

A response to Skills for Sustainable Growth 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) welcomes the opportunity to contribute to shaping the direction of the Government's strategy for skills while recognising the particular challenge of articulating an emerging vision in advance of a tough Spending Review settlement. NIACE supports the Government's desire to develop policy and practice driven by the informed choices of learners and employers in meeting the needs not only of a dynamic and successful economy but also of an inclusive, compassionate and just society.
2. The coalition Government's approach to the task is not the same as that of the previous administration. This means that fresh approaches, not simply marginal adjustments to systems and schemes, will be required. This may involve radical reforms of existing silos and structures. In this respect, NIACE is disappointed that the consultation documents do not seem to have captured adequately the transformative vision articulated by Ministers in their speeches both before the election and subsequently. The tone of co-operative engagement and shared purpose that has generated considerable goodwill among providers seems absent from the consultation. One of the critiques of English further education that resonates with many involved with teaching and learning is that the system had become over-centralised and micro-managed. Overall, *Skills for Sustainable Growth* appears still to invite the design of well-meant but complex interventions which risk stifling rather than empowering teachers and trainers and mistrusts the professional abilities of further education providers to determine their own curriculum offer and make innovative responses to local economic and social needs.
3. NIACE's own work as a charity owned by its members focuses on the education and training of adults, and in particular on ways of securing more and different learners and better quality adult learning. It has undertaken a range of quantitative and qualitative research studies and development projects with public support and acted regularly as a specialist managing agent for Government-funded national development programmes over the past 25 years. These have addressed barriers to participation and achievement; and developed strategies for successful participation and progression in education and training, both formal and informal, from first-step learning to advanced study and concentrating on people who benefited least from their initial education and training.
4. NIACE's response is shaped by this experience and perspective and informed by the Government's wider *Strategy for Sustainable Growth*. It is in two parts. The first part (pages 1-8) highlights our view that there is a need for policy to:
 - respond to a changing demographic profile by rebalancing policy to ensure that a focus on the skills of first-time entrants to the labour market is matched by a more balanced investment in learning throughout life; and
 - better acknowledge that the social and economic purposes of education are indivisible and that the public investment in adult skills needs to reflect this.

NIACE's submission draws particularly on the body of evidence and analysis assembled through the independent Inquiry into the Future of Lifelong Learning which it sponsored and which reported last year.

5. The second part (page 9 onwards) considers the specific questions raised in the consultation paper. In addition NIACE is making a separate document responding to the parallel consultation on *A Simplified Further Education and Skills Funding System and Methodology*. NIACE notes with puzzlement however the funding methodology described seems, in places, to be based on different principles to those outlined in *Skills for Sustainable Growth*.

The current context

6. The analysis of *Learning through Life* (the Inquiry into the Future for Lifelong Learning)(2009) builds upon that of other reports such as those from the UK Commission for Employment and Skills (*Ambition 2020: World Class Skills and Jobs for the UK*, 2009); the Organisation for Economic Co-operation and Development (*Education at a glance*, 2009) and Lord Leitch's Review of Skills (*Prosperity for all in the global economy - world class skills*, 2006). All highlight the compelling economic and social imperative for the UK to improve the skill levels of its whole population. Historically, Britain has enjoyed considerable success in developing a relatively small cohort to world-class levels but has a far less satisfactory record of building and updating skills of others when compared to many of its competitors and partners. The existence of a learning divide between the educationally skilled and confident and those who have little or no positive experience of learning at school or work is sharper than that of many of the UK's industrial competitors. This produces, in the CBI's memorable phrase, a 'long tail of under-achievement' that begins in schools and persists through adult life. Despite rising public investment and a raft of policy interventions over the past 30 years, this gap between the 'learning rich' and 'learning poor' is stubbornly resilient and has a damaging effect on productivity, social cohesion and wider well-being. This suggests to NIACE that fresh thinking is required.
7. NIACE has long argued that raising the country's skill levels will require an increased investment by the state, individuals and employers alike. Even at a time when public spending is under pressure and scrutiny, NIACE considers that any reduction in public expenditure on lifelong learning could be counterproductive and may result in a reduction in economic competitiveness as well as necessitating higher public costs in such areas as health, welfare spending and criminal justice.
8. While the previous administration invested substantially in further education, its aspirations were frustrated by the distorting effects of a blunt target-driven culture and a misguided belief that the best approach was to focus new investment overwhelmingly on provision for first-time entrants to the labour market at the expense of supporting the re-skilling and up-skilling of the wider adult population. For learners over the age of 25, resource allocation was very much a 'zero sum game'.
9. After the 2003 skills strategy (*21st Century Skills - Realising Our Potential*) resources shifted sharply from courses open to all and offered mainly in public institutions towards provision secured through employers, at or for workplace learning, and providing opportunities to train and certificate the adult workforce. As a consequence opportunities for those outside the employed workforce, or for workers whose employers were 'cool' to training or whose ambitions for themselves did not match those of their employer faced reduced opportunities. In addition, the Learning and Skills Act 2000 and the

Apprenticeships, Skills, Children and Learning Act 2009 reinforced a blunt prioritisation of learning opportunities in further education for those aged under 19 despite significant and long-term shifts in the age profile of the UK population.

10. The consequences of this for individual adult learners were masked by Train to Gain - where the price of success in meeting target numbers was paid by larger numbers of adults losing the opportunity to choose learning opportunities for themselves.
11. Whilst NIACE believes that individuals who can afford to pay more should do so, little has yet been done to make a convincing public case to shift public opinion to recognise the personal and social benefits of any rebalancing of fees following the Banks review. Whilst supporting the Government's determination to rein back spending on marketing and paid-for communications consultants, the Government may need to lead an informed public debate on fees strategy outside higher education. Providers need support to develop practical strategies for increasing fee income whilst remaining accessible to under-represented groups and low income adults through an equitable remissions policy. Of all the parts of the FE sector, the greatest expertise in this area may be found among providers of adult and community learning.
12. The greatest gap between UK investment in post-16 education and training and that of other OECD countries lies in the contribution made by UK employers. Whilst public investment is at the upper end of the range, combined public and private investment languishes in the lower reaches of OECD members' performance, and access to training is markedly skewed in favour of the most skilled staff. Whilst overall volumes of participation in training in the UK are high comparatively, it is for much shorter cycles than in competitor states - for example the NHSU found that 46% of the NHS workforce, overwhelmingly from the least skilled segment, received less than two days' training a year. The availability of public funding through Train to Gain led to high satisfaction ratings from employers. However, because a significant proportion of that provision was 'deadweight', displacing investment employers would otherwise have made, the policy has had the reverse effect of that intended - which was to encourage employer investment in the skills of their staff.
13. NIACE has long argued that Government should model its strategy to develop a culture of learning in the workplace upon that which has developed over 30 years around workplace health and safety. NIACE suggests that the Government should invite all Sector Skills Councils to consult with employers to develop sector-led frameworks for 'licence to practice' arrangements - or make the case for alternative but comparable mechanisms. Evidence from the social care sector suggests that modest levels of regulation around training can be introduced and standards of care improved without burdensome bureaucracy. NIACE believes that after decades of exhortation, Government needs to recognise that voluntarism in relation to workforce development has not secured a sufficiently large transformation in skills development adequate to meet the country's needs.
14. The benefits secured by investment in community learning go hand in hand with targeted vocational education for waged work. In a design- rich global marketplace, where creativity and innovation are at a premium, it will not be a sufficient strategy only to prepare workers for today's and yesterday's jobs. Since no one can be sure where and how new sectors will develop, a commitment to strengthening the skill of learning,

whatever the content, must be a bedrock of a future industrial strategy. The evidence suggests that UK skills strategies since 2003 have not yet succeeded in this and that a new settlement for adult learning is needed as part of the step-change now required.

15. There is strong evidence, gathered over many years by NIACE and by the Learning and Skills Council, about the enormous gap in life-chances between those who benefit from continuing education and skills development and those who do not. Ever since Baroness Kennedy's *Learning Works* report to the Further Education Funding Council in 1997, NIACE has been aware that those who gain most from their initial education continue to take up learning opportunities throughout life. This has informed the organisation's concern to widen participation in education and training so that more and different people use learning to reach their potential, participate in the vision of a Big Society and contribute to their communities and wider society through the labour market and beyond. Each individual whose contribution is lost or marginalised represents not only a story of personal frustration and disillusionment, but also a loss to our shared society and economy. Such people facing particular barriers to study include:

- part-time and temporary workers for whom time for formal learning is a major problem;
- those employed in businesses which are 'cool to training' who will not be reached by initiatives such as Train to Gain;
- older people - whether those in work needing to extend participation in the labour market, the active retired or older people needing care (important because reducing levels of dependency has a quantifiable public economic benefit);
- people with learning difficulties and physical or sensory impairments;
- migrants, whose potential contribution may not be recognised by employers unfamiliar with a culturally and linguistically diverse workforce with skills but lacking qualifications recognised in the UK;
- women disadvantaged by cultural resistance to female career development or gendered opportunities for education and employment;
- people who experience mental ill-health;
- ex-offenders; and
- adults with the lowest levels of literacy and numeracy.

16. The difficulties experienced lead to dissatisfaction, disquiet and marginalisation. Adults such as those above are unlikely to benefit from a greater reliance on marketisation within post-initial education and training. NIACE urges the government, to ensure that its policies and programmes open up access and do not, inadvertently, close off doors to participation in education, training and work.

17. Different types of provider have differing strengths and roles to play in ensuring accessibility and responsiveness:

- colleges, as long-established public institutions, demonstrate Government's enduring commitment to accessible post-school education and training and often offer the widest range of provision and the most coherent and extensive ladders for educational progression;

- independent providers (whether for-profit, mutual or social enterprises) offer responsiveness and flexibility to particular needs - whether for certain occupations or types of training;
- voluntary and community organisations often have the deepest reach into individual neighbourhoods or particular groups of actual or prospective learners. While education and training may only represent one dimension of their work, they have a crucial role to play in widening participation and encouraging motivation
- local authority provision is the manifestation of local democratically-determined priorities. Such providers are also in the leading position to maximise the wider, catalytic, benefits of adult learning which have a positive impact on community well-being, prosperity, health and cohesion;
- universities and of higher education are also public institutions offering opportunities - but their relationship with their local communities is undertaken alongside regional, national and, sometimes global roles. Nevertheless, many universities recognise wider responsibilities to their locality through knowledge transfer, innovation, community enrichment and widening participation activities.

Responses to the Questions asked in Skills for Sustainable Growth

1. “We welcome views on these principles and whether there are others we should consider”.

NIACE broadly agrees with the principles outlined for the skills strategy although the consultation’s assertion (paragraph 2) that “Skills are a significant factor in achieving productivity growth” may be overly simplistic and need elaboration.

Skills *utilisation* (through the design of jobs and work roles) is just as important as skills *acquisition* (through education and training often leading to qualifications). Too frequently in the past, skills policies have ended up being primarily qualification policies. The example of Scotland shows that higher levels of qualifications than those in England do not, of themselves, result in higher levels of economic productivity. In order that workforce skills can be both improved and better utilised, the Skills Strategy needs to include some emphasis on leadership and management skills - which may be at higher-education level.

As recognised in the consultation document, an over-emphasis on qualifications was also apparent in the Train to Gain initiative where a considerable volume of activity focussed on the accreditation of existing competence rather than teaching people new skills. The consultation recognises (paragraph 9) “Accreditation of existing competence is not enough to make a real and lasting difference to our skills base”.

This kind of evidence suggests to NIACE that **a new skills strategy might benefit from an expansive vision which sees adult education and training as a continuum that builds social as well as human capital**. For this reason NIACE warmly welcomes the recognition given in the document (paragraphs 7 and 8) that the strategy should result in cultural and social as well as economic benefits and that the systems should empower individuals to transform both their own lives and those of their communities. There is a body of evidence¹ that higher levels of social capital created in this way have a positive impact on productivity. It is unfortunate that the consultation overall gives so little consideration to how the wider benefits of learning might be realised to best effect.

NIACE does not dispute however that the strategy should be concerned with how education and training can help people enter, thrive and progress in the labour market. It is right too that public investment should support and protect those facing the greatest barriers and who may be furthest from the labour market but the strategy needs also to build agency, self-confidence and self-reliance. This means encouraging informed and empowered choice - as the Minister of State has reminded people, “Education is not the filling of the pail but the lighting of a fire”

For these reasons **NIACE suggests that *motivation to learn* is a key curriculum challenge for any skills strategy** - and the experience of adult educators is that a confidence in and appetite for learning may be developed through a wide range of programmes, not all of which need to be formal and certificated.

¹ See Putnam, R. (2001) *Bowling Alone: The Decline and Revival of American Community* and Wilkinson, R. and Pickett, K. (2009) *The Spirit Level*.

In 2003, the Government, at the urging of NIACE, agreed 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 the origin of a “safeguarded” budget for what was called ‘adult and community learning’ and ‘personal and community development learning’. 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.

NIACE believes there is a strong case for retaining and re-strengthening a safeguarded budget to demonstrate the Government’s belief that business strategy and community life are different sides of the same coin. 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 lost unless something like the £100 million per year of additional spending on a Community Learning Fund (as proposed by the by the Conservative Party in its Green Paper *Building Skills, Transforming Lives*) is established.

While the relationship between learners, potential learners and publicly-funded providers of education and training is critical, NIACE’s experience suggests that Government would be well advised to consider how it may best ensure that public money is not wasted on unnecessary duplication and how a diverse provider base - ranging from colleges and universities to private and voluntary sector providers can anticipate economic, social and demographic change. In short, **there needs to be a non-bureaucratic public space for strategic analysis and consultation between employers and providers. NIACE considers that local authorities (individually or in association) could provide this service by ‘holding the ring’ and bringing various stakeholders together.**

In conclusion, NIACE broadly supports the principles outlined in paragraph 9 but would wish to see:

- the establishment of a £100 million pa Community Learning Fund (as proposed in the Conservative manifesto) in addition to the current safeguarded budget of £210 million per year to ensure that adult learning for citizenship, culture and community-wellbeing, along with the wider benefits they bring are embedded within the skills strategy. Consideration should be given to how this might integrate with the Government’s ‘Big Society’ initiative - perhaps as a Big Society Learning Fund;
- a more explicit consideration of the demographic changes in the UK population - in particular the shrinking cohort of school leavers and the growing number of adults extending their engagement in the labour force. Changes to the UK’s demographic profile mean that only one in three new or replacement jobs over the next ten years can be filled by first-time entrants to the labour market. There will simply be insufficient numbers of children moving into the adult labour market. Despite real worries about the numbers of young people not in employment, education or training, businesses will need to attract adults to jobs - and these will increasingly, be older people delaying full retirement from the labour market, others at some distance from the labour market (not simply people moving from welfare benefits into work) and by migrants;

- more attention should be given to how the quality of publicly-funded provision is to be assured and that public investment is used most effectively. NIACE suggests that while OFSTED and local authorities have significant roles to play, so too have stronger peer-review arrangements between colleges and learning providers. **A central element of any quality improvement initiative should be improved data collection arrangements - especially concerning 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; and
- greater consideration needs to be given to **how technological developments will impact increasingly on teaching and assessment** and the implications this has for the strategy and for public funding. Alongside this, NIACE suggests that government considers how the skills strategy is aligned with programmes to reduce levels of digital exclusion.

2. “How can we further simplify the skills system, including the number, roles and responsibilities of the many organisations working in the system?”

The Government’s desire to simplify the skills system in England is entirely understandable but in order to achieve this, NIACE suggests that it should first widen the scope of its skills strategy’s analysis to encompass higher education. **Universities, colleges and other providers form a single ‘learning ecosystem’ and coherent policy-making is not helped by treating further and higher education as separate silos which are seldom joined up.**

The funding analysis of *Learning through Life* (adopted subsequently by the UK Commission on Employment and Skills) suggests that the annual further education budget of £3.9 billion, routed through BIS and its agencies, is only one part of spending on the education and training of adults. NIACE suggests that the system is necessarily complex in some ways because it should also include £3.7 billion of revenue foregone by the public purse annually as a result of tax relief and a higher education and a higher education budget of more than £7 billion per year.

That said, NIACE agrees that English further education is structurally over-complicated. NIACE suggests that the higher education system may provide some pointers for how FE might be simplified - not least by displaying greater trust in quality-assured providers. Many aspects of Alison Wolf’s critique (*An Adult Approach to Further Education*, Institute of Economic Affairs, 2010) ring true and NIACE is also broadly supportive of the recent recommendations of the Institute for Government *Read Before Burning - Arm’s length government for a new administration* (IfG, 2010) - especially the notion of ‘sunset’ clauses within the remit of all new arms-length bodies.

In doing so, however, NIACE urges the Government not to equate “the skills system” (referred to, amorphously, in this question) with the further education system which is defined in statute and considerably wider in scope. The elision between the two that has happened in the past is wholly unhelpful.

In the run-up to the 2010 general election NIACE was attracted by Liberal Democrat proposals for a single Council for Adult Skills and Higher Education (CASHE) and urges that this proposal now be considered in more detail. Evidence from complex developed economies and societies elsewhere in the world suggests that serious consideration should be given to a rapid

evolution towards a comprehensive tertiary education system extending from basic literacy teaching to post-graduate studies.

While NIACE has argued this approach for several years, it also sees attractions in the less radical Conservative manifesto proposals for the re-establishment of a single, slimmed-down Further Education Funding Council as an alternative to the complexity of a Skills Funding Agency, a Young People's Learning Agency and a National Apprenticeships Service set up to replace the Learning and Skills Council.

Elsewhere in the system there are also questions to be asked about the effectiveness of Government initiatives to "put employers in the driving seat" with regard to skills policy. Since statutory Industrial Training Boards were abolished in the early 1980s, Governments of different parties have repeatedly constructed both sectoral and geographic organisations, ostensibly 'employer-led' across the economy. These included non-statutory Industry Training Organisations, which gave way to National Training Organisations, then Sector Skills Councils and then re-licensed Sector Skills Councils. This is quite apart from place-specific employer-led Area Manpower Boards, Training and Enterprise Councils and 47 Local Learning and Skills Councils which then gave way to a regionalised LSC. NIACE suggests that the time may have come for an alternative approach which trusts providers to decide on provision without such a complex regulatory superstructure.

A reduction in the number of infrastructural bodies may also make things easier for central government but more important is whether it increases the comprehensibility and accessibility for learners (including prospective learners) and employers. Improved co-ordination, plus a clarification of remits and roles, matters here. In particular, NIACE urges the government to decide how it will strike a balance between place-focussed policies including necessary planning and commissioning (and including local authorities and universities) and sectoral-focussed policies to meet and respond to changing industrial needs.

NIACE supports the view that publicly-funded providers should be properly held to account through light-touch, data-driven processes focusing on the quality of the learner experience and the outcomes of the learning. Whether the Framework for Excellence approach can do this and also offer the level of value for money that is now demanded may need further consideration

3. In view of the current fiscal deficit, what areas of public investment in skills could be reduced and where could private investment be increased? What are the main constraints on changing the balance between public and private investment and how could these be overcome?

NIACE argues that, even in the current climate, there is a case for *increasing* spending on the education and training of adults so that the UK can learn its way out of its current difficulties. Given the coalition government's commitment to finding savings in public spending through the Comprehensive Spending Review, the onus shifts to using budgets more effectively and increasing investment from elsewhere.

Part of this will involve getting better value for money. It is important here that, in addition to asking providers to review infrastructural changes, Government should consider whether systemic changes to the sector at national level are needed and whether it is time to start

attaching conditions to the estimated £3.7 billion per year that employers benefit from through tax relief on training and which would otherwise go to the Exchequer.

NIACE believes that all who can afford to contribute to the costs of their learning should do so in proportion to the benefit received and their ability to pay. NIACE also suggests that public support is not best used in further enhancing the privileges of the most advantaged. NIACE is attracted to a system of Lifelong Learning Accounts to form the basis of personalised (and differential) entitlements (see response to question 11). In this way existing entitlements to tuition that is free at the point of delivery for basic skills and a first Level 2 qualification could be maintained - as these represent the minimum level of educational attainment to which the state should aspire for all its citizens. Beyond this threshold, resources could be routed through locally-determined initiatives targeted on specific industrial occupational areas (with employer support) or disadvantaged groups and communities, linked to local economic and regeneration strategies.

Overall, and with Lord Browne's review of fees and funding in higher education due to report shortly, the Government will need to lead an informed public debate on fees strategy that explains the reasons for any differential treatment of learners in further and in higher education and between full-time and part-time students in each sector.

Most importantly, NIACE cannot see the case for public money being used to displace existing private expenditure by employers. It is the job of employers, either public or private sector, to train staff for their current and anticipated economic activities. Whatever state support goes to employers should focus on strategically important or emerging industries, innovation in the delivery of education and training and its dissemination, and widening participation.

In order to drive up levels of skill in the workplace, NIACE is attracted to sector-sensitive or occupational 'licence to practice' initiatives as a means of raising levels of competence, standards and productivity. This approach is now being explored by the UKCES. The advantage of industry-wide approaches is that organisations committed to training suffer no competitive disadvantage compared to those which poach staff. In addition the experience of sectors as diverse as Gas Safe registered engineers, trained Door Supervisors in nightclubs, and the social care workforce suggests that national regulation need not be an intolerable burden and the current statutory right to request time off for training should be seen as a modest and helpful piece of legislation.

There is surprisingly little objective evidence that voluntarist strategies to secure employer engagement in training policy, together with financial incentives (such as those in Train to Gain), have succeeded in increasing employer investment in skills. The best still train their workforce, the rest do not. NIACE believes that the time has come to require businesses claiming tax relief for training to report annually on how that spending, foregone from the public purse, has been used - in particular the extent to which the profile of employees trained mirrors the profile of the workforce. At the very least such transparency would allow the public, politicians and academics to assess the extent to which tax relief concessions represent good value for money.

4. “How could the Apprenticeship programme be improved? What can be done to increase the proportion of apprentices progressing to Level 3 and beyond? What and how should employers contribute to Apprenticeships?”

Apprenticeships are a well-understood and popular route to skills acquisition. They have particular strengths in preparing first-time entrants to the labour market for the world of work, not only by developing competences but also socialising entrants to occupational cultures and behaviours.

Apprenticeships also have a track-record of motivating learners who are less attracted to academic study but they are about more than this. The focus on Level 3 apprenticeships and progression to higher education is of critical importance in demonstrating that vocational education and training post-16 are not simply for those unable to take A-level education: they should be better recognised as a pathway for talented people with clear occupational ambitions. Up to Level 3 however, the private benefits (to individuals and employers alike) are less apparent than the public benefits.

The key strength of the apprenticeship brand, as opposed to general further education, is the extent of employer involvement (whether public, private or third-sector) and the combination of on-the-job and off-the-job training. For this to work, the model depends upon employer engagement. And demand outstrips supply of places.

Public subsidies to employers are the obvious way of increasing the supply of places but Government should try to minimise the deadweight incurred if this displaces the investment that businesses should be expected to make. Co-investment in apprenticeship programmes needs to be rigorous in ensuring employer contributions are made in terms of cash as well as in kind. Lessons may be learned from the way co-financing is organised in countries such as Germany and Denmark.

A more effective lever to ratchet-up supply to meet demand is through procurement policy. The government should require that Whitehall departments and public bodies ensure that all their suppliers offer training not only to their existing workforce but to the next generation of employees. NIACE cannot see why this should not become a condition of selling to the public sector - proportionate in scale to the value of the contracts involved. NIACE, as an employer itself, is proud to offer apprenticeship training.

The National Apprenticeship Service Diversity in Apprenticeships programme continues to have an important role to play in improving provision. If employers are benefitting from publicly-subsidised apprenticeships it is reasonable that opportunities are not denied to prospective apprentices for reasons such as race or gender. In addition, Government needs to do more than promote equality of opportunity under the law. Some forms of exclusion are invisible. No statistics are available, for example, on the take-up of apprenticeships by young care leavers although, anecdotally, the barriers faced by this group are well-known.

The extent to which Apprenticeships should be used to promote progression to Level 3 is a curious question (not least because of those Apprenticeships at Level 3). It is certainly important - as there is a cross-party agreement that the UK needs to increase the proportion of people skilled to this level. However, the question cannot be taken in isolation and needs to be considered in a wider context along with the whole 14-19 phase of initial education.

There may be value in modelling the costs and benefits of extending the apprenticeship journey but not at the expense of removing the lower rungs of the ladder.

5. “We welcome views on how best to support people who might in time benefit from an apprenticeship but who do not currently have the skills to begin one?”

NIACE’s particular interest in apprenticeships focuses on:

- making them an accessible option for adults needing or wanting to change career direction and enter a new occupational area; and
- ensuring that people approaching adulthood who do not meet the entry requirements for an apprenticeship can be supported to enter one.

Leaving aside the issue of why so many young people leave school without the skills needed to begin an apprenticeship, NIACE welcomes the duty now placed on schools to provide advice about apprenticeships. NIACE notes and shares, a real concern expressed by BIS Ministers, that schools may sometimes lack both the knowledge and the will to ensure that young people can make genuinely informed occupational choices.

More immediately, it should be a priority for Government to support the development of pre-apprenticeship programmes to address weaknesses in functional skills, employability skills, vocational skills and study skills.

These should not be for young people exclusively. Adults who left school with few or no qualifications should not be denied the opportunity to participate. Most such adults will have labour market experience and it is understandable that different co-funding arrangements should apply - and a cap on numbers may be considered necessary.

The apprenticeship route may be suitable for only a minority of adults wanting to improve their labour market position (although the popularity of mature apprenticeships in Wales suggests that they can be popular with learners and employers). The question the government has to consider if it wishes to focus the apprenticeship offer on young people, is how else it will encourage and facilitate occupational mobility? There is a legitimate public interest and value in the private business of adults wishing to better realise their economic potential and improve their labour market position. This balance of public and private interest is illustrated in the case of unemployed adults - where the role and appropriateness of the apprenticeship model as a route out of welfare is complex. In all of this there appears to be remarkably little research evidence on which to base policy development.

The successful experience of Unison’s Return to Learn programme, and that of Access to Higher Education courses in the 1980s and early 1990s suggest that an effective approach to pre-apprenticeship training for people of all ages may be to combine elements of skills-focused, work-based training, supported by personal and small group tutorial work, and the kind of mentoring and guidance that good union learning representatives excel in providing.

In developing such provision, Government - and the National Apprenticeships Service - will wish to draw lessons from existing pre-employment provision: Entry to Employment - now

being subsumed into Foundation Learning; the Employability Skills Programme provision and ESF co-financed Skills for Jobs provision.

6. We welcome views about progression from Level 3 Apprenticeships into higher education, including whether there is demand for Higher Apprenticeships at Levels 4 and 5.

While opportunities for apprentices to continue learning are important and should be encouraged, NIACE is not convinced that the development of elaborate comprehensive progression frameworks towards Higher Level Apprenticeships needs to be a priority task for central Government unless its intention is to make radical reforms to higher education. Once an apprenticeship is completed the apprentice becomes an employee. It is then for individuals, trade unions, employers and their representative bodies to consider the need for further development and for colleges, universities and other providers to meet expressed needs. The role of Government might then be restricted to intervening when it needs to accelerate progress or re-balance between economic sectors (for example in the case of emerging high-tech industries or in areas of national strategic significance).

Leaving aside progression considerations, any government-initiated development of a programme of Level 4 or 5 apprenticeships would have major implications for first degrees (especially sandwich degrees), and foundation degrees.

There are issues here not only about the resourcing of teaching and instruction but also about equitable systems of learner/apprentice support. These would need careful consideration and the involvement of the higher education institutions as well as the further education sector, employers and student and trade unions.

In addition, Level 4 and Level 5 apprenticeships would need to involve the distinctively higher education skills that foster critical thinking and dispassionate inquiry.

There is a risk that a large-scale expansion of Level 4 or 5 apprenticeships could be perceived simply as a less expensive alternative to traditional higher education. This need not be the case but if any reform meant that study in higher education were to become accessible only to a socially narrow group of school-leavers studying full-time in a few locations and benefiting from a higher unit of resource, then it would not have the support of NIACE.

One helpful role for Government that would have the support of NIACE would be to ensure that university admissions systems and personnel understand the rigour and learning involved in a Level 3 apprenticeship and to commission research into where and why there is resistance to its acceptability as a means of demonstrating suitability for higher education.

7. “How should we ensure that training leads to real gains in skills, knowledge and competence and not just the accreditation of existing skills?”

The consultation’s narrative preceding this question highlights the effectiveness of using the workplace as a site for the delivery of learning. This may be true but what it neglects to mention is that this is of no value whatsoever to:

- people not currently in the workplace;
- those working for the one third of all employers who report offering no training at all; and
- anyone whose aspirations for development, training and career advancement differ from those of their employer.

While NIACE has criticised the undue emphasis, resulting from the funding arrangements of Train to Gain, on the accreditation of already existent skills, this does not mean that it sees no value in this. For many people, the motivation to undertake further learning is triggered by the affirmation that what they can do is of worth and its value can be recognised. This positive effect should not be underestimated.

NIACE believes that the best workplace training interventions are constructed through a direct dialogue between employers and employees, working with colleges, universities and other training providers. Such discussions start with business need and ambition and, as mentioned in part one of this submission, need to look at skills utilisation and job design as much as skills acquisition. If colleges had the same freedom as universities to offer their own qualifications, albeit within the Qualifications and Credit Framework, many of the problems associated with qualifications perceived by employers as being ‘inflexible’ or ‘irrelevant’ could be bypassed.

8. “How can we incentivise colleges and training organisations to offer a flexible and cost-effective ‘needs-led’ offer for people who are out of work or at risk of becoming unemployed?”

The consultation paper does not provide any evidence that a flexible and cost-effective offer is not already being made. Once more the presumption is that additional incentives are needed when the best way forward might be to trust providers. There have long been many examples of education and training providers in the further education sector working together to make effective responses to the needs of unemployed people and those facing redundancy. Sometimes this is a response to job losses (for example, regionally after the collapse of MG Rover in 2005 or nationally (with respect to the REPLAN programme managed by NIACE between 1984 and 1991 for the Department of Education and Science). In other instances it is through pre-employment training to prepare local unemployed people for work in new enterprises (ranging in scale from preparation for jobs associated with the Olympics to the re-development of the Bull Ring centre in Birmingham or the High Cross shopping area in Leicester).

What these and other initiatives have in common are:

- a clear focus and purpose;
- a sense of urgency;
- a partnership approach involving community groups; businesses; local government; colleges and universities - recognising that each has its own ‘needs’;
- permission to innovate and experiment with a greater tolerance of risk;
- linking skills initiatives with inward investment or economic development/regeneration initiatives;

- relaxation to some degree of bureaucratic compliance cultures; and
- openness, transparency and a readiness to be held accountable after the event.

Special funding, however modest, is probably necessary for kick-starting and focussing activities but so too is stakeholder autonomy to use existing resources in more flexible ways.

There will always be a tension here between the demands of different funders and different policies. Notoriously, in the case of unemployed people, there remain tensions between the priorities and practices of Jobcentre programmes and services and those of colleges and other learning providers. Here Ministers need to provide a clear articulation of the government's position in order to help providers and prospective learners.

It should also be recognised that some unemployed people have longer journeys towards the labour market than others. They may have a permanent disabling condition or be recovering from illness or injury; they may not have English as a first language; they may be ex-offenders; they may have chaotic lifestyles. Such factors make it necessary for educational interventions to be tailored around individual's starting points. The Skills Strategy cannot afford to write people off because their needs may be complex and expensive to meet.

Colleges and providers do not necessarily need special incentives to work with these groups. The risk that such adults became excluded and marginalised was, in some ways, a consequence of target-driven strategies that encouraged providers to concentrate on 'low-hanging fruit' (the easiest to reach learners). What may prove more effective is simply a clear, unequivocal indication from government that inclusion is expected - and transparent reporting mechanisms that ensure providers demonstrate the extent to which provision is inclusive.

Overall, NIACE believes that the balance of the new Skills Strategy should be towards incentivising demand more than supply. This would mean encouraging the articulation of needs and wants informed by high-quality information, advice and guidance - where Government will wish to consider how to ensure that the needs of adults as well as young people can be delivered within the framework of an all-age service.

9. "How can we encourage colleges and training organisations to make the transition from learning to work as smooth as possible, enabling progression in the workplace, as well as to further learning?"

The all-age Careers Service to which the Government is committed could have an important part to play in helping colleges and providers improve how learners can make transitions but this needs to be properly resourced. Perhaps the most cost-effective interventions might be on focussing less on face-to-face guidance and more on the dissemination, distillation and interpretation of occupational and labour market information in ways that are useful to learners.

Providers themselves might be given more encouragement to provide careers guidance to registered students in the same way that universities do as part of their offer to students. Providers might also be encouraged to map leaver destinations and maintain contact with alumni in a more systematic way than has generally been the case. While understanding the aspiration behind proposals for a system of course labelling made by the UKCES, NIACE is

unconvinced that the benefits outweigh the costs and bureaucracy involved. Higher education appears not to find such a system necessary and the idea that it should be imposed on further education and training rather than encouraged as best practice, might be seen as a symptom of over-regulation and over-centralisation.

Once learners are in the workplace, learning representatives (union learning representatives in workplaces with unions) represent an effective and proven way of helping people focus on their continued education, training and development. NIACE believes that further development of a system of workplace learning representatives should be considered.

10. “How can we better promote enterprise education in further education colleges and throughout the training system?”

It is curious that the Department has chosen to ask a question only about the specialist issue of enterprise education (paragraph 28) rather than the massive volume of skills development work skimmed over in paragraphs 25 and 26. A charitable interpretation of this would be that this is an unproblematic area. A less charitable interpretation is that the Department sees the complex issue of how providers of education and training for adults relate to the communities of which they are part as unimportant. NIACE believes that this matter deserves far more detailed consideration if adult learning it to realise its potential for developing a Big Society.

On enterprise education, NIACE suggests that the Skills Strategy needs to highlight the important work done by the Small Firms Enterprise Development Initiative (SFEDI) which specialises in enterprise development and related skills and by the Development Trusts’ Association (an umbrella body for community enterprises). There is a considerable volume of activity and expertise in the third sector and through informal adult learning. This may be through voluntary and community groups with a focus on particular groups (opening up employment opportunities to women in particular occupations, the promotion of enterprises owned by black and minority ethnic enterprises) and by particular occupations (digital technology or manual trades, for example). Many local authorities also have expertise and involvement in this territory.

Links between this deep and rich field of community-based education and the world of formal educational institutions are massively under-developed and illustrate what is lost when a Skills Strategy is developed in an over-simplified manner that divorces it from education for personal and community development. By encouraging and facilitating effective communication between colleges, universities and the wider hinterland of enterprise education, public funds from all sources could go further.

11. “Should Government continue with an entitlements based approach? How can we ensure that Government money is targeted where it is needed most and where it will achieve most value?”

NIACE’s position on entitlements is multi-layered and it is important for Government to recognise that not all entitlements need be financial and that granting an entitlement need not cost more public money. The statutory right to request time off for training (see earlier

questions) falls into such a category. NIACE believes that there is no evidence that it places an unreasonable burden on employers and that it should be retained until the UK honours its obligations under the 1976 International Labour Organisation Convention on Paid Educational Leave.

NIACE believes that an approach to entitlements needs to be framed in the context of a comprehensive tertiary education offer and aligned with the funding strategies of the Department for Work and Pensions.

NIACE strongly supports the retention of a universal entitlement for all adults to receive tuition in basic literacy and numeracy skills free of charge.

In the case of English for Speakers of Other Languages, NIACE's 2006 Committee of Inquiry recommended in *More than a language* that all people with ESOL needs should have the right to a free initial assessment of up to three hours in order that they can be directed to appropriate provision. Those with language skills below Level 1 should be entitled to free provision until they have reached that point but above Level 1 provision should be paid for with remission for those in financial need. The same committee recommended that employers and agencies recruiting workers from outside the UK should be obliged to contribute to the cost of their acquiring language skills up to Level 1.

In the case of the 'first Level 2' qualifications, NIACE argues that the entitlement is poorly framed and inflexible by being limited to the attainment of a full qualification. Were it to be revised as access to Level 2 study free of charge then, in a time of constrained budgets, the entitlement might be reframed to be for co-funding rather than free tuition.

The wish to re-consider entitlement at Levels 2 and 3 is understandable given the Department's need to find public spending savings but it illustrates, acutely, the problems posed by using age to ration access to opportunities.

There is no call whatsoever to ask 16-19 year-olds to pay for their full-time A-level studies and simply on the grounds of equity it is accepted that those following vocational studies should not have to pay either. The problems arise with artificial cut-off points at ages 19 and 25. These will always discriminate against people whose life experiences and or upbringing delay them from taking up or completing their initial education. Again, re-framing the Level 3 entitlement in relation to some form of access entitlement to a place, rather than to free tuition for a full qualification, might be considered.

In the case of access to further education provision free of charge for students with learning difficulties and or disabilities up to the age of 25, the question Government needs to ask is why something enshrined in statute appears not to be observed. Throughout this year NIACE has highlighted examples of eligible students who have been unable to secure the access to which they are entitled in law. Whatever measures the Government takes, this issue demands urgent attention by Ministers.

Ministers may also wish to consider replacing some of the current entitlements with different measures to demonstrate their commitment to lifelong learning. The report of independent Inquiry into the Future of Lifelong Learning (*Learning Through Life*) suggested 'Big Birthday' entitlements (and Government has considered similar 'Skills Healthchecks' in the past). If the Government introduces a system of Lifelong Learning Accounts as NIACE hopes, it would be

an option for the state - or employers - to fund an entitlement to a modest number of study hours (20 perhaps) on an adult's 40th, 50th, 60th and 70th birthdays, as stimuli to motivation. Were this limited to 'infilling' existing courses (as was done in inner London before 1990) the impact on the public purse would be marginal but the impact on participation in learning considerable.

Perhaps the most significant 'entitlement' in post-compulsory education is a non-financial one and comes from the 1963 Robbins Report on Higher Education (Cmnd 2154). This set out the long-standing principle, which NIACE supports, that 'courses of higher education should be available for all those who are qualified by ability and attainment to pursue them and who wish to do so'.

Before removing any financial entitlements in further education, NIACE believes Government should first clarify why it would retain them in higher education especially as Robbins also said:

'We see merit in taking a coherent view of education. Higher education is but one part of an interdependent system of education and training, it cannot be looked at in isolation. Any dividing line set between further education and higher education, or between higher education and higher level training, is bound to be somewhat arbitrary. This is true particularly for adults - for example, when making a change of career direction a person may need access simultaneously to a range of programmes spanning both higher and further education and training.'

NIACE believes that once more this demonstrates the need to move towards a single tertiary system.

Deliberations around incentives need also to consider disincentives (the opposite of entitlements). As long as the previous administration's policy on ELQs (Equivalent or Lower level Qualifications) remains in place, (whether in HEIs or HE in FE colleges) there is a major blockage facing adults wishing to change the direction of their career in middle or later life.

12. "How can the learning market be made to work more efficiently, effectively and economically and to be more responsive and accountable to demand by individuals and employers, while also delivering value for money?"

NIACE appreciates the principle that informed choice by individual learners and employers requires 'high quality impartial information' but our research shows that this should not be just about 'training opportunities'. There are real opportunities for synergies with other advice systems, whereby holistic advice tailored to individuals' needs is provided on a local level to boost access to employment, training, community involvement, self-organised learning, and leisure activities. A considerable amount of public money has been invested in trialling this approach and where it has been effective, its abandonment would be unfortunate.

To see learning and training as a distinct advice 'market' is neither efficient nor is it effective when considered from individuals' perspectives. From employers' perspectives, integration of training advice with that around business support would be the best means of delivering this public service

NIACE has welcomed the development of unitised vocational qualifications and the approach of the Qualifications and Credit Framework to empower learners through more flexible progression routes. NIACE supports credit-based systems but has concerns about the speed and responsiveness of current arrangements and their inclusivity. NIACE reserves judgement about whether current quality assurance mechanisms are appropriate.

In general, NIACE believes that the government's role should be to set a clear direction of travel and regulate only where the market is clearly failing or resulting in injustices. This consultation question almost seems to invite suggestions for further regulation when less may be a more effective way forward.

13. “We welcome views on how best to ensure employers are able to shape the skills system to meet their needs”.

Consultation responses from employers (public and third sector as well as private) and their representative associations will suggest areas where improvements might be made. It is important to note however that, employers have, for the past 30 years, been invited to articulate their needs and been promised that they will be ‘in the driving seat’.

It seems reasonable to ask why this approach seems never to have delivered the step-change in employer investment in training that report after report has identified as necessary. This is not to blame employers, simply to note that designing a Skills Strategy is not why they are in business. NIACE would urge the Government to review objective evidence concerning the ‘Training and Enterprise Council approach’ before setting up a new infrastructure that may be ostensibly ‘employer led’ but which might, yet again, fail to deliver real employer engagement in depth.

NIACE suggests that the advent of the coalition government and a Comprehensive Spending Review provides an opportunity to move beyond a purely voluntarist approach and make public investment (through tax relief) conditional upon increased employer contributions and to explore licence to practice arrangements. (See answer to Question 3).

While meeting employers’ needs must be an essential part of a Skills Strategy NIACE suggests that a role for Government should be to encourage a dialogue between employers and those in their workforce, mediated by publicly-funded providers of training and education. The current statutory right to request time off for training is one way that this can be encouraged without any public expenditure and NIACE urges Government not to repeal this right.

14. We are interested in views on what more might be needed to make the system responsive to employer needs.

Once more, the consultation presents no evidence of the ways in which the skills market (and in particular the further education system) is considered to be unresponsive (and by whom). Private employers and their associations are recognised as being the single most influential voice in a dialogue about skills but NIACE suggests that public employers (from the NHS to local government and the armed services) need also to be seen as key stakeholders. This is

not least because of the contributions they make to driving up skill levels in the population. Even if the public sector shrinks, the numbers employed will remain substantial.

NIACE urges Government to consider how to encourage greater dialogue between public and private sector employers so that each may learn from the best practice of the other. The Skills Strategy also provides an opportunity to simplify how large, complex multi-occupation organisations such as local authorities and the NHS can better engage with several dozen skills bodies. At present this is perceived as cumbersome and costly in terms of time.

NIACE also invites Government to consider giving more encouragement to providers to engage with employers (as the PICKUP programme did in the 1980s-1990s) in creative and innovative ways. At present, the ‘Single Accountability Framework’ in incorporated colleges² appears to militate against college federations being able to engage with national employers.

The consultation paper suggests (paragraph 39) that “it will seldom be appropriate for the system to become a party to a skills strategy for any one part of the economy or country”. This may be true for central government but NIACE believes that the ‘power of general competence’ which local authorities now have means it should be for them to decide whether to intervene actively in local skills strategies. This should not be obstructed by Whitehall.

15. “Which qualifications have most value for employers and learners? Which do not have value? How do we evolve the Qualifications and Credit Framework so that it focuses on the former and removes the latter?”

As the Qualifications and Credit Framework (QCF) becomes more familiar, it has the potential to lead to a much-needed simplification of the landscape. This might allow a wider range of learners the opportunity to get the qualifications they need, in a way that suits them while also allowing work-based training to be nationally recognised. The Skills Strategy may need however, to build awareness among employers so that they understand how the new framework differs from that of the past and how it offers flexibility for employers to specify the competences they need so that they may be included in qualifications.

The most significant way the Government can support the evolution of the QCF is to encourage professional bodies to contribute to its development. Given the growth in labour mobility within the European Union, the Skills Strategy needs also to ensure that the QCF (and its Scottish equivalent) interface with the European Qualifications Framework.

Paragraphs 10 and 11 of the consultation document articulate the (unevidenced) view that “Too often, individuals have been encouraged to take qualifications of limited value and have discovered too late that they are not equipped with the skills they needs”. NIACE recognises that there are private colleges offering essentially bogus qualifications but would welcome details of how any qualification funded from the public purse is ‘of limited value’, to whom it is of limited value and the reasons for such an assertion. NIACE suggests that Government should disclose the data behind this assertion, to review the evidence on which it is based and to clarify whether, if it refers to publicly funded further education, a

² Identified by KPMG (May 2010) in *Delivering Value for Money through Infrastructural Change* (a report for the Learning and Skills Council).

comparable exercise has been undertaken with regard to higher education. If there is no comparable evidence, NIACE suggests clear principles should be articulated before reforming the QCF.

16. “How can we improve the accessibility and quality of careers information, advice and guidance services for adults?”

NIACE experience suggests that the effectiveness of the Skills Strategy will be enhanced if it is recognized more clearly that the discrete services provided under the Next Step brand are only part of the careers information, advice and guidance landscape. A substantial proportion is also delivered through by provision embedded in educational institutions, workplaces, communities, third sector services as well as through ICT.

Technology has considerable potential as a channel for the delivery of IAG and progress has already been made in this area through both telephone and web-based services. However, these are not suitable for all and there remains a need for face-to-face provision since in addition to the digital divide issue, ICT-led approaches struggle to capture the most local labour market information which is important to people unable to relocate or whose circumstances (for example caring responsibilities) limit their mobility. Local delivery also allows the development of closer links with employers.

Moves towards an all-age careers service have the potential to realise economies of scale (although NIACE suggests that ring-fenced funding for work with adults will be necessary). Further savings might also be realised were the careers service more closely integrated (for example through co-location) with the other advice services that local authorities must provide.

17. “We welcome views on the vision for lifelong learning accounts, and their potential usefulness”.

NIACE has long been attracted to learning accounts as a way of targeting public support for individual learners in sophisticated ways:

- to incentivise study in particular subjects (for example, languages);
- at particular levels of study; and
- for particular groups and individuals (residents of specific communities, or of certain ages).

Public support from central or local sources might then be supplemented or made conditional upon co-investment (at differing levels) from individuals or employers. NIACE’s response to question 11 considers this.

The system of Individual Learning Accounts in England collapsed in 2001 not because of fraud by individual learners but because of an absence of controls on what the account could be used for and an absence of any quality control over the ‘providers’ able to draw down funding from the account. Both problems would be easy to remedy.

Perhaps the most significant role Lifelong Learning Accounts could play is in resolving the tension a funding system which has to balance funding the costs of provision on one hand (whether an 'expensive' subject such as engineering' or 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 Accounts have the potential to ensure that the system remains equitable in how it treats learners and ensures a diverse student body.

18. "We welcome views on approaches to informing learners and employers including how better information can be made available while reducing bureaucracy".

NIACE is unclear why the government considers it a priority to develop a centralised approach to presenting information about the quality of college and other providers and their courses in FE but does not see a similar need in higher education which has a more diverse range of courses in a range of institutions of different character.

NIACE is sceptical that a centrally determined initiative can be delivered without bureaucracy - especially if associated with the Framework for Excellence approach but would support proportionate and sector-led voluntary initiatives to allow informed comparison and choice.

NIACE believes that providers should be held to account through a light-touch and transparent data-driven exercise focusing on the quality of learners' experience and the outcomes of their learning. Government should make clear what its expectations are and allow providers themselves to determine how to deliver, holding them to account after the event for any shortcomings.

19. "We welcome views on our planned measures for simplification and freeing colleges and training organisations".

NIACE warmly welcomes the drive towards simplification and a reduction in the disproportionate volume of regulation within the further education sector. It is broadly supportive of the approach outlined in paragraphs 47-50 of the consultation but urges Government to monitor closely the impact of change and remain ready to act if there are negative unintended consequences. In particular it urges Government to ensure that any slimming-down of central quangos does not result in administrative and data collection responsibilities simply being pushed down the chain onto providers.

NIACE would have concerns if there were to be any significant loss of accountability for public resources, of any unjustified reduction in the range, volume or quality of provision and any loss of transparency.

Local Enterprise Partnerships have a potentially important role to play here and NIACE urges that these are established with a broad and inclusive remit.

20. “How can we enable colleges and training organisations to be more efficient and responsive to the needs of employers, learners and their community but without adding new layers of control by local bodies?”

NIACE sees considerable potential in sector-led and sector-owned peer review initiatives - both at sub-regional level and nationally. NIACE itself is renewing the ways in which it assists and supports its own members and is fully committed to partnership working and the development of flexible and responsive networks to improve the quality of provision for adult learners.

A risk though is that the sector becomes over-insular and self-referential. It will be important for Government to make clear its expectation that providers engage actively and collaboratively with all stakeholders whether these be private employers and their organisations; public services (especially the health service, careers services, Jobcentres, public libraries and cultural institutions); higher education institutions; union learning representatives; and community groups (including learning champions). Local Enterprise Partnerships are potentially, a vehicle through which local accountability can be demonstrated but other mechanisms should be considered, including local authority scrutiny.

21. “What mechanisms could we use to hold colleges and other training organisations to account for their performance in responding to employers’ needs and for prioritising training that adds real economic value?”

While responding to employers’ needs is the over-riding purpose of training organisations, the rest of the further education sector is more complex and diverse. Ever since the publication of Sir Andrew Foster’s Review of further education colleges (*Realising the Potential*, 2005) NIACE has argued that it is neither accurate nor helpful to reduce the mission of colleges to that of narrowly utilitarian ‘skills factories’. Similarly, local authority adult and community education services have different missions. Because of this, NIACE finds the above question poorly framed since it is unclear what and whose criteria should be used to decide which qualifications add “real economic value”.

The majority of governors of incorporated colleges represent employer interests and local authority services are accountable to elected members.

Rather than designing new centralised mechanisms, NIACE urges Government to show more trust in providers, holding them to account through inspections and public reporting to local enterprise partnerships. As NIACE’s own committee of inquiry into adult learners in colleges (*Eight in Ten*, 2005) noted of the Learning and Skills Council, “*It cannot be sensible for key decisions about the balance of learning needs in local communities to be taken by generalist administrators, often at quite a junior level, rather than on the judgement of educational professionals with a lifetime’s experience*”.

NIACE is currently finalising discussions with its incorporated college members and other sectoral bodies on the remit of a sector-led Commission into the role of the college in its communities. This will include consideration of how responsiveness to the local economy, employers and other community stakeholders can be improved

22. “Do we need a framework that will enable and encourage employers and individuals to invest in training in priority areas and for colleges and other training organisations to provide appropriate courses?”

NIACE agrees that there is a strong case for Government to take a lead in a number of strategic priority areas. Developing the skills required for a sustainable low-carbon economy is one case in point but there are others. The UK’s relatively poor performance in producing people able to communicate in foreign languages is masked by the role of English as a global business language - yet an initiative to improve language skills for business has the potential to make a significant contribution to UK competitiveness in export markets.

As covered in the response to question 17, NIACE sees Learning Accounts as having potential to incentivise study in particular forms of learning and to target particular curriculum areas.

23. “Should we promote training innovation, particularly in rapidly changing or wholly new areas of the economy? If so, how might we do this?”

Much of the most innovative activity in education and training in recent years has been technology-driven and led by higher education. It includes such developments as MIT’s OpenCourseWare initiative and iTunesU. In the UK the Open University, including OpenLearn, remains a world leader in educational innovation and in Pearson plc, the UK has a private sector leader in the use of technology in teaching and assessment. The Joint Information Systems Committee (JISC), which serves further as well as higher education, is a different example of how technology can bring providers together to innovate through shared services.

Although BECTA was primarily focussed on schools, its closure represents a significant loss to the further education sector which no longer has a specialist centre promoting the use of information and communications technology in the curriculum. Since digital learning has the potential to make vocational instruction and assessment more cost effective through economies of scale, Government may see value in supporting sectoral initiatives to help colleges and other providers to rise above the level of ‘cottage industries’ and develop shared courseware able to be taken up on a large scale. Without such co-ordination there is an increased risk of duplication of effort.

Beyond technological innovation, NIACE would support the case for a culture of experimentation in how best to reach groups under-represented in learning. So, for example, Government might wish to evaluate new or different ways of delivering training for the part-time labour force (a group many employers find it difficult to develop). A similar case might be made for other targeted interventions directed to groups like homeless people or those released from prisons.

24. “How can we ensure employers can access high quality labour market information?”

There is no shortage of bodies seeking to offer labour market information (LMI).

The UK Commission for Employment and Skills serves as the primary national ‘clearing house’ for monitoring and analysing LMI and this role is valued by NIACE. In addition Regional Observatories play an important role in the English regions by enabling access to a wide range of data and intelligence in economic, social and environmental issues. As such they encourage holistic thinking and support decision-making by providing evidence of different kinds to underpin policy. NIACE believes Government should ensure that the role played by the Observatories survives the winding-up of their parent Regional Development Agencies.

Sector Skills Councils are required (under the terms of licence agreements) to provide up to date LMI in respect of their sectors although the quality and sophistication of analysis varies.

In addition, academic and research bodies such as the Institute for Employment Studies and the Institute for Employment Research are involved as are a range of trade associations.

The issues here are about whether:

- there is unnecessary duplication in publicly-funded LMI;
- there are any gaps in data;
- the information is fit for purpose (that the Labour Force Survey does not extend beyond age 65 makes it increasingly at odds with employment trends for example); and
- whether employers (and providers of education and training and other public servants) are sufficiently skilled to make best use of information available.

NIACE suggests that Government might invite UKCES to analyse these matters and report.

25. “What would enable businesses to use skills as a driver of productivity and business improvement?”

It is important for a new strategy to acknowledge that skills are only one driver among many for improving business productivity. In the past, strategies have risked ‘overselling’ skills as a panacea at the expense of attention to job design; enterprise; innovation; competition and infrastructural investment. Since employers need to consider learning and skills alongside other strategic business priorities, including how work might be re-designed to better exploit the skills and talents of the workforce, this suggests that holistic business support and advice may be more effective than the brokerage arrangements which were introduced under the Train to Gain initiative.

Some of the barriers that prevent businesses from using skills to raise productivity are cultural rather than structural. The work of academics such Unwin, Felstead, Fuller and

colleagues on 'expansive' and 'restrictive' workplaces³ may suggest how organisational managers can be encouraged to become more confident and innovative in using skills acquisition as a tool for business development.

Intermediaries such as accountants, solicitors and bankers play a significant advisory role for smaller businesses and Government may wish to consider the case for ensuring that they are better-informed and able to signpost their clients towards appropriate skills provision. While NIACE has called for tax relief for training to be conditional upon employers' reporting on its use, it does see benefit in incentivising small and medium-sized employers to spend their own funds on training and development through tax breaks.

It is crucial however that 'business improvement' is not seen exclusively in terms of Gross Value Added per head. This may be the critical for individual enterprises but a national strategy produced by Government needs also to consider other issues such as increasing the employment rate; anti-poverty strategies; social justice; and welfare to work policy. Promoting equality of opportunity matters too, including for those adults whose disabilities and/or learning difficulties make unsupported employment an unlikely option or those needing special help to re-integrate (following custodial sentences or mental illness, for example).

26. "We welcome views on ways in which businesses can be encouraged to increase the UK's leadership and management capability to create better run and more highly performing businesses".

NIACE recognises the value of supporting the development of leadership and management skills in private, public and third sector organisations but is concerned that this should not be at the expense of wider workforce development. Existing and potential leaders and managers will have already some of the qualities of ambition and enterprise required to be 'self-starting' as learners and are likely to need less support than those whose potential has been less well-developed in their initial education and whose aspirations and motivation need to be raised.

In addition to formal courses, there is considerable potential for the encouragement of coaching and mentoring activity beyond the public sector. Initiatives such as the FTSE 100 Cross Company Mentoring Programme, illustrate how peer-to-peer approaches at corporate level can build capacity and capability and thus improve skills utilisation as well as acquisition. These can be easily adapted and tailored for smaller businesses and adapted for particular localities or industrial sectors.

27. (The consultation paper does not contain a Question 27!)

³ See Felstead, A, Fuller, A, Jewson, N and Unwin, L (2009) *Improving Working as Learning* and the work of the ESRC-funded 'Centre for Learning and Life Chances in Knowledge Economies and Societies' .

28. “How could we encourage the development of productive partnerships with third sector organisations?”

The third sector has an enormous contribution to make to a new Skills Strategy as direct providers of education and training in their own right, as employers, as providers of information and advice; and as motivators and supporters of learners and learning - especially among those in vulnerable or marginalised groups. The expertise of the sector is not confined to informal adult learning. NIACE warmly welcomes the attention given to the third sector in this consultation.

Harnessing that potential may be challenging though. In part this is because of the sector’s sheer diversity, ranging from small community groups, to national charities and voluntary bodies and alternative business models such as community enterprises, co-operatives and mutuals. Third sector organisations may also combine their roles as education, training and service providers with those of being advocates or champions for disadvantaged individuals and groups.

This means that systems and structures that work for most providers (for funding; quality assurance; or for curriculum design) do not always fit well.

This is potentially significant when it comes to the government’s consultation on the skills funding system and methodology. Were minimum contract values for public provision to be introduced, this would have the effect of pushing new and smaller third sector organisations out of the market. A minimum threshold of £1 million, for example, would exclude many medium-sized voluntary organisations (and some local authority community education services too). If the only role for third sector organisations is as sub-contractors, there is a danger of marginalisation, a reduction in the breadth of services and a dilution of quality as specialist expertise gets dissipated.

There is a real tension between simplicity and efficiency on the one hand and diversity, inclusiveness and innovation on the other. NIACE understands the arguments made by KPMG in its value for money report⁴, that larger providers (colleges) have lower administration costs and are more innovative but it needs to be seen in the light of Ofsted findings that medium-sized institutions may perform best overall. NIACE considers that simply reducing providers with smaller contracts to the status of subcontractors is not the answer (not least because a small community education service is part of a large local authority). NIACE believes that the legal and regulatory framework for colleges needs to become more flexible.

NIACE urges the government to follow through the logic of its Big Society aspirations in its Skills Strategy and to encourage the ‘little platoons’ of civil society - especially through grassroots co-operative and mutual organisations. This has implications for planning; procurement and contracting arrangements in further education; asset transfer; the opening up of public spaces, and community engagement and consultation. Within this, the government may wish to encourage an adult education and training dimension to programmes of corporate social responsibility and initiatives like Business in the Community.

⁴ KPMG for the Learning and Skills Council (May 2010) *Delivering Value for Money through Infrastructural Change*.

29. “We welcome views on new ways that colleges could be used to support the community”.

It is surprising that this question focuses on colleges when adult and community learning is delivered through a range of providers - including almost all top tier or unitary local authorities. While NIACE’s response concentrates on incorporated colleges, it also urges the Department not to neglect the important role of local government in community education - not least through the distinctive role it has through the engagement of schools and libraries as well as through adult education services. In addition it should be remembered that there are a number of local authority-maintained adult colleges, including ones providing residential education.

NIACE believes that the contribution which incorporated colleges make to their communities has been under-recognised, undervalued and marginalised in policy terms for at least five years.

As outlined in response to question 21, NIACE believes that Sir Andrew Foster’s 2005 report (*Realising the Potential*) resulted in an unhelpful narrowing of focus in parts of the college sector which was compounded by planning and funding arrangements. By asserting that FE lacked a clearly recognised and shared purpose, this report turned colleges’ flexibility and diversity from a strength into a weakness.

Understanding further education colleges as being primarily about skills acquisition (as measured by qualifications) resulted in an impoverished policy and with this a fall of more than 1.5 million places for adult learners in the publicly-funded system.

NIACE has a more expansive and nuanced vision, arguing that the range and reach of colleges should provide:

- **access to employability**, including welfare to work provision; support for ‘first steps’ learning (including pre-apprenticeship training); offering progression to apprenticeships, Level 2 qualifications and beyond; and securing effective support to enable disadvantaged or vulnerable groups to undertake learning which successfully supports access to labour markets;
- **workforce development**, supporting employers and employees in developing skills, knowledge and understanding to enhance business success; individual opportunities in existing jobs and career development and social mobility through learning programmes offered in and outside the workplace; supporting trade union learning initiatives; and encouraging new and emerging enterprises through initiatives to foster innovation and entrepreneurship; and
- **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, “*broadening the mind, giving people self-belief, strengthening the bonds of community*”. In these ways colleges contribute to a tolerant participative democracy that encourages appreciation and participation in the arts, sport and cultural activities, as well as broader community engagement.

In pursuing these goals, NIACE recognises that other agencies - private, voluntary and public - will have roles to play whether alone or in partnership with colleges. It is also the case that individual institutions will shape the balance of their offer in the light of others' activities.

Colleges, other providers and businesses should not be seen as existing outside communities - they are integral parts of their localities. Educational institutions interact with other public and private organisations (crucially, local authorities) to shape the public space. Overall, NIACE believes that a relaxation of the regulatory regime will allow colleges to play a more active role in their communities and that this will be welcomed by college leaders, staff and students.

NIACE intends to work with its college members and other sector-based organisations to explore how this role can be developed and how best practice can be identified and transferred. Support from Government to effect this would be welcome.

30. "How could adult and community learning be reinvigorated? We especially welcome ideas for how businesses and others could be encouraged to engage in supporting local community learning to help create local ownership and momentum".

The public infrastructure of adult and community learning has been weakened over an extended period as a result of a decline in real terms in the 'adult safeguarded' budget and marginalisation in policy terms by previous skills strategies.

This was recognised by the previous administration which issued a White Paper (*The Learning Revolution*) in 2009. Despite a welcome one-off injection of £30m, the impact of the policy was muted as official attention shifted as a result of machinery of government changes around the creation of the Department of Business, Innovation and Skills. Nevertheless, the £20 million Transformation Fund, managed on the Department's behalf by NIACE, was able to demonstrate how modest amounts of public support can have a significant catalytic effect and efforts to open up more public spaces for self-organised learning started to bear fruit.

To maintain momentum, NIACE urges Government to retain the safeguarded budget but to re-focus it so that adult and community learning is able to act as a motor for the learning dimensions of its Big Society initiative.

The safeguarded budget should be supplemented by an adult Community Learning Fund of some £100 million per year as envisaged by the Conservative Party in its Green Paper *Building Skills, Transforming Lives*. Such a fund might be used to:

- put purchasing power in the hands of learners (including people retired from the labour market) through lifelong learning accounts;
- run a programme of innovative demonstration projects - not only in colleges but also in third sector bodies and local authority services to develop capacity for Big Society initiatives, focussing on family learning and learning for active citizenship; and
- support those who have particular needs to be met before they are likely to find paid employment.

Taken together, a safeguarded budget and a new fund would give adult and community learning a secure platform that would allow it to better support self-organised provision.

A number of businesses also support the wider learning of their workforces. Most notable among these is the long-established Employee Development and Assistance Programme (EDAP) run by the Ford Motor Company and its trade unions. This initiative and others like it have, in the past, experimented in opening up workplace learning centres to the families of employees and the wider community. Government may wish to examine the range of possibilities that exist here and how they might be encouraged further.

31. “We welcome views and ideas on those indicators [to measure success] that would be most useful to you or your organisation.”

“Who participates and who is missing?” are the central questions which NIACE will ask of the Skills Strategy overall. If it results in more of the adult population being engaged - leading to both well-being and economic prosperity, it will succeed. For this reason, NIACE believes that government should consider the introduction of a participation measure so that it is able to monitor progress.

Another indication of success would be a decline in the proportion of businesses reporting skills shortages in different sectors of the economy.

NIACE also believes that the state, all employers and individuals, in different ways at different stages of their lives, need to invest more in lifelong learning and would be interested in evidence that businesses and learners are contributing more and that, as the deficit comes down, Government investment rises in real terms.

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.

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