

Future-Ready Skills Commission

Devolve adult skills and careers

Technical paper
September 2020



Recommendation: In order that people can gain the right skills needed for good quality work in their area, **all adult skills and careers funding needs to be devolved**

Ambition Statement:

An adult skills system which delivers key national priorities and educational entitlements, while meeting local skills needs and specific economic challenges through regional shaping and control.

The adult skills system is complex and fragmented, with adults funded to undertake technical learning through a number of routes. All systems involve national prioritisation, particularly where fulfilling learning entitlements, however local leadership and influence has already been established for some adult focussed training interventions, e.g. European Social Fund commissioning shaped by LEPs and Adult Education Budget devolved to MCAs. Careers information is important to motivate and inform adults in their next steps in learning, training and work. Funding streams associated with adult careers and retraining should similarly be devolved so that provision can be embedded with services delivered within areas and the points of contact that adults would have with the skills system.

While the devolution of some elements of the skills landscape is welcomed, the piecemeal way in which this is has occurred causes further fragmentation due to the different controls and contracts held by central and local government. Furthermore, where local areas receive a blend of national programmes and local programmes – duplication and competition of schemes can occur: for example the recently developed National Retraining Scheme web-portal duplicates a number of career support functions, including well established local portals, that have had investment from and been developed by LEPs and Combined Authorities. Efficiency is lost through stringent and competing priorities: instead of being able to design fit-for-purpose programmes based on a target groups needs and desired outcomes, areas must navigate different funding priorities - resourcing, managing and knitting together multiple contracts for a 'best-fit'.

Consistently devolving adult skills funding to local areas, while retaining national commissioning of core education (e.g. Apprenticeships, HE loans), would allow areas to commission evidence-based, locally shaped solutions which are responsive to specific the area's economic needs. We propose devolution of AEB, UK SPF, NRS, the proposed NSF and NCS, alongside the ability to incentivise nationally funded system to better meet local need.

AEB provides the core basic training needs to move people to sustainable and progressive employment, and the other funds should provide resources and flexibilities which will help meet adult re-training needs, deeper outreach for those far from the labour market, and improve the targeting of gaps in provision. Devolution of wider adult funding is needed to ensure alignment and maximise the potential to address local patterns of adult skills needs.

Key facts related to performance in this area:

- Around two-thirds of the 2030 workforce have already left full-time education and are in employment, they will need tailored retraining to keep pace with industrial advances: technology (incl. automation), decarbonisation, demographic changes, globalisation and Brexit impact.
- Over 50% of the national AEB budget will be controlled by MCAs by August 2021, with the ESFA retaining control of the remainder.
- The Covid-19 pandemic has resulted in higher unemployment than the 2008 recession, with over 2 million people now in need of reskilling and employment support.

1.

Funding:

- Core adult education funding must be accessible to all
- Adults skills and careers funding should be devolved to areas to develop place-based solutions and allow flexibility and discretion to use the funds efficiently to address specific geographic and demographic retraining needs. This includes AEB, NRS, UK SPF, NSF and NCS. The combined adult skills funds should be used to meet core adult education entitlements (through AEB) and to create flexible and appropriate upskilling and retraining packages. Delivery should include:
 - Funding unitised, modular and industry recognised provision
 - Targeted funds that increase staff skills and capacity to develop more flexible methods of delivery
 - Small, locally determined, innovative pilots which test new methods and tackle skills deficits
- National entitlements should remain in place as 'high level priorities' for the above funding streams to ensure equality of access to training and skills
- UK Shared Prosperity Funding should be a multi-year (7-10 years), people and place-based allocation focussed on an agreed set of outcomes for each area with a strategic skills plan – allowing for stability and longer-term planning. UKSPF should include ESIF 'replacement' funding and the public sector match combined.
- The £2.5 billion outlined for the National Skills Fund in the Conservative Manifesto should be commissioned by areas with strategic skills plans to develop new provision and opportunities to increase skills. It should not be used to address the previous disinvestment in adult skills. Priorities may be set nationally, but implementation should be devolved with a degree of flexibility to ensure regional labour market needs can be addressed.
- The Government's approach to adult retraining (including NRS) should be radically rethought, including devolving responsibilities and funding to areas to engage adults in up-skilling and reskilling opportunities at a local level.
- Apprenticeship funding, HE loans and advanced learner loans should be retained as nationally managed systems with local areas able to incentivise based on local needs.

2.

Data considerations:	
<ul style="list-style-type: none"> Nationally collected datasets, for example through ILRs, should be updated to reflect the shared learning of MCAs and areas and made available in a timely fashion. Improved access to consistent local data (either through consistently shared reports/a portal, or simplified access to the data cube) is needed for all areas to have reliable and easily accessible information on skills needs, demand and gaps. Regional commissioning should therefore be evidence based, including engagement at a local level to inform programme design. 	

3.

Government to:	Regions (and local) to:
<p>Devolve adult skills fund consistently across regions, including:</p> <ul style="list-style-type: none"> Adult Education Budget UK Shared Prosperity Fund National Retraining Scheme National Skills Fund National Careers Service <p>Provide implementation funding to support the coordination and accountability requirements of devolved funds to avoid unnecessary top-slicing of the existing budgets</p> <p>Collaborate with areas to ensure that learning and review of delivery is shared and there is continuous improvement in development of national practice as well as in areas</p> <p>Continue to fund core education nationally, including HE loans and apprenticeships: providing funding for local incentives where needed.</p>	<p>Commission evidence led, place-based programmes which address the full range of adult education and skills needs, supporting adults to access, progress and excel in the workplace.</p> <p>Develop partnership approaches appropriate to the local area to provide joined up local delivery based on organisational strengths – being mindful of subcontracting and management fees that divert funding from the learner</p> <p>Collaborate with neighbouring regions to develop cross-border flexibilities where needed to empower learner choice</p> <p>Target incentives to ensure national programmes are responding to local needs</p>

4.

Find out more

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