other macroeconomic evidence⁹ suggests that if a country's literacy scores rise by 1% relative to the international average, we can eventually expect to see a 2.5% relative rise in labour productivity, and a 1.5% rise in GDP per head.
- 5.12 Without raising the participation age we do not believe it is possible to move far beyond our ambition for 90% participation amongst 17 year olds in 2015. Therefore, although we will see more young people gaining higher qualifications and becoming more productive, without compulsion we will still be falling short of achieving a participation rate that compares with the best in the world.
- 5.13 A range of reforms are already underway which will also have a profound impact on the age group affected by raising the participation age. For example, within the 14-19 Reform Programme we will be creating the new Diploma qualification, rolling out the Foundation Learning Tier, and introducing functional maths, English, and ICT. Qualifications we expect young people to be taking up will be of significant value to both themselves and employers. More information on these reforms can be found in the *14-19 Education and Skills White Paper*, the *14-19 Education and Skills Implementation Plan* and the recently released *14-19 Qualifications Strategy*.¹⁰ The reforms outlined in the *Youth Matters Green Paper*, such as improvements to information, advice and guidance, will have a significant effect on this age group, as will the recently launched Ministry of Government consultation paper, *Raising Expectations: enabling the system to deliver*. Together these 14-19 reforms will help us raise participation towards our previous 90% participation aspiration, in the *lead-up* to raising the participation age. The impacts of these reforms would still occur without RPA and are assessed independently where individual Impact Assessments have been undertaken (available on the DCSF website). The costs and benefits set out in this Impact Assessment are specifically attributable to RPA which is the lever we believe will move our participation rate *beyond* the previous 90% aspiration to 100% of 16 and 17 year olds by 2015.
- 5.14 The costs of all of these reforms would still be incurred without raising the participation age.

⁷ Dearden, L, et al, "Who Gains when workers train? Training and corporate productivity in a panel of British industries", IFS

⁸ Sianesi, B. and Van Reenen, J. (2003) "The Returns to Education: Macroeconomics." Journal of Economic Surveys Vol 17, No. 2.

⁹ Serge Coulombe, François Tremblay, and Sylvie Marchand (2004) "Literacy scores, human capital and growth across fourteen OECD countries" Statistics Canada

¹⁰ See Annex A for links to these documents.

Costs to employers

Costs to employers – costs associated with training

5.15 After raising the participation age, those wishing to employ 16-17 year olds full time for over 8 weeks would have two choices:

- To provide accredited training for their employees¹¹; or
- If they do not provide accredited training, release any 16-17 year old employees to undertake accredited education or training elsewhere.

5.16 Government will continue to fund training for 16-17 year olds where this leads to an accredited qualification.

5.17 We want to see as many employers as possible offering training to the young people they employ. A job with training is a powerful and effective way to engage many young people, helping them to develop skills that relate directly to their chosen career. Many employers already recognise this, and are already offering training.

5.18 We propose to build on the existing Train to Gain brokerage service to help employers to do this. Train to Gain brokers work with an employer to understand the business needs, identify training in the local area that meets these needs, and arrange for this to be delivered in a way that suits the employer. 16 and 17 year olds are not currently excluded from the service, but we would propose that it should take a more systematic approach to brokering training for this age group with the raising of the participation age. We estimate that an additional 14,000 16-17 year olds will benefit from this service, with an estimated cost to the government of providing this support at around £1.9m.¹²

5.19 Some employers will currently be offering good quality training that does not count towards a qualification and so is not currently accredited, but that does improve the skills of a young person and help to prepare them for life. Where a programme of training meets national standards we will help an employer to turn that training into a nationally recognised qualification. In addition, forthcoming vocational qualification reforms will make it easier for employers to be accredited as awarding bodies.

Costs to employers – adjusting work patterns

5.20 It is currently assumed that one quarter (or 20,750) of the additional 83,000 young people participating due to RPA in 2016/17 would have otherwise been in a Job Without Training (JWT).

5.21 Labour Force Survey (LFS) analysis for 2006 shows around 40% of the 20,750 16-17 year olds in JWT work part-time. It is assumed that raising the participation age will not result in productivity losses for these 8,300 young people because their participation in education or training will take place outside their working hours, with no reduction in hours worked and there will be no duties on employers. However there may be some costs resulting from changing workforce patterns and reduced workforce flexibility for some of the businesses employing the remaining 60%, or 12,450 young people.

5.22 Predicting the impact of the duty on this group of employers is difficult and requires

¹¹ Government will work with employers to ensure that all high quality and substantial training is recognised, including, for example, good quality ‘contracts of apprenticeship’

¹² This is based on current average costs of £112 per person, up-rated by 2.7% per annum and adjusted into Present Value terms.

assumptions to be made about how much their 16-17 year old workers are currently being paid and the flexibility of the firm in question (which is assumed to be directly related to its size). Firstly, it is assumed that if 16-17 year olds in any given firm earn on average above the National Minimum Wage (NMW) for 18 year olds, firms have the scope to replace the 16-17 year olds with 18 year olds without incurring any productivity losses.

- 5.23 Secondly, it is assumed that medium to large firms (with 50 or more employees) are able to respond flexibly to the legislation and expand working hours among existing employees or hire new employees on a part-time basis. Small firms (1-49 employees), however will either have to release all of their 16-17 year olds for one day a week's education or training, or replace them altogether with older workers.
- 5.24 The combination of these assumptions mean that it is only small firms who employ 16-17 full-time workers at a wage below the NMW for 18 year olds which may incur losses due to the RPA proposals. These will either be through (a) lost output because the 16-17 year olds are participating for one day a week or (b) employing older, more costly workers without a commensurate increase in output. LFS analysis shows that 27% of the full-time 16-17 year old JWT group earn below the 18 year old NMW in small firms. This constitutes around 3,360 young people.
- 5.25 We assume that the reaction of employers of this group will be split evenly between half releasing their employees for education and training and half choosing to employ older workers, avoiding the duty. From this we can develop an estimation of costs. The forgone productivity costs of half of these small businesses in these circumstances releasing employees for one day a week may be around £4.3m.¹³ Note, this is not a direct cost to business, but a productivity loss attributed to the general economy by these young people no longer working for one-fifth of the week. The alternative response assumed to be adopted by the remaining half of these small businesses would be for them to employ workers aged 18 or over in place of their 16-17 year olds, thus avoiding the duty to release. This is estimated to incur additional costs of around £2.7m.¹⁴ This is highlighted in the small firms impact test, below.
- 5.26 Although a significant proportion of young people work for SMEs, only a small minority of employers will suffer any costs from releasing their workers, and these can be avoided. The potential £2.7m potential cost would only be for those small firms that employ 16-17 year old workers full time, do not pay them above the minimum wage for 18 year olds, do not provide them with accredited training and do not release them to get education or training externally. This cost would result from these firms deciding to replace their 16-17 year old employees with older workers paid a higher wage.
- 5.27 This could be avoided however. Firms could keep on their younger workers and provide them with accredited training or release them to get education or training for one day a week externally. There are no new restrictions on how many hours a 16-17 year old can work and as many employees in this age group work weekends and shifts in the distribution, hotel and restaurant sector, one day a week of training may easily be accommodated. Alternatively, if employers decide to employ part-time workers, there will be no duties on firms employing 16-17 year olds for less than 20 hours a week.
- 5.28 Given that proposals will not raise the participation age to 17 until 2013 and 18 until 2015, employers will have time to adapt to the new arrangements, and no current employees will

¹³ Calculated as 1,680 young people losing 1/5 of their annual salary and then up-rating for nominal earnings growth and 25% non-wage labour costs. A final adjustment is then made to convert into Present Value terms which gives foregone output costs of £4.3m

¹⁴ The productivity loss depends on the average wage gap between the 1,680 displaced 16-17 year olds and all full-time 18 year olds. Taking into account nominal earnings growth and 25% non-wage labour costs and then adjusting into Present Value terms, this stands at £2.50 per hour, generating a total productivity loss of £2.7m

be affected. Therefore, the case need never arise where a business is forced to stop employing a young person for five days a week, and has to arrange cover for the day the employee spends receiving education or training elsewhere. Rather, employers will have time to adapt their employment patterns so that they employ 16-17 year olds on an appropriate basis in the first place.

Costs to employers – other

5.29 If an employer is not providing accredited training and a young person is working over 20 hours a week, then they must take part in education or training outside of work. To ensure this happens, any young person who is residing in England would have to present evidence that they are receiving accredited training or education to their employer before they start a new job, if they are working over 20 hours a week where accredited training is not provided. Seasonal work during school and college holidays will be excluded as young people will have to be working for more than 8 weeks for this to apply. This check would not take long to administer and could be undertaken alongside getting other necessary details from the young person before they start work. Comparing this with similar registration processes and making the necessary adjustments to make it comparable with other costs, gives us an estimated cost to businesses in England of £0.1m.¹⁵ This cost can be avoided however and nothing will be required of firms employing young people for less than 20 hours a week.

5.30 There are around 5,000 16-17 year olds who are self-employed.¹⁶ These young people will be under the same duty to participate as any other, and will have to find a suitable route of education or training to follow, working around their business commitments as necessary. Although this is a small group of young people, they may face particular issues. Being self-employed, this group of young people may find it easier to fit more flexibly around the timing of any part-time education or training, but they may find that they are more likely to have to look outside of their organisation to find the necessary accredited courses.

5.31 Migrants will not be treated differently. Where a migrant is 16-17, they will be subject to the same duties to engage in education and training as any young person resident in England. Seasonal and short-term periods of employment for up to 8 weeks will be exempt from the duties on employers to evidence participation and release young employees for training.¹⁷

Cost to Government

Costs to Government - participation costs

5.32 The additional participation costs on top of the 90% scenario will be £583m once we reach steady state. This includes ongoing staffing and running costs and has been calculated by multiplying the projected additional volumes in Schools and FE by their respective unit

¹⁵ It is assumed that around 6,780 young people out of the entire 16-17 year old cohort are in jobs without training working more than 20 hours a week. Assuming they change jobs 1.5 times a year and each employment check takes 10 minutes to complete, the total cost may be £0.1m, after taking into account nominal earnings growth and 25% non-wage labour costs and then adjusting into Present Value terms. The time for the check is an average and has been doubled from initial estimates agreed with BERR, to take account of the time which may be needed to read relevant guidance.

¹⁶ 2001 Census Commissioned Table. DTI reference D07/147483.

¹⁷ Official ONS projections estimate that there will be a net inflow of around 10,000 migrants aged 16-17 in England in 2016/17

costs.¹⁸

Costs to Government – costs of ensuring participation

- 5.33 The Act places a general duty on the governing bodies of maintained schools and non-maintained special schools with sixth forms and FE institutions to promote good attendance. Alongside this the LSC will be required to ensure that private providers that they fund also comply with this duty. It is not anticipated that this proposal will put additional burdens on providers as it will be fulfilled through existing activity around keeping attendance registers, promoting high standards of educational achievement and reducing absences. The Secretary of State will issue guidance to assist providers in fulfilling the duty and it is anticipated that that the LSC will fulfil their role by attaching the guidance to their funding conditions. This is intended to be a target duty and there will not be any specific enforcement mechanisms.
- 5.34 Parallel to this, local authorities will have a responsibility to ensure that young people resident in their area participate. This will be done by maintaining up-to-date information about what 16-17 year olds in their area are doing by helping to support and engage young people in finding a suitable education or training route. This registration system will build upon existing work and the ongoing development linked to achieving the 90% aspiration target, so no costs on top of this are forecast, although Government will keep its development under review. There is projected to be an increase in the number of Connexions PAs needed to track, support and engage the larger cohort participating at 16 and 17. It is estimated this will cost £38m.¹⁹
- 5.35 A local authority will be able to issue an Attendance Notice to young people who fail to participate once appropriate learning provision has been identified and the right support has been offered, as long as there are no extenuating circumstances or barriers preventing the young person from participating. This will not go to court and will be an administrative process which we have estimated could cost up to £8m.²⁰ There will be a cost to Connexions of working with local authorities to ensure they have all the necessary information should they wish to issue an Attendance Notice, of £1.2m.²¹
- 5.36 If after a young person receives subsequent support and guidance they still then go on to breach the Attendance Notice without reasonable excuse, they will be liable for a Fixed Penalty Notice which may cost up to £2m.²² It would be extremely difficult to get to this stage and a young person will be able to appeal to an Attendance Panel against the issuing of an Attendance Notice or Fixed Penalty Notice. The costs for this are included in the enforcement costs. There will be revenue collected from Fixed Penalty Notices, which will go back to the local authority and contribute to the costs of enforcement. This income has not been included as the amount has yet to be set.

¹⁸ This is based on modelling work carried out by DCSF analysts using 83,000 additional Full-time Equivalent (FTE) participants and including adjustments for inflation and discounting into Present Value terms.

¹⁹ This is based on a projected increase of 1,000 Connexions PAs which will be required to deal with the additional caseloads associated with RPA. This is then multiplied by the current average PA salary (including non-wage labour costs), up-rated by nominal earnings growth of 4.5% per annum and converted into PV terms.

²⁰ This was based on costs of £4m for issuing 6,000 ANs after adjustments for inflation and into PV terms. These costs were then doubled for use in the Impact Assessment to £8m to provide a cautious estimate allowing for various other costs associated with administering this aspect of the enforcement process. Notably, this includes an estimate of £1.5m for the operation of the appeals process through attendance panels.

²¹ The number of Connexions PA days needed was estimated from additional administration time (for transfer of info to local authorities) and time taken to prepare for any appeals. This was estimated at 6,900 Connexion PA days and the costs for this were then uprated by nominal earnings growth and adjusting into PV terms.

²² We estimated the costs to local authorities of issuing 1,500 Fixed Penalty Notices to be up to £1m after uprating and PV adjustment and the precaution was then taken to double this to £2m for use in the IA, again allowing for related administrative costs including the cost of the appeals process.

5.37 Only if the young person then fails to pay the Fixed Penalty Notice, and is still not participating with a reasonable excuse, will they then be liable to prosecution in a Youth Court, with a maximum penalty of a level 1 fine.²³ If this fine is then still not paid then the court will be able to use a wider range of enforcement powers, though these would not include custody as an option.²⁴ We have also estimated that in a limited number of cases there may be enforcement action taken against parents, with up to 667 parents receiving Parenting Orders and 33 of these being breached, resulting in further enforcement action being taken. We have estimated that the total cost of prosecutions to the Ministry of Justice may be up to £2.1m.²⁵ Given assumptions about the numbers and costs for each of these stages, they will continue to be reviewed, including where the responsibility for meeting them lies, as we move forwards towards implementation. We have also committed to undertake a review of the enforcement process for young people one year after the participation age has been raised to 18 and the cost of this will be paid for by the Secretary of State²⁶.

5.38 In addition to the direct legal costs, as there will be an increase in the numbers of young people participating, there may be a proportionate increase in the number of matters started in the education category of civil law. These would cover issues such as discrimination claims or admissions disputes. We estimate that this could incur an additional cost of £0.5m²⁷ to cover advice given and increases in civil representation.

5.39 With rising participation, fewer young people from 16-18 are predicted to be earning enough from work to disqualify them from the legal aid scheme. The result is likely to be an increase in civil dispute claims which qualify for the legal aid, resulting in a rise in costs. This is very difficult to quantify and outside the scope of this RIA, but will need to be monitored as we move forwards.

5.40 Employers can as a last resort, following informal engagement to address any issues, be issued with a Fixed Penalty Notice for refusing to comply with their duties to check that the young person they employ has made appropriate arrangements for training or education, or refusing to allow them sufficient flexibility to participate for one day a week. We estimate that the administrative cost of issuing a penalty notice could be around £0.2m.²⁸ Employers are also entitled to appeal against the Fixed Penalty Notice. The administrative process could cost £0.1m to set up and run.²⁹

²³ For the purpose of cost calculations we have estimated that up to 278 young people might be called before the Youth Court and receive the maximum of a level 1 fine.

²⁴ Depending on the circumstances of the particular case, the courts have powers to remit; to make periodical payments; to provide time to pay; to make a Money Payment Supervision Order or an Attachment of Earnings Order. Subject to the Criminal Justice and Immigration Bill becoming law, enforcement powers will also include a Youth Default Order. We have estimated that up to 111 young people may enter this stage of enforcement.

²⁵ This figure takes into account MoJ prosecution costs against young people and parents. It includes court costs, legal aid, Youth Offending Team costs and Youth Default Order costs and as a precaution has been doubled to reach a maximal figure of £2.1m after uprating and PV adjustment.

²⁶ Independent reviews of a similar scale have cost around £200,000. This does not include additional costs that may be borne by other organisations contacted as part of the review which are not expected to be substantial. There are no duties on any organisations to provide information.

²⁷ There is an assumed linear rise in costs and this is made up of £382,000 legal aid and £158,000 court costs after being uprated and adjusted into PV terms

²⁸ For the purposes of cost calculations we have cautiously estimated that 5% of employers who employ 16-17 year olds without training for more than 20 hours a week and do not replace them with 18 year olds might contravene their duty to check or release. We do not expect the actual figure to be this high, based on an analysis of employers who have not complied with National Minimum Wage enforcement notices in recent years.

²⁹ We do not expect any employers to have to formally appeal, but have erred on the side of caution for cost calculations and based them on 24 employer appeals per year. 24 employer appeals represent around 7% of the employers who receive Fixed Penalty Notices and this proportion may be regarded as an upper bound, again based on an analysis of employers who have not complied with National Minimum Wage enforcement notices in recent years.

5.41 A particularly cautious approach has been taken to the costings for the areas of enforcement, as this is such a new area of legislation. As such, the final figures are maximal projections which we do not expect to see fulfilled and they do not form official projections of the number of young people that will be involved at each stage of the enforcement process.

Costs to Government - financial support costs

5.42 Child Benefit and Child Tax Credit are currently payable to the parents of young people in full-time education and unwaged training, and we expect this to continue to be the case. We would expect some additional costs as a result of participation rates in 2016-17 being higher than those previously projected. Projecting an exact additional cost as a result of raising the participation age depends on a number of factors. The additional Child Tax Credit cost depends on the income distribution of the families of the young people staying in education which is very difficult to predict. Child Benefit and Child Tax Credit estimations will also depend on where young people choose to participate, with some routes not being eligible for this support. The increase in the amount of money redistributed should not be included here as an *economic* cost, as it is a transfer of money from the tax payer to the government and then back again. Therefore the only additional costs which should feature are the extra costs of administering the payments, which divert resources from other productive uses. Due to the staged introduction of the proposals and existing projected increases in participation we expect these additional costs to be limited but will be keeping them under review.

5.43 Educational Maintenance Allowances (EMAs) are means tested weekly payment currently made directly to 16-19 year olds in education or unwaged training. It is a 'something for something' incentive. To receive EMA the learner must sign an EMA contract. Payments depend on the learner keeping to that contract. This promotes responsibility and citizenship. Weekly payments are stopped for absenteeism.

5.44 There would no longer be the same need for an incentive payment to encourage attendance under compulsory participation and we have been exploring how EMAs could change under the new proposals. There will still be a need to ensure that support is given to young people from low-income backgrounds and we will be looking at how we can strengthen the link of these payments to behaviour and attainment. For the 2006/07 academic year around 530,000 young people between 16 and 19 years were in receipt of EMA payments with an associated cost to Government of approximately £503m. There will be an increase in the cost of EMAs dominated by transfer payments from Government directly to young people. The additional costs that should be included here are the extra administration costs, which are projected to be up to £6.4m.³⁰

Costs to Government – capacity building costs

5.45 Increasing the number of young people in education and training will require us to ensure that there are sufficient teaching staff and suitable facilities. We anticipate that approximately £131m may be needed to cover the costs of training additional staff (their salary costs are already included in participation costs). This can be broken down into £51m spent on the schools workforce and £80m on FE workforce costs. These are costs that will be incurred in the lead up to RPA implementation, but to make them consistent with other figures, they have been adjusted into 'per cohort' figures. If we break them down by the average length of time the workforce continues to work in the 14-19 sector, we

³⁰ This assumes a lower distribution of household income among the additional participants and has been up-rated and converted into PV terms.

arrive at estimated workforce costs per cohort of £3.6m for schools and £7.8m for FE in Present Value terms. Demographic changes mean that the size of the 16-17 year old cohort decreases after this year and we estimate that most of the increase in demand for provision at educational providers will be met within FE colleges. Around an additional £95m for FE capital costs may be required to increase capacity to meet this rising demand. By assuming investments last from 15 to 20 years, we arrive at a cost of £5.3m per cohort in Present Value terms. Increases in required places at schools and Academies are expected to be more limited and we estimate it will be possible to meet them through an existing surplus of places within schools and the planned expansion of Academies.

Costs to Government – other costs

- 5.46 We will ensure that there is appropriate provision and support in place to enable those with Special Educational Needs (SEN) to participate. The LSC-led review *Delivering World-class Skills in a Demand-led System* consulted on changes to SEN provision in FE and work-based learning. Her Majesty's Chief Inspector of Education, Children's Services and Skills has been asked to conduct a review of school SEN provision in 2009. We will consider carefully the recommendations of both of these reviews as we move towards implementation. We estimate that the costs of extending the current support arrangements to the extra numbers of young people with SEN participating will be around an additional £99m. Raising the participation age will benefit the most vulnerable groups in society by changing the culture so that everyone is expected to participate until they are 18, whatever their circumstances.³¹
- 5.47 There are no direct costs to the exchequer from not legislating, but without raising the participating age the economy as a whole will suffer the costs of a significant proportion of young people entering the future workforce without the skills needed to compete. These are not easy to quantify, but the Leitch Review of Skills makes clear the importance of improving the skills of UK workers. It shows that the UK's skills base remains mediocre by international standards. The most recent OECD comparisons of 30 countries confirm this, with the UK ranked joint 16th on intermediate skills and joint 11th on advanced skills.³² If young people do not increase their levels of qualification and improve their skills, it will make the UK a less attractive place to do business than it otherwise would be. As developing economies rapidly educate their workforce we stand to lose a significant proportion of business to international competition.
- 5.48 As the Leitch Review highlighted, even if current targets are met, the UK will still fail to improve its relative position by 2020, lagging behind key comparator nations with deficits across all skill levels. Four million people will still lack functional literacy skills, over six million will lack functional numeracy skills and 11% of those aged 25 will still lack the equivalent of a basic school leaving qualification, treble that of the best performing OECD countries.³³

³¹ This figure is based on an increase in current SEN spending due to the more challenging characteristics of the additional participants. Therefore it assumes a higher rate of SEN for those who are compelled to participate and costs have been up-rated and converted into PV terms.

³² Figures taken from the Education at a Glance 2007, OECD. 'Intermediate skills' are judged as the proportion of 25-64-year-olds with "upper secondary" education i.e. Level 2 or five good GCSEs (or equivalent) or better; and 'advanced' is the proportion of 25-64-year-olds with HE qualifications.

³³ Leitch, pp.13

Table 2: Summary costs and benefits table

Recurring annual ³⁴ benefits		Recurring annual costs	
		To the state	To business
around £2,425m*		£742.3m	£2.7m
One off benefits		One off costs	
To the state	To business	To the state	To business
0	0	£226m ³⁵	Negligible

* This figure represents the additional lifetimes productivity gains per cohort, and as such only includes the higher earnings and improved employment chances that stem from higher participation and attainment. Less direct benefits (including health, crime, and other social benefits) are not included in this figure. The baseline figures do not consider that if young people do not increase their levels of qualifications and improve their skills, it will make the UK a less attractive place to do business than it otherwise would be.

5.49 The total present value costs of £774m previously highlighted in Table 1 include all costs to business, the state and the wider economy, including the fixed investment costs, such as school capital. These costs have then been divided over their lifetime to present a per cohort cost estimate that is consistent with the benefits.

5.50 Table 2 presents this data in a different way. Potential costs to business have been singled out as £11m per year (these are separate and additional to the costs to the state). The one off costs of training the teaching workforce and of FE capital have been included separately as £226m - these are not actually one off, but are 'lumpy' costs which will be borne over several years in the lead-up to raising the participation age to 16 in 2013. The 'Forgone productivity loss to the economy', which is listed in Table 1 as £4.3m, is not included in Table 2 as this is a general cost to the economy and will not be borne specifically by business or the state. The per cohort costs to the state therefore total £742m, the per cohort costs to business total £11m and the 'one of costs' total £226m (which will be spread across several cohorts).

Small Firms Impact Test

5.51 Evidence shows that 16 and 17 year olds are more likely to work in small firms and less likely to work in large firms than their older counterparts. As such, we expect that the costs associated with checking a young person is in education or training will have a slightly larger impact on micro, small and medium sized enterprises (SMEs).³⁶

5.52 Smaller firms are also thought to have less flexibility within their workforce. This may result in them choosing to employ workers aged 18 or over in place of their 16-17 year olds, thus avoiding the duty to release. As detailed in the section on employer costs, assuming that half of small businesses that provide full-time jobs without training below the National Minimum Wage (NMW) take this option it could cost them around £2.7m to employ older

³⁴ Strictly the benefits and cost have been calculated on a 'per cohort basis, rather than an annual basis.

³⁵ These are made up of £131m workforce training costs and £95m for FE capital. These costs have been included here for completeness. However please note that they have been transformed into per cohort costs, for consistency with the other costs and benefits in Table 1 and in the accompanying text – see paragraph 5.41.

³⁶ The total cost of making these checks has been highlighted as up to £8.4m in the earlier section on employer costs

workers.³⁷ These costs would occur for only a very small minority of firms which decide to replace their 16-17 year old employees with older workers paid a higher wage and they can be avoided.

- 5.53 Firms could keep on their younger workers and provide them with accredited training or release them to get education or training for one day a week externally. There are no new restrictions on how many hours a 16-17 year old can work and as many employees in this age group work weekends and shifts in the distribution, hotel and restaurant sector, one day a week of training may easily be accommodated. Alternatively, if SMEs decide to employ part-time workers, there will be no duties on firms employing 16-17 year olds for less than 20 hours a week.
- 5.54 It is important to note that, given that the proposal will not raise the participation age to 17 until 2013 and 18 until 2015, employers will have time to adapt to the new arrangements, and no current employees will be affected. The case need never arise where a business is forced to stop employing a young person for five days a week, and needs to arrange cover for the day the employee spends receiving education or training elsewhere. Rather, employers will have time to adapt their employment patterns so that they employ 16-17 year olds on a four-day a week basis in the first place.
- 5.55 Government recognises that micro and small businesses in niche industries often provide high quality training that is not currently accredited. Government will work with employers to ensure that all training that is substantial and high quality is recognised. Traditional contracts of apprenticeship, for example, will be a valid way of participating.
- 5.56 We are looking to develop incentives that encourage businesses to offer training alongside employment. These will include focusing the existing Train to Gain brokerage service more closely on the 16 and 17 year old age group. This service gives businesses access to a professional and impartial broker who will help an employer to find a course that will fulfil a business need whilst also helping a young person to achieve a recognised qualification. By ensuring all young people are receiving some training at least part time until they are 18, we believe that small businesses, in common with other businesses, will stand to benefit from higher skilled and better trained employees.

Competition Assessment

- 5.57 Analysis of the market suggests that the RPA proposal will not have a significant impact on competition. All sectors will be affected by the proposed changes through having to either provide or release their 16-18 year old employees for accredited education or training. This will have a slightly larger effect on sectors employing a greater proportion of 16-17 year olds.
- 5.58 Evidence shows that 16 and 17 year olds are more likely to work in small firms than their older counterparts. As such, we expect that the costs associated with checking a young person is in education or training will have a slightly larger impact on small and medium sized firms, and this is highlighted in the Impact Assessment. This cost can be avoided however and nothing will be required of firms employing young people for less than 20 hours a week.
- 5.59 The most popular sector of work for 16-17 year olds who are currently in jobs without training is the distribution, hotel and restaurant sector, where 51% of them work. There are

³⁷The productivity loss depends on the average wage gap between the 1,680 displaced 16-17 year olds and all full-time 18 year olds (inflated by non-wage labour costs of 25%). This stands at £2.50 per hour generating a total productivity loss of £2.7m. Employers could avoid this cost by still employing their younger workers, but either providing them with training or releasing them for one day a week to access training elsewhere

no new restrictions on the maximum number of hours a 16-17 year old employee can work and as work patterns in these industries are often in shifts and at weekends, it may be possible to accommodate one day a week of training without any significant disruption.

Costs and Benefits – of the duty to secure apprenticeships

5.60 This proposal will require the LSC to secure the provision of apprenticeships for all suitably qualified 16 to 18 year olds who want one. It will not result in any additional costs to the LSC as there is an existing requirement to secure provision for the education and training of 16 – 18 year olds. Making it explicit that apprenticeships are part of this provision will raise their profile and ensure that they enjoy equal legal status with other post-16 options.

Costs and Benefits – associated with requiring pupils to learn off-site

5.61 A school governing body already has the power under section 29(3) of the Education Act 2002 (as amended by the 2005 Act) to “*require [registered] pupils at the school to attend at any place outside the school premises for the purposes of receiving any instruction or training included in the secular curriculum for the school*”. This power was intended to enable schools to send pupils to other schools or FE colleges to take academic or vocational subjects that their own school could not provide, and it also enables the school to send a whole class on a field trip or similar activity. Legislation already gives parents responsibility for their child’s attendance at such off-site provision.

5.62 The power is also applied for a number of purposes that may go beyond that stated in the Act. We know that some schools use it for the purpose of sending challenging pupils to various forms of alternative provision without resorting to the more punitive exclusion legislation. Relying on section 29(3) in this way, where the underlying reason for transfer is behaviour-related rather than instruction- or training-related, is vulnerable to successful legal challenge. A successful challenge would create potentially serious problems for school partnerships to improve behaviour and tackle persistent absence. It would mean that a partnership could not transfer a challenging pupil between schools or from school to partnership-managed alternative provision without the parents’ consent, even in situations where the parent was a major part of the problem.

5.63 To prevent this power from being used disproportionately in relation to children with special educational needs, we intend regulations to require schools to conduct reviews every 30 school days for all pupils who are sent off-site. No such review is attached to the existing power.

5.64 We estimate that head teachers will only need to exercise these powers in a minority of cases. We estimate that approximately 2,500 to 4,500 pupils will be referred to alternative provision for behaviour related training. This figure represents between a quarter and half of all permanent exclusions as we are assuming that these pupils will have been displaying signs of poor behaviour long before their permanent exclusion. There will not be any additional costs to schools or local authorities associated with this proposal as schools are already making provision for pupils who are directed offsite. The proposal will not increase the numbers of pupils being directed off-site but will clarify that schools are able to do so in the circumstances discussed above.

6 COST/BENEFIT ANALYSIS: ADMISSIONS AND ASSESSMENT ARRANGEMENTS

Costs and benefits – of young people applying for school places and appealing against refusal of admission

- 6.1 Section 86 of the School Standards and Framework Act 1998 (the 1998 Act) sets out the duty on local authorities to make arrangements to enable parents to express a preference to the school at which they wish education to be provided for their children, and section 86(2) of the 1998 Act requires school admission authorities (either the Local Authority for community or voluntary controlled schools; or the school's governing body for Academies and voluntary controlled and foundation schools) to comply with that preference, and either offer the child a place, or refuse admission (under specific limited circumstances) and offer an appeal. Section 94 of the 1998 Act sets out the duties on admission authorities to make arrangements for a parent to appeal against any decisions made refusing the child admission to the school.
- 6.2 Whilst we are not removing the right of parents to express a preference for a school place for their child/young person and appeal against that decision, we estimate that young people are likely to take up their extended rights independently of their parents, as proposed. However, we do not consider there to be any additional costs to schools or local authorities in respect of these provisions. This is because we expect that, in the vast majority of cases, only one application will be made in respect of that young person; either by the young person themselves, or their parents on their behalf. Consequently, the admission authorities are likely to be dealing with the same number of applications and appeals as they presently do.
- 6.3 We are also taking this opportunity to provide that local authorities, in exercising their transport functions, should have regard to the young person's wishes to be educated in a particular place based on their religion or belief. This will bring local authorities provisions in relation to young peoples' wishes in line with those that already exist in relation to parent's wishes and reflects that it will be the responsibility of young people *themselves* to participate in education or training post-16. It is not expected that this will have a significant cost burden on local authorities as where a young person applies to a sixth form instead of their parent the local authority will just be required to have regard to their wishes in exercising their transport function instead of those of their parents.

Cost and benefits – of the duty on local authorities to report annually on admission arrangements and changes to the consultation process

- 6.4 The Act places a duty on local authorities to produce an annual report on the school admission arrangements in their area. School admissions are governed by statute and mandatory requirements set out in the School Admission Code, designed to achieve a fair and transparent system. Concerns have been raised about the level of compliance with the Code. The proposed duty fits with the role of local authorities as commissioners of services and provides an incentive for them to object to unlawful arrangements. It will also provide the Schools Adjudicator with annual information about the level of compliance in each local authority and he will be able to act on the findings.
- 6.5 Local authorities already have access to the information they will need to produce the report and we will consult in the summer 2008 on the detail of what the reports will include, when they should be produced and who should be consulted, as draft regulations. It is estimated that the average annual cost of compliance for local authorities will be £100k per year³⁸, which is approximately £680 per local authority.

³⁸ Based on one day's additional work for a Senior Manager (at £63.83/hr) and a junior manager (at £33.43/hr) for each 152 authorities. The costs are accrued over 3 years and discounted at a rate of 0.035.

- 6.6 In addition, the Act removes the provisions for consultation on proposed admission arrangements from primary legislation and, instead, provide a power to prescribe them in regulations for 2010/11. The current requirement for admission authorities to consult on their admission arrangements every year, whether or not those arrangements have changed, can be time consuming for schools and local authorities. In addition, admission authorities are not required to consult local parents or community groups who may have an interest in the impact of admission arrangements on the take-up of school places in the area. We are therefore proposing to introduce the following changes through the new School Admissions (Admission Arrangements) (England) Regulations 2009:
- to replace the requirement for annual consultation on admission arrangements with a requirement to consult only every three years, unless changes have been made to the arrangements since the previous consultation;
 - to introduce a new requirement for ‘relevant’ parents and those with a local interest, for example community groups, to be consulted, and set out the minimum requirements for how this should be carried out; and
 - to require consultation to take place for a minimum of eight weeks between 1 December and 1 March to ensure that parents and community groups have the chance to respond and that consultation does not take place too early, when people are not expecting it.

Costs and benefits for local authorities, Voluntary Aided and Foundation school admission authorities

- 6.7 Consulting on admission arrangements every three years (if no changes are made), instead of every year as is currently the case, will reduce the workload of admission authorities. Consulting parents and those with a local interest, for example community groups, will require additional work from admission authorities. However, the additional requirements on how this should be carried out have been kept to a minimum – i.e. to place detail of the consultation on their website and to place a notice about the consultation in a local newspaper. Overall, we anticipate that there will be a reduction in workload because, although we are introducing additional requirements for the consultation process around consulting parents and community groups, the whole process will only need to be carried out once every three years (if no changes are made in the meantime) instead of annually. Also, consulting with parents before admission arrangements are determined should increase the likelihood of determined arrangements being lawful and fair, leading to a reduction in objections to the Schools Adjudicator from parents and others and therefore a reduction in admission authorities having to amend their arrangements at a later date.
- 6.8 Having to respond to consultations on the admission arrangements of other schools in their area every three years (if no changes are made), instead of every year as is currently the case, will reduce the workload of community and voluntary controlled school governing bodies and religious authorities. There are no costs for this group.

Costs and benefits for relevant parents and community groups

- 6.9 Parents and those with a local interest, for example community groups, will for the first time be given the opportunity to scrutinise and comment on the admission arrangements for their local schools, before they are determined. There are no costs – it is up to parents and other local groups whether or not they choose to respond to the consultation.

6.10 The Act also extends the role of the Schools Adjudicator so that he can consider any admission arrangements that come to his attention, by and means; and that, when they are referred to him by the Secretary of State or are highlighted in a local authority report on admissions, he must consider them and act accordingly. This is part of a package of proposals to ensure compliance with the School Admissions Code and admissions legislation, and to improve the admissions system for parents. We envisage that the recent examination and verification exercise on the compliance of admission arrangements in three local authority areas with the School Admissions Code and admissions legislation will have emphasised the importance of compliance to other local authorities. We therefore envisage that this amendment, and the other measures we have taken to strengthen the admissions system and ensure that local authorities actively monitor all admission arrangements in their area, will improve compliance with the statutory admissions framework and lead to the majority of issues around non-compliance being determined locally.

Costs and benefits – changes to assessment arrangements

6.11 Currently, section 88 of the Education Act 2002 requires schools to implement the National Curriculum, including assessment arrangements, as it exists at the start of the school year. The current arrangements are set out in secondary legislation, under an Order made in 2003. The proposed amendments will exclude assessment arrangements from this requirement. The effect of this will be to allow the Secretary of State to make changes to assessment arrangements for any given school year after the start of that school year.

6.12 Following these amendments, we intend to use this power to discontinue Key Stage 3 tests in maintained schools from 2009. This change will be made by order and it has been widely welcomed by schools, teaching unions, subject associations and the Children's Commissioner.

6.13 Initial assessment indicates that these changes will produce efficiency savings and a reduction on school burdens for over 3000 secondary schools. Discontinuing national tests at Key Stage 3 will benefit teachers and pupils by giving teachers more flexibility and freeing up the time associated with test preparation in Year 9. There may also be some small impact on providers of educational support materials. Further work will be done to examine the impact of these changes prior to the order coming into effect.

7 COST/BENEFIT ANALYSIS: SUPPORT SERVICES

Costs and benefits - Duty to secure effective collaboration

- 7.1 A free entitlement to Skills for Life and to first full Level 2 qualifications has already been introduced across England in an administrative form, resulting in increased participation. The Level 3 19-25 administrative entitlement was introduced for FE learning only in August 2007. To further increase participation and achievement, we want to strengthen the offer by legislation. Currently, we believe that institutions lack the incentive to invest in the delivery of these qualifications, due to the absence of long term, secure Government commitment to these policies. Legislation signals to colleges and other learning providers that the government is serious about raising achievement: encouraging permanent investment in teaching staff, facilities and quality improvement actions which will ensure increasing quality provision - and support our aim to increase success rates.
- 7.2 In the *14-19 Education and Skills Implementation Plan*, published in 2005, the Government set out its expectation that all local areas should put in place a 14-19 partnership for delivery of the 14-19 reforms. We know from the results of the 14-19 Progress Checks, carried out annually by Government Offices in conjunction with local authorities and the LSC, that there are collaborative arrangements in place for delivery of the 14-19 reforms in all 150 top-tier local authority areas. Calculations for the recent Comprehensive Spending Review estimated a national cost of £15 million for the setting up and running of 14-19 partnerships. We are already making £15 million available nationally in flexible funding to help local authorities with the costs of partnership activities (other discretionary funding, specifically from the LSC, may also be used to support partnerships).
- 7.3 The Act will clarify local authorities' duties to make collaborative arrangements under section 10 of the Children Act 2004, by making clear that in the case of arrangements for 14-19 year olds, authorities should involve providers of 14-19 education and training alongside statutory partners such as the LSC and Connexions. We expect them to do this through their existing 14-19 Partnerships. It will enable them to appropriately support the raising the participation age policy by promoting collaboration between employers, providers and commissioners, including common curriculum timetabling, transport, Information Advice and Guidance and workforce development.

Costs and Benefits – of changes to Schools Forums

- 7.4 14-19 partnerships and early years providers have an increasing interest in the delegation of funding to schools. Where non-schools members are not part of a Schools Forum these stakeholders do not have a voice in the way that funding is delegated. To ensure all stakeholders have representation on Schools Forums we will make it a requirement that they include non-schools members.
- 7.5 Currently, we estimate that only 8 Schools Forums, from 148, do not have non-schools members. Secondary legislation, enacted under the School Standards and Framework Act 1998 (as amended), will require local authorities that have non-schools members to have representation from 14-19 partnerships and private, voluntary and independent providers. The provision in this Act will ensure that the regulations apply to all local authorities. This will ensure that, as changes to 14-19 education are made, providers have a voice in the distribution of funding to assist these programmes. This proposal will not incur any significant costs to local authorities above the minimal administrative costs of including additional members at Schools Forum meetings.

Costs and Benefits – of the transfer of Connexions

- 7.6 Currently, there are 47 'Connexions Partnerships areas' in England which are funded directly by the Department to deliver Connexions services. Funding is allocated to each partnership area through a national funding formula and in the financial year 2007-8 the total funding allocated to all areas was £467m. We are expecting local authorities to deliver broadly the same services as those that the corresponding Connexions services have been delivering funded by a commensurate budget. The process of transferring funding and responsibility for Connexions to local authorities began in April 2005.
- 7.7 From 1 April 2008, all Connexions funding will be paid to local authorities via the Area Based Grant route. The amount to be allocated to local authorities in 2008-09 is £469m. The funding formula is based on the number of young people in the 13 -19 age range together with a number of proxies which recognise the higher costs of delivering services to particular groups of young people. The formula for 2008-09 and beyond has been modified to make it more appropriate for local authority allocations as the original formula was designed specifically for Connexions Partnerships. The changes were agreed in consultation with stakeholders including the Local Government Association and the National Association of Connexions Partners. The Government is confident that the funding formula will produce an appropriate allocation of funding to each local authority to meet the costs of delivering Connexions services.
- 7.8 Giving legal accountability to local authorities will ensure that these services are given a high priority and assist effective delivery. We also have some evidence that local authorities are making savings by reconfiguring their service delivery models to fit in with their existing structures.
- 7.9 As part of the transfer of Connexions local authorities will also have a legal responsibility to conduct assessments of the learning needs of young people with learning difficulties in their final year of compulsory schooling or later, up to age 24, to enable them to receive subsequent learning provision that is suitable to their needs. Funding for these assessments is included within the Connexions grant. The Act extends the group of young people to whom the duty to carry out a learning difficulty assessment applies so that, in addition to covering young people with statements of special educational needs who leave at the end of compulsory schooling, it covers statemented young people who stay on at school post 16 and then leave to receive post-16 education, training or higher education. Evidence suggests that most statemented young people who leave school later than the end of compulsory schooling are already offered assessments, and so there is unlikely to be any additional cost. However, we will keep this under review.
- 7.10 We are introducing the power to enact learning and support agreements. These allow the local education authority to enter into an agreement with a young person to provide certain support in exchange for the young person to agree to participate in certain education or training. This is an approach that has already been successfully adopted by several local education authorities. In many cases we expect this spreading of good practice to result in cost savings. We therefore have not included any extra burden in addition to the existing costs associated with support.

Cost and Benefits - of adding 'travel time' as a factor to be considered when developing a local transport strategy

- 7.11 Local authorities' responsibilities for transport provision and concessionary fares is mainly funded through a formula grant from central government and through income generated by councils, including Council Tax. Formula grant is not hypothecated to a particular service and councils are free to use the funding in line with the wishes of their electorate and

taking into account their statutory responsibilities.

7.12 We are proposing that ‘travel time’ is added as one of the range of factors to be considered by local authorities when devising transport plans for the purpose of facilitating the attendance of persons of sixth form age receiving education. We do not expect this change to place any additional cost burdens on local authorities. We want to ensure that all authorities are focused on outcomes which meet young people’s learning needs and that they take into account all the appropriate factors when considering the options for young peoples transport. The objective is for the local authority to strike a balance between all the competing factors in drawing up their transport statement, and that one factor does not take overriding precedence over others.

Costs and Benefits – of impartial Careers Education

7.13 High quality, impartial Careers Education is essential in supporting all young people to make appropriate choices about the options that are open to them, thereby maximising the likelihood of their continued participation and attainment. There is an existing statutory duty for schools to provide Careers Education and it is the Government’s expectation that this should be impartial. Current funding for careers education is considered to be sufficient to deliver services in line with this expectation. However, we have a body of research evidence³⁹ which suggests that some schools are not acting impartially. This proposal will emphasise the expectation that careers education needs to be impartial. The related statutory guidance will provide further clarification and assistance to schools of what this requirement means in practice.

Costs and Benefits – of the duty to consider pupil views

7.14 The Government is committed to consulting young people on matters that affect them. Ensuring pupils views are heard and valued not only improves services for young people, but also has a positive impact on relationships within the school and on the school environment and the local community. Involvement in the decision-making process empowers young people and helps them to develop critical thinking, advocacy and influencing skills, helping every child to fulfil his or her potential. Schools were already obliged to consider the views of pupils through provisions in section 176 of the Education Act 2002 which required schools and local authorities to have regard to statutory guidance published by the Secretary of State. This guidance, published in May 2008, made clear the expectation that schools should have due regard to the views of pupils, according to their age and understanding, on all issues that affect them.

7.15 Ofsted’s latest TELLUS survey, published in September 2008, shows that 59% of pupils already feel they are well consulted and involved in school decision-making. Although over 95% of schools have school councils the Ofsted survey shows that 34% of pupils do not feel sufficiently well consulted which suggests that some schools should consider whether their current arrangements for consulting pupils are as good as they could be.

7.16 The Act places a duty on governing bodies of maintained schools to invite the views of pupils on matters that affect them, to be prescribed in regulations. In exercising any of their functions relating to the conduct of the school, as prescribed in regulation, the governing body must consider any relevant views of registered pupils. In considering pupils’ views they should take account of the age and understanding of the pupils who expressed them.

7.17 Schools will be free to decide for themselves the most effective ways of engaging their

³⁹ The Nuffield Review of 14-19 Education and Training; “End to End review of Careers Education and Guidance” (2005)”; CBI report ‘Shaping up for the Future’

pupils. This could be through mechanisms such as school forums, school councils, surveys and questionnaires. There is no prescription on the ways in which schools should manage pupil consultation. They are also free to determine whether to consult all, a sub-set or a representative body of pupils, as they consider appropriate.

- 7.18 The new duty should not mean extra work for schools that are already adhering to current statutory guidance. The matters on which schools will have to consult will be set out in regulations, which will be developed in consultation with Governing bodies, teachers and young people. We will consult on the regulations during spring 2009. It will be a full 12 week consultation. We also plan to involve the representatives of schools early on in the process to ensure that the consultation is effective. We will consider fully the impact of the regulations and this will be producing a full impact assessment.

8 COST/BENEFIT ANALYSIS: ADULT SKILLS

Costs and benefits – of the duties on the LSC to secure basic literacy and numeracy (Skills for Life), first full Level 2 and Level 3 courses.

- 8.1 A free entitlement to Skills for Life and to first full Level 2 qualifications has already been introduced across England in an administrative form, resulting in increased participation. The Level 3 19-25 administrative entitlement was introduced for FE learning only in August 2007, and extended to Train to Gain learning in 2008/09. To further increase participation and achievement, we want to strengthen the offer by legislation. Currently, we believe that institutions lack the incentive to invest in the delivery of these qualifications, due to the absence of long term, secure Government commitment to these policies. Legislation signals to colleges and other learning providers that the government is serious about raising achievement: encouraging permanent investment in teaching staff, facilities and quality improvement actions which will ensure increasing quality provision - and support our aim to increase success rates.
- 8.2 The entitlements are part of a long term strategy to focus public funding and encourage greater take up of skills that are most valuable for the future economy of the country. It is therefore very difficult to isolate the effects of the entitlements from other aspects of our skills and adult learning policies.
- 8.3 In each of the areas of Skills for Life, Level 2 and Level 3, we have projected substantial increases in success rates. Some of these increases would happen without the legislative change, but for the purpose of the impact assessment, we will make the conservative assumption that 5% of each year's increases can be attributed to this legislative intervention.

Costs – associated with the three duties

- 8.4 The following additional costs will arise as a result of the three new duties:
- Administration costs of introducing the legislation. Although this involves considerable work, it is assumed to be zero, because no additional people will be employed. The direct costs to the providers are assumed to be minimal, as they are only required to state whether the learner has already achieved a qualification at the same level or higher. However, it may be that other important work is displaced as a result, and this could result in additional costs, or place extra burden on staff at the LSC or within institutions. This is unfortunately not quantifiable at this stage.
 - Course fees for the additional achievers (i.e. 5% of the additional learners) and non-achievers. For non-achievers the course cost is assumed to be half that of achievers (i.e. that they drop out on average midway through the year).
 - Loss of income for the extra learners who participate as a result of the legislation. As learner participation is not compulsory, we do not expect many people to give up work to take part in the course. However, some may move from full-time to part-time work, or defer taking up work if unemployed. We will assume that these extra learners will on average forego around £5,000⁴⁰ per year as a result of reduced working hours in order to study for Level 2 and Level 3 qualifications. We have assumed half this amount for Skills for Life, as the courses are shorter and usually take place outside working hours.
 - Studying costs. The entitlements extend only to free tuition, so there may be some examination registration fees or other accreditation costs for learners. Learners may

⁴⁰ Study of learners in FE survey (2003) page 17, shows average income of FE learners is around £10,000 <http://www.dfes.gov.uk/research/data/uploadfiles/RR469.pdf>

also incur costs in the form of transport costs, child care costs or for books and equipment. We assume that these, together with examination fees, average £1,000⁴¹ per learner in total, for Level 2 and Level 3 and half this amount for Skills for Life.

- Employer costs. Costs to employers in releasing workers to undertake training are assumed to be neutral. Participation is voluntary, so employers will only therefore release workers for training if they see it as beneficial for them to do so. For very small firms (under 50 employees), there is a wage compensation scheme available through Train to Gain, helping to offset any burden incurred due to employee participation in training. However, the low take up so far indicates that employers generally see release for training as bringing an overall benefit, rather than a cost.

Benefits – associated with the three duties

8.5 The following additional benefits will arise as a result of the three new duties:

- Improved employability for learners. Employers reported around 170,000 hard to fill vacancies in England due to lack of skilled applicants.⁴² Longitudinal research shows that those who improve their literacy and numeracy skills between the ages of 21 and 34 were less likely to be on benefits and more likely to be in employment.⁴³ The probability of being employed is estimated to increase by 10% points for men and 13% points for women with GCSEs/O levels. For level 2 NVQs, the probability of being employed increases by 10% points for women, and around 3% points for men. Those who have left school with no qualifications benefit even more from gaining vocational level 2 qualifications.⁴⁴
- Wage benefits to learners. There are significant wage benefits to learners as a result of gaining skills qualifications. These are considered further below.
- Improved progression and social mobility. Gaining additional qualifications is a platform for progression to higher qualifications. For example, adults without a level 2 qualification are less likely to receive training from their employer and to be able to finance their own learning.
- Productivity gains to employers and the economy. A better trained and educated workforce is likely to be more productive and more able to adapt to changes in technology. A 5% point increase in the proportion of workers trained in an industry is associated with a 4% increase in value added per worker and 1.6% increase in wages.⁴⁵
- Wider benefits to families and society. There are significant benefits to the long term prospects of children in families where parents improve their skills. In addition, research shows that addressing literacy and numeracy skills can have significant benefits for health family life and civic participation. There is also some evidence that a polarised workforce with large inequalities in educational attainment and skill levels is less conducive to economic growth and less socially inclusive than where attainment is more equal⁴⁶. Therefore, we anticipate that, as well as wider benefits to society, there will be savings to the DWP, DCLG, DH and the Home Office and others by addressing basic skills. Given the number of variable factors such savings are very difficult to

⁴¹ Study of learners in FE survey (2003) page 38 show other learning costs are around £1000 per year <http://www.dfes.gov.uk/research/data/uploadfiles/RR469.pdf>

⁴² Leitch Review: Prosperity for all in global economy – World Class Skills (2006)

⁴³ Bynner (2006) ‘New Light on Literacy and Numeracy’

⁴⁴ McIntosh CEP (2005)

⁴⁵ Dearden, Reed & Van Reenen (2002) ‘Who Gains when Workers Train?’

⁴⁶ Feinstein WBL Research Report 5 (2002) ‘Quantitative Estimates of the Social Benefits of Learning’

quantify.

Costs and benefits - of the duty to secure Skills for Life courses

8.6 Table 1 shows the projected participation and achievements changes for Skills for Life policies over the next 4 years, both overall and assuming that 5% of each year's increases can be attributed to this legislative intervention.

Table 3 - Projected participation and achievement changes for Skills for Life

	2007/8	2008/09	2009/10	2010/11
Total Skills for Life learners	1,161,674	1,227,000	1,227,000	1,227,000
Increase in learners from 2007/8 levels		65,326	65,326	65,326
Number of extra achievements		52,689	61,230	65,683
Increase in learners as a result of the duty		3,266	3,266	3,266
Increase in achievements as a result of the duty		2,634	3,061	3,284

Costs of duty for Skills for Life

8.7 The expected discounted costs for Skills for Life are summarised in the table below, in 2007/08 prices, assuming that 5% of each year's increases can be attributed to the legislative intervention.

Table 4: Additional costs of the duty to provide Skills for Life courses in 2007/08 prices

	2008/09	2009/10	2010/11	Total
Total costs for DIUS	£9,880,298	£10,560,490	£10,675,370	£31,116,158
Loss of earnings	£6,413,018	£7,452,481	£7,784,403	£21,649,902
Cost of learning	£1,282,604	£1,490,496	£1,556,881	£4,329,981
Cost of learning for non-achievers	£641,302	£745,248	£778,440	£2,164,990
Total costs	£18,217,221	£20,248,714	£20,795,093	£59,261,028

8.8 As stated previously, we assume that Skills for Life participants forego £2500 in earnings and incur course costs of £250 whilst studying.

Benefits to Individuals, Employers and Society from Skills for Life

8.9 Due to the absence of suitable data, we are unable to estimate the potential benefit arising from the impact of the duty on Skills for Life. However, the evidence available shows that basic skills in general deliver substantial benefits.

8.10 Recent research⁴⁷ shows that individual wage returns are high: 12% for numeracy courses

⁴⁷ de Coulon et al (2007) The Value of Basic Skills in the British Labour Market

(for both men and women) and 15% for men and 13% for women, for literacy courses. There is a significant relationship between literacy skills and employment for women and between numeracy skills and employment for men. In view of the high benefits that literacy and numeracy courses bring, the potentially large benefit that the duty can help deliver fully justifies central government investment.

Costs and benefits - of duty on the LSC to secure Level 2 skills courses.

8.11 Tables 5 and 6 show the projected participation and achievements in full level 2 qualifications over the next 4 years.

Table 5: Level 2 (L2) Participation and achievements in FE 2007/8 to 2010/11

Further Education – Level 2	2007/08	2008/09	2009/10	2010/11
Total full L2 participants	250,995	264,783	280,744	315,032
Of which total first full L2 participants	112,948	132,758	153,999	190,189
Increase in first full L2 participants since 2007/8		19,810	41,051	77,241
Increase in first full L2 participants since 2007/8 as a result of the duty		990	2,053	3,862
Total first full L2 achievements	66,871	80,610	96,258	122,275
Increase in first full L2 achievements since 2007/8		13,739	29,387	55,404
Increase in first full L2 achievements since 2007/8 as a result of the duty		687	1,469	2,770

Table 6: L2 Participation and achievements in TTG 2007/8 to 2010/11

Train To Gain – Level 2	2007/8	2008/09	2009/10	2010/11
Total full L2 participants	344893	411,537	422,738	408,021
Of which total first full L2 participants	275,914	329,229	338,190	326,416
Increase in first full L2 participants since 2007/8		53,315	62,276	50,502
Increase in first full L2 participants since 2007/8 as a result of the duty		2,666	3,114	2,525
Total first full L2 achievements	145778	173,947	178,682	172,461
Increase in first full L2 achievements since 2007/8		28,169	32,904	26,683
Increase in first full L2 achievements since 2007/8 as a result of the duty		1,408	1,645	1,334

Costs of duty for Level 2

8.12 All of the costs mentioned above are applicable to the level 2 duty. Assuming that 5% of each year's increases can be attributed to this legislative intervention, the expected discounted costs are summarised in table 7, in 2007/08 prices.

Table 7a: Costs of the duty for Level 2 – Further Education

	2008/09	2009/10	2010/11	Total
Total costs for DIUS	£1,188,157	£2,492,503	£4,530,700	£8,211,360
Earnings loss to learners	£4,426,213	£9,299,081	£16,779,244	£30,504,539
Cost of learning to learners	£1,101,599	£2,288,928	£4,085,242	£7,475,770
Total costs	£6,715,970	£14,080,513	£25,395,186	£46,191,669

Table 7b: Costs of the duty for Level 2 – Train to Gain

	2008/09	2009/10	2010/11	Total
Total costs for DIUS	£2,507,244	£2,990,623	£2,454,677	£7,952,544
Earnings loss to learners (@£5000)	£9,917,746	£11,584,679	£9,147,551	£30,649,976
Cost of learning to learners (@£1000)	£2,595,681	£3,031,952	£2,394,105	£8,021,738
Total costs	£15,020,671	£17,607,254	£13,996,333	£46,624,258

Benefits of the duty to secure Level 2

8.13 We estimate the average lifetime productivity benefit for learners of this age group taking their first full L2 course to be around £18,000⁴⁸, in 2007/08 prices. This assumes the mixture of full L2 courses currently taken by learners remains similar in future. It is assumed that those qualifying with a vocational level 2 qualification previously held a Level 1 or Level 2 qualification, meaning that we could be potentially underestimating the benefits for first time qualifiers.

Net impact of the duty to secure Level 2.

8.14 Assuming that the intervention will be responsible for 5% of the total number of successful qualifiers expected up to 2010/11, the duty to secure L2 courses will generate an estimated total benefit of approximately **£88m** for FE learning and **£78m** for Train to Gain learning. Setting this off against the costs outlined above reveals an estimated overall net benefit of approximately **£42m** for FE learning and **£32m** for Train to Gain learning; and an overall Net Present Value (NPV) of approximately **£74m**.

Sensitivity Analysis

8.15 The NPV calculations assume that the intervention will be responsible for 5% of the total benefit from meeting the success rate targets. However, this may not be the case. Sensitivity analysis has been performed, showing the potential NPVs of the intervention under a range of scenarios. This is shown in tables 8 and 9 below.

⁴⁸ From DIUS internal analysis, using evidence from McIntosh (2007): A Cost Benefit Analysis of Apprenticeships and Other Vocational Qualifications, DfES RR 834.

Table 8: Range of NPVs for FE

Contribution to overall benefits	Benefits to FE	Costs to FE	NPV
1%	£17,550,291	£9,238,334	£8,311,957
5%	£87,751,454	£46,191,669	£41,559,785
7.5%	£131,627,181	£69,287,504	£62,339,678
10%	£175,502,908	£92,383,338	£83,119,570

Table 9: Range of NPVs for Train to Gain

Contribution to overall benefits	Benefits to TTG	Costs of TTG	NPV
1%	£15,738,855	£9,324,852	£6,414,003
5%	£78,694,274	£46,624,258	£32,070,016
7.5%	£118,041,411	£69,936,387	£48,105,024
10%	£157,388,548	£93,248,516	£64,140,032

8.16 The tables show that even if the duty contributes 1% towards the overall benefits of meeting our success rate targets – a very small amount – the intervention still results in a positive NPV for Train to Gain and FE learning.

Costs and benefits - of the duty to secure Level 3 Courses

8.17 Tables 10 and 11 show the projected participation and achievements in full level 3 qualifications over the next 4 years.

Table 10: L3 Participation and achievements in FE 2007/8 to 2010/11

FE – Level 3 ages 19-24	2007/8	2008/09	2009/10	2010/11
Total full L3 participants	81,578	98,749	120,020	125,541
Of which total first full L3 participants	44,868	54,312	66,011	69,048
Increase in first full L3 participants since 2007/8		9,444	21,143	24,180
Increase in first full L3 participants since 2007/8 as a result of the duty		472	1,057	1,209
Total first full L3 achievements	22,026	26,662	32,406	33,896
Increase in first full L3 achievements since 2007/8		4,636	10,379	11,870
Increase in first full L3 achievements since 2007/8 as a result of the duty		232	519	594

Table 11: L3 Participation and achievements in Train to Gain 2007/8 to 2010/11

Train to Gain – Level 3 ages 19-24	2007/8	2008/09	2009/10	2010/11
Total full L3 participants	3,783	8,344	8,792	32,762
Of which total first full L3 participants	3,026	6,675	7,034	26,210
Increase in first full L3 participants since 2007/8		3,649	4,008	23,184
Increase in first full L3 participants since 2007/8 as a result of the duty		182	200	1,159
Total first full L3 achievements	1,271	2,804	2,954	11,008
Increase in first full L3 achievements since 2007/8		1,533	1,683	9,737
Increase in first full L3 achievements since 2007/8 as a result of the duty		77	84	487

Costs of the duty for Level 3 qualifications

8.18 All of the costs applicable to the Level 2 duty are applicable here. Assuming that 5% of each year's increases can be attributed to this legislative intervention, the expected discounted costs are summarised below.

Table 12a: Costs of the duty for Level 3 - Further Education

FE	2007/08	2009/10	2010/11	Total
cost of courses to DIUS	£690,094	£1,622,474	£1,821,834	£4,134,401
Earnings loss to learners (@£5000)	£1,713,783	£3,836,731	£4,272,416	£9,822,930
cost of learning to learners (@£1000)	£459,795	£1,029,367	£1,146,258	£2,635,420
Total costs	£2,863,672	£6,488,572	£7,240,509	£16,592,752

Table 12b: Costs of the duty for Level 3 – Train to Gain

TTG	2007/08	2009/10	2010/11	Total
cost of courses to DIUS	£172,521	£185,957	£1,067,510	£1,425,988
Earnings loss to learners (@£5000)	£630,695	£692,659	£3,901,589	£5,224,942
cost of learning to learners (@£1000)	£177,660	£195,115	£1,099,039	£1,471,815
Total costs	£980,876	£1,073,731	£6,068,138	£8,122,744

A note on deadweight costs

8.19 Previous versions of this Impact Assessment included an estimate of the deadweight cost of the Train to Gain route, but not the FE route. This is because, at the time the Impact Assessment was published, the administrative entitlement to Level 3 was already in place for FE, but the equivalent entitlement did not exist in Train to Gain.

8.20 As a result, the full economic costs of the Train to Gain route presented in the previous version of this document included an estimate of the costs that employers would have incurred from contributing to the cost of the Level 3 training through Train to Gain, in the absence of the entitlement. This would be lost from the education and training system once the entitlement was introduced, and constituted the deadweight costs of the policy.

8.21 Had the administrative entitlement not been in place for the FE route at the time of production of the IA, we would have needed to include a deadweight cost equal to the amount that individuals or employers would have contributed towards the cost of tuition in the absence of the entitlement.

8.22 From 2008/09, the administrative entitlement to a Level 3 now applies in Train to Gain. So when calculating these revised figures, it is no longer necessary to include the deadweight costs for either route, as these deadweight costs have already been borne by the system.

Benefits to Individuals, Employers and Society of level 3

8.23 We estimate the average lifetime productivity benefit for learners of this age group taking their first full Level 3 course to be around £44,000, in 2007/08 prices⁴⁹. This assumes the mixture of full Level 3 courses currently studied remains similar in future and that those qualifying with a Level 3 qualification previously held a Level 2 qualification.

Net impact of the duty to secure Level 3.

8.24 Assuming that the intervention will be responsible for 5% of the total number of successful qualifiers expected up to 2010/11, the duty to secure Level 3 courses will generate an estimated total benefit of approximately **£56m for FE learning and £27m for Train to Gain learning**. Setting this off against the costs reveals an estimated overall net benefit of approximately **£40m for FE learning and £19m for Train to Gain learning**; and an overall NPV of approximately **£59m**.

Sensitivity Analysis

8.25 The NPV calculations assume that the intervention will be responsible for 5% of the total benefit of meeting our success rate targets. In 2008/09, employers will no longer have to contribute towards course fees for employees aged 19-24, studying towards their first full Level 3. The movement towards free provision can be considered as highly influential lever that encourages people into learning. Again, sensitivity analysis has been performed, showing the potential NPVs of the intervention under a range of scenarios. This is shown in tables 13 and 14. It is important to note that the overall NPV figures are based on the expected number of learners going through each route to 2010/11, and as such the numbers in the tables are not directly comparable. The overall figures for Train to Gain are significantly lower due to the lower additional learner numbers forecast in Train to Gain compared to FE.

Table 13: Range of NPVs for FE

Contribution to overall benefits	Benefits to FE	Costs to FE	NPV
1%	£11,331,500	£3,318,550	£8,012,950
5%	£56,657,500	£16,592,752	£40,064,748
7.50%	£84,986,250	£24,889,128	£60,097,122
10%	£113,315,000	£33,185,504	£80,129,496

Table 14: Range of NPVs for Train to Gain

Contribution to overall benefits	Benefits to TtG	Costs to TtG	NPV
1%	£5,414,257	£1,624,549	£3,789,708
5%	£27,071,284	£8,122,744	£18,948,540
7.5%	£40,606,926	£12,184,116	£28,422,809
10%	£54,142,568	£16,245,488	£37,897,079

8.26 The tables show that the intervention is very capable of delivering a positive NPV for Train to Gain and FE learning. For FE learning, the duty only need contribute a very small amount to meeting our success rate targets to generate a net benefit. Whilst the impact for Train to Gain Learning needs to be higher, this is entirely achievable given the ability of the

⁴⁹ From DIUS internal analysis, using evidence from McIntosh (2007): A Cost Benefit Analysis of Apprenticeships and Other Vocational Qualifications, DfES RR 834.

policy to influence participation.

Costs to Government – associated with data-sharing

- 8.27 Under the proposals for data sharing and matching in the Act, the matching process will be carried out by DWP. They have significant expertise in this area, and already match their data with that of HMRC to form the Work and Pensions Longitudinal Study. They have agreed to act as the agent for both DIUS and HMRC in this case.
- 8.28 There will be no additional costs to business or individuals as a result of this proposal as the required data is already collected by the Government. The costs associated with setting up the data matching process are estimated at around **£50k** in the first year, in order to pay for full-time statistical staff. Once the data matching process has been set-up, the costs will reduce significantly for subsequent years.
- 8.29 We currently have a research project in the field investigating the costs of setting up a matched dataset, and this project will help us to firm up our estimates. As an illustration of the likely costs involved, a follow-up at 18 months of the Framework for Excellence destinations survey, to allow us to look at the destinations of learners in the absence of datasharing, has a likely cost of around **£1.5m**.
- 8.30 Sharing this data will enable the Government to assess the extent that the courses attained by adult learners are improving their employability and prosperity. If we were not able to share data, then DIUS would have to commission our own survey to collect the information required to monitor progress against the Leitch shared objective for sustainable employment and progression, and to monitor the delivery of economically valuable skills.

Costs and Benefits - associated with amending the functions of QCA

Cost and Benefits - to QCA

- 8.31 Under the proposal enabling QCA to regulate awarding bodies, QCA will have new powers to regulate organisations which offer qualifications. This will focus regulatory activity on the overall system and awarding organisations rather than individual qualifications. Focusing regulatory activity at the organisational level will mean a more efficient and effective use of QCA resources in identifying risks, and facilitates targeted monitoring activity at the qualifications level. The intention is that increased regulation at the level of the system and awarding organisations will be offset by a reduction in the regulatory burden at the level of individual qualifications.
- 8.32 Although QCA will retain its function to regulate individual qualifications it intends to do so only on the basis of risk. This will result in a more efficient and effective use of regulatory resources. It is anticipated that any increased regulatory burden at the level of the system and awarding organisations would be offset by a greater reduction in the regulatory burden at the level of qualifications. There will be some small initial costs as a result of the additional administrative activities involved in recognising a wider range of organisations to offer qualifications. It is anticipated that these costs will be less than 3% of QCA's Regulation and Standards Division's current budget. Communicating the procedures for recognition will incur additional costs but again these will be low.
- 8.33 The savings resulting from accrediting organisations rather than qualifications will more than offset any increased costs associated with recognising organisations. The new approach will place an onus on awarding bodies to take more responsibility for quality assuring their own qualifications, which should result in savings for QCA as this aspect of its work is consequently scaled down.

Costs and Benefits – to awarding bodies

- 8.34 The proposal will provide a streamlined, less resource intensive accreditation and monitoring process for awarding bodies and a transparent and less bureaucratic system for participants. There are currently 120 awarding bodies recognised by QCA. Of these 19 have chosen to apply for access to the 5 Day Accreditation process which provides them with a streamlined accreditation system, and a further 28 are taking forward the application process. The awarding bodies that already have access to the 5 day process account for over 50% of existing qualifications. It is anticipated that the 5 day process will form the basis of the new approach, which means that the awarding bodies that already have access to it will incur no new costs. However, the other awarding bodies will face additional costs associated with meeting the requirements of the 5 Day Accreditation process –namely, the documentation and submission of their qualifications design and development systems and related quality assurance processes.
- 8.35 As these awarding bodies assume more responsibility for the quality of their qualifications, many are likely to face increased costs associated with ensuring that enhanced internal quality assurance and self-assessment systems are put in place. Additionally, they could face competition from new organisations coming into the qualifications market. The increased costs associated with greater responsibility for the quality of their qualifications, albeit relatively small, and greater competition from new organisations could cause some of the smaller awarding bodies to move out of the framework or make strategic partnerships with other awarding bodies.
- 8.36 Shifting the focus of regulation towards recognition of organisations will allow a more streamlined, speedy and less resource intensive process to be put in place for the accreditation of qualifications, which should more than offset any costs associated with the 5 Day Accreditation process. Awarding bodies should therefore make savings on this aspect of the process. As awarding bodies assume more responsibility for the quality of their qualifications, they will gain greater autonomy within the regulated framework. The introduction of new organisations to the qualifications system should lead to an expansion of the market for qualifications and provide existing awarding bodies with opportunities to work with partners in new areas.

Costs and Benefits – to Central Government

- 8.37 The Secretary of State has not to date designated a body or bodies to approve external qualifications on his behalf. Were he to do so, current arrangements under s98 of the Learning and Skills Act (2000) unnecessarily involve the Secretary of State's time and Government staff resource for decisions on funding approvals that could more efficiently be taken elsewhere. This proposal closes off a bureaucratic requirement and would equate to a saving of about 20% of the time of one staff member in DIUS, or approximately £11,000⁵⁰. The proposal also means that QCA is able to confirm that qualifications are eligible for public funding at an earlier time.

⁵⁰ Assuming civil service grade HEO.

Costs to QCA associated with extension of functions in Northern Ireland

- 8.38 It is believed that the proposed changes will not lead to any additional costs compared with the present position. The Department for Employment and Learning (DEL) currently funds the operating costs of QCA's regional office in Belfast and a small regulatory team within the Council for the Curriculum, Examinations and Assessment (CCEA).
- 8.39 The current costs to the CCEA of regulating vocational qualifications are approximately £515K. When the legislation is enacted the functions for regulating vocationally related qualifications (VRQs) will transfer from CCEA to QCA. These will be met within the combined budgets allocated to both organisations.

OBJECTIVE B

- To rationalise the registration, monitoring and categorisation of independent schools and non-maintained special schools; and to make changes to the inspection fee regime for independent schools and to the inspection notice period for Initial Teacher Education (ITE) providers.

9 RATIONALE FOR GOVERNMENT INTERVENTION

- 9.1 The current registration, approval and regulation arrangements have grown up over a number of years and the government believes that the time is right to rationalise the registration, approval, monitoring and categorisation of institutions in the non maintained special school (NMSS) and independent sectors.
- 9.2 In January 2007 Ofsted introduced a new framework for inspection of independent schools. The new framework provides a simple and effective system for parents and local authorities to judge the quality of provision in schools. These changes provide the opportunity to streamline the inspection and registration regime to ensure it is robust, responsive and commensurate with the level of risk.
- 9.3 The Government has identified a number of changes that will improve standards in independent schools, improve information for parents and other users, and reduce the regulatory burden on independent schools. Changes to the inspection regime can also act as an incentive to improve standards. Rationalising the regime will reduce bureaucracy for both schools and local authorities, whilst retaining safeguards commensurate with the level of risk.
- 9.4 Evidence from the changes that have already been made to school inspection show that reducing the notice period has the impact of reducing burdens on schools and making the inspection regime more flexible and spontaneous. The Government feels there is scope to extend this shorter, sharper and lighter touch approach to inspection to Initial Teacher Education (ITE) providers with similar results.

10 PROPOSALS

- **Repeal of s.347 of Education Act 1996.**

10.1 The Government plans to remove the requirement for local authorities to seek consent from the Secretary of State before placing a child with a statement of Special Educational Needs (SEN) in an independent school. This will reinforce local authorities' statutory duty to ensure appropriate provision is in place for children and young people with a statement of SEN. It will also reduce burdens on local authorities through removing the need for an authority to seek consent from the Secretary of State.

- **Small changes to the legislation which governs the regulation and monitoring of independent schools**

10.2 The Government has identified a number of small changes that will raise standards and/or reduce the burden on independent schools. The proposed changes are:

- introduction of a new management and leadership standard to the standards which independent schools must meet as a condition of registration;
- publication of Ofsted inspection reports supporting both initial registration and

subsequent changes to the school's registration;

- streamlining the system for approving changes to a school's provision (e.g. change of age range/premises) in good schools; and
- changing the procedure for de-registration of poorly performing schools.

- **Revisions to the inspection fee regime and to the approval criteria for independent school inspectorates**

10.3 The Act will allow for an annual rate to be charged to spread the cost of two inspections over a six year period. The rate will be based on pupil numbers in the institution, and will allow for fluctuations in numbers.

10.4 Schools that fail a substantial number of standards are not currently charged for a first follow-up inspection visit, but pay 25% of the original fee for second and subsequent inspections. The government proposes that, in future, schools will be charged both for a first follow-up visit and for subsequent visits. In addition, regulations made under this Act introduces a fee for applications to register as an independent school thereby introducing an incentive for schools to meet the standards before applying for registration.

- **Approval process for independent school inspectorates**

10.5 The existing power to approve inspectorates other than Ofsted will be extended to make the approval process more transparent. This will help schools, parents and the wider public to be confident that inspectorates are competent and independent and that they have an objective perspective on school inspection and performance. A full impact assessment will be carried out when the draft regulations, which will set out the approval criteria, are consulted on.

- **Alteration to the definition of an independent school**

10.6 The Government proposes to adjust the scope of the legal framework covering independent schools by introducing a new legal definition – that of an independent educational institution. This will mean that all independent schools and any setting which is the main organiser of a programme of education for children of compulsory school age is within scope, unless the provision is excluded through regulations. We propose that the regulations exclude schools maintained by a local authority, NMSSs, temporary provision e.g. summer schools, any institutions providing less than 12.5 hours per week tuition (primary) and 15 hours (secondary), further education colleges, hospital schools, home tutorial services organised by a local authority and education supervised or delivered by parents.

- **Changes to the notice period that must be given to Initial Teacher Education providers, prior to inspection**

10.7 The Act withdraws the statutory requirement that the Chief Inspector must give a notice period of at least eight weeks to an Initial Teacher Education (ITE) provider prior to carrying out an inspection. In its place, the Act makes provision for the Chief Inspector to decide what that notice period should be.

- **Powers of the National Assembly for Wales**

10.8 The Act also confers enhanced legislative competence on the National Assembly for Wales to make provision, by way of an Assembly Measure, for the inspection of education

and training for those aged 16 and under. A full impact assessment will be carried out if these proposals are enacted by the Welsh Assembly. Therefore, they are not considered here.

11. SECTORS AND GROUPS AFFECTED

11.1 The following groups will be affected by these proposals:

- Children and their parents:
 - 570,000 pupils attending independent schools and NMSS and their parents;
- Schools, training providers and other educational settings:
 - 2,400 independent schools of which:
 - 100 are approved schools approved under s347 of the Education Act 1996;
 - Around 350 are independent schools catering wholly or mainly for pupils with special educational needs and have 3,400 pupils; and
 - 72 NMSSs catering for 4,720 pupils of which 4,610 have statements of SEN;
 - a number of independent settings that are the main provider of a child's education but not currently registered; and
 - 220 ITT providers.
- Inspectorates:
 - Ofsted;
 - Independent Schools Inspectorate (ISI);
 - School Inspection Service (SIS);
 - Bridge Schools Inspectorate (BSI)
 - other inspectorates that might apply for approval.
- Government:
 - 150 local authorities;
 - Special Educational Needs and Disability Tribunal (SENDIST).

12 CONSULTATION

12.1 There has been extensive consultation on the proposals with a wide range of stakeholders, including:

- a public consultation on changes to the legislation which governs the regulation, monitoring and inspection of independent schools; and changes to the fees regime, ran from 27 July 2007 to 19 October 2007. 329 responses were received from independent schools, independent school organisations, local authorities, individuals and other bodies e.g. teacher unions;
- a consultation on proposals to ensure that all organisations which are the main provider of education for children of compulsory school age are regulated appropriately, unless the provision is excluded through regulations, ran from 3 August 2007 until 26 October 2007.
- a consultation on proposed future arrangements for appointing independent inspectorates ran from 21 January 2008 to 14 April 2008, with a targeted follow-up consultation on the same subject from 21 July 2008 to 26 September 2008.

13 COSTS/BENEFIT ANALYSIS: INDEPENDENT SCHOOLS AND NMSSs

Costs and Benefits – of the repeal of section 347

- 13.1 Repealing s.347 will remove the need for local authorities to seek consent from the Secretary of State where they place a child with SEN. This will speed up the decision making process and reinforce their existing duty to identify, assess and secure appropriate provision for their pupils with SEN. Since the Education Act 2002 higher standards have been set for the independent sector as a whole, through the Act itself and supporting regulations. These new standards, together with an improved inspection framework for independent schools, remove the need for a separate category of approved independent schools.
- 13.2 Parents will continue to be able to make representations for their child to be placed in an independent school and the LA duty to ensure that any provision named in a child's statement is appropriate to meet the child's needs will not change. Where there are disagreements between parents and LAs about the provision to meet a child's needs, or where that provision should be made, parents have a right of appeal to SENDIST and this will not change.
- 13.3 We are also proposing to produce additional guidance for LAs setting out the information they may wish to consider in deciding whether to educate a pupil with a statement of SEN in an independent school. This would emphasise the responsibility the authority has to assure itself of the suitability of any placement before naming a school, and cover areas such as the pupil's type of SEN; the category of SEN a school caters for; the descriptors used by Ofsted in inspection reports; and possible sources of 'soft' information that may be available about independent schools.
- 13.4 We do not anticipate any additional costs to local authorities arising from these proposals. Moreover, the costs to local authorities resulting from the requirement to seek consent from the Secretary of State will be removed. Approximately 700 requests for consent are made by local authorities in England each year. We have estimated that providing the documentation to support a request for consent takes 350 days⁵¹ a year of local authorities' SEN Officers time. This equates to a monetary saving to local authorities of approximately £120k a year.
- 13.5 In the 12 months to 30 September 2007 the Department received 171 requests for 'enabling consent' from parents, which if granted would enable parents to appeal to SENDIST for a placement in the independent school they wish to be named on their child's statement. The majority of these requests (165) were granted and as a result parents were able to have their appeal heard by SENDIST. 6 were not granted. With the repeal of s.347 parents wishing to appeal against an authority's decision will no longer be required to seek 'enabling consent'. Therefore there will be a reduction in the costs to parents equivalent to the reduction in time taken to prepare cases for enabling consent. It is likely that there would be marginal increase in the number of appeals received by SENDIST. SENDIST receives around 3200 appeals per year and we have estimated the approximate increase to be 0.2% of the total number of appeals heard annually. We therefore anticipate any additional costs to SENDIST to be minimal.
- 13.6 The repeal of s.347 will mean that those schools currently approved under s.347 will no longer benefit from the exemption from paying fees for their regular inspection. We have estimated the maximum costs to the 99 schools affected by this as totalling £67k per

⁵¹ This is based on each consent taking 0.5 days of staff time.

year (see paragraph 33 for more detailed analysis).

Costs and Benefits of making small changes to the legislation which governs the regulation and monitoring of independent schools

Costs and benefits – associated with the new management standard

- 13.7 Ofsted inspection reports have provided evidence that poor standards and serious concerns in independent schools are often the result of ineffective or inexperienced management. A small number of schools have failed to meet the statutory standards, then worked hard to meet our requirements through action planning, only to fail again when next inspected. In some cases this cycle has been repeated several times, showing that management is ineffective in supporting the school to meet the statutory standards consistently over time. The new management standard will ensure that schools either find ways to meet the prescribed standards consistently through strengthening their management structures and systems, or else face closure because there can be no assurance that the school is managed in a way that will secure the education, health and welfare of pupils in the long term.
- 13.8 There could be compliance costs associated with the introduction of the new management standard in poor schools, but most schools already have a management structure which ensures that their school meets the regulatory standards. Poor schools already face costs associated with ensuring they reach the required standards and it is not thought this requirement will add materially to the cost of improvement. Reporting explicitly against a management standard will not result in additional inspection costs for Ofsted and will probably result in fewer follow up inspections, leading to some cost savings in the long term.

Costs and Benefits - associated with the publication of Ofsted inspection reports

- 13.9 Ofsted already publishes most independent school inspection reports. This proposal will allow parents and others to have an independent view of standards at the school from initial registration onwards. The proposals will require publication on the Ofsted website of around 150 further reports a year for new schools and schools with significant changes in provision. The requirement to place these further reports on the Ofsted website will incur only minimal costs, and will save the cost of responding to freedom of information act requests seeking this information. We think that this proposal is, overall, cost neutral.

Costs and Benefits – of streamlining the system for approving changes to a school's provision

- 13.10 Schools will produce plans and policies when they change their provision for their own purposes, but in future only special schools and those introducing boarding provision will need to supply information to the registration authority if they want to change certain aspects of their provision (e.g. change in age range). This means that most schools need not delay changes to their provision whilst awaiting approval from the registration body. The savings to DCSF are estimated to be around 35% of one civil servant's time at an administrative grade. This equates to a monetary saving of approximately £7,000.

Costs and benefits - associated with proposals to change the procedure for de-registration of poorly performing schools.

- 13.11 A registration authority may decide to restrict a failing school's operation, for example by preventing the admission of new pupils until such time as the failings have been put right. This proposal means that the authority could subsequently move to de-register the school and require it to close if it does not improve or where more failings arise. This action could be taken without starting the process afresh, when de-registration is

required in the case of serious and continued failure to meet the required standards. The benefits are that the registration authority will be able to deal more speedily with the very few cases where this situation arises (2 or 3 a year at most).

Costs and Benefits – of revising the inspection fee regime for independent schools

- 13.12 Revising the cost of inspections will ensure that the amount paid by schools better reflects the true costs of Ofsted inspection. Annual fee payment will make it easier for schools to budget as payment will be spread over a longer period than at present. We anticipate that this will benefit small schools, as they will not have to put aside reserves to cover inspection fees which fall due at present every 6 years.
- 13.13 The introduction of fees for registration will encourage new schools to meet the standards for registration before they first apply, and the introduction of fees for inspections and re-inspections of new schools will ensure that a higher share of regulatory costs are borne by schools and not the taxpayer. Around 100 schools apply for registration every year and we propose a registration fee of £500 (although this figure will be set by secondary legislation). We have considered the risk that introducing fees for new applications to register could encourage some small, poorly funded schools, to operate without registration. However, the Government has powers to prosecute those who operate unregistered schools, and the new children's index ('Contactpoint') will help to ensure that children attending unregistered provision are identified.
- 13.14 Introducing fees for follow up inspections of poor schools will encourage these schools to engage educational experts to assist them rather than seeking to use Ofsted inspections for school improvement advice. This will have the dual benefits of encouraging schools to develop links with education experts, businesses and other schools that can help them improve and of reducing their reliance on Ofsted.
- 13.15 It is believed that this package will reward achievement and penalise failure, benefiting both parents and pupils.

Costs to schools – of ongoing inspection fees

- 13.16 The Government has recently introduced a two tier fee regime. Those schools which meet 90% or more of the regulatory standards overall, with strong performance on the standards relating to the quality of education, and safeguarding pupils, benefit from lower fees. This is because Ofsted carries out a lighter touch but full inspection every six years, with a Reduced Tariff Inspection (RTI) at the three year point. Schools ineligible for the RTI have two full inspections over a three year period. The three tables below show the fees charged under the old regime, and the costs of inspecting schools eligible and ineligible for RTI.

Table 15: Fees previously charged for inspection every 6 years – nb old style, resource intensive Ofsted inspection

Number of registered pupils on the date on which the last annual return was made	Amount of fee
Less than 50	£40 per pupil
50-149	£500 + £40 per pupil
150-385	£500 + £40 for each of the first 149 pupils + £15 for each further pupil
386+	£10,000

13.17 DCSF recognises that fee levels reflecting the full cost of inspection could be a heavy burden for small schools and it remains committed to providing inspection at less than full cost. Revised fee proposals, reflecting Ofsted's new cost structure are as follows:

Table 16: Fee structure for schools eligible for RTI

Number of registered pupils on the date on which the last annual return was made	Amount of annual fee for schools eligible for RTI
Less than 150	£200 + £7.50 per pupil
151 +	£1,333

Table 17: Illustrative costs:

Pupils	Full cost of 2 inspections	Annual equivalent fee using existing charges	Proposed Annual Fee (for 2 inspections over 6 years)	% Recovery
1	£7000	£6.67	£207.5	18%
45	£7000	£300	£537.50	46%
100	£8000	£750	£950	72%
151	£8000	£1,082	£1,333	100%
380	£8000	£1654	£1,333	100%
500	£8000	£1667	£1,333	100%

Table 18: Fee structure for schools ineligible for RTI

Number of registered pupils on the date on which the last annual return was made	Amount of annual fee for schools ineligible for RTI
Less than 150	£200 + £9 per pupil
151 +	£1667

Table 19: Illustrative costs:

Pupils	Full cost of inspection	Annual equivalent fee using existing charges ⁵²	Proposed Annual Fee (over 6 years)	% Recovery
1	£8000	£6.67	£209	16%
45	£8000	£300	£605	45%
100	£10000	£750	£1100	67%
151	£10000	£1,082	£1667	100%
380	£10000	£1654	£1667	100%
500	£10000	£1667	£1667	100%

13.18 As a result of the repeal of s.347, in future this revised inspection fee regime will apply also apply to schools that were formally approved to cater for SEN. Of the 100 schools that are approved, 65 have less than 50 pupils; 33 have between 50 and 149 pupils; and 2 have 150 or more pupils; - none has more than 385 pupils. Therefore, the maximum additional cost across the 100 schools in inspection fees could be approximately £65,000 per year⁵³.

Costs of follow up inspections

13.19 Last year 46 schools needed follow-up inspections, and out of those 13 will require a second visit. The level of the fee has yet to be agreed, but a full impact assessment will be carried out when the associated regulations, which will specify the fee level, are consulted on.

Overall costs and benefits

13.20 We have carried out calculations to assess the impact of the new fee structure on the sector, taking account of pupil numbers in individual schools. We have had to make assumptions about the number of schools that will be eligible for RTI. We estimate that the additional costs to the sector are **£1.7m** over 6 years, or around **£285k** per year. The cost increase will fall most heavily on smaller schools, although they will continue to pay substantially less than the full cost of inspection.

⁵² The annual equivalent fee is calculated by dividing the existing fee and proposed fee by 6 to give a comparison of fees in a 6 year period. The proposed fee will include payment for 2 inspections in a 6 year period instead of the current one year inspection every 6 years.

⁵³ This number is based on taking the upper limit of the range as the number of in each school and assuming that all schools approved under s.347 are 'good schools'. As pupil numbers are likely to be lower these costs could reduce. If a number of formally approved schools failed to meet 90% or more of the regulatory standards overall, or did not meet most of the regulatory standards relating to the quality of education and all the standards relating to safeguarding pupils, a more thorough inspection will take place. This would mean that the costs to schools could be greater than those presented here.

Costs and Benefits – of ensuring appropriate regulation of all organisations which are the main provider of education for children of compulsory school age

- 13.21 An independent school is defined as a school that provides full time education for five or more pupils of compulsory school age, or one or more such pupils with a statement of SEN, or who is looked after. Full time education is not defined, although Departmental guidance is provided on how many hours should be offered to pupils of differing ages. The question of whether a school provides full time education has become blurred because of changing patterns of schooling. Parents and proprietors of schools require a clearer definition to enable them to assess whether an educational establishment needs to register as an independent school.
- 13.22 It is essential that settings which are the main provider of a child's education are subject to regulation and inspection which the independent school legislative framework provides. This is to ensure that pupils in these settings benefit from appropriate learning opportunities and effective child protection procedures, and are taught in a safe and secure environment which protects them from harm.
- 13.23 The provisions in this Act will ensure that parents and proprietors are clear about the need to register any setting which is the main provider of a child's education. It is difficult to determine the number of additional establishments that may have to register as independent schools as a result of this legislation. At the time the Bill was introduced we were aware of four specific institutions that would be affected by this provision. The consultation on the legislation identified another three institutions of which the Department was previously unaware, which may need to register. However, providers of alternative provision are commissioned by schools and local authorities, and there is no central record of these or what they do. Some of these providers may already be registered as independent schools, and others may fall outside the definition because often they work with pupils, both within and outside schools, on just one or two afternoons a week. More recent work on alternative provision suggests that there may be around 300 small private providers offering part time education which may need to register as independent educational institutions under the new legislation.
- 13.24 The costs for settings which are required to register as an independent school as a result of the above proposals will be an initial flat rate registration fee of £500. Where a school does not meet the required standards for registration there will be compliance costs but these will depend on the extent to which the school falls below the required standards. Where a re-inspection is required to assess the school's readiness for registration a further registration fee of £500 will be charged for each and every further inspection. Once a school is registered ongoing inspection fees will be applied as detailed in paragraphs 13.16 – 13.20.

14. COST/BENEFIT ANALYSIS: INITIAL TEACHER EDUCATION

Costs and Benefits - changes to the notice period for Initial Teacher Education providers

- 14.1 Having the notice period at the Chief Inspector's discretion (rather than the current fixed period) will allow her to plan inspections more flexibly and spontaneously and bring them in line with current arrangements regarding the inspection of schools and initial teacher training in further education.
- 14.2 Removing the eight week notice period will also enable the Chief Inspector to move more swiftly in inspecting training providers where she suspects there may be serious failings in their provision, without the obstacle of the current notice period to impede her. This will be to the advantage of students, ensuring that sub-standard provision is identified rapidly and dealt with effectively. In addition, ITE providers would not be able to count on always having a guaranteed eight weeks to prepare for inspections. This will also reduce the scope for them to embark on unnecessary pre-inspection preparation and could reduce the build up of pressure on their staff; and, in some cases, may present a truer picture of the institution. Ofsted will not impose a shorter notice period without first consulting the sector and a full impact assessment will be completed as part of that consultation.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	Yes
Disability Equality	No	Yes
Gender Equality	No	Yes
Human Rights	No	No
Rural Proofing	No	Yes

Related Publications

Promoting achievement, valuing success: a strategy for 14-19 qualifications (March 2008)

<http://www.dfes.gov.uk/publications/14-19qualifications/>

Raising Expectations: Staying in Education and Training Post-16 – From policy to Legislation (Nov 2007)

<http://www.dfes.gov.uk/14-19/documents/Raising%20Expectations.pdf>

Raising Expectations: Staying on in Education and training Post-16 (March 2007)

<http://www.official-documents.gov.uk/document/cm70/7065/7065.pdf>

Raising the Participation Age: An Assessment of the Economic Benefits (Nov 2007)

<http://www.dfes.gov.uk/research/data/uploadfiles/DCSF-RBW026.pdf>

Leitch review: Prosperity for all in the global economy – World Class Skills (2006)

http://www.hm-treasury.gov.uk/media/6/4/leitch_finalreport051206.pdf

World Class Skills: Implementing the Leitch Review of Skills in England (2007)

<http://www.dfes.gov.uk/skillsstrategy/uploads/documents/World%20Class%20Skills%20FINAL.pdf>

Youth Matters Green Paper (2005)

<http://www.dfes.gov.uk/publications/youth/docs/youthmatters.pdf>

Youth Matters: Next Steps

<http://www.everychildmatters.gov.uk/files/3804D7C4B4D206C8325EA1371B3C5F81.pdf>

14-19 Education and Skills Implementation Plan (2005)

http://www.dfes.gov.uk/14-19/documents/14-19_implementation_plan05.pdf

EQUALITY IMPACT ASSESSMENT

Section 1 - Background and Approach

1.1 Background

This document considers the implications for ethnicity equality, gender equality and disability equality of the Education and Skills Bill and takes account of implications for other equality considerations, such as age, sexuality and religion. It builds on the previously published assessments on raising the participation age, the Skills Strategy and consultations on independent schools. This impact assessment has been compiled in accordance with the requirements of the Race Relations Act 1976 as amended by the Race Relations Amendment Act 2000; the Disability Discrimination Acts 1995 and 2005; and the Sex Discrimination Act 1975 as amended by the Equality Act 2006. This document takes account of comments received and includes the Government's assessment of the other issues in the Bill not covered by the three areas above.

1.2 The Education and Skills Bill: an overview

The Education and Skills Bill brings forward legislation focused on two key objectives.

First, we aim, through the provisions in this Bill, to increase participation in learning for young people and adults, to meet the ambition set out in the Leitch Review of achieving world class skills by 2020. The benefits of the Bill to individuals, society as a whole and the UK economy are clear. Individuals will have the opportunity to achieve higher levels of qualifications, leading to better employment and earning prospects and higher self-esteem and confidence. Young people who participate are less likely to become teenage parents, be involved in crime or behave anti-socially. And the UK economy will benefit from increased earnings and higher skills levels, which will be crucial to meeting the demands of a global economy and ensuring that the UK can compete with emerging economies.

Second, the Education and Skills Bill makes provision for the rationalisation of the registration, monitoring and categorisation of independent schools and non-maintained special schools. It makes a number of small changes to the legislation which governs the regulation and monitoring of independent schools and changes the inspection fee arrangements for independent schools.

1.3 Previous Consultations

As part of the development of the proposals covered by the Education and Skills Bill, there have been various consultation exercises:

- a. On raising the participation age - in March 2007 we published the Green Paper *Raising Expectations: staying in education and training post-16* which set out proposals to require all young people to remain in education or training until their 18th birthday, from 2015. The Green Paper was accompanied by an Equality Impact Assessment (EQIA) for consultation. On 5 November we published a booklet, *Raising expectations: staying in education and training post-16 – from policy to legislation*, which outlines how the proposals have developed further since the consultation.
- b. On adult skills – after the publication of the Leitch review in December 2006, the Department held regional events with employers, learners, providers and

members of the public. The key outcomes of the events were considered as part of the policy development process responding to the Leitch Review. In June 2007, the Government published an EQIA of the skills strategy for adult skills. In July 2007, the Government published *World Class Skills: Implementing the Leitch Review of Skills* in England in response to Lord Leitch's report.

- c. On inspection and regulation – we held two consultations, which closed in October 2007.
 - i) The first consultation concerned the transfer of responsibility for the registration of independent schools and the regulation of independent and non-maintained special schools to Ofsted. It set out proposals to rationalise the registration, monitoring and categorisation of independent schools and non-maintained special schools (NMSSs), to make a number of small changes to the legislation which governs the regulation and monitoring of independent schools and to change the inspection fee arrangements for independent schools.
 - ii) The second consultation concerned the institutions to which the current regulatory independent schools should apply.

The Education and Skills Bill also contains some additional proposals to those covered by the consultations listed above which need their own assessment. This Equality Impact Assessment provides these assessments alongside details from the Equality Impact Assessments for adult skills, raising the participation age and the rationalisation of the registration, monitoring and categorisation of independent schools and non-maintained special schools.

1.4 Approach

Our approach to the Equality Impact Assessment for the Education and Skills Bill is to consider the proposals of the Bill against the key criteria as set out in Section 2 of this document. In Section 3 we provide evidence relating to ethnicity, gender and disability for adult skills, raising the participation age and the rationalisation of the registration, monitoring and categorisation of independent schools and non-maintained special schools summarising and building on the assessments on which we have already consulted. Section 4 contains the individual assessments for the additional areas covered by the Education and Skills Bill. The final section of this document sets out the next steps to revise and update this Equality Impact Assessment.

Section 2 – Criteria

This section sets out the criteria we have used to assess the likely impact of our proposals on equalities, both as an overarching, integrated programme of change and as a set of discrete policy proposals.

2.1 Criteria for ethnicity equality impact assessment

The following criteria have been used to assess whether, both individually and collectively, the proposals in the Education and Skills Bill could have unlawful or other discriminatory effects, or are likely on the contrary to:

- benefit all learners and potential learners affected by the Bill, whatever their ethnicity, culture, religious affiliation and faith, national origin or national status;
- promote positive interaction and good relations between groups and communities different from each other in terms of ethnicity, culture, religious affiliation and faith, and national origin or national status;
- benefit all employers affected by the Bill, whatever the ethnicity, culture, religious affiliation and faith, national origin or national status of members of their workforce and customer base;
- benefit society as a whole by encouraging participation in public life of all citizens, whatever their ethnicity, culture, faith community, national origin or national status;
- reduce and remove inequalities between different communities that already exist.

2.2 Criteria for gender equality impact assessment

The following criteria have been used to assess whether, both individually and collectively, the proposals in the Education and Skills Bill could have unlawful or other discriminatory effects in relation to gender equality, or are likely on the contrary to:

- benefit all learners and potential learners affected by the proposals of the Bill, whichever their gender;
- promote good relations between women and men, and boys and girls;
- benefit all employers affected by the proposals in the Bill, whatever the gender of their workforce and customer base;
- benefit society as a whole by encouraging participation in learning of boys and girls, men and women; and
- reduce and remove inequalities between boys and girls, men and women that already exist.

2.3 Criteria for disability equality impact assessment

The following criteria have been being used to assess whether, both individually and collectively, the proposals in the Education and Skills Bill could have unlawful or other discriminatory effects in relation to disability, or are likely on the contrary to:

- benefit all learners and potential learners affected by the proposals, whether or not they

are disabled;

- benefit all employers affected by the proposals, whether or not members of the workforce and customer base are disabled;
- promote positive attitudes towards disabled people, and good relations between disabled and non-disabled people;
- benefit society as a whole by encouraging participation in public life of all citizens, whether or not they are disabled; and
- reduce and remove inequalities between disabled and non-disabled people that already exist.

2.4 Age, religion and sexuality

There is no legal requirement to carry out age Equality Impact Assessments. However, they are increasingly recognised as good practice within Government and the wider public sector, in the context of the Employment Equality (Age) Regulations that came into force on 1 October 2006. The Regulations prohibit age discrimination in work and vocational training, and apply to employers, private and public sector vocational training providers, trade unions, professional organisations, employer organisations, and trustees and managers of occupational pension schemes. They incorporate into UK law the requirements of the European Employment Directive (2000/78/EC). Age limits set in relation to government funding of vocational training are outside the scope of the Regulations.

Prejudice and discrimination on the grounds of ethnicity frequently intertwine with prejudice and discrimination on grounds of someone's culture and religion, or their perceived religion. An adult's or young person's religious beliefs – or lack of them – should not affect their access to education or training. Nor should it affect the quality of what they are taught. For young people certain forms of selection by schools according to religion or belief may be lawful in some circumstances.

It is unlawful to discriminate on grounds of sexual orientation when providing education or training. The opportunity to learn and receive training is open to all, and educational providers are required to treat everyone equally in making this available. This means, for example, that homophobic bullying in schools and colleges must be taken seriously and dealt with as firmly as bullying on any other grounds.

Section 3 – Evidence

Sources of Evidence

3.1 Ethnicity

With regard to ethnicity equality in the Education and Skills Bill, the principal sources of evidence include the following:

- administrative data collected by the Department for Children, Schools and Families and Department for Innovation, Universities and Skills (formerly known as Department for Education and Skills) and the Learning and Skills Council (LSC);
- regular surveys such as the Labour Force Survey (LFS), the Youth Cohort Study (YCS), the Family Resources Survey published by the Department for Work and Pensions (DWP), the work of the Office for National Statistics (ONS), the periodic National Learner Survey, and the Longitudinal Study of Young People in England (Next Steps);

- a thematic report on further education colleges by Ofsted and the Adult Learning Inspectorate (ALI);
- specially-commissioned surveys and studies, for example those undertaken by the Network for Black Managers (NBM), the Commission for Black Staff in Further Education (CBSFE), and the Trades Union Congress (TUC);
- evaluations of specific projects and programmes, usually carried out by academic institutions e.g. studies by Payne (2003) and Hillage et al (2006);
- views expressed during the consultation on the ethnicity equality implications of the White Paper Further Education: Raising Skills, Improving Life Chances.

3.2 Gender

With regard to gender equality issues in the Education and Skills Bill, the principal sources of evidence are the same as, or similar to, the sources cited above:

- administrative data collected by the Department for Children, Schools and Families and Department for Innovation, Universities and Skills (formerly known as Department for Education and Skills) and the LSC;
- regular surveys such as the Labour Force Survey (LFS), the Youth Cohort Study (YCS), the Family Resources Survey run by the Department for Work and Pensions (DWP), the work of the Office for National Statistics (ONS), the periodic National Learner Survey, and the Longitudinal Study of Young People in England (Next Steps);
- specially commissioned surveys, for example by the Equality and Human Rights Commission, (Equal Opportunities Commission) the Women and Equality Unit and the Women and Work Commission;
- evaluations of specific projects and programmes, usually carried out by academic institutions e.g. Moving On Up? – Bangladeshi, Pakistani and Black Caribbean women and work by the Equal Opportunities Commission (2006) and Gender Equality in Work Placement for Young People by Becky Frances and co-authors (2005);
- compilations based on the sources mentioned above, for example the annual digest Women and Men in Great Britain published by the Equal Opportunities Commission; factsheets issued by the Women and Equality Unit (WEU); and Key Indicators of Women's position in Britain, first published by the WEU in December 2002 and subsequently updated in 2004 and 2006.

3.3 Disability

With regard to disability equality issues likely to be affected by the Education and Skills Bill, the principal sources of evidence include:

- administrative data collected by the Department for Children, Schools and Families and Department for Innovation, Universities and Skills (formerly known as Department for Education and Skills) and the LSC;
- regular surveys such as the Labour Force Survey (LFS), the Youth Cohort Study (YCS), the Family Resources Survey (FRS), National Adult Learning Survey (NALS), the National Learner Satisfaction Survey (NLSS), the work of the Office for National Statistics (ONS), and the Longitudinal Study of Young People in England (Next Steps);

- specially commissioned surveys, studies, focus groups and consultation exercises, for example those that were reported in *Improving the Life Chances of Disabled People*, published by the Prime Minister's Strategy Unit in January 2005; *Through Inclusion to Excellence*, the report of a steering group chaired by Peter Little published by the Learning and Skills Council in November 2005; and British Social Attitudes surveys published by the National Centre for Social Research.

3.4 Age, religion and sexuality

It is predicted that workers aged 55-64, currently the smallest group in the working age population, will become the largest section by 2021, and numbers of workers in age bands between 16 and 54 will fall from current levels. Therefore the need for older people to update skills and retrain will increase in importance as people have longer working lives.

The UK ranks 24th out of 29 developed nations in the proportion of young adults that achieve a Level 3 qualification in their early twenties. The proposals in the Bill to provide free tuition for young adults aged 19 to 25 seeking their first full Level 3 qualification will help us to close this gap and improve the country's economic performance by raising the skills base.

There are no hard data on the number of lesbians, gay men and bisexuals in the UK as no national census has ever asked people to define their sexual orientation.

In the 2001 Census, information was collected on religious identity and the results showed that in Great Britain, 40 million people (nearly seven in ten) described their ethnicity as White and their religion as Christian. 71 per cent of Black people and 52 per cent of Mixed ethnic backgrounds also identified themselves as Christian. Amongst other faiths the largest groups were Pakistani Muslims (686,000) and Indian Hindus (471,000) followed by Indian Sikhs (307,000), Bangladeshi Muslims (261,000) and White Jews (259,000). Overall, 15 per cent of the British population reported having no religion although variation by ethnicity was marked. 53 per cent of Chinese people and 23 per cent of people from Mixed ethnic backgrounds stated that they had no religion.

Illustrative headline facts

3.5 Ethnicity

The most recent analysis of the sources of evidence summarised above contain the following important facts about ethnicity issues relevant to proposals in the Bill. They have been highlighted in publications of the Commission for Racial Equality (CRE), the Department for Communities and Local Government (DCLG), and the National Employment Panel.

- Proposals to raise the participation age aim to bring about participation by all 16 and 17 year olds in education or training. Data from the Youth Cohort Study breaks down those who are not currently participating in education or training (NET) by ethnic group.⁵⁴ These figures (taken from the YCS/LSYPE Statistical Bulletin B01/2008) show that on average, 12 per cent of all 16 year olds are NET, but within this group there are significant variations according to ethnicity. Young people who were White were most likely to be NET, at 14 per cent of the group. In contrast, Indian and Black young people were least likely to be NET, with 2 per cent falling within each group.
- There is an attainment gap between different ethnic groups at GCSE in Year 11. In 2007, 52.5 per cent of African and African-Caribbean students achieved 5 GCSE grades A*-C compared to 59.5 per cent of White pupils and 62.7 per cent of South Asian pupils. (SFR 38/2007)

⁵⁴ There is a slight difference between the figures from the Youth Cohort Study and the figures that the Department for Children, Schools and Families uses for its targets as these figures are only based on a sample

- Some minority ethnic communities, particularly Black Caribbean, Mixed White African-Caribbean and Gypsy/Roma pupils, are over-represented in permanent and fixed period exclusions pre-16. (SFR 14/2008)
- Those receiving job-related training in the last four weeks are most likely to be people of African or African-Caribbean heritage (18.0 per cent); the proportions for white people and people of South Asian heritage are respectively 14.5 per cent and 12.5 per cent. These patterns apply to receipt of both on-the-job and off-the-job training. (UK working age employees, LFS Q2 07 data, published annually in Education and training Statistics for the UK)
- There are attitudinal differences towards school from different ethnic groups. Data from the first wave of the Longitudinal Study of Young People in England shows that on the whole, White British and Mixed Heritage pupils appear to have the least positive attitudes towards school, school work and lessons whilst South Asian pupils have the most positive attitudes. (DCSF RR002)
- The differences in attainment are reflected in the NEET rates. Amongst 16-19 year olds in 2007, 9 per cent of African-Caribbean people were NEET compared to 7 per cent of White and 3 per cent of Indian. (Connexions CCIS data Dec 2007)
- Black African and Black Caribbean young people are nonetheless more likely to stay on (90 per cent stay on in full-time education at 16, compared to 69 per cent of White young people) – though they are much more likely to be in FE than in school, and only small percentages of African and African-Caribbean young people go into work-based learning (WBL) (3 per cent of African and African-Caribbean young people compared to 14 per cent of White); (YCS/LSYPE Statistical Bulletin B01/2008)
- The Level 2 attainment gap narrows by 18. In 2006 71 per cent of 18 year old African and African-Caribbean young people had achieved Level 2, this compares to 73 per cent of White 18 year olds. (YCS SFR 47/2006)
- African and African-Caribbean students have lower FE success rates; in 2004/05 the FE success rate for African and African-Caribbean students was 67 per cent compared to 71 per cent for South Asian people and 75 per cent for White students. (ILR SFR 10)
- People of Chinese heritage are most likely to be qualified to Level 4 or above (50 per cent compared with an average of 28 per cent). Those of South Asian heritage are most likely to be qualified to below Level 2 or to have no qualifications (40 per cent compared to an average of 31 per cent). (Labour Force Survey Q4 2006, SFR09/2007)
- The employment rate amongst white people is 77 per cent. For people of Indian and African-Caribbean heritage it is 70 per cent and 69 per cent respectively. For those of Pakistani heritage it is 44 per cent and for those of Bangladeshi heritage 39 per cent. (Improved opportunity Strengthening Society – One year on – Race equality in public services Statistics – Department for Communities and Local Government 2006).
- Unemployment rates are very high for men of some ethnic minority backgrounds: for example, 18 per cent of Bangladeshi-heritage men, 15 per cent of African-heritage men, 14 per cent of Pakistani-heritage men and 13 per cent of men of African-Caribbean heritage are unemployed, compared with five per cent of white men. (Enterprising People, Enterprising Places: Measures to increase ethnic minority employment and business growth – The National Employment Panel, 2005)

3.6 Gender

The most recent analysis of the sources of evidence summarised above contain the following headline facts about gender equality relevant to the proposals in the Bill. Most have been highlighted recently by the Equal Opportunities Commission or the Women and Equality Unit.

- Data from the Youth Cohort Study and Longitudinal Study of Young people in England (YCS/LSYPE Statistical Bulletin B01/2008) shows that on average 12 per cent of all 16 year olds are NET, but within this group there are significant variations according to gender, with 14 per cent of males this age being NET, and 11 per cent of females.
- The level 2 attainment rate for girls is higher than for boys. In 2007, 66.4 per cent of girls achieved 5 or more GCSE grades A*-C compared to 57.7 per cent of boys. (SFR 01/2008) In 2007, 78.7 per cent of girls had achieved Level 2 at aged 19, compared to 69.2 per cent of boys. (SFR 04/2008)
- Girls are more likely to stay on in post-16 full-time education than boys. At end 2007 67 per cent of girls aged 16-18 were in full-time education compared to 59 per cent of boys. This is partly explained by the higher attainment of girls at 16, as attainment at this level forms a good predictor of whether a young person stays on. (SFR 13/2008)
- More young men than young women are not in education, employment, or training (NEET). At end 2007, 10.0 per cent of male 16-18 year olds were NEET compared to 8.8 per cent of girls. (SFR13/2008)
- Amongst people of working age, women and men are equally likely to be qualified to Level 4 and above (28 per cent). Women are less likely than men to be qualified to Level 3 and above (45 per cent of women, 50 per cent of men), less likely than men to be qualified to Level 2 and above (68 per cent of women, 71 per cent of men) and more likely than men to have no qualification, or qualifications below Level 2 (33 per cent women, 29 per cent men). (Figures from the LFS, Quarter 4 2006, SFR09/2007).
- In 2005, 83 per cent of men aged 16-69 had done some learning in the previous three years, compared with 78 per cent of women. However, women were more likely than men to have undertaken taught learning (64 per cent of women, 60 per cent of men). Men were more likely than women to have undertaken self-directed learning (70 per cent of men, 60 per cent of women) and vocational learning (76 per cent of men, 70 per cent of women). (National Adult Learning Survey, 2005)
- Women outnumber men in adult and community learning courses by more than 3:1. Although men may need more encouragement to learn at Level 2 and Level 3, overall they still have higher qualification levels than women. (FE, WBL and ACL learner numbers in England 2005/05) and 'Level of highest qualification held by adults England 2006' SFR).
- Throughout the post-war period, the proportion of women in employment has been increasing. Between 1971 and 2006 the female employment rate in the UK rose from 42 per cent to 70 per cent. (Labour Force Survey ONS)
- White women and ethnic minority women and men are particularly likely to be concentrated in low-paid jobs, and women in employment are much more likely to be working part-time than full-time. Women earn on average 17 per cent less per hour than men for full-time work, based on mean hourly earnings. This is an improvement on the 29

per cent gap in the 1970s.⁵⁵

- There are approximately equal numbers of males and females attending independent schools in England. Across all age ranges in 2008 there were 283,980 boys and 271,090 girls in full-time education in independent schools (SFR09/2008).

3.7 Disability

The most recent analysis of the sources of evidence summarised above contain the following headline facts about disability relevant to the Education and Skills Bill. Most have been highlighted recently by the Disability Rights Commission.

- Data from the Youth Cohort Study and Longitudinal Study of Young People in England identifies those young people who are NET who have a disability or health problem, and those who do not. These figures (YCS/LSYPE Statistical Bulletin B01/2008) show that on average 12 per cent of all 16 year olds are NET, but for those with a disability or health problem this rises to 19 per cent.
- In 2007, 9.2 per cent of pupils with a special educational needs statement gained 5 or more GCSE grades A*-C compared to 68.7 per cent without any special educational needs. (SFR 38/2007)
- At age 16, 67 per cent of disabled young people are in full time education, compared to 72 per cent of those without a disability. (YCS/LSYPE Statistical Bulletin B01/2008)
- At age 16, 15 per cent of disabled young people are not in education, employment or training, compared to 7 per cent of those without a disability. (YCS SFR04/2005)
- In 2007, by age 19, 60 per cent of people with a disability had reached at least Level 2, compared to 77 per cent of those without a disability. (YCS SFR 39/2007)
- There are 414 independent schools which cater wholly or mainly for pupils with special educational needs and have a total of 7985 pupils. (Edubase, DCSF)
- In 2008, the proportion of pupils with statements of special educational need in independent schools (including non-maintained special schools) was 2.1 per cent compared with 2.6 per cent in the maintained schools. The proportion of pupils with SEN without statements in independent schools (including non-maintained special schools) was much lower than in maintained schools: 9.0 per cent as opposed to 17.7 per cent (SFR 09/2008).
- Disabled people of working age are more than twice as likely as non-disabled people to have no qualifications at all (25 per cent as opposed to 10 per cent). (LFS, Autumn 2005)
- Participation in learning in the last three years is lower amongst those who are disabled (73 per cent) than among those who are not (84 per cent), although the proportion of disabled people participating in learning has increased. Of those with a work-limiting disability, 51 per cent have taken part in vocational learning in the last three years, compared with 78 per cent of people without a disability. (National Adult Learner Survey, 2005)
- Although the scope and level of aspirations among disabled 16 year olds are similar to those of their non-disabled counterparts, at age 26 years disabled people are nearly four times as likely to be unemployed as non-disabled people. (The education and

⁵⁵ Facts about Women and Men in Great Britain 2006 – Equality and Human Rights Commission (formerly Equal Opportunities Commission)

employment of disabled young people, Joseph Rowntree Foundation, November 2005)

- In England, 5.7 million people of working age are either work-limiting or DDA disabled, which makes up over 1 in 6 of the working age population (LFS Q4 2006).
- 50 per cent of DDA and work-limiting disabled people of working age are in employment, compared to 80 per cent of non-disabled people (LFS Q4 2006)

Issues

3.8 Ethnicity

In accordance our legal duties under race relations legislation, we intend that the proposals of the Education and Skills Bill should not only avoid discrimination; also, they should contribute positively towards reducing and removing inequalities that already exist. We recognise that the duty to promote ethnicity equality may therefore entail specific, focused and targeted provision for certain communities.

The proposals in the Education and Skills Bill raise the following issues:

- It is anticipated that raising the participation age will have a significant positive impact on removing current inequalities in education and training related to ethnicity. Current variations between different ethnic groups in terms of the participation rates of 16 and 17 year olds should be all but eliminated as we move towards full participation. Evidence suggests that this increased participation will have a positive knock-on effect on other measures of inequality. Raising the participation age will act to galvanise the whole system to provide an engaging and valuable route for all young people, including the most vulnerable and hardest to reach. This culture change to a situation where it is seen as the norm for everyone to stay in learning until they are 18 will have a positive influence, not just on those who are 16 and 17, but on all young people who are involved in education in some way. The provisions in the Education and Skills Bill are being accompanied by reforms across the education sector to ensure that the system is able to provide for every one of the most vulnerable young people. These reforms include changes to the qualifications and curriculum system, information advice and guidance services, and the range of financial support that is available.
- Although learners from minority ethnic groups are in many cases over-represented in FE compared to in the population as a whole, they do not perform as well as those from White backgrounds. The overall success rate of learners from White backgrounds is 77 per cent, while the success rates of ethnic minority groups vary from 69 per cent (African-Caribbean and African other learners) to 76 per cent (Chinese and Indian learners). ('FE and WBL – learner outcomes in England 2005/06' SFR) We need to look at ways to reducing and removing inequalities in success rates between different communities as well as enhancing the quality and coverage of statistical information, for example by providing breakdowns by region and gender as well as ethnicity, and by ensuring that breakdowns by ethnicity go beyond a basic white/ethnic minority dichotomy.
- Young people who do not have Level 3 qualifications are disproportionately from communities of African-Caribbean, Bangladeshi and Pakistani heritage. To make sure that these young people benefit from the proposals in the Bill we need to ensure that they are able to access Level 3 provision from the ages of 19 to 25 and that this then leads onto further positive outcomes such as sustainable employment, application of skill, economic prosperity, and progression into further and higher education.
- We will need to ensure we seek compliance with race equality legislation as an integral part of the business process in delivering Level 2 and Level 3 provision to young people

and adult learners, for example with regard to staff training and development, consultation with community organisations, the involvement of employers, curriculum materials, and monitoring of take-up and outcomes.

- There are significant attainment gap issues between different ethnic groups at the end of compulsory schooling. The Education and Skills Bill proposals will enable those young people who have not achieved Level 2 at the end of Key Stage 4 to achieve the skills needed to pursue further learning or find employment. The proposals will not come into effect until 2013 when every young person will have an entitlement to choose one of the 14 Diplomas or for those 16 and over, the opportunity to take up an Apprenticeship place. These greater choices of what and where to learn, together with different learning styles, should motivate young people to achieve Level 2 qualifications and beyond.
- Some minority ethnic communities, particularly African-Caribbean, Mixed White and Black Caribbean and Gypsy/Traveller pupils, are over-represented in permanent and fixed period exclusions during compulsory schooling. Latest data (2006/07) show that compared with the national permanent exclusion rate of 0.13 per cent, Traveller of Irish Heritage pupils are excluded at a rate of 0.35 per cent; Gypsy/Roma pupils at a rate of 0.54 per cent; Black pupils at a rate of 0.23 per cent (African-Caribbean pupils 0.38 per cent); and Mixed pupils at a rate of 0.23 per cent (White and Black Caribbean pupils 0.36 per cent). By contrast, South Asian pupils have a lower exclusion rate than White pupils. We will look at the measures that schools and local authorities are implementing to tackle this issue to ensure that this trend is not repeated post-16. Following a Priority Review on African and African-Caribbean pupil exclusions, a comprehensive programme has been put in place. This includes work with schools and local authorities to pilot whole school approaches to take positive steps on better understanding and managing pupil behaviours. In particular, we will make use of voluntary sector provision to ensure that young people will have a choice of what and where to continue learning and will be supported to choose the path that is most suited to their needs. This support will need to be matched by increased flexibility in the way provision is organised, as we do not want a situation where young people have to wait until the following September to start a new course. Having courses available to start in January or Easter is already important now, before any extension of compulsory education, in our efforts to increase participation and reduce the number of young people who are NEET. We know that some providers are already successfully offering flexible start dates on a wide range of programmes and will consider how we can encourage more to do so.
- Latest data show that participation in work-based learning by ethnic minorities is low. In 2004, 10 per cent of White 16 year olds were in work-based learning but only 3 per cent of African and African-Caribbean and South Asian 16 year olds were. The Apprenticeship programme is currently conducting research into areas that are doing better than the national trend at attracting ethnic minorities into apprenticeships. Good practice from that research will be used to develop a pilot programme. Lessons learned from the research and pilots will help to determine how to encourage more young people from ethnic minorities to enter work-based learning programmes. 'Tasters' are short experiences of options a young person is considering and provide an opportunity to try things out and see what they are really like before making decisions. They have shown to be effective ways of improving and retention post-16 and promoting diversity by encouraging pupils to try out non-traditional choices.
- There is no evidence that the proposed changes to the legislation which governs the registration and monitoring of independent schools is likely to affect relations between certain racial groups or relations between any particular racial group and authorities. Some faith schools catering for Muslim pupils have a pupil body drawn from racial groups with origins in the Muslim world. Some of these schools have limited financial resources and struggle to meet the existing inspection fees, and are likely to find the additional fees

proposed a burden. However the proposal to allow annual payments will help them spread the cost, and we are still proposing to subsidise fees for small faith schools.

- The power in the Bill for the Secretary of State to approve an independent inspectorate to inspect independent schools could have equalities implications if, for example, an inspectorate were solely concentrated on a group of institutions that did not represent a diverse spectrum of pupils. Before regulating on this point, we will consult on how best to frame the standards of approval so as to ensure that any negative impact on equality is minimised, for example, by specifying that the range of institutions inspected by one inspectorate must be multi-faith.

3.9 Gender

In accordance with our legal duty under the sex discrimination legislation, we intend that the proposals of the Education and Skills Bill should not only avoid discrimination; also, they should contribute positively towards reducing and removing inequalities that already exist. We recognise that the duty to promote gender equality may therefore entail specific, focused and targeted provision for women or for men.

The proposals in the Education and Skills Bill raise the following issues:

- It is anticipated that raising the participation age will have a significant positive impact on removing current inequalities in education and training related to gender. Current variations between genders in terms of the participation rates of 16 and 17 year olds should be all but eliminated as we move towards full participation. The whole system will be challenged to provide an engaging and valuable route for every young person, including the greater number of males who are not currently engaged. A change in culture to a situation where it is the norm for everyone to stay in learning until they are 18 will have a positive influence, not just on those who are 16 and 17, but on all young people who are involved in education or training in some way.
- Fewer men than women participate in full Level 2 courses at FE colleges and external institutions (48 per cent are men). However, more males of working age already hold a qualification at Level 2 and above (70 per cent of men against 66 per cent of women). (ILR analysis 2005/06 and 'Highest qualification of people in England 2006' SFR) In implementing the proposals for which we are legislating in the Education and Skills Bill, we will need to ensure that provision is appropriate for both men and women, and contributes to reducing inequalities by addressing the under-representation of women in science (including computer science), engineering, construction and technology (SECT), as learners, teachers, researchers and practitioners, and on SECT-related public bodies; improving the information base, for example by collecting and analysing data which cross-tabulates gender with age, disability and ethnicity and by analysing data on the outcomes of learning for men and women; and particularly addressing the educational underperformance of young men and women in low socio-economic status categories.
- The attainment gap between boys and girls is currently 10.2 percentage points at age 16 and 9.5 percentage points at age 19 for attainment to Level 2 (SFR 04/2008). We believe that proposals to continue learning will help to bridge this gap: as boys are currently more likely to drop out than girls, we should see a more dramatic improvement in attainment amongst boys. However, we will monitor the attainment gap to ensure that this understanding proves correct.
- Boys and girls currently make gender stereotypical choices both at 14 and 16 years of age, in terms of the programmes of study they follow. Although not changing the range of programmes available, by preventing young people from dropping out, the proposals in the Education and Skills Bill might mean that some young people make a gender

stereotypical choice when selecting which programme of study to follow. This is why the Education and Skills Bill places such high importance on the value of effective information, advice and guidance, with new quality standards to be published in April 2007. The 14-16 Young Apprenticeship programme is working with schools to strongly encourage taster sessions to support non-gender stereotypical choices. A study into Year 9 taster sessions for the Young Apprenticeship programme has already found, for example, that after this experience retention on vocational options was nearly 100 per cent, because young people understood more about what was involved, made better choices and were better prepared before starting out on courses. We will continue to monitor the impact of tasters and guidance as the 14-19 reforms are implemented in order to identify what further actions may need to be taken to ensure that the proposals in the Education and Skills Bill have a positive impact on choices at 16.

- The mix of 16-19 places could change significantly in some areas as a result of this policy. We expect that the package of measures aimed at increasing choice and diversity in 16-19 provision will take any changes into account. The starting point for these measures is that the provision should meet the learners' needs rather than those of the providers. Therefore we will expect providers to respond by providing learning routes that meet the interests, aptitudes and aspirations of the local population, whilst also ensuring that gender stereotypes are tackled.
- Of young women aged 16-18, 1 per cent are not participating because they are mothers. To ensure that they can continue their learning post-16, Care to Learn will continue to cover the costs of registered child care support to teenage mothers in line with current arrangements. We will also offer examples of good practice for other forms of local support.
- There are over twice as many boys as girls in non-maintained special schools that cater wholly or mainly for SEN⁵⁶. The Education and Skills Bill will remove the category of independent schools which have been approved by the Secretary of State for the placement by local authorities of pupils with SEN. In addition, local authorities will no longer have to seek the Secretary of State's consent to place pupils with SEN in independent schools. We are confident that in legislating on this point we are not removing safeguards which will lead to negative impacts on pupils in independent schools catering wholly or mainly for SEN (the majority of which are not 'approved' by the Secretary of State). The existing approval regime adds nothing in terms of safeguards or more rigorous standards, and the advent of the independent school standards, combined with the existing provisions for appeals against the placement of pupils with SEN by local authorities, provide adequate protection.

3.10 Disability

In accordance with our duties under the Disability Discrimination Act, we intend that the proposals of the Education and Skills Bill should not only avoid discrimination; also, they should contribute positively towards reducing and removing inequalities that already exist. We recognise that the duty to promote disability equality may therefore entail specific, focused and targeted provision for disabled people, even where this involves treating them more favourably than non-disabled people.

The proposals for the Education and Skills Bill raise the following issues:

- It is anticipated that raising the participation age will have a significant positive impact on removing current inequalities in education and training related to disability. Average NET rates amongst 16 year olds are 12 per cent, but for those with a disability they are 19 per

⁵⁶ 3,290 boys and 1,370 girls (SFR 09/2008)

cent. Raising the participation age will act to galvanise the whole system to deliver an engaging and valuable route for every young person, including the most vulnerable and hardest to reach. The change in culture to a situation where it is expected that everyone will stay in learning until they are 18 will be a positive step for disabled people of all ages. Important reforms are underway across DIUS and DCSF to ensure that by 2015 there is a world class system in place that can provide for all young people, whatever their situation.

- We know that disabled people are less likely to have Level 2 and Level 3 qualifications. Ten per cent fewer people with a work limiting disability have Level 2 qualifications compared to non-disabled people (63 per cent compared to 73 per cent). Twenty-five per cent fewer people with a long term disability limiting day to day activities have Level 2 qualifications compared to non-disabled people (48 per cent compared to 73 per cent). In order to ensure that they are able to benefit from the provision for Skills for Life, Level 2 and Level 3, we will need to ensure that there are suitable courses available for disabled people; develop information, advice and guidance (IAG) for disabled people, including those with learning difficulties, so that they are fully aware of learning, career and work opportunities, and of funding and assistance available to them; and monitor the full range of participation from entry to retention and attainment.
- At the end of 2007, around 91 per cent of 16 yr olds and 82 per cent of all 17 year olds in England were participating in education or training (SFR 13/2008), accessing a range of provision that includes pre-entry level programmes through to those taking Level 3 qualifications. However, the evidence testifies that disabled learners are less likely to achieve qualifications, and they are twice as likely to be not in education, employment or training (NEET) (see YCS/LSYPE Statistical Bulletin B01/2008). It is important to ensure that a full range of programmes (including work-related and work-based) is available to, and suitable for, disabled learners. The development by the Qualifications and Curriculum Authority (QCA) and the LSC of the Foundation Learning Tier (FLT) will help young people who have not yet attained Level 2 to undertake a coherent package of learning and training as a step on to continued education, or a route into employment. Diplomas are being developed to ensure they are as accessible to as many young people as possible. The unitized approach to the Diplomas will allow young people to build up their credits, be assessed and move on as fast as they are able to. We will also work with the LSC as they implement the vision of Through Inclusion to Excellence of learning for living and work to provide high-quality learner-centred further education and training to meet their needs.
- Young people with disabilities require well planned support to enable them to choose the right course or training. The LSC's planned data agreements with local authorities to ensure that post-16 learning providers are sufficiently informed of the level of learning support individual young people need, will, alongside the 14-19 on-line prospectus, help to open up the full range of courses to learners with disabilities. The new quality standards for information, advice and guidance include quality standards relevant to young people with learning difficulties and disabilities.
- Although 16–19 education and broadening the choice of quality 16–19 institutions is a major focus of 14-19 reforms, we do not have data on the kind of institutions which disabled young people attend after the age of 16. We will work with the LSC to find ways to collect this information from post-16 providers, with a view to including this information in our evaluation and monitoring of the 14-19 programme leading up to 2013. In the meantime, the experience of the September Guarantee will be used to assess the range of opportunities that young people with disabilities want, to enable them to continue in learning post-16.
- Some young people between the ages of 16 and 18 leave the education system to

become the primary carer at home. The Education and Skills Bill proposes that we should explore further how best to support young people in this position, learning the lessons of schemes such as Care to Learn, which supports teenage parents with their caring responsibilities. We will also continue to consider how technology can be exploited to help this group of young people to learn more flexibly.

- There are fewer pupils with statements of educational need in independent schools compared with maintained schools. By removing the requirement for a local authority to gain the consent of the Secretary of State to place pupils with SEN in non-approved independent schools, the placement regime will be less bureaucratic and more flexible. Local authorities are in a much better position than the Secretary of State to understand the needs of an individual child and that is why they will continue to be at the centre of the decision-making process. We will closely monitor through the annual SENDIST report how the legislative changes affect the number of appeals against decisions by local authorities to ensure that there have been no adverse equality impacts.

Section 4 – Assessment of the other areas in the Education and Skills Bill

4.1 Provision of assessments for young people with a learning difficulty

Aims of the policy

To enable young people with learning difficulties to receive education and training provision that meets their learning needs after they leave school. Currently these assessments are a statutory responsibility of the Secretary of State under section 140 of the Learning and Skills Act 2000. The Bill will propose a transfer of this responsibility to local authorities.

Evidence relating to equality

The DCSF and Connexions collects data from the Connexions Client Information Service about the numbers of young people with a learning difficulty in the groups to which the section 140 duty⁵⁷ and the section 140 power⁵⁸ applies and the numbers that actually receive an assessment. In the 2006-07 year 11 cohort there were 15,645 in the section 140 duty group and 28,476 in the section 140 power group. The DCSF also holds information about the activity status of young people with a learning difficulty – whether they are in education, in work, in training, or “not in employment, education or training”.

The information shows that in 2006-07 over 96% of young people in the section 140 duty group received an assessment. The corresponding figure for the section 140 power group was 27%.

Equality impact assessment

We have no reason to believe that this policy will have a negative impact on equality or impact differentially across groups as it is simply a transfer of existing responsibilities to local authorities, with a slight widening of the young people in the duty group and therefore an increase in the protection for this cohort.

Actions, monitoring and review arrangements

We will review the impact for young people with special educational needs (SEN) both with and without a SEN statement, who leave school to go on to an FE institution or training. We will also monitor the impact of the transfer of the statutory functions in respect of ethnicity and gender.

4.2 Provision of Connexions services

Aims of the policy

To provide support to 13 -19 year olds to enable their effective participation in education and training and employment, including corresponding services to young people with learning difficulty up to age 24. The Education and Skills Bill seeks to transfer from the Secretary of State to local authorities the statutory responsibility for services provided under s114 of the Learning and Skills Act 2000 (LSA 2000). The Bill will not touch the Secretary of State’s statutory responsibility for services in respect of careers advice and participation in employment as set out in section 8 and section 9 of Employment and Training Act 1973.

⁵⁷ The s140 duty applies to young people with statements of SEN who are believed likely to leave school at the end of Y11 to take up post 16 education or training or higher education

⁵⁸ The s140 power applies to those young people in y11 without statements of SEN but with learning difficulties who are believed likely to leave school at the end of y11 to take up post 16 education or training or higher education. The s140 power also applies to young people who are beyond the compulsory school age up to age 24 and who are receiving or are believed likely to receive post 16 education or training or higher education

Evidence relating to equality

The Department for Children, Schools and Families and Connexions has Client Caseload Information System (CCIS) data about the activity status of young people with learning difficulties, young people from BME groups, and teenage parents. This data whilst showing that there are differences in the percentage NEET in different groups and compared with the total cohort, does not allow us to make confident inferences about the effects positive or negative of Connexions in relation to groups where the percentages of young people who are NEET are high.

Local authorities have corresponding information for young people leaving care and young offenders.

Connexions has a particular remit to support disadvantaged groups and therefore is expected to have a positive impact in reducing NEET levels in groups where it is particularly high.

Equality impact assessment

The Education and Skills Bill is not seeking to change the fundamental nature of the service delivered under s114 of the LSA 2000. By making individual local authorities accountable for the services we expect services to be more responsive to local needs and better integrated with other local services especially those that the local authority is responsible for. We expect therefore the impact on equality to be positive because the service should be more effective in its remit to address the needs of those young people who are NEET or at risk of becoming NEET.

Actions, monitoring and review arrangements

We will continue to monitor NEET groups and discuss with local authorities where NEET levels are particularly high for certain groups (or conversely, when Local Authorities have succeeded in reducing NEETs in particular groups).

4.3 Provision of impartial careers education and guidance in schools

Aims of the policy

To ensure that young people are provided with high quality and impartial careers education in schools so that they are made aware of the full range of post-16 learning options unfettered by institutional bias. Schools already have a statutory duty to deliver a programme of career education and to provide external IAG providers with access to pupils: in order that they can receive broader careers guidance. Although impartiality is implicit in the requirement, research evidence shows that some schools are not providing impartial advice. The aim of the clause in the Bill is to reinforce the impartiality requirement and to require schools to have regard to principles and guidance which will support their delivery of impartial careers education.

Evidence relating to equality

We do not have data on specific groups but research evidence on the impartiality issue includes:

- A DfES research report noted that “consistent with earlier findings ... schools with sixth forms provide the most limited scope for pupils to participate in a broader range of post-16 choices.”
- NFER have reported that “teachers in 11-18 schools sometimes lacked impartiality by encouraging students to stay at their schools sixth forms.”
- The Nuffield Review of 14-19 Education and Training reported that “There is strong evidence that many schools provide slanted and partial evidence on post-16 options.”

- The DfES “End to End review of Careers Education and Guidance” (2005) concluded that “schools (especially those with sixth forms) do not always provide impartial guidance to 14-16 year olds on the full range of local learning opportunities.”
- The CBI report *Shaping up for the Future* noted that “there is ...worrying bias, this is particularly the case in schools with sixth forms which promote academic options above other post-16 routes of progression.”

If we assume that poor advice leads to poor choices and therefore higher incidence of dropout, the following is relevant:

In 2005-06, Connexions services recorded 230,000 16-18 year olds joining the NEET group. Of these, 52,000 were previously in post-16 full time education, and 27,000 were in work based learning. The remainder were previously in employment, compulsory education, moved into the area, or activity not known. We know that boys and young people with learning difficulties are disproportionately represented in the NEET group.

Equality impact assessment

The policy is likely to have a positive effect on inequalities in outcomes for young people since the delivery of high quality and genuinely impartial CEG should reduce the incidence of young people making poor choices and should reduce the incidence of aspirations and career choices being influenced by gender stereotyping. High quality CEG should also raise young people’s aspirations and self-esteem generally and challenge under-aspiration amongst young people from groups where there is a disproportionately high incidence of this.

Actions, monitoring and review arrangements

We will continue to monitor the proportions of young people who are NEET across different groups and discuss with local authorities and schools where NEET levels are particularly high for certain groups (or conversely, when schools have succeeded in reducing NEETs in particular groups).

4.4 Requiring local authorities to produce an annual report on the admission arrangements for maintained schools in their area

Aims of the policy

The purpose of the report is for local authorities to report annually to the Schools Adjudicator (who will in turn report annually to the Secretary of State) on the admission arrangements of maintained schools, Academies, CTCs and CCTAs in their area. The report will also set out the extent to which admission arrangements comply with admissions legislation and the School Admissions Code, so that the Adjudicator can take appropriate action to ensure fair access to schools.

Evidence relating to equality

The Department has examined the admission arrangements for all schools in three local authority areas (Manchester, Barnet and Northamptonshire) and identified that a significant minority of those schools had admission arrangements which appeared to be unlawful in some way – they didn’t comply with the School Admissions Code or admissions legislation. We have therefore introduced a package of measures, of which this is one, to strengthen the schools admissions framework and improve compliance with the Code and legislation.

Equality impact assessment

The policy is likely to have a positive effect. We anticipate that this policy will reduce disadvantages because it is about ensuring that there is fair access to schools for children from all backgrounds.

Actions, monitoring and review arrangements

Local authorities will have a clear role to monitor the schools in their area and their admissions arrangements and consider whether they are fair and comply with the Schools Admissions Code and admissions legislation. Local authorities will report their findings annually to the Schools Adjudicator, who will in turn report to the Secretary of State.

4.5 Requiring local authorities to make arrangements for co-operation as regards 14-19 education

Aims of the policy

Strengthening local partnership working on 14-19 education by introducing a specific requirement for local authorities to set up 14-19 co-operation arrangements. This will be achieved through an amendment to section 10 of the Children Act 2004, which places a duty on local authorities to make arrangements for local co-operation with a view to improving the well-being of children. 14-19 partnerships are already in existence in all local authority areas, following a requirement set out in the 14-19 Education and Skills Implementation Plan in 2005. The purposes of introducing a specific requirement for 14-19 co-operation are (a) to signal the importance of collaboration to schools, colleges, employers and other key partners for successful delivery of 14-19 education, (b) to clarify that these co-operation arrangements should be developed in the context of the local children's services and (c) to open up opportunities for the partnership to carry out functions in support of the local authority including developing 14-19 strategies and plans which will feed into the local Children and Young People's plans and ensuring that there is an effective local infrastructure to support delivery of the young person's learning entitlement.

Evidence relating to equality

We have data on local collaboration arrangements for 14-19 from the 14-19 progress checks which are carried out by Government Offices in conjunction with LSC and the local authority. This data is designed to show us how effectively the 14-19 partnerships are working. The progress checks do not include a separate indicator on equality and diversity, but this is implicit in the assessment. In addition, applications by groups of institutions to deliver the new Diploma qualification are considered on the basis of the commitment to equality and diversity that is demonstrated, in particular in terms of these consortia's information, advice and guidance.

Equality impact assessment

This policy is likely to have a positive effect. The local authority will be expected to use these arrangements to plan to meet the learning needs of all young people in their area by planning provision which will be attractive to young people from the full range of backgrounds. We expect the partnership arrangements to contribute to raising participation and attainment levels for all groups of young people, including those who are disadvantaged or at risk from dropping out of the education system. By providing new curriculum options and new modes of learning in different settings, the partnerships should be able to engage a broader range of young people in learning. The local authority and LSC are already under a duty to deliver the 14-19 entitlement to all young people regardless of their background, and they work towards targets for narrowing the attainment gap. A gender equality 14-19 adviser has also been appointed to work with areas on embedding gender equality within the 14-19 reform programme.

Actions, monitoring and review arrangements

We will monitor the data gathered by Government Offices when they conduct progress checks.

4.6 Directing a pupil off-site for education or training

Aims of the policy

Currently, section 29(3) of the Education Act 2002 allows a head teacher to direct a pupil off-site for education or training. This was challenged in the House of Lords because in some instances section 29(3) was being used as a precautionary exclusion measure.

Extended power for school governing body to direct a pupil to attend elsewhere for the purpose of receiving educational provision which is intended to improve the behaviour of the pupil.

There will be a statutory review of the exercise of this power involving the parents, head teacher and governing body. The review will question the fairness of the direction to off-site education and whether it was the most appropriate sanction to use. It is at these reviews that we would expect any discriminatory behaviour by the school on the grounds of ethnicity, gender and disability to be identified.

Evidence relating to equality

We do not currently collect data on the use of the power that is provided under section 29(3) of the Education Act 2002 (as amended by the Education and Inspections Act 2005). There were 8,680 (serious) permanent exclusions in 2006/07 (SFR 14/2008). These data show that Black pupils are excluded at around twice the rate for White children (and Black Caribbean about three times the rate of White pupils). Data also show that the permanent exclusion rate for boys is nearly 4 times higher than that for girls. Pupils with statements of SEN are over 3 times more likely to be permanently excluded from school than the rest of the school population.

We estimate that around 2,500 to 4,500 pupils will be referred to alternative provision for behaviour related training. This figure represents about a quarter to half of all permanent exclusions as we are assuming that these pupils will have been displaying signs or poor behaviour long before their permanent exclusion. The majority of these pupils will already be attending alternative provision; we do not expect the new power to increase this number, as it is intended to clarify the legal position.

Equality impact assessment

Work to close the exclusions gap between Black pupils and the average has already begun with a pilot strategy involving 13 local authorities. Outcomes of this pilot will include good practice guidance and materials which will help school leaders to build capacity and sustainability in schools and raise the confidence and expertise of all levels of the workforce to effectively address the exclusions gap. The Department will also be working with Ofsted, TDA, NCSL and SIPs.

The DCSF has introduced strategies to address the gender gap in education and many of these will have an impact on behaviour and exclusion. The Raising Boys' Achievements Project looks at exciting and innovative ways of raising achievement and evaluates strategies which are particularly helping in motivating boys.

The September 2007 exclusions guidance states that schools should only exclude pupils with statements of SEN in exceptional cases. The guidance also advises that schools should intervene early to address any behavioural problems as this will usually lead to better outcomes for SEN pupils.

Actions, monitoring and review arrangements

We plan to monitor implementation of this policy from September 2009 by asking all schools, or a sample of schools, for the numbers and details (age, gender, ethnicity, SEN status) of pupils who have been precautionary excluded or directed off-site for education. We will also want to know how long they have been off-site and where they have been directed to for their education or training. We will be asking schools to ensure that they record and analyse the type of children who are directed off-site and think about any trends or disproportionality that occurs. It can be difficult to assess any disproportionality at school level as the numbers are very small, but it is still possible to identify any trends regarding the type of pupil.

4.7 Inspection of initial teacher training

Aims of the policy

Ofsted has a legal duty to periodically inspect the provision of ITT to ensure that it complies with the rules that the Secretary of State has set out. Currently Ofsted is required to give providers 8 weeks notice of an inspection. The aim is to replace with a provision that the notice will be at Ofsted's discretion, which is the case with school inspections.

Evidence relating to equality

This is a technical change to existing legislation and therefore this section is not applicable. There are 132 ITT providers.

Equality impact assessment

As with school inspections, a more spontaneous and flexible inspection regime allows a more accurate picture of provision to be drawn, allows providers judged to be posing a higher risk to be inspected more quickly and reduces burdens on provider staff by preventing over-preparation.

This change will bear equally on all types of ITT provider, trainees and placement schools. Ofsted will consult the sector before making any change in notice periods and will consider any particular circumstances put forward by individual providers before doing an inspection.

Actions, monitoring and review arrangements

If evidence emerged via complaints that Ofsted was using its new freedom unreasonably, the Department would need to investigate and pursue this.

4.8 Vocational Qualifications Reform

Aims of the policy

Vocational Qualifications are important for both young people and adults giving everyone an opportunity to up-grade their skills. The reform and rationalisation of sector qualifications will reflect employer and learner needs, providing recognised and valued levels of skill both within and across sectors. The Bill will enable QCA to recognise awarding bodies and this supports the Vocational Qualifications Reform Programme.

Evidence relating to equality

Vocational Qualifications can play an important part in building skills for work however, it is clear that different groups of people have not been attracted or engaged in the past. Pakistanis and Bangladeshis were shown to be under-qualified compared to the national average. There are relatively small numbers of learners from ethnic minority groups participating in work based learning programmes. 92.5% of learners were recorded as being white and 6.7% from ethnic minorities. (ILR/SFR11 December 2006).

We need to do more to specifically encourage the take-up of vocational qualifications among people from diverse groups. Vocational Qualifications need to be designed in such a way that encourages participation among those groups of people with long-standing problems in acquiring skills for work.

We need to do more to encourage minority groups to consider and opt for non-stereotypical routes, especially those people who may limit their options as a result of their ethnicity.

Equality impact assessment

A key aim of the reform programme is to make learning more flexible and address skills gaps, including those between diverse groups. The impact of the Vocational Reform Programme on people from minority ethnic communities has been considered and will remain central to on-going development of the new framework.

Actions, monitoring and review arrangements

We want to make our qualifications system easier to understand and more flexible and responsive to the needs of learners and employers including those from ethnic minority groups. Testing and trialling of the new qualification and credit framework will run from September 2006. We will work with QCA to ensure that effective monitoring of equality and diversity is undertaken. Any adjustments to provision that might enable ethnic minorities to fully benefit from the policy will be considered following evidence from the trialling phase.

4.9 Regulation of vocational qualifications in Northern Ireland

Aims of the policy

The aim of the clause in the Education and Skills Bill is to extend the remit of the QCA to cover vocational qualifications in Northern Ireland.

Evidence relating to equality

There is no relevant evidence for this provision in the Bill.

Equality impact assessment

This is an organisational matter that will neither advantage nor disadvantage any particular group.

Actions, monitoring and review arrangements

The QCA will have to work with CCEA to ensure that statistics currently collected to monitor equality is carried forward in a compatible format to allow comparisons with historical data sets.

4.10 Measure making powers for the National Assembly for Wales

Aims of the policy

The provision in Bill enables National Assembly for Wales to make measures in relation to the inspection of pre-16 education and training in Wales in accordance with the Government of Wales Act 2006.

Equality impact assessment

This is a technical provision which transfers legislative competency from the UK Parliament to the National Assembly. It will be for the National Assembly for Wales to take forward Equality Impact Assessments as and when new Assembly Measures are brought forward.

Section 5 - Next Steps

This Equality Impact Assessment is a living document. It will continue to inform the further development and implementation of the policies outlined in paragraph 1.2, and shall be revised and updated, as appropriate.

We will additionally make sure that:

- information about this paper is appropriately disseminated to stakeholders;
- further work will be carried out to by policy leads to amend the assessment as the Bill progresses through Parliament. The Bill team will update the overall assessment of the Bill at regular intervals as the Bill is debated in Parliament.
- arrangements are made for monitoring and for periodic reports to the Equality Strategy Group (ESG) in DCSF and DIUS;
- arrangements are made for ensuring that equalities issues are embedded in the overall action plan for the Department for Children, Schools and Families and Department for Innovation, Universities and Skills in relation to the Bill.
- we will carry out a full review, stocktake and rolling forward of equality and diversity impact assessment across current adult skills policies by Autumn 2010.

RURAL PROOFING - RAISING THE PARTICIPATION AGE

Introduction

1. The Government is committed to ensuring all young people have access to worthwhile and engaging learning opportunities. However, it is recognised that not every area will face the same issues and challenges in delivery. In particular, the picture of delivery is often very different between urban and rural areas. During the development of the proposals to raise the participation age, and the wider 14-19 programme on which they depend, consideration has been given to the particular implementation challenges in rural areas.
2. We have set out, at national level, the key roles, responsibilities and accountabilities, but there can be no one-size-fits-all model of implementation. There is far too great a degree of variation between different parts of the country depending on the nature of the area (such as highly rural areas compared with inner cities), organisation of education (for example, between areas where most schools have sixth forms and areas where few or none do), in the availability of transport and so on.
3. The following key challenges affecting rural areas have been identified:
 - transport and travel time;
 - ensuring the availability of an appropriate range of sustainable learning options; and
 - employer engagement.

The Department has sought, through a number of projects and initiatives, to explore these and other rural issues and is working with the Department for the Environment, Food and Rural Affairs, the Department for Transport and delivery partners to identify possible solutions, some of which are set out below.

14-19 Pathfinders

4. From January 2003 until August 2005, the 14-19 Pathfinders programme developed and implemented approaches to 14-19 learning in different areas of the country. The pathfinders were set in geographically diverse areas, including those in more rural areas such as Cornwall, Isle of Wight, Cumbria and Lincolnshire. They covered the whole 14-19 phase and, amongst other things, involved testing collaborative working and sought to increase participation and attainment rates post-16. They offered young people learning more tailored to their aptitudes and aspirations, including a greater amount and range of work-related learning. This involved the development of new learning options and joint curriculum planning arrangements, which have been fed into the national programme.
5. The Evaluation of the Pathfinders⁵⁹ included consideration of the extent to which rurality impacted upon their work. The key challenges attributed to rurality were related to travel: the time expended in 'travelling to learn'; the cost of transportation; the supervision of students when travelling; the organisation of timetables to take account of travelling arrangements. However, all the rural pathfinders reported that they were striving to find solutions to these challenges. They placed considerable importance on collaboration since some rural schools were small and therefore were only able to offer limited curricular choices and progression pathways. The approaches that needed to respond to areas rural characteristics could be seen to prompt the development of innovative partnerships.

⁵⁹ <http://www.dfes.gov.uk/14-19/index.cfm?sid=9&pid=258&ctype=None&ptype=Contents>

The Diploma Gateway

6. The Diploma Gateway, a process set up to ensure that in the first few years Diplomas would only be offered in those areas which were able to offer young people the highest quality provision, also helped to highlight some of the challenges facing rural areas. Some rural areas did get through the first Diploma Gateway⁶⁰, showing that high quality delivery is possible. The success of rural areas in the second Diploma Gateway means that from 2009 there will be a comparable proportion of rural schools delivering Diplomas as in urban areas. The Department have undertaken a project to establish a more robust evidence base, setting-out where the delivery challenges are most acute, and building a national picture. This includes establishing the different types of rural area, recognising that not all rural areas have the same characteristics or challenges. An interim report produced as a result of this work is now available⁶¹, which considers some of the main issues relating to the delivery of Diplomas in rural areas including transport and employer engagement. A full report is due in late Spring which will also include a range of tools and resources to aid rural area to deliver Diplomas.

Next Steps

7. The Government will continue working with local and national partners to consider how these proposals will impact on, and be implemented in, rural areas as we move from legislation to implementation in 2013 and 2015.

⁶⁰ <http://www.dfes.gov.uk/14-19/index.cfm?sid=39>

⁶¹ <http://www.dfes.gov.uk/14-19/index.cfm?sid=27&pid=360&ctype=TEXT&ptype=Single>