

Professor Stuart Bartholomew
Chair of ukadia, and Principal of the Arts University College at Bournemouth

Well let me first of all add my very warm welcome to you all, and to this important conference. The timing of the conference is particularly relevant. Those of you who travelled in and have been looking at the national press will be alert to the fact that a number of important announcements will be made today which could well chart the future, not only of our specialist sector, but of the higher education sector in England, most notably the letter which the Department will be sending to HEFCE concerning access agreements, and some of the very important information that will inform institutions for the price that they may charge for admission by students in 2012/13, it is particularly significant that we have managed to attract the Minister of State, David Willetts, who will be joining us this afternoon. It is significant because he is coming to visit an association which comprises a relatively small number, but a group of very significant institutions within the arts, and I think that's something of an achievement for the association, but particularly in the context of the announcements which will be taking place today. I know that we will have a number of questions to put to him about the circumstances in which we will operate in years ahead.

The title of our conference is *Culturing Growth: the Contribution of Specialist Arts Education to the UK Economy and Society*, and we quite deliberately borrowed the term 'culturing' from the biological sciences, the sciences within which the process of creating and maintaining ideal conditions, although confined in their circumstances to the Petrie dish, we have extrapolated to the appropriate conditions that will sustain the creative economy. In this regard those who attended the dinner last night would have strongly welcomed the after dinner address from Professor Christopher Frayling. In that address he talked extensively about the contribution of art and design, and the arts generally, to the development of the creative economy, one that is not just a recent phenomenon, but one that is rooted in the great traditions of nineteenth century arts and manufactures, and the institutions, which are members of ukadia, actually have their roots exactly there.

As I have said, in my written introduction to you, the combined teaching, and delivery of our institution, spans fifteen hundred years; we are not new players on the block in this regard. Immense experience of delivering the subjects we do, and with significant effect. What I think that draws our attention to is really a challenge to a popular idea within the United Kingdom, and one we have promoted rather covertly, across the world, and that is the notion that Britain is innately creative, that there is something about these islands that generates a natural creativity. And those of us, of course, who experienced the rather extreme weather of December, will perhaps think, well, it is this sort of extraordinary variation in the environmental temperature that makes us more suitable to change and adjustment.

Let us put all that to one side, there is nothing innately creative about Britons that means that there is nothing innately uncreative about other nationalities. What of course we touch on is another key concept that we have taken from the biological sciences. It's nature and nurture, and it's the extent to which these islands have nurtured creativity, which I think is a very, very important point. What, of course, Christopher was alluding to, as many of you would do as well, is that the outcome of the education which young people are exposed to, from a relatively early age, from kindergarten, first school etc, that that education framework has changed dramatically over the last two decades. **So with the product now of a national curriculum we are seeing recruits to our own institutions who have not made anything since the age of thirteen, and prior to the age of thirteen making things was a pretty peripheral part of the school activity, that actually the nurturing of so much of the creative idea and creative practice that is associated with these islands is actually evaporating.** But because we still are getting good value from those whose education was formed more than twenty years ago the impact of this is yet to be realised.

But Christopher, as with many of us, is trying to alert policymakers to the longer term implications of a collapse of creative education that comes through schools and is being reflected in the Higher

Education setting. With the pressure on resources, the changes in the way such institutions are managed is again creating a squeeze on the creative processes to which we are so committed. I'm very pleased to say that within the ukadia association there is still a very strong appreciation of the importance of studio based teaching and learning, but an importance that does not then discard the immense relevance and importance of digital futures. And I think we can see, in a number of recent studies, just the extent to which institutions like our own are genuinely punching above their weight. The work that was undertaken with *Creative Graduates*, *Creative Future*, is a strong example, a very, very thorough and well researched database of performance of graduates over a ten year period from graduation. This was followed by a very important study commissioned through UUK, but with the association of ukadia and CHEAD which looked at the contribution of higher education to the creative economy, and I'm very pleased that in the workshop sessions you will have an opportunity to meet with Linda Ball with regard to *Creative Graduates*, and Brian McLaren, who was one of the key researchers for the UUK ukadia CHEAD project, both of whom have a great deal to share with you about the detail, the database of performance.

We don't need to speak in general terms, as we once did, that we think we are important. Actually there is a strong evidence base which demonstrates our importance, and it's very, very relevant that that database can be presented to policymakers at this time of significant change and turbulence in the Higher Education sector. We know that, despite the recession, the creative industries in the UK remain the fastest growing sector of the UK economy, and I'm very pleased that Ian Brinkley will speak again to the conference. He joined us last year, Ian is at the Work Foundation, and has, like Brian and Linda, done a lot of research about the knowledge economy, and the position that we may occupy within that process. Put together I think we have a very stimulating set of speakers, about a very stimulating subject, and at the heart of that is the ways in which creativity, the creative economy, is nurtured, the way in which we culture the growth, and the importance of ensuring that the facilities for that culturing not only remain, but are enhanced.

What Mark said at the beginning, by way of his own welcome, is very important. We are meeting today at Sadler's Wells, and very deliberately using venues that reflect something of the practice in which we are engaged. Sadler's Wells has a very interesting history, and a history which really illustrates the capacity of the arts to change, to pick up on things, to attenuate the direction of institutions and practice to meet demand, but also to create demand. He has cautioned us about making a left turn, rather than a right turn, one which I did not pay attention to yesterday, we had a board meeting in a green room, somewhere over there, and I managed to come onto the stage and tried to navigate to over there, and formed part of a very interesting production of flamenco.

LAUGHTER

I'm open to those offers. But this space has been a lot of things, it started, as you probably know, as a place where people from the city came to take the waters, because it was slightly fresher in Islington, sort of echoed, really, with the old Labour Government, they used to come down here, in the old café around the corner, and determine the future of the country. But it went through a number of stages, attenuating towards different sort of productions, the most exotic of which, in the early part of the nineteenth century, was the transformation of these spaces into an aquatic theatre, this had vast tanks that were fed by the brook that runs through this part of London, in which great naval battles were recreated, so some galleons would be floating past, and so the story goes on, until of course Lillian Baylis managed to recreate Sadler's Wells, as a centre for opera and ballet. It's a place that's been capable of change, has always been at the forefront of theatrical and dance practice, and I would like to think that it's a very appropriate setting for this association, which does have membership by institutions which have done that. They have been here for more than a century in every case, and they ain't going away. So with that sort of optimism it's a great pleasure to hand back to Mark, who will introduce our first speaker.

APPLAUSE

**Mark Crawley, Director of Widening Participation and Progression
Ukadia and University of the Arts London**

Many thanks Stuart, thank you. Next we move to the Sheila Soul-Gray Memorial Lecture. Many people here knew Sheila, amongst her many achievements she was a key figure in creative education. She was the youngest HMI ever appointed, she was Principal of Cordwainers College. And as Director of Further Education at University of the Arts London she was the architect and first director of the National Arts Learning Network, and we are pleased to have Sheila's daughters, Nicky and Alexis in the audience with us today. And to deliver the Sheila Soul-Gray memorial lecture we are really lucky very lucky to have with us Tamara Howe. Tamara has a twenty year career in television, working both at London Weekend Television and with the BBC, and she's now Chief Operating Officer at BBC Children's. I have to say that as someone whose children are growing up as part of the CBeebies, CBBC generation, that I probably speak for many about how grateful we are as parents to have really high quality children's television, so thank you. Tamara also sits on the London Council of the Prince's Trust as well, so it's my very great pleasure to introduce and welcome Tamara Howe.

APPLAUSE

**Tamara Howe,
Chief Operating Officer, BBC Children's**

Good morning. First I would like to say thank you for the opportunity to be with you here this morning. It's an honour to be asked to speak on behalf of such a brave and determined woman. I personally didn't have the fortune to meet Sheila Soul-Gray, but I'm aware of her unflinching commitment to equality, and very much inspired by the legacy. Thanks to her young people are now studying at university who wouldn't otherwise have considered it, let alone had the support to help them get there. Sheila strikes me as a woman who was very brave in the choices she made, and I greatly respect her determination to make a difference in young people's lives.

So today I am going to be focusing on diversity, and why it's important to me, the media industry, and specifically why it's important to BBC Children's. What I am not going to be doing is presenting some ground-breaking hypotheses, I'm just going to share some of my personal stories, some of my opinions, and some of the challenges that I face, and I hope that some of the stories I tell, and some of the pictures I paint, will make some sense to you in your worlds. So during the course of the next twenty minutes or so I hope to try and achieve three things. Firstly I want to set the stage. I want to start by giving you a sense of the dynamic and fiercely competitive world that I am currently operating in, a world where the audience, frankly, holds all of the cards, where relevance and authenticity are critical to our survival, and where doing nothing just simply is not an option. Set against that backdrop I then want to explore the value of the diverse workforce, and the competitive edge it can give you in a world of immense choice, a world where the need to understand and reflect your target audience is paramount. And finally I just want to share a few practical steps, some of the learnings we've come across in Children's, while trying to shift the culture in our department. There will be plenty of time for questions. I, for one, am spoilt by the amount of academics in the room, so I'd quite like to hear some of your ideas too. Slightly different audience, a bit taller, less fidgety, but there will be time for us to debate at the end.

Now none of you will have failed to notice just how radically things have changed since we were growing up as kids. My nephew and nieces, I don't have children of my own, today inhabit a very different world to the one I grew up in back in the 1970s. They are confident, self assured, and they have a real sense of belonging. They have choices I never had, they are empowered. Now some of you may struggle to think that far back, so let me try and give you a helping hand. Cast your minds

back to your childhood, when footwear always had to be practical, and hair products were few and far between, when mobile technology was a little bit clunky, and depending on your age was still very much a work in progress. When the street behind your house was where you started your earliest education, and when, believe it or not, and this is the one that shocks me, this programme sat centre stage in the Saturday night schedules [photograph of the Black and White Minstrel Show]. So much has changed since then, and can I say I'm not particularly sorry.

So let's start with demographics. When I was at primary school in London I was one of two or three black kids in my class. I considered myself black British, but it was more about asserting my right to be here than it was my real genuine sense of belonging. There were very few positive references for me in the media, so I drew my inspiration from wherever I could. When the World Cup hit our screens it was Brazil I supported, not England, when Ali stepped into the ring with Joe Bugner there was only one winner for me. But much has changed since then. The ethnic population in London has soared to around forty seven percent, that's forty seven percent, and kids can find inspiration from role models in their very own backyards. And of course, there's the abundance of choice.

In my day we were easy to please, a captive audience, if you like, there were only three channels, and I was regularly found huddled in my nightie, in front of the test card, patiently waiting for children's TV to start. Like most kids I was glued to the box given half the chance. But if I'm honest there was only one show for me, and that was Sesame Street. It was the only show that consistently reflected diversity, and the fact that it was American didn't matter to me one fig. I saw people that looked like me, and I lapped it up. Today that's probably not enough, if I'm honest. This generation is going to be a tad harder to please. They are confident, they know what they want, and they have the world's media at their fingertips. In Britain alone, did you know, we have over eight hundred channels, and thirty of them are solely dedicated to our children's audience. And let's not forget new technology, and the impact it's having on behaviours.

Our children are what we call in TV digital natives. Born after the advent of Google, and some even younger than Facebook. They've grown up in a digital world where social networks compete with TV, and mobile devices are standard. No more rushing home to see your favourite episode of Catweazle, just kick back and relax, you can watch it on I-Player. Of course change alone, not such a big deal, I could cope if that was straightforward, the difference here is the pace of change and the pace that audience is moving. Did you know Facebook doubled its membership from two hundred and fifty to five hundred million in the face of just one year? Some of the statistics are absolutely staggering, and if you believe some of the headlines they are also a bit worrying. What I do know is children are the early adopters, they are in the vanguard of change, they are in a world of more choice, and they can access their media, anytime, any place, anywhere. They have ultimate consumer power, and aren't afraid to vote with their feet.

So the landscape is changing beyond recognition, and the power has surely shifted. Gone are the days of the captive audience. Today's UK audience is rich, today's audience is diverse, today's audience has choices. In this fragmented and highly competitive world you need to stand out from the crowd, wallflowers need not apply. You need to surprise, you need to innovate, and above all you need to remain relevant to your audience, in all its shapes and sizes. You just can't duck diversity, it's as broad as it is deep, covering class, disability, ethnicity, gender, and much more, so in BBC Children's our mission is pretty simple, to create unforgettable content to inspire all children across the UK. Now, as you'd expect, our workforce, including me, is somewhat older than the average viewer, and there's a chance that we could be a little out of touch, so we make it our absolutely priority to get to know our audience, to get under their skin, understand who they are, their worlds, their lives, their interests.

Everything we make, and when I say everything I mean everything we make, has the audience at its heart. Quality content speaks to you whoever and wherever you are. Children are aware of their

differences and they feel a real sense of place and pride when they see themselves reflected back on screen, be that a celebration of St Patrick's Day, or an Asian reported on Newsround, but our programmes do just a little bit more than that, they help children make sense of the world around them, they help them to understand themselves, and play a significant role in challenging attitudes where prejudice and fear still exist. Now I wouldn't describe myself as naïve, but I was genuinely surprised by some of the parents' comments when Carey Burnell first hit our screens on CBeebies. But disturbing as they were, and let me tell you these are not the worst, it helped us to put the issue of disability centre stage, and made us all the more determined at BBC Children's to reflect children's lives in all their shapes. In just the last few days Rastamouse has stirred up the ethnicity debate. It's a sweet new Ceebies animation set in the Caribbean, following a crime fighting Rastamouse, who runs around sorting out problems. Pretty inoffensive, you think. However, English parents have been angered by the Jamaican dialect. It seems it isn't English enough. The black parents, on the other hand, are loving it, and Twittering it in their hundreds. My guess is both white kids and black kids alike are loving it too. So we are clearly making a positive contribution to the debate, and I like to think that we are making lots of progress on screen too. But you guys must be the judge of that. Take a look at some of the output we've produced in the past year. Could we have the first DVD please?

DVD COMPILATION OF CHILDREN'S PROGRAMMES

I hope you'll agree we are doing quite a lot on screen to reflect the depth and range of modern Britain, but the question is should we be going further? And in particular should we be doing more off-screen to secure a workforce that is diverse and reflects the diversity of the audience? For me the answer is most definitely yes. Not just because we are legally obliged to, and certainly not because it's the right and nice thing to do, but more critically because the future of the BBC depends on it. How else can we guarantee a true understanding of our audience? And how else can we stay relevant? Now I'm not the first to take this view, and many of you will remember Greg Dyke's controversial statement that the BBC was hideously white. And you won't have failed to notice that we are moving a large chunk of the BBC to Salford and Media City, a massive commitment and a huge investment, and one I believe will be game changing for the BBC and for audiences and communities in the north.

Now you may ask why? Why are we moving? Why are we spending so much money? And the answer is pretty straightforward. We need to do more to serve northern audiences. The truth is the BBC's popularity declines the further north you go. We are perceived to be out of touch. So the move is a good one. From day one we will be more accessible, we will attract new talent, new voices, different perspectives that will enrich the colour and one of what we make. The evidence is there. If you watch dramas like Shameless, and The Street, really popular dramas, there is no coincidence that both of those creators, Jimmy McGovern, and Paul Abbott, hailed from working class communities in the north. But a workforce doesn't just help you get it right, it also protects you from getting it wrong. And boy do we know what it's like when we get it wrong, and the damage that can be done.

[Slides of headlines criticising the BBC]

This stuff isn't rocket science, it really is basic common sense. If we want to secure our future we have to stay in touch, it simply isn't an option. We have to keep our finger on the pulse, our teams must understand and reflect modern Britain, so that we can avoid these kind of pitfalls and tell stories that really ring true with our audience.

Now this is not just the ramblings of a mad woman. There is research that suggest that a diverse workforce gives your organisation a competitive edge and a strategic advantage to succeed in an uncertain future. And the more we reflect our customers' base the more insights we'll have into what they want. And, of course, finding new customers, and retaining old ones, is vital, particularly when you are in the grip of a global recession, and funding streams are not what they used to be. And apparently, and this is what it says, diverse teams produce more and better ideas. So given that

creative renewal and innovation is key to survival, what the heck are we waiting for? To be fair we are not exactly waiting, probably just not going as fast as I'd like to, particularly when it comes to filling senior roles within the BBC. It's been many years since Greg Dyke made his statement, and we are still struggling to hit the targets he set for senior managers. This is evident to me on a daily basis. I'm more often than not the only black woman in a meeting, and when I announced I didn't go to university it's often met with shock and gasps. My university was Channel 4, ITV and the BBC.

So how do we get things moving? How do we really make a difference and kill this debate once and for all? At this point I have to say I think we have to stop talking, stop commissioning the reports, and just get on with the job in hand. There's only so many ways to skin a cat, and trust me, this cat has been well and truly skinned. So if I may I am going to end this session by whizzing you through a few basic steps that are helping us deliver change in Children's, and some of the lessons we've learned.

First lesson, don't even go there if you haven't got direction, leadership, and commitment from the top. Diversity needs to be treated as business critical, it has to sit centre stage with all of your other objectives. Bring your teams with you, explain the benefits to your organisation and the industries you support. If you come across resistance be clear when things are non-negotiable. In Children's we have a very strong attitude towards diversity, if independent producers arrive with programmes that aren't reflective of our audience, they are told to go back and try harder. What gets measured gets done. Make sure you have a clear idea of where you are now, where you want to get to, and by when. Creating a diverse culture isn't a dark art, so approach it in the same systematic way you'd approach any other business challenge you have. Set out your objectives and make your managers accountable.

Now we, at the BBC, and you may suffer from the same thing, if we are honest, are perceived by some to be the white middleclass. So open your doors and work to change that perception. Be bold and brave when you reach out to new audiences. Channel 4 has perfected it in its marketing and the BBC is following suit. Leadership. Leadership shapes an organisation's culture, so prioritise your senior appointments, and be creative, think laterally. The best candidates are not always the most obvious.

And finally we need to join forces. When I was first asked to attend this event I went straight to the website and found out more about the conference. Not sure how, but I ended up reading a report this thick, entitled Creating Prosperity. Now if I'm honest I only skimmed it, but I am really glad I did, because it reminded me of the things that unite us, and how much we depend on you for the next generation of talent, and by all accounts that's a lot. If the reports are true seventy one percent of graduates make up the workforce in TV's industry. That's seventy one percent, not to mention seventy eight in animation, and seventy six, I think, in interactive. All of which are areas that we draw from. So the dependency is pretty mega. So this really is a tip for me, as much as it is for me, because I know I'm not doing enough, because after all your success will be my success.

So before I draw to a close I just want to recap. The media landscape is undergoing unprecedented change and scrutiny. Our demographic of the audience is evolving, and with that their taste, their sensibilities, and their interests. We are in a world of choice, a crowded digital market, where traditional broadcasters are going head to head with new and emerging platforms like the internet. So what does this mean for the industry? In this rich and fragmented world we have to stand out from the crowd. We have to surprise, we have to innovate, and above all we have to stay relevant. The culture of our organisations and our people will set us apart. Their thoughts, their ideas, and their perspectives. So we need to tackle diversity head-on, it's not just a moral and legal obligation, diversity is good for business, and before long it will be business critical. Now diversity is nothing to be afraid of. Like I said, it's not a dark art practiced in the corridors of power, it just needs clear and committed leadership, and a can-do attitude. If I'm honest we are not doing anything different in Children's, and we are certainly not reinventing the wheel. The truth is we are focused on what needs to be done, and we are just getting on and doing it. Thank you.

APPLAUSE

- MC Tamara, many, many thanks, that's really incredibly important to our discussions today, and a very inspiring presentation as well, thank you so much. Tamara has really generously said that she will stay with us and take some questions. We have a roving mic, so if you want to ask a question hand up and if you can wait until the mic gets to you, and if you can say who you are, and which organisation you are from, that would be great, so first questions?
- Q I'm just wondering, looking at some, especially American children's TV, it set a precedent, and of course they have a different take on multiculturalism, they don't see themselves, everyone's an American, where we, at the moment there's this debate about multiculturalism that the present government seem to be entering into. Do you think that's going to put any downward pressure on you to change the way you represent ethnicities, or other...other non-white representations on children's TV?
- TH I like to think we won't have any pressure put upon us to change the way we represent, and any change we make will be in sync with the audience and how the audience is behaving. As you know, we are sort of an independent organisation and we are meant to be impartial, we are meant to reflect what our audience want, so I think we need to keep our ears to the ground, and what's going on in communities, and that should be what drives our strategy or our portrayal, and not a shift in policy in the government. Ask me in five years' time when the license fee is up for renewal.
- Q Do you feel we should be teaching more audience studies in our media communication degrees?
- TH Yes, it's funny you should say that, yes, I do, and I've been talking to Salford University about an MA that they are planning for children's production, and one of the things I suggested that they incorporate was an understanding of the audience, particularly if you are looking at children's, yes, definitely, because that's where it all starts, and in this world of so much choice, if you don't know your audience you are in trouble.
- Q It's a long time since I've seen CBBCs, because my son is now twenty one, but I was very struck on how the content has changed, and that, in a way, many of the other programmes that are for an adult audience don't seem to have the sort of diversity and the experimentation that you've got going on in CBBCs, and I just wondered how you feel the audience, as it grows up, whether they are almost going to become, they are going to have greater expectation about the content for adults, and what sort of influence do you think CBCs could have on, in a way, improving the diversity for adult programmes.
- TH You are right, you watch CBBC and CBeebies, and you see one world and you switch on to BBC1 and they could be two different organisations, and what we are finding is our children are going elsewhere once they leave us. A lot of black and minority ethnics, in cable and satellite homes, are gravitating towards the sort of Disney Channels and the American imports, because that speaks to them more than some of the other stuff. I think that's a big job that we need to do at the BBC, we need to make sure we are connected and that we carry our audiences through. I'm not sure, at the moment, that there is enough of a natural thread from one channel to the next. I mean it's a challenge, it's a challenge to represent diversity but at the same time not alienate the heartland, and something like BBC1, which is a mainstream channel has to struggle with that balance. But sometimes they get it right. Sometimes they don't. But I think it's definitely something that I think we need to think about, otherwise our audience is just going to disappear off into the YouTubes or the Sky channels, and we are already seeing that happening.

- Q Robin Baker, from Ravensbourne. I'm interested in what you said, and I'm wondering whether, if you are feeling that progress in terms of diversity, is not fast or as rapid as you would want, do you think that positive discrimination should be introduced? Should we be looking at numbers? I'm thinking the kind of gender issue in terms of females on boards. There is a big movement now, certainly on the Continent, to introduce, you know, you have to have it. Do you think that is helpful? Because I'm interested in when it becomes something that people really want to do, or whether, actually, it's yet another target.
- TH Yes, well their numbers are already there, the BBC has numbers, although they are targets as opposed to quotas. We have lots of quotas in the BBC for nations output etc, and I know how they are perceived, and I don't think it's the best idea to give people absolute quotas. I'm hopeful that through a bit more engineering and organic growth that we'll get there, but it may come to the time, a point, where that is the only answer, but that would never be my preferred choice, I'd much prefer a sort of innovative creative approach, where you go out and make it happen, in a way that we manage to do that in every other, every other challenge that we are presented with, but for some reason we seem to be struggling with this one. That said, we are making progress, but just not so much at the senior levels, you know, the areas, corridors of power, where there's real influence to make change.
- Q It's a question about recruitment really. Historically the BBC, with the graduate training scheme, and I remember applying for it in Scotland in the '80s, there's been a lot of strides made with diversity and other areas, but historically with the graduate training scheme it's been recruiting from Oxbridge, through people that do Ancient Greek, or PPE, end up in the graduate training scheme. Do you think it's changed now? And what do you think you need to get onto the graduate training scheme? For instance there's a surfeit of creativity and ideas and innovation with young people, but things like grammatical skills, editorial skills, the simple skills, is that what you are looking for as well?
- TH Yeah, I mean you know, we are looking for well-rounded graduates, but at the same time I think the whole sort of Oxbridge thing, we've shifted a bit away from that, I think we've broadened our pool of people we go to, in terms of our marketing, in terms of the sort of admission process as well, and the targets for people from diverse background within those schemes. We also do other schemes, like apprenticeships for people who are coming through, who maybe haven't even ever been to college, and we are doing those in conjunction with some of the Further Education organisations. So we are doing a number of different things. If I'm honest the entry level tends to be the easiest area to tackle. But yeah, no, things have moved on quite a lot and our more recent intake on the production trainee schemes have come from a much wider base than they have in the past.
- Q First of all I would like to say well done, thank you, because I have a five year old who has grown up on CBBC, and has now moved over from CBeebies to CBBC. The biggest concern I have is leadership. You mentioned the importance of having a diverse senior level. I was just wondering how the BBC has approached this, because you mentioned that you are generally one of the few people of colour in those senior meetings?
- TH There are a number of initiatives in place, we have a mentoring programme for managers within the BBC that involves some training, a mentor, and last for about six weeks. We look much wider than we previously looked, in terms of our talent pools, but we are still, you know, struggling. The stats, I think, are we are meant to have, about seven percent of the organisation is meant to be senior managers, we haven't quite managed that yet. In my department we are doing really well, we've got eighteen percent of the senior managers, but that's just me, so if I fall under a bus we are back down to square one.

LAUGHTER

TH So yeah, I don't think enough is being done, I think we could be a lot more creative, I think we could look outside of the UK. I mean we are in a global market, we don't have to just look within our own backyard. Obviously that isn't about organic growth, but in the short-term, if you are trying to change the leadership from the top, the direction and the culture of an organisation, these are some of the things that we need to do. We don't think twice about doing that, I mean Microsoft wants some genius they are going to go all the way to Japan to find them, and they don't think twice about it. We have to be confident that that is what we want to do, that is important to us, that is of real value to our business, and as soon as that clicks in your head you can fix it. I think the key thing is getting that to click in people's heads, and move people away from this kind of oh yeah, we've got to tick a box, we'll get in trouble if we don't, type mindset. I mean in Children's we literally, like I said, it's just me. The two people responsible for commissioning the content, I mean they are vociferous when it comes to diversity, you cannot pass them, I mean obviously if it's a subject that doesn't lend itself to that at all, you know, you might be able to squeeze by, but otherwise, I mean you just have to look at our stuff, do not come with a show that isn't reflecting the UK. So, you know, it can be done if your existing leaders have a real appetite for it.

MC OK, last question because time has beaten us.

Q We've done quite a lot of research on ethnic participation in art and design, and what you see from the figures is that ethnicity is not well represented, it doesn't represent the national demographic within art and design, which is why you will see people coming from art colleges into the media industries and so on without that kind of diversity. And when we explored the reasons for this, we worked with the Institute of Employment Studies and the Open University, and they did quite a lot of interviewing, and found that you can't just talk about ethnicity, you have to talk about different attitudes in Asian people, among Asian people, or Afro Caribbean people, or African people working in this country. And you'll find patterns such as in the Asian community there's a strong orientation towards medical related subjects, towards engineering, towards law, towards accountancy, whatever, which is why they don't come to art and design, because it's not seen as a viable vocational way to proceed. I wonder whether, in addressing this kind of underrepresentation of ethnic people in art and design, which would be good for you and good for us, you would be purposeful, you would be making decisions like that in programme making? Are there programmes where you'd represent a games studio, or a fashion department, in a, you know, a fashion design studio, or something like that, where you represent that kind of ethnicity, and do that deliberately?

TH In terms of encouraging...

Q Because the kind of environments you are portraying, where you are portraying not only multiculturalism, but interculturalism, where people are working together, do you purposefully, or can you purposefully, choose those kind of environments, to get a message across to particular sectors of society, where that diversity doesn't exist? And that includes art and design.

TH Interesting idea, and one I shall take back to the others. Whenever we commission stuff it's always about the idea, but you are right, we could put them in a situation that would encourage young people to think about the arts as a potential career. And it is something that we should, you know, we should think about. I was literally, you know, shocked by the percentage in terms of graduates, and more shocked and disappointed at myself, and our department, for not having much stronger links with you, and what you were doing with the next generation. And I'm sure the sum of our parts, you know, if we were to put our heads together we could make some

headway. You know, that is an interesting idea, and we should certainly consider it. Maybe Tracy Beaker could go on a...I could see it happening.

LAUGHTER

Q I work in the Royal College of Art, which is an incredibly selective institution, it's well known, and it's also a very ethnically diverse institution. All that ethnic diversity comes from overseas students, not from UK students, and it shouldn't be like that.

TH No, no.

MC As somebody who feels like they've seen Tracy Beaker grow up over the last few years, it's a really, really good idea. Tamara, many, many thanks. It's been a really fantastic, really interesting, very inspiring session, thank you very much.

TH Thank you.

APPLAUSE

MC OK, third and final speaker this morning is Steve Besley, Steve is head of policy at Pearson, and many of you will be, like me, a subscriber to Steve's regular email policy briefings. Steve has got this incredible, wonderful ability, to summarise complex policy developments in two sides of A4, and he manages to make you laugh as well, whilst he does it. We are pleased that Steve has once again been able to join us. You can also follow Steve on Twitter as well, and I would recommend that, I have to say, so welcome Steve.

APPLAUSE

Steve Besley

Head of Policy (UK and International) Pearson Education International

Right, well morning everybody. When you kindly invited me last year we were contemplating how education policy might change if there were to be a change of government, and there was probably a mix of apprehension and excitement, so I bring you a further year of apprehension and excitement, and let's see where education policy is going.

What I'm going to try and do in the next half hour, if you can stay with me, is to say a little bit about the changing policy context, we'll then tighten our belts, just for a couple of minutes, and try and look at the economic context within which education policy is developing, and then try and see what it means for the world of education and skills.

Right, let's start with a slide like this. As I may have mentioned before I hold the office record for the most number of things that you can get on a single slide that nobody can ever understand, but I will do my best to explain what some of these features are. I'll start off by just trying to think right, we've had nine months, how have things changed? It's quite an interesting exercise, and I'm sure you'd come up with your own variations on a theme. Broadly what's on the left has moved out, if you will know, so big government, big state is out, as you will know. The Chancellor sent around a message to all government departments as part of the spending review, setting them nine questions, starting with why are you doing what you are doing? And following it up with couldn't somebody else do it cheaper, etc etc. So big state is out, as we know, red tape is out, targets are out, and dare I say towards the bottom some manifesto promises as well, but we'll move on very quickly.

On the right hand side of course education policy, indeed all policy now, is taking shape within a much more challenging environment. It's not just the onset of Wikileaks, which of course is opening up a much more transparent way in which policy is developing, but of course we have the whole concept of what's termed crowd sourcing now, which you see in many parts of the world, where in a sense it's the story that's building up outside that government has to respond to, rather than the policy that's being developed from internally. And as part of that also we can see that the government is trying to move to a situation where it can try and adopt policies that match up against best international practice as well. Why is Miss Havisham in there, dear Miss Havisham? Well she's become a kind of iconic emblem of the way in which the national curriculum is now changing, and I inserted her there following a speech by both the Secretary of State, and the Schools Minister who were asked to define what they felt a well-rounded young person of sixteen should actually have learned about? And one of them was Miss Havisham.

LAUGHTER

So how is the provider landscape changing? Well that gives you a little bit of a picture. It's quite difficult picking up on all the changes, after all a hundred and ninety four bodies were suggested by the Cabinet Secretary, quangos, perhaps, were suggested by the Cabinet Secretary that would need to be changed over the coming year. And as you can see you've got some out, some in, and some shaking it about. On the outside the Curriculum Development Authority, bodies like this, the Teacher Training Agency, the General Teachers Council, government offices, RDAs, FDF, this is a weird world of acronyms, but there is a shift, I think, in the way in which, I think, education provision is being provided. And you can see that coming when you look at, perhaps, the agencies that are in, and the changes that are taking place.

In the school system, what's in for example, clearly we seem to be having different streams of provision, through the academy model, which now, with four hundred and seventy academies open seems to have reached a tipping point, and it will be interesting to see what impact it has on the education system. In terms of vocational and applied learning the government seems very keen on what it calls the university technology college model, the 14-19 technical institutes, and that's the UTCs, which are being promoted by Lord Ken Baker, and we may well see the first of those taking place this year. What else have we got there? LEPs, Local Enterprise Partnerships, will broadly take the place of Regional Development Agencies, but will be very different, he said guardedly. And there's a big debate at the moment, as you will perhaps know, about how regional economies, how regional planning, how regional business will come together, to develop a new context. And I think we shall see more of that in the budget.

Underneath that technology and innovation centres, these were announced by the Chancellor as part of the spending review last year, and the intention is to try and create a network of satellite centres that will try and drive technology and innovation forward in the future, and these will be very critical to the Higher Education sector, although again we'll need to see a lot of developments taking place there. Mutuals, well as you will know the model of provision of services, the model of development in the future is very much one around social partnership, so the John Lewis has always been put forward by this government as a model to pursue when it comes to education provision, and I think we shall see more of that. Reform and policy exchange are the two major think tanks that are influencing government thinking at the moment, policy exchange, for example, was set up by one young Michael Gove a few years ago, so you'll get some sense as to where policy change is happening, and of course no ministerial speech would happen, I think, without reference to some international country who seems to be performing much better, and the three cited there are examples of those that you will generally find. And then on the right hand side, and again, it would probably be tiresome to plough all the way through those acronyms, but these are agencies, these are bodies, that are changing to reflect the new kind of slightly harsher model in which public services are being provided, in which there's more direct channelling of funding, more sharper accountability, and I think more sharing of

procurement, collaboration, and so on. And you will see our dear friend HEFCE in there, I think how HEFCE will change we shan't know until the White Paper in a few weeks' time, but clearly the signals were put in there from the Brown review.

Right, so that's how some of the landscape is changing. This is how some of the language is changing. So we've seen how the mood is changing, how some of the bodies are changing, this is how some of the political language is changing. You very rarely hear anybody describe the economy without resorting to a weather metaphor, so we are in the world of choppy waters, stiff headwinds and all the rest of it, so look out for those, we are going to have plenty more of that. If you are still grappling with what the big society is, and of course there are parts of the country who decided that the challenge is perhaps above them at the moment, given the cost of everything involved as well, then the next sentence is the one that David Cameron used at the party conference, and I heard him going through it in quite great detail, last October, to describe what the big society's about, doers and grafters, inventors and entrepreneurs.

A more serious point, perhaps, in the New Year messages, it seems a long time ago, in the New Year messages both the Prime Minister and the Deputy Prime Minister were very keen to try and inject a sense of growth on what they call economic dynamism, and you perhaps heard a little bit about that in the Davos speeches recently. So economic dynamism is a phrase that's gathering momentum, we shall hear more about it in the budget on March 23rd, it may not feel like it, but there is a genuine attempt at the moment to try and get the economy moving, and to move away from an aura, from an atmosphere, from a feeling of it's all about cuts and efficiency. So economic dynamism is a phrase you hear a lot.

Ruthless prioritising was a phrase that the Chancellor used when he introduced the comprehensive spending review on October 20th, and it's probably a phrase that's now being uttered in every Town Hall, every staff common room, and so on, so we are in an era when I think things need to be very carefully prioritised.

Armchair auditors and democratic accountability, well part of the Government's approach to policy at the moment, I think, is to try and involve all of us as far as it can, so it's releasing massive amounts of data and information about how much people earn, about what happens in certain streets in terms of the crime that might or might not be recorded. All this kind of thing is to try and create a much more open and transparent atmosphere, in which, of course, we are all in it together.

Horizon shift is a phrase that is quite difficult to understand. It sounds wonderful and I'm still grappling with what it means, but essentially what the Government is trying to do is to move from short termism to longer termism, and when you think again more seriously of things like the environment, think of things like welfare, when you think even in the whole area of Higher Education, I think the need to move from short term initiatives towards having a longer term set of objectives then you realise the importance of arise and shift.

Progressive is the euphemism that is normally used, and is one that when you hear you should take two steps back, because it's normally used when the Government wants to introduce some fairly bad news. So the local authority funding settlement that was released by Eric Pickles last week, for example, was described as a progressive settlement. Some of the changes to Higher Education funding, schools funding, indeed college funding, have been described as progressive, so that's the euphemism that's being used at the moment, and you come, perhaps, to a sentence that sums it all up to me, and this was a sentence from Lord Brown's review, the Lord Brown review, of course, of tutorial fees, that of course institutions will no longer be paid just for being there.

This is a very different world in which we are all operating. How are the policy mechanisms changing? Well again quite a fussy slide here, and I don't want to go through them all in great detail, but as you

will see it's not simply just a shift of responsibility from the State, to the citizen and the community, but behind it all there's some very significant mechanisms taking place. For a start we now have an independent body, the Office of Budget Responsibility, you may have heard of these people, who are providing independent advice and guidance to the government about financial planning and budgeting for the future. They produced a very important report in June, around the time of the emergency budget, a very important report in November setting out the economic scenario for the future, and they are producing another important report just before the budget in a few weeks time, so we now have an independent assessment of the way in which the economy is moving. Previously, of course, it was done under the Treasury cloak. One of the complaints that the Conservatives had before the election was won, I nearly said before they won the election, I don't mean that at all, before the election was won, was that the previous administration had perhaps not adopted a businesslike approach to department planning, so we see quite a different mood, quite a different atmosphere emerge in Whitehall, with the introduction of business boards, non-executive board members introduced to each of the major departments. The Department of BIS for example now has four, the Department for Education has four, so we have a very different approach to the way department planning now happens.

And you can see from the middle one there the desire to sort things out in one term while planning for the long term, what the Government realises, I think, and of course it was warned, as you will perhaps remember just before the election, was that it will be one go at getting things right, and it will not be forgiven if it doesn't achieve it. And if it feels frenetic at the moment, in education, in health, in policing, in defence, in transport, or whatever, it sure as hell is, because I think the coalition recognise that they have just one go at getting it right, so it is moving extremely fast.

And I think most of the other things are fairly familiar there, so let me just move on to what's still under review, and I'm still building this picture, as I hope it's taking shape in front of your eyes, about where policy is coming from, and how it's looking, this is what's still under review at the moment, and of course there's a lot of it that's still to be sorted out and resolved. And it really goes from the school curriculum days, so you've got the national curriculum under review, that was launched just two weeks ago, around the concept of introducing essential knowledge and essential skills for young people, and this will be put in place within the next two years, and, interestingly, for the very first time is being led from within the department.

We've also got a review of the key stage tests that happen at the age of eleven, school funding, vocational qualifications, this is the Alison Wolfe review, 16-19 participation, this is a review that's being conducted by the department select committee, and it follows, of course, the demise of the Education Maintenance Allowances during this year, and clearly the government is very keen to see what the impact of that will be on young people's learning, because at the same time it is moving ahead with legislation, to ensure that young people stay on in some form of learning or training from the age of sixteen on to the age of eighteen. We have a review of the UCAS tariff going on, that was embarked on last year, and it will be a very significant mechanism as part of the changes to Higher Education, and the entry to Higher Education take shape throughout the next eighteen months or so, and you will hear more about that, I suspect, this afternoon.

When you move into FE you will see that there is a lot of consultation about how the fee system might be changed, traditionally FE has been fairly dependent on public subsidies, and it has waived fees where it has felt appropriate, and this has been an extremely important instrument in the way in which it has managed to bring in new groups of learners, work with people in the community, and so on. Now clearly this is not going to be something that is sustainable into the future, there was a major review of FE funding last year, it found that not enough colleges were collecting fees, and they will now, in the future, potentially be penalised if they don't. And at the same time a fee system for level three and above qualifications for older learners, that's twenty five and above, may well be introduced as well. And when you get into the whole area of skills and Higher Education of course there's been the review

of skills conditionality, that's part of the welfare changes that are going on at the moment, whereby recipients of welfare benefits will only receive them if they agree and sign up to further training of some sort with a recognised provider. The review of student visas, which has been quite a difficult issue, that closed on January 31st, the Home Office select committee is, I think, meeting today, just taking evidence on this, and you will know part of the drive behind this is to clarify and to narrow down the rules for eligibility for studying and Further Education Colleges in particular.

When I put future strategy for HE be not alarmed, this is the forthcoming White Paper which is intended to set the strategy for HE in the future, and the Department at the moment, and again I'm sure you'll hear more about this afternoon, is looking at ways in which it can enhance the information and intelligence for young people who increasingly will have to pay more, and therefore will demand much more in terms of information, advice and guidance, in advance.

What's under legislation at the moment? Well, three Bills that will be important for the world of education, one is the so-called Quango Bill, the Public Bodies Bill, which is being savaged every step of the way by the Members of the House of Lords, to which it went in first, and this is the Bill that will introduce a new approach, I suppose, to public bodies, and arms length bodies, many of which will be changed, many of which will be brought back within departments, all of which will be put under review, a triennial review, and all of which will have to subject themselves to different forms of criteria, and these are the criteria that David Cameron set out last year; that they must, for example, be independent, that they must be able to offer a service that no-one else can do, and that they can provide particular independent advice.

The Localism Bill, perhaps less immediately significant, but it will put in place a number of procedures whereby local services will be able to be transferred to community groups. I know people normally cite the libraries as a classic example, but a number of services will be opened up to local offerings, and many of these will be funded through a community levy, and it may well see a transformation of local areas, some people will see it for the better, some for the worse. And of course we have an Education Bill going through at the moment, which some of you will have spotted, although it's largely to do with schools, opening up of academies, changing of the curriculum, more powers to teachers, that sort of thing, it actually has two clauses dedicated to Higher Education, clauses seventy and seventy one deal with funding for part-time students, and deal with the rate of returns on the graduate tax for those people of the higher earner.

Bills that might come, well, we know there will be a Higher Education Bill at some stage later this year, or next year, and there are two Private Members Bills that are due to be introduced shortly for a second reading, one on apprenticeships, which will ensure that when the Government issues contracts that as part of the agreement with the contractor that they undertake a certain amount of training, and the Further and Higher Education (Access) Bill, again, just a Private Members Bill, but remember Private Members Bills give an opportunity for particular issues to be aired, before, potentially, they enter legislation, and this Bill is to ensure that applicants are accepted on merit, not on how much they can pay, and that may be a pretty critical principle to have established. So it's just a Private Members Bill at the moment.

Right, that's the policy context, so it's time to take a deep breath, but there's only two quick slides, and we can go through it fairly quickly. Much of this you will know. What's the new economic context within which educational policy, and indeed much of public policy, is now operating? As you can see, the overall framework was set, of course, by the emergency budget, which established the procedures for the spending review that took place later in the year, and of course the spending review that was announced, as I said, on October 20th has set the broad parameters of funding, and the approaches to public policy that then follow, and their implementation for the next four years. What we now wait for then is the budget, SR2010, as I say, was the spending review, what we now wait for is the Budget and at that point it then locks in all that has been agreed.

People have sometimes said to me it feels pretty difficult at the moment, it feels very tight, and I have to say look, it hasn't even started yet, it's the Budget that locks the procedures and the agreements and the funding arrangements that were set out last year into place. What's it going to be like this year? I suppose in a word, I'll choose the politest, horrible. And it could be worse. That is the word that was used by the General Secretary of the TUC, David Cameron called it a difficult year, Sir Richard Lambert a rocky year. We could go on. It's not going to be a very good year, but the hope is, or the expectation is, or the fingers crossed are about that things will start to improve before, or towards, the end of this year, and then hopefully, from 2011 onwards there is a sense of things getting much better.

The Financial Times over Christmas carried out a consultation with over a hundred economists. You kind of wonder if anyone agreed. But it carried out a review, a consultation, with a hundred economists, and there was no sense that there would be a double dip from their point of view, so I don't think we are going to move into that, but the message that did come through was that moving out of the recession this time will be much longer and much more arduous than has been in the past. In the past we've moved out of recession within two and a half to three years. In this case it seems to be, again if you bear in mind all that was said, something in the order of three and a half to four years, so it is "a long hard road".

What are the main mechanisms being used? Well I put Canadian recovery plan, this is a fairly glib approach to a very complicated issue, but prior to the election, and prior to the spending review itself, the government conducted a number of reviews about the different ways in which countries have come out of recession, and alighted on the Canadian model amongst many, and there's a lot on that that is of interest, not least the fact that they managed to come out of recession within five years, and the government got re-elected, so one can understand why there's some fascination in that model. But broadly it's a model which adopts a four to one ratio, which I've put there, as you can see, where the emphasis is very much on efficiency, savings and cuts, as opposed to tax rises, and that's why it feels very tight at the moment, but also put enormous emphasis on scaling back the State, reforming the public sector, and most of these things have been adopted in the model that we have over here, including, as you can see, an increase in the pensionable age.

What are the main drag factors? Perhaps not very surprising to you; clearly things like the impact of VAT on spending levels, clearly the whole issue about energy prices and costs, you only need to fill up the car and look at the energy bills around that one. And interestingly one of the issues that I think is beginning to concern a lot of employers, and worrying a lot of people in government, is that those economies that are coming out much quicker, Germany's growth was, I think, three point six percent the last quarter, and I know it's a slightly different situation, those countries seem to have high level technical skills, and we, as a country, do not. So I think you'll find a lot coming through from Vince Cable's department, David Willetts' as well, about doing something about the skills agenda, quite what that will be I think is difficult to determine at the moment, but we, I think we shall see funding prescribed for that.

The main determinants of success? Well, as you can see, how far the government is able to create the conditions for growth, a lot of this is about confidence, how far the private sector is able to generate employment, again a lot of that is due to confidence and the economy moving, and how far the education system can provide the skills for the future. And if you look at the current indicators, there are three main indicators to the economy, around growth, inflation, and the economy, the news is pretty grim.

On growth you can see the three core forecasts for this year have all been proved to be wrong, it's worse than they said; the Office of Budget Responsibility, the British Chambers of Commerce, and the CBI all declared, all down-graded their forecast for growth to around 1.92% , and you will know that in the previous quarter, reported on just the other week, and I know there are all sorts of extraneous

factors for that, not least the weather, we saw a retraction in the economy, rather than any growth at all. So it's going to take some time, I think, to get that back to a figure of around two percent. The independent forecasting is that it rises to 2.6% for 2012, and there is some sense that it is actually not as bad as was suggested in the previous quarter. Inflation, perhaps is one of the biggest worries, because inflation, I mean the benchmark for inflation, as you will know, is the 2% figure, and as you can see from the forecast there it's likely to remain high for much of this year. It eats away at so many other things, prices, costs, salaries and all the rest of it. And of course the figure on inflation that came out the other week is 3.5% plus.

And then unemployment, again, the forecast is that it will remain fairly high, although there'll be a slight growth this year and then start to downturn. The last set of figures saw unemployment rise to two point five million, this was just before Christmas, but there's two key factors in there that are worrying people, one is a shift in the type of work that people are now undertaking, a big shift towards part-time employment, people working in lots of different ways, on short-term contracts and so on, and that hideous barometer for young people, which is the number of young people, 16-24 years olds out of any formal work training whatever, which rose again to nine seven one thousand, so that's a very, very, worrying set of statistics. So in terms of the economic context it feels as if it's going to be very difficult for this year, but the hope is that things will improve for the future. What does it all mean? Very quickly, I'm just going to say a word on schools, a word on colleges, and few points in Higher Education, and see, and trust, and hope, that I can pull together a picture of how education is reshaping itself on the backcloth of that kind of policy and economic context.

For schools, this is what schools have been...I nearly said asked to do, this is what schools have been told to do. The Structural Reform Plan, the SRP, if you haven't come across that phrase, is in effect the business plan for the department, and those are the things that young people, schools, colleges, up to the age of nineteen, will be engaged in. They range from changing the type of schools, the shift towards the academy, the free school model, they include, of course, some change to the curriculum and qualifications, and you will see towards the bottom one or two things for young people, the introduction of a national citizen service, as part of the big society and so on. So that's what's on the agenda for schools, and this is what the thing looks like. Emphasis on early years learning, under the Education Bill the government is committing additional funds for disadvantaged two years olds, which is something I think most people hoped would happen, and is now being confirmed. So a recognition of the bedrock of early years learning and support is in there.

You will know, because there's an enormous amount of attention being paid to this, at four hundred and thirty pounds per pupil on free school meals, the Pupil Premium is being introduced from April 2011, and will be one of the small forms of grant that schools can use to try and encourage and promote mobility, opportunity, progression, and all the rest of it. It is not ring fenced, schools can use it in any way they want, and it will be interesting to see how that is exercised. There will be a much greater focus on the essential core subjects, and this, I know, has attracted particular interest in the design, creative, and arts sections of the world, because the English Bac as it's now known at the moment, was applied to the school league tables for this year retrospectively, suggested that the major metric for schools' success in the future will be the five disciplines of English, maths, science, humanities, and a modern foreign language. And what happens, of course, when you say that, and there's a lot of support for having a standard core, we don't have a kind of balanced core, subjects for young people up to the age of sixteen, but as soon as you say it you then, of course, suggest messages, or leave messages in the air about the other subjects. So there's mounting concern from RE, from sociology, from the arts, from music, as you might imagine, that will these subjects therefore be lesser citizens within the school curriculum. So I think that's a major worry.

Right, let's just move on, because time's moving on, let's just move on to Further Education. Those are the things on the agenda on the list for Further Education, and they deal with, as you see, a lot about trying to rebalance the economy across different sectors, different parts of the region, as you move

down to number four it's about trying to raise the skills base, the skills level, for all ages there, and a change to a different funding system. As you move to number five for Higher Education, there we are, support Higher Education, as you know, ring fence research funding for science and research, and establish the network there of the advanced technology centres, which will be happening during this year and into next year, and then a big push on enterprise as well. This is the money they've got to do it with. They've got a twenty five percent cut in teaching and learning budgets over the four year spending review period, so it's pretty tight, this year it amounts to about a 4.3% cut across the board. The emphasis, as you can see, on the third bullet point, is on ensuring that in return then providers, colleges, training providers and so on, collect the fee contribution where they should, and at the same time that any funds that are collected, and subsidies that are provided, are pushed towards the front line, the low skill, the unemployed, and the small medium employers.

A lot of money going into apprenticeships, this is National Apprenticeship Week, as you will know, a very important area, the government recognises that apprenticeships provide some of the best work-based training that there is. A massive amount of work and funding and support is going into that. We've just had a new set of national apprenticeship standards, so that's going to be a major factor in generating funding, but like Higher Education, and like schools, there's been savaging of capital budgets. And just to pick up the point at the bottom, because again that's quite critical in terms of the policy shift, MLP is minimum levels of performance, for colleges and other providers to ensure they get contracts in the future they have to meet minimum levels of performance which are being raised 3%, so this is the big focus on outcomes, getting things done as quickly as possible, and actually generating returns for what they are doing. Those are the key messages around the growth and skills development that's happening around further education.

Colleges are very much at the forefront of this, we'll hear a lot about this in the budget, I suspect. And as you can perhaps see, look at the third bullet point there, what they are trying to do is free up and release providers, colleges, training providers, and so on, so they can meet the local demands from local employers as well as the national objectives in certain skill sectors. So that's what's happening in Further Education.

This is for the Higher Education sector, again the SRP is what I've used, the Structure Reform Plan. This is the action plan that the government has to put out as part of its transparency agenda of all the things it's trying to do in that particular sector. Six or seven things there, so it's got to get its White Paper out, it's got to introduce legislation for new arrangements, post Brown arrangements, support and reform the Higher Education innovation fund, establish those technology centres, develop more intelligence for applicants to Higher Education, protect the funding mechanism for research and strengthen business links in a way that has perhaps been happening for some time and will continue to do so. So those are the headline activities for Higher Education. You don't need me to linger too long on this particular slide, because that's the funding at the moment that's been set aside, you will know HEFCE's recent circular 52011 has set the volume of funding, and produced some quite important key messages of where funding is going, and what's being protected.

You will know from that that access, quality of teaching, and diversity of provision, two thirds of the way down that slide are kind of key driving forces for change there, and HEFCE is looking, you know, should there be two year degrees, should there be more diverse provision and so on? But it is a fairly difficult set of conditions for Higher Education, and in its covering letter the department asked HEFCE to ensure that there is, quote, a "smooth transition to the future". It a phrase we hear a lot about in all parts of the world at the moment, and I think one would exalt this to happen, but it's actually very difficult to achieve.

If you want to get a picture of how HE is looking at the moment these are the major speeches, papers and issues as I see it. Again, let's not plough through every single one, but I think David Cameron's Centre Forum speech, the last one there, if you want to understand how they got to the position they

are in, why they rejected the graduate tax, where they are coming from and what the government is trying to do in shifting the tutorial fee system, then that speech that was made just before Christmas to the Centre Forum is actually very, very key. I think those other speeches are probably well known, and many of you will have followed in the one just above Cameron's speech, on that bullet point, will have followed some of the debate in the House of Commons as the fee provisions went through. Some of the key papers there are fairly well known, and I suspect you don't need me to tell you the importance of some of these key issues. I'm moving on quickly because we are coming to the end, and I have just two slides.

I think, and I think Professor Bartholomew put it, we have to stay optimistic, we owe it to our learners, we owe it to everybody to try, as best as we can, put forward a positive perspective. So there are many reasons for being cheerful. Ed Miliband, in his speech over the weekend mentioned the creative and design industries, and how important he considered them to be for the economy. The CBI, for example, is conducting a skills review at the moment, and the one it's looking at this week is about creative and design industries, so there is a lot of interest in it, but sitting at the kitchen table at home and trying to conjure up the ten things that make you feel most positive, this is just an attempt. As I said, we are all in this together. I'm not sure I asked to be, but...

LAUGHTER

...I think it isn't something that we should take personally. Everybody's in, we are in a very difficult situation, and I think we need to recognise that there are contributions from all sides. As you will know from HEFCE's grant letter an additional volume of ten thousand places is being supported this year, but for the last year only, so that's something to welcome. If you are able to hang around the primary bulge has started, it rises in numbers from 3.9 billion to 4.5 in the next five years, so bit by bit we have a new generation of learners coming through. Interesting one, number four, very mixed views as to whether the graduate unemployment situation has started to improve. Most people are citing evidence saying that one in five are unable to find a job. But the High Flyers research recently suggesting three fifths of big companies are looking to take on graduates in the next eighteen months, so it may be some green shoots starting to happen there. As I've implied I think the Chancellor will try and ease things a little bit in his budget. Whether he has much in the way of goodies to pull out of the bag I think is up for debate. There are siren voices saying that he's got up to six million that he could distribute as part of his largesse, but there are equally other siren voices saying hang on in there mate and don't sell us short before we get the thing sorted out.

It's worth recognising that the digital and creative industries, in the first wave of the identified growth sectors, this is the growth paper that was launched by the Chancellor and Vince Cable just before Christmas, they looked at six key sectors in the economy, and the second one down was the digital and creative industries, which if my memory serves me right generate something in the order of sixteen billion in terms of funding returns and exports and so on, a year. And that, again, is forming part of the growth agenda that the government's putting together. You will perhaps also be aware that in HEFCE's funding letter from the government, the government asked it to look at, as you can see, the case for arts, humanities, and social sciences to be amongst the strategically important and vulnerable subjects. So again they are being recognised in there. The National Scholarship Programme Group, that's the group of young people, not young people, that is the group who is advising the Secretary of State on the student premium that might be used to support and overcome some of the problems once the new fee system is being introduced. And some very important work is being done around that. So that's worth remembering, and it may be some relief to know that there is no Plan B, because as far as I'm concerned Plan A is enough.

So going forward this is the last and final slide, you may have it in your pack, and if it's of any use to you then do feel free to use it in any way, shape or form, but it just tries to capture where we are with education policy at the moment, so as you can see we are very much in the review of the vocational

learning for young people, the consultation on the national curriculum and the latest Education Bill, we move into March when we have the Budget and we expect to see the HE strategy paper, then the settlement, the funding settlement, the spending settlement kicks in in April. Potentially the Higher Education Bill in autumn, the introduction and implementation of a new fee system in Further Education September 2012, similar for level three and above for older learners in 2013/14, which would allow us all, and the Government, to go to the country in 2014/15 with the deficit eliminated, the World Cup won, and sighs of relief all around as we go to a brave new future. On that basis I hope I've left you more uplifted than when I started. Thank you.

APPLAUSE

MC Steve, thanks very, very much. As ever really comprehensive, but easily understood and an easy to follow guide to what's a really complex area that we are all facing at the moment. I am going to abuse the role of chair, or host, and take us slightly over our timetable just to take a couple of quick questions while we've got Steve with us.

Q Hello, Juliette Sargeant, University of the Arts London. I just wonder if you have any thoughts about what the Wolfe Review might contain in the recommendation?

SB Right, the first problem we've got is knowing exactly when it's going to report. Our intelligence is saying April 7th, some people are saying next month, so I think that suggests it's not proving very easy. Our view is that it will do a number of things. One is that it will take an axe to the number of vocational qualifications that are available for young people. Partly because that is in the instinct of Alison Wolfe to do that, she wants a much simpler qualification system, and partly because that's in the remit from Government. So we think it will be a much simpler qualification system, and you will not be surprised to know that bodies such as my own, which houses the BTech system, has been very vigilant in ensuring that national qualifications that are known and respected, will be included in there.

The problem seems to be that there is something in the order of six thousand plus different qualification bits, if I can call them that, because they are not all qualifications, available for young people, and not all of them help them in terms of progression, and they certainly make the system complicated. So a simpler qualification system.

The one that's alarming people is the suggestion that perhaps there should be a discrete network of specialist providers for vocational learning, and that may be built around the UTCs, and we now move into this language of free schools, studio schools, and so on. And the Government's argument, and Michael Gove has put it across in his inimitable and very erudite way, is that by offering vocational qualifications at will to all schools, some do it very well and some don't, some do it on a Wednesday afternoon with a teacher that's free. So I think we might see an emphasis on a more discrete network of providers, and I think the third thing we shall see is a slightly different model for pre-sixteen to post-sixteen.

Post-sixteen it will be much more liberated, I think young people from sixteen to nineteen will be encouraged, invited, and exhorted to take, in a sense, a vocational area that suits them in terms of their career progression, whereas I think up to sixteen they will have to take, probably, what we are calling this English Bac, and what I think is now interesting is whether you have a Tech Bac, and if you do do you then create your sheep and goats situation that we've had in the past, or do you allow the space that's left from the English Bac, if you take those five subjects you've got about forty percent of the curriculum left to then allow young people to take the subjects in the interest that suits them. So those are where the pinch points are. It's a very interesting question.

MC OK, I am going to ask the last question, I am going to further abuse this role of chair, we were at the ukadia board meeting yesterday, we were with HEFCE, and the phrase clustering around fees came up, which is this notion that many universities will want to go to the nine thousand pounds end, and we had Simon Hughes as the access champion reportedly saying over the weekend that he thought it would be only a small minority of universities that would be charging, or would be allowed to charge nine thousand. I wonder if you have a view on how the Government's going to square that particular circle?

SB I'm tempted to say ask David this afternoon.

MC I think people probably will actually.

LAUGHTER

SB I think the point is that once you open it out to a set of market forces then it's very difficult to control it, and my view is that the majority of institutions will go for a higher fee. I know there's some suggestion it was going to be seven thousand, seven and a half thousand, and I think the Government will do its best to say that the access agreements, and the other changes to entry that it's putting in place, let alone the bursaries, let alone the raising of the threshold for the payment back, will be ways of, I suppose, controlling that. But I suspect it will be very difficult to control it, and they will be trying to do that retrospectively.

MC Steve, once again thank you, thanks for your time. And I would urge people to sign up to Steve's policy emails, if you don't do that, because they are fantastic, I have to say, and sign up to Steve's Twitter feed as well, because that is also very good. Thanks again Steve, thank you.

APPLAUSE