

A response to
**A Simplified Further Education and Skills
Funding System and Methodology**
from the
National Institute of Adult Continuing Education (NIACE)

Summary: seven common themes for a strategy and associated funding methodology

NIACE's response to the Skills for Sustainable Growth consultation and the linked funding methodology for further education has been discussed by members and supporters at 10 regional meetings as well as by the Institute's Policy and Strategy committee. Seven common themes underpin NIACE responses. These are:

1. **Accessibility:** NIACE's starting point is that a Skills Strategy and funding methodology should begin with the aspirations of individuals and their communities as well as the needs of employers. It should be inclusive and have something to offer people currently outside the labour market as well as those within it. In order to ensure wide accessibility, NIACE supports the continuation of 'entitlements' but with reforms. NIACE also supports the introduction of new interventions at key transition points in the lifecourse (as suggested in the *Learning through Life* inquiry report), backed up with effective information, advice and guidance. NIACE argues that simplified funding systems must preserve equality and diversity and not reduce accessibility to the sector for part-time adult students.

If a new Skills Strategy is to be accompanied by a simplified funding methodology, it will be necessary to resolve a tension between funding the costs of provision on one hand (whether weighted for an 'expensive' subject such as engineering' or for a less expensive one like literature) and funding learners (some of whom have more complex and expensive needs) on the other hand. NIACE believes that Lifelong Learning Accounts can become the mechanism to secure ensure accessibility so that the system remains equitable in how it treats learners and ensures a diverse student body. A highly devolved system needs measures to secure equality and diversity. NIACE recommends the adoption (first proposed in 2001) for a national participation measure .

2. **A 'single learning ecology':** For adults, further and higher education are intertwined and the dividing lines between them often appear arbitrary. A Skills Strategy and a simplified FE and skills system should not be developed in isolation from reforms to HE or of funding for 16 - 18 year-old learners. Neither should it ignore informal and self-organised adult learning. Lord Browne's review of higher education and the Spending Review means there is a rare opportunity to bring greater

coherence to the fees and funding of further and higher education in order to ensure greater fairness and facilitate progression.

3. **Maintenance of a safeguard to ensure a broad curriculum:** Evidence from the past suggests that ‘single-pot’ budgets risk the narrowing of a broad curriculum. This is why NIACE argues for the restoration of the ‘adult safeguarded learning’ budget to its original level of 3%. This is crucial since in recent years the safeguard has been expected to encompass an increasingly wide range of provision. However, if the provision covered by the safeguard is to be further expanded, resources will need to be transferred to meet the additional areas covered. NIACE also supports the establishment of a Community Learning Fund (as proposed in the Conservative manifesto) to support curriculum innovation and system-change. NIACE believes this should be aligned to support the development of a Big Society and would welcome the opportunity to develop such work with government. A skills strategy is not only about the acquisition of vocational competence and knowledge. Both the Strategy and funding methodology need also to promote academic, civic, role and enterprise education as well as providing a locus for creating and sustaining social capital by fostering critical and informed engagement with social, political and moral issues. In the words of the Prime Minister this involves “*broadening the mind, giving people self-belief, strengthening the bonds of community*”. In this way the sector overall contributes to a tolerant participative democracy that encourages appreciation and participation in the arts, sport and cultural activities as well as community engagement.

4. **Maintenance of a diverse provider base in Further Education:** Crucial to the accessibility of FE is its wide range of providers. Incorporated colleges (ranging in size from large institutions with 30,000 students to small institutions of a few hundred) are central but are only part of the system. In addition to local authority services and UFI/Learndirect (which serves 240,000+ learners a year) in the public sector there are also private and third-sector providers offering community based learning, work-based learning and residential education and training, including specialist provision for learners with disabilities and learning difficulties. NIACE suggests that a simplified funding system with too a high minimum contract threshold for providers puts administrative convenience above the quality of the learning experience. Turning smaller partners into sub-contractors risks jeopardising the sector’s potential reach to all sectors of the population and to contribute to the Big Society.

5. **Responsiveness to local as well as sectoral and national needs:** The risk in any national system is that the benefits of simplicity are bought at the expense of sensitivity to the particular circumstances of any travel-to-work and travel to learn areas. A balance needs to be struck but after a period of increasing national regulation NIACE supports moves towards more ‘place based’ solutions with FE sector providers acting alongside other local stakeholders including the local authorities, universities and other providers.

6. **Affordability and value for money:** If total spending on further education is to be maintained, private contributions from employers and from learners who can afford to pay will assume greater importance but NIACE is concerned that affordability of provision for learners should remain an important principle guiding any funding system. In order to get best value from public spending, NIACE argues the system should become both more supple and also more conditional. This should include, for employers, squeezing out 'deadweight' and attaching conditions to corporation tax relief for training. For individuals it ought to mean the development of Lifelong Learning Accounts - which might, in some cases, involve income-contingent loans.

7. **Greater trust in providers:** The further education sector in recent years has become over-centralised and over-regulated so greater trust is welcome although this needs to be balanced with full transparency and public accountability, including simpler but improved data collection (using the *Learning Through Life* model of four lifestages). As a general principle NIACE recommends that providers should consult with their local stakeholders and agree an annual plan with the funding agency. Providers could then be held accountable for its delivery after the event. In addition, quality-assured providers should have greater (but not total) freedom to develop their own credit-based qualifications, responsive to employer and community needs from within the Qualifications and Credit Framework.

Introduction

1. The National Institute of Adult Continuing Education (NIACE) has long argued that raising the country's skill levels will require an increased investment by the state, individuals and employers alike. NIACE welcomes the opportunity contribute to this consultation so that public spending on further education (FE) and skills in England can be deployed to best effect and better contribute to the goals set out by Government not only in this *Funding System* paper but also in the associated consultation on *Skills for Sustainable Growth*.
2. This response answers each of the questions posed and should be read alongside the response to *Skills for Sustainable Growth*.

Q1. We welcome views on whether (the principles outlined) are the right principles for a streamlined FE and Skills system - are there any others?
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NIACE broadly supports the principles which are outlined but is concerned that this paper, unlike the *Skills for Sustainable Growth* consultation, fails adequately to acknowledge the need for skills funding to be aligned with welfare to work strategies (especially the new Work Programme). In addition the wider role of further education beyond the skills agenda is under recognised - for example how it complements strategies of the Department of Health or of CLG. Were these to be taken into account, opportunities for synergy will be realised and the contribution that the sector should be making to the Government's Big Society initiative will be enhanced.

In addition, the absence of references to quality as a principle in this section is a significant concern. Equally surprising is the absence of any mention in this section of the responsibility the system has to ensure the provision of opportunities to those in greatest need and a commitment to protecting the most vulnerable. The principle of accessibility is critical and the funding system must ensure protection and empowerment of people who require additional support even when this is more expensive.

NIACE also believes that the system proposed should aspire to seamless integration with the funding approach of the Department for Education and the Young People's Learning Agency's systems for 16-18 education and with those of the Higher Education Funding Council for England. Greater evidence of join-up and coherence would be welcome.

NIACE welcomes moves to give more trust to providers but this needs to be balanced with appropriate mechanisms for accountability and transparency. In NIACE's view, such mechanisms should have two dimensions: the local (how the provision funded integrates or competes with other provision in an geographical community and how this meets expressed needs); and sectoral/curricular (how provision funded adds economic and social value in the wider public interest).

NIACE has some concerns about the principle of focussing primarily on 'outcomes' as this concept is quite slippery and open to misinterpretation if disconnected from a realistic timescale. It should be recognised, for example, that qualifications are a narrow way of capturing the outcomes of a learning programme. Similarly, sustainable employment outcomes may take longer to reach in some areas of the country than others, for some people at a greater distance from the labour market and for those with additional responsibilities (such as part-time students with caring responsibilities in comparison with full-time students).

While welcoming the principle of co-investment, NIACE questions whether this has yet been sufficiently researched to set realistic targets (in particular, the balance of investment that

might be achieved from individuals and employers). This case is made more fully in paragraphs 11-13 of the Introduction to NIACE's response to *Skills for Sustainable Growth*.

Q2. We welcome views on whether there are other areas of the wider FE and skills system that should be focussed on to simplify systems and processes and reduce burden?

(Please refer to NIACE's response to question two of the *Skills for Sustainable Growth* consultation for an account of how the system might be simplified).

NIACE's central observations here are that Government has to strike a balance between simplicity on one hand and equality and diversity on the other. It should also be alert to the risk of simply pushing administration 'down the line' from its funding agencies and onto the shoulders of providers.

NIACE supports the analysis of others, including the Association of Colleges, that qualifications approval systems are unnecessarily cumbersome and over-elaborate. NIACE suggests that there is potential for significant slimming-down of this part of the sector.

Q3. We welcome views on the benefits of extending the current approach to a single post-19 funding stream and whether there are alternative models to consider.

Bringing 'Adult Learner Responsive' and 'Employer Responsive' budgets together for 2010/11 was a move welcomed by NIACE in principle but would seem premature to assess the extent to which it has improved effectiveness and efficiency. As NIACE argues in response to question 30 of the *Skills for Sustainable Growth* consultation, there remains a strong case for retaining an adult safeguarded learning budget (see the third of the seven common themes prefacing this response).

This 'Safeguarded Adult Learning' budget line was introduced in 2003, at the urging of NIACE, which argued that that three per cent of the adult further education budget should be used to promote learning for culture, citizenship and community well-being. This was deemed necessary to ensure that what was called 'adult and community learning' and 'personal and community development learning' did not vanish entirely. Over time this budget shrank to less than two percent of the total even though the needs it was expected to satisfy grew and became increasingly prescribed. It now covers:

- personal and community development learning;
- neighbourhood learning in deprived communities;
- family literacy language and numeracy;
- wider family learning

to which has been added:

- online basics; and, potentially,
- whatever remains of uncertificated 'development learning' and 'first steps' provision

NIACE believes that a safeguarded **budget should be retained** to demonstrate the Government's belief (evidenced in the Departmental Structural Reform Plan) that the purposes of further education are not simply limited to vocational instruction and that Adult Community Learning is a priority for re-invigoration.

The need for this may be evidenced from what happened when a national Adult and Community Learning Fund was devolved to local Learning and Skills Councils in 2004. Within

two years, innovative and targeted provision for adults was been swallowed up into general LSC spending. Similarly there is a risk that momentum in informal adult learning, generated by the £20m Transformation Fund of 2009-2010, will be jeopardised.

NIACE notes also that the Conservative manifesto included a proposal to establish a Community Learning Fund along the lines of that outlined in the party's Green Paper *Building Skills, Transforming Lives*). This was, explicitly, described as new spending.

A key reason why the safeguard remains necessary is that many part-time adult students are less visible in colleges and other providers than full-time learners (especially when taught by sessional teachers in outreach settings) and there is a risk that such learning is seen as being easier to cut than full-time provision.

Additional reasons for not moving to a 'single pot' approach include:

- the Government's aspiration to develop a system of Lifelong Learning Accounts. While it is important not to destabilise providers, such moves to put more purchasing power in the hands of learners themselves would be welcomed by NIACE; and
- the particular requirements of managing offender learning and e-learning.

Q4. Would a funding envelope covering the Spending Review period support improved delivery and performance - if so to what extent?

Providers have reported to NIACE that 'three-year budgeting' was never really implemented as they had expected and that longer-term indications are helpful in allowing better planning - particularly if areas of provision are to contract. It is difficult however, to gauge the extent of the benefit in terms of delivery and performance - but given that there are no extra costs, with adequate monitoring in place, the risk are few.

Q5. We welcome views on how the sector should take the lead in determining the funding allocated for LSIS and the broad parameters of how this is spent.

NIACE supports the proposal that LSIS funding should be considered as part of the post-19 provision budget and should be top-sliced. It sees LSIS as the conduit for national development funding for the sector and endorses the LSIS approach of concentrating development resources on engaging the sector's institutions. However, the project we believe that development work needs to be practitioner as well as institutionally led.

NIACE thinks there is a need to further develop the relationship between the NIPB, the LSIS Council, and the representative bodies the LSIS Chief Executive consults. There a need to review and develop the role and constitution of the Council.

The election process for sector representatives works well in securing a cross section of practitioner participants in the Council but NIACE believes that LSIS should use the balance of available places for the lead officers of the representative bodies to ensure that the Council is able to set priorities, informed by the full range of interests in the sector.

NIACE believes that it may be helpful to distinguish more clearly between the 'research and development' side of LSIS's work and the 'training delivery' side.

In the case of the former, it is important to recognise that not all innovation and development happens at institutional level and that development and curriculum initiatives benefit from dialogue, peer review and critical reflection on practice by practitioners as well as by their managers.

In the latter case NIACE recommends that LSIS consider how to avoid any perception of conflict of interest resulting from being both the commissioner and deliverer of training provision in a market that is not failing.

More generally, the role of LSIS as a strategic commissioner appears sometimes to confuse the role of commissioning with procurement. This does not always the most cost-effective way of getting funding to the front-line.

Q6. We welcome views on how we can ensure the funding system supports the sector in responding to the needs of the most disadvantaged.

NIACE suggests that Lifelong Learning Accounts may be the key to devising a system responsive to differing learner while providing a degree of stability for providers which recognises the differing costs of different kinds of provision.

Learning Accounts have the potential to distinguish between two linked dimensions of disadvantage. Some may result from an individual's circumstances or characteristics (examples might include a sensory impairment, mental ill-health or a learning difficulty, a history of offending or substance abuse) other disadvantage may result from the local labour market, learning market or other environmental factors (such as public transport links in rural areas).

Simply incentivising positive job outcomes might lead to a focus only on the easiest-to-reach and fee remission policies set nationally need an element of local flexibility.

Different responses may be needed for different groups. People under the age of 25 who are the beneficiaries of the most generous of the current 'entitlements' (to courses leading to a first Level 3 qualification) need assistance to establish their place in the labour market while those over the age of 50 who are not in employment, education or training have different motivational drivers and will require different information, advice and guidance.

Q7. We welcome views on whether the approach to public subsidy should be differentiated.

NIACE's response to Question 11 of the *Skills for Growth* consultation sets out the Institute's analysis of the place of entitlement and argues that these must be framed in the context of a comprehensive tertiary education offer (including higher education) and aligned with the funding strategies of the Department for Work and Pensions. NIACE strongly supports some of the existing entitlements (such as free tuition in basic literacy and numeracy), believes others might be amended and suggests a case for the introduction of modest offers throughout the lifecourse rather than front-loading public support into the first 25 years of education.

NIACE supports the findings of the Banks Review in terms of the direction of travel that is required but suggest that the Government may wish to be cautious about a timetable for implementation.

More broadly NIACE sees some attraction in introducing different levels of assumed public support (25%, 50%, 75% and 100%) for forms of provision and argues that the feasibility of integrating such an approach with the introduction of Lifelong Learning Accounts should be investigated (see Question 6).

Q8. We welcome views on whether employers should be accommodated through different measures within the funding system based on their size

This question is ambiguous about whether ‘size’ in this context means in terms of turnover or headcount.

Overall, NIACE can see a case for offering additional support to new and growing businesses as well as those in strategically important sectors but this should be on the basis of genuine co-investment rather than ‘something for nothing’ support which will do little to encourage an organisational culture which values learning. Government needs to make clear the expectation that employers should fund a greater share of their training costs. Once again, the Lifelong Learning Accounts have potential to be the vehicle for channelling co-investment from employers.

As well as size, there may be a case for thinking creatively about differential treatment of public, private and third sector employers. There may also be a case for encouraging local flexibility so that Local Economic Partnerships can tailor support in dialogue with providers and the inward investment/economic development departments of local authorities and sectoral enterprise initiatives.

Purely local solutions may need to be paralleled nationally through Sector Skills Councils and the UK Commission.

Q9. We welcome views on the practical implications of taking into account the need for optimising co-investment and the need for simplification.

The Banks Review rightly stressed the importance of Lifelong Learning Accounts as a means of achieving co-investment however, a substantial investment has been made in designing the current model of skills accounts. To re-orientate this will take time but there is an urgent need to increase the level of fees paid and collected if only to compensate for any future drop in public support.

For this reason, NIACE suggests that a matched-funding approach be introduced speedily (from 2011/12) but with money saved from this ‘clawback’ being retained, for one year only, by the provider.

More generally, NIACE argues that the new approach operates at organisational level, not course level.

Q10: We welcome your views on streamlining the way in which we currently support learners’ additional needs including what (if any) aspects of current arrangements should remain.

NIACE agrees that the three options described in paragraph 30 of the paper should be considered but suggest that any changes are modelled in some detail to ensure there are no anomalies or unanticipated consequences that will impact on vulnerable learners.

NIACE notes evidence from the LSN evaluation of the Discretionary Hardship Fund that a substantial majority of learners supported indicated that without such help, they would not have found it possible to complete their course.

Because of the complexities of support needs (which may include transport, childcare and residential provision) this is one area where there will be a real tension between simplification and equity.

Q11. We welcome views on targeting funding where it will have the most impact; what elements of the Qualification and Credit Framework should be eligible for funding and why?

In principle, NIACE suggests that the SFA should seek to move towards funding QCF units and to encourage more flexibility of response to employers' and individuals' needs. In the first instance 20% of provider budgets should be used for units outside of full qualifications. Until this is done the considerable potential of the Framework will not be realised. Such a move, with the associated potential for changing the rate-setting system, should be introduced cautiously however so as not to destabilise providers or jeopardise quality.

There needs to be a greater emphasis on Information, Advice and Guidance to improve understanding and also greater use of the Accreditation of Prior Learning. At present this is more expensive to undertake than providing learning opportunities which spawn additional units.

NIACE also recommends that the Skills Funding Agency might reduce the number of rates through a banding system.

Q12. We welcome views on the benefits of moving to a more price-driven system; including how we would mitigate against the risk of focusing too much on a single outcome at the expense of the quality and relevance of the learner experience.

The risk here are highlighted by the following example: At present, a short course like ITQ and five GCSEs are both considered to be a 'full Level 2' but are funded differently as they have require different levels of resource input. But if providers were funded simply on the 'output' of a full Level 2, it would be in their interest to run more short courses at the same value as longer courses.

NIACE agrees that any changes in the system (for example the move towards a tariff-based model) should be modelled in advance and staged but urges Government to appreciate the risks inherent in a price-driven approach which does not consider the costs of delivery. In particular NIACE does not believe that setting rates by competitive bids will deliver high-quality education and training although it might push down costs.

Q13. Are there any other barriers to the sector delivering more efficiently and effectively?

The paragraph preceding this question in the consultation paper does not adequately consider the role that new technologies can have both in the delivery of teaching, instruction and assessment (not least through blended learning) and also in the general management of the further education sector. NIACE believes that there is considerable under-developed potential here, not least around on-line enrolment (where audit rules need to be reviewed urgently) and around data sharing via the Unique Learner number (with important provisos around privacy).

Q14. We welcome views on whether there are alternative approaches that could be considered (including maintaining the status quo) which meet the principles of simplification and value for money; if so, how might they work?

NIACE believes that despite moves towards personalised programmes of learning and e-learning, pricing models that favour bands based on size of qualification (measured in QCF units) and the cost of providing a course (including capital costs) are, on balance, more attractive than ones based on learner characteristics which, NIACE believes, could be addressed through the direction of resources in a more personalised manner Lifelong Learning Accounts

NIACE would also wish to see continuation of the principle of additionality for literacy and numeracy provision.

Q15. We welcome views on how this might be achieved, and whether its benefits would justify the change

NIACE is unclear whether programme weighting would still be applied at the institutional level were a large provider to sub-contract to smaller ones outside the immediate locality.

Q16. Should there be a different approach to setting rates for post 19 Apprenticeships?

NIACE supports a separate approach to rate setting for apprenticeships for people changing their career but with experience of working life - although these should be congruent as far as possible with rate setting for 16-19 year olds. It urges the Government to consider adopting the approach followed in Wales.

The approach should however, be predicated on equality of access to apprenticeships for groups who do not participate and close alignment with DWP programmes.

Q17. We welcome views on whether there are other elements of the provider factor that could be removed / simplified in light of the proposed approach to allocations, rates and funding?

At present NIACE is not aware of evidence demonstrating the effectiveness of the provider factor as it has operated since 2008. Should it not be available there is a case for a formal review.

There are also a number of detailed questions that may arise if there are fewer providers in the future and more sub-contractors. One example would be how any area-based uplift factor would be applied for geographically dispersed provision.

Q18. We welcome views on the options - including how we could use the approach to marginal funding to reward good performance in delivering quality outcomes in response to learner and employer needs.

NIACE notes that current allocations are based on historical data (generally two years old) so any moves to making it more responsive (presumably judged and reconciled by use of ILR data) would be welcome.

On the basis of the material presented in the consultation, NIACE finds it difficult to see the benefits of the second option.

Q19. Should some areas of provision and/or types of provider be exempt from minimum contract levels?

NIACE understands the reasons why Government wishes to move towards minimum contract values but would argue that top-tier local authorities and universities should be exempt because, although their SFA allocations may be modest (smaller than £1 million per year, for example), they are generally larger in overall financial terms, than other providers. They are also strategically significant and if they choose to be part of the sector, they bring a valuable element of diversity to further education provision.

In the case of Third Sector providers with a community focus, a lower contract threshold of £500,000 and a strict quality threshold may be a price worth paying in terms of improved reach into disadvantaged communities. Were such partners to be reduced to the status of sub-contractors, some high quality provision could be jeopardised under the management of larger but 'coasting' providers.

The case for a high minimum contract value would be strengthened were there to be legislation which allowed incorporated colleges to be able to change their Instruments and Articles of Governance to federate with other providers and enabled local authorities and universities to be part of a federation or confederation.

Q20. We welcome views on what the "right" minimum level might be.

NIACE is not wholly convinced that a minimum level is really necessary or whether it is buying efficiency at the price of diversity. Rather than an 'either/or' solution, there may be more creative approaches (for example consortia arrangements for smaller specialist providers, If a minimum level were seen as necessary however, NIACE would suggest a threshold of £500,000.

NIACE does not favour the introduction of a very high threshold along the lines of the OLASS model.

In general NIACE would suggest to Government that a single funding agency for all adult learning (whether a Conservative FEFC model or the Liberal Democrat CASHE model) has the potential for generating greater efficiency savings than the introduction of minimum contract levels.

If a minimum contract level were to be set, NIACE urges the government to ensure that impact assessments are undertaken to ensure that the ending of a direct contract with a specialist smaller provider does not lead to wholesale removal of opportunities for learning in particular localities, curriculum areas or for groups of learners (especially those with learning difficulties or disabilities), without good reason.

Opportunities to simplify contracting and reduce administrative costs have to be balanced against the consequences for learners and employers on the ground.

Q21. We welcome views on the risks of greater sub-contracting, what can we and the sector do to minimise those.

Any risk assessment and mitigation plans should clearly outline the impact of the risk on the learner, on employers, the quality of provision and provider reputation. Government may wish to make clear its expectation of who the 'risk owner' is in each case. Effective sub-contracting is a management skill and some providers will need training on delivering through

sub-contractors not only to protect their own organisation but also that of the sub-contractors.

NIACE favours the introduction of random risk-based funding audits - especially during any period of transition when any small providers are moving from being direct deliverers to a sub-contracting roles. At this time there may be a need for an independent 'ombudsman' to arbitrate against actual or perceived conflicts of interest - especially if the sub-contractor has better inspection grades than the larger partner.

The Skills Funding Agency may need to consider further detailed guidance and keep the matter under review. The excesses of college franchising in the early 1990s should not be forgotten any more than some of the dubious administrative fees that have been levied by higher education institutions franchising provision to incorporated colleges.

Q22. Do you think it would be reasonable to expect this information to be publicly available on a monthly or quarterly basis?

While there is a case for a simple annual return, NIACE believes that the pace of change is such that it will be important to have more frequent monitoring for an initial two-year period to minimise any risk of organisational failure or reduction in quality or participation. NIACE would favour quarterly reporting in a common along with strong encouragement (but no regulatory requirement) for Local Enterprise Partnerships to interrogate the data. The additional benefit that would be derived from monthly reporting is far lower than the additional costs and bureaucracy it would involve.

NIACE supports the work of the National Improvement Partnership Board in developing a common and transparent framework .

Q23. We welcome views on the extent to which the proposals in this document help to reduce the burden of data collection? Are there other areas that need attention?

In common with other sector representative bodies, NIACE believes that the Individual Learner Record is unnecessarily cumbersome.

To slim it down, NIACE believes that there first has to be absolute agreement between the Skills Funding Agency and Young People Learning Agency about what Government needs and then a dialogue with the Information Authority and representative bodies to determine a timetable for simplification. It is likely that this will be an evolutionary process rather than a 'big bang'.

Apart from the ILR, NIACE sees continuing value in some national data collection, such as learner surveys and employer surveys.

Whether data is collected locally or nationally, NIACE argues strongly that it must be fine-grained enough to allow more sophisticated analysis of learner participation and destinations broken down by age. Analysis sophisticated by the 'four life-stage model' identified by the *Learning through Life* report has the potential to improve the development of any skills strategy.

Q24. We welcome views on whether there are other changes that would promote simplification and better value for money.

The Skills Funding Agency has already introduced simpler payment and reconciliation procedures than its predecessor. NIACE would urge the SFA to continue its dialogue with the sector and keep its processes under review.

Q25. We welcome views on the existing aspects of the audit approach that would need to be included in a framework for use by external auditors? Are there alternative approaches to build on existing practice?

There is a strong case for reviewing audit requirements to put greater trust in the external auditing of colleges, local authorities and universities although this may not be the case for private and third sector providers.

Q26. We welcome views on whether there are any other areas not covered in this document that could realise significant efficiencies if we simplified or streamlined.

There may be further opportunities for simplification but the question that Government must ask is whether these will benefit learners by increasing the range, volume and accessibility of quality provision. A standardised, uniform, system is unlikely to be as learner-centred (or employer centred) as one which offers learners real choice in what they can access, where and when. A diverse provider base helps ensure this.

Q27. Are these changes suitable to be taken forward specifically for 19+ provision?

NIACE urges that whatever changes are made are, they do not open up new and unnecessary dividing lines between the approaches adopted in the 16-18 education and training sector and with higher education.

Q28. We would welcome your views on the key considerations that we need to take into account when implementing any changes.

NIACE urges Government to recognise that the many of the financial benefits of moving to a simpler system will not be realised immediately because of the costs of transition and the need to monitor any perverse consequences of change - and in particular any unforeseen negative impact on vulnerable or marginalised learners or on participation patterns. A rigorous equalities impact assessment will be needed at each stage of the implementation timetable.

Simplification has to bring real benefits to learners and employers - not simply to supply side-organisations and even the sector workforce.

Conclusion

As an independent charity, NIACE has benefitted from a formal compact with central government that allows it to comment on public policy as a 'critical friend. NIACE would welcome the opportunity to elaborate on any aspect of this response and to play its part in helping the new government to ensure that lifelong learning contributes effectively to meeting the challenges facing the country.

For further information please contact the Office of the Chief Executive.

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