

Future-Ready Skills Commission

Fair access and reverse funding decline

Technical paper
September 2020



Recommendation: Ensure the national funding system offers fair access regardless of age, level of attainment, background and learning route alongside reversing the long-term decline of investment in adult training.

Ambition Statement:

More adults will take up learning due to increased opportunities, flexibility and relevance of training available to develop new skills, fit for the current and future economic needs. The skills system is sufficiently funded to serve adults at all levels of prior attainment.

Rationale:

Investment and participation in adult education is in sharp decline. This impacts on skills levels in the workforce, which in turn limits our productivity and living standards and leaves us unprepared for jobs of the future.

Priorities for funding are set nationally and are complex. The funding landscape and system is different for 16-18 year olds, apprentices, people in work and those in Higher Education. This creates a complex funding system that learners, employers and training providers must navigate, although access to funding is not the singular barrier to low skilled adults. Consequently, adults that continue to participate are more likely to already have higher level skills. This affects social mobility and earning power, given the participation bias towards the already skilled and those with higher social grades. The current system is not supporting those with the lowest qualification levels or in low paid jobs to increase their skills and productivity, even though this is vital to improve our economic output and for social justice.

Low participation in adult learning is a problem for us all based on the recent economic shock and further significant disturbances ahead, including digitalisation, artificial intelligence, climate emergency and changing work patterns, which require new skills needed for a future economy. The cost of not and under investing could result in sustained unemployment for those who work in sectors that do not recover from the Covid-19 pandemic, future redundancies in sectors susceptible to automation, an inability to complete the mass infrastructure projects needed to meet the challenges of climate change and connectivity, and failure to capitalise on economic opportunities: all due to insufficient skills.

Increasing investment in adult training and flexibility of delivery will increase the relevance and availability of training, supporting our adult workforce to up-skill and meet the challenges of the economy of the future. The flexibilities and increased entitlements proposed will support those with lower level skills to access funding and improve their prospects.

Key facts related to performance in this area:

- Funding for adult education has reduced by 45% between 2009/10 and 2017/18

- The number of adults currently learning has declined by 10% since 2001, with a record low of just 36% of adults taking part in some form of learning within the last year.
- Social grade and career paths remain a key predictor of participation; over 40% of those working in professional roles are current or recent learners, compared to 29% per cent of adults in manual work or unemployed.

People Profiles: demonstrating an unequal system

The lack of sufficient funding in the system necessitates prioritisation: this creates unintended consequences in terms of access

- A 40-year-old unemployed chartered accountant can study a fully funded level 2 qualification, but a 25-year-old on minimum wage without GCSEs cannot.
- An unemployed single parent studying a level 4 HNC within an FE College does not get a maintenance loan, but a first-year student at University who lives at home might (dependant on parent income).
- A graduate of any age can complete an apprenticeship for free, but a 50-year-old wanting to complete any level 3 qualification to change career needs to take out a loan

Current Roles and Responsibilities

National	Regional
<p>Set funding priorities for AEB, Adult Loans, Apprenticeships and ESF</p> <p>Directly commission delivery of all adult skills training through Education and Skills Funding Agency and Student Loans Company (barring devolved AEB to select Mayoral Combined Authorities)</p> <p>ESF calls are commissioned and managed by DWP</p>	<p>MCA's (only) have a role in shaping and commissioning AEB delivery</p> <p>LEPs design local calls based on national (&European) parameters.</p>

Funding:

Increased investment is required in the Adult Skills system, specifically to include:

1. The expansion of the national entitlement for ‘first full’ level 2 and 3 qualifications from 19-23 year olds to all ages, including local flexibility to determine provision
2. Boosting basic skills funding to include the full cost of the planned new ‘digital entitlement’, making the system can afford to deliver digital skills for all without displacing other needs
3. Maintenance loans to support the cost of living for adults studying substantive Further Education
4. Provide flexible, devolved funding to areas which can be targeted in line with area needs, including:
 - a) Capital investment to improve the quality of the FE learning environments and deliver the ambitions of Local Industrial Strategies
 - b) Funding for unitised, modular and industry-recognised provision
 - c) Targeted funds that increase staff skills and capacity to develop more flexible methods of delivery
 - d) Small, locally determined, innovative pilots which test new methods and tackle skills deficits

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Devolution of funding should be accompanied with appropriate implementation funding to maximise front-line spend.

The UK Shared Prosperity Fund and National Skills Fund should create additional, more flexible provision as and not be used to address previous disinvestment

Data considerations:

Regional and local areas do not have universal or consistent access to skills data. Regular and timely skills data needs to be made readily available to all regional commissioning authorities and local areas to provide consistent measures across areas, inform need, demand and gap analysis. Areas should also be able influence the type of data collected where it can support better decision making. This will improve programme design and evaluation.

Government to:	Regions (and local) to:
Reverse the decline the current investment levels in Adult Skills Funding	Take on commissioning and accountability of: <ul style="list-style-type: none"> • Adult Education Budget • UKSPF • National Skills Fund • National Retraining Scheme • Careers services Fund unitised and modular provision flexibly based on local needs

Expand the 'first full' level 2 and 3 qualifications to all ages, including local flexibility to determine provision

Ensure funding increase properly account for the provision of 'digital skills for all'

Introduce maintenance costs for Further Education provision at Level 3 and above (i.e. where loan funded)

Investment in teaching to retain staff and increase specialist expertise

Release capital investment to improve the current FE estate

Invest in UKSPF and National Skills Fund, devolving the design and commissioning to regional areas to support the following principle actions:

- funding unitised and modular 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
- strategic, locally targeted, capital investment in line with Local Industrial Strategies

Increase training provider and teaching staff capacity to develop more flexible methods of delivery

Develop small locally determined pilots which test new methods and tackle skills deficits

Provide strategic capital investment to meet local skills shortages, in line with Local Industrial Strategies

Find out more

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