

Item 9

Education and training, skills and apprenticeships

Purpose of report

The report updates the Board on the LG Group's work on education and training, skills and apprenticeships.

Summary

The government is introducing major reforms to education and skills – the report takes stock of those reforms, explores the implications for local government and sets out the LG Group's priorities going forward.

Annex 1 gives more detailed information about the government's skills policy, and summarises the key issues that are informing the LG Group's activity.

Recommendation(s)

The Board is invited to note the paper.

Action

Officers to take forward any further suggestions from members.

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The policy background

1. Local government has a key role in education and an ambition to play a bigger role in the skills system to ensure that local provision meets the needs of both local people - at all ages and stages of their lives - and local employers.
2. Education and skills are vital to the success of local economies and strengthening social inclusion. They play a big part in individual life chances, social mobility and well being. Places with higher skill levels are more resilient during recessions, grow faster and are more productive.
3. The UK skills “system” delivers weaker outcomes than our global competitors¹. Employers² point to skills gaps, young people’s lack of preparedness for work, excessive bureaucracy, institutional instability and poor careers guidance – all of which means that individual business and wider economic performance is held back.
4. Despite recent improvements, the UK’s post-16 participation in education and training is below the OECD average. Against that background, the government has confirmed its commitment to raise the statutory participation age in education and training to 18 by 2015.
5. There’s a consensus too that our economy needs a stronger emphasis on key skills and science, technology, engineering and maths (STEM) subjects – in particular to correct a weakness in intermediate technical skills.
6. So the government has focussed public investment in higher education on STEM subjects – targeting resources at skills gaps.
7. More generally, government sees interference in the market, at national or local levels – through mechanisms such as targets and plans – leading to sub-optimal outcomes. The government believes a demand-led system, with learner choice and provider freedom, will ensure that the system is more responsive to the market and address employer concerns.
8. Within a demand led system, it has recognised that local authorities have a strategic commissioning role in 16-19 education and training.

¹ See for example the Leitch Report

² Employers invest around £39 billion on adult training a year.

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The LG Group's lobbying and improvement work

9. We have said that the divide in national policy set at age 19 years is artificial and that local authorities have a role in building skills in young people through secondary education and beyond into adult life.

Adult skills

10. Against the national policy background, our lobbying has focussed on the role of local enterprise partnerships to influence skills provision – 47 of the original LEP proposals identified skills as a key issue.
11. We have sought a strategic market making role for local enterprise partnerships so that they can ensure that training fits the needs of local employers and local people.
12. The government has recognised this and said it will encourage higher and further education institutions to *“engage with their local enterprise partnership to ensure alignment between economic development priorities and the skills provision available locally. This will include colleges consulting local enterprise partnerships...on their business plans and how public funding can be aligned so that it contributes to local economic and community demand.”*³
13. We are pleased with this recognition. But the arrangements do not give local enterprise partnerships formal powers to direct or control the activity of skills providers. Provider responsiveness will rest on effective local relationships.
14. This is the thrust of our activity now – we are working with the 157 Group of colleges, the Association of Colleges and Chambers of Commerce to build relationships nationally between colleges, business and local government, drawing on best practice locally. This includes research on availability of local labour market intelligence and how it is shared and used by local partners and four events around the country bringing together colleges, local government and business (in partnership with the Association of Colleges) to facilitate joint working with local enterprise partnerships.

Young people and 16 to 19 year old provision

15. We have lobbied successfully for a continuing role for local authorities as strategic commissioner of 16-19 education and training, having a responsibility to secure the right quantity and quality of provision for all young people.

³ Skills for sustainable growth, Department for Business, Innovation and Growth, 2010

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16. We have also called for bureaucracy to be reduced and argued successfully that the Young People's Learning Agency's role in 16-19 funding is not necessary – if there are to be any national bodies then one funding body should cover both pre and post-19 funding, rather than two – an Education Funding Agency and Skills Funding Agency, as the government has announced.
17. In an environment where providers respond to learner choice within a strategic framework, advice to young people about their choices is key. The LG Group is lobbying for local intelligence, local links to employers and face to face support for young people to be a key part of the new all-age careers service. We also need a well managed transition to the new arrangements.
18. Our Hidden Talents programme has been driven by members' concerns about the number of young people who are not engaged in productive activity – not in education, employment or training. Local authorities also have a statutory role to deliver full participation by young people in education and training up to 17 by 2013 and 18 by 2015.
19. Providing for all young people means, in part, extending the range of options open to them. LG Improvement and Development have been working with local authorities to increase the number of apprenticeships that councils and other local employers offer.
20. One focus of our lobbying on disengaged young people is to use case studies to evidence the need for place-based/community budgets.
21. We have said that those budgets relating to disengaged young people, adult community learning and unemployment-related skills - which are unsuitable to include in a choice-driven system – should be devolved to place-based/community budgets. The government has announced Community Budgets for families with complex needs in 16 places and we will be arguing for their wider use in reforming public services.

Informal adult and community learning

22. The adult and community learning budget for England (Adult Safeguarded Learning - ASL) remains unchanged at £210 million. This covers four previously ring-fenced elements. Currently 84.3% of ASL is channelled through 150 top-tier local authorities. This is set to change as the Skills Funding Agency is moving towards larger contracts for 19-plus provision with a newly announced Minimum Contract Value of £500,000 for 2011-2012. There are proposals to raise this in the future.

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23. Eleven local authorities will fall below this level and are looking at alternative arrangements to access funding, for example, as sub contractors. The ring-fence within ASL will be removed, allowing greater flexibility but also putting some targeted provision at risk. The Skills Strategy announced the government's intention to reinvigorate and reform informal adult and community learning to support the Big Society, deliver progression routes for those who want them, and target public-funded provision more effectively.
24. There is a strong case to be made as part of the ASL reform process for local authorities retaining a strategic overview of local developments and enabling providers to deliver flexible learning and skills at local level. Supporting the Government's vision of the Big Society, local authorities' leadership role can help ensure all communities, including those that are most disadvantaged, have access to a wide curriculum, high quality, responsive provision and progression in learning.
25. On behalf of the LG Group, NIACE is setting up and will service a local authority Expert Group to provide advice to the Department for Business, Innovation and Skills on local authority perspectives and priorities for the ASL budget reforms. In addition to representing local authority views to Government, the Expert Group will be a conduit for information on how the reforms will affect local authorities.
26. The Board is invited to note the LG Group's priorities and activity in education and training, and skills and apprenticeships.

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Annex 1

Further information on the Government's skills policy and key issues informing LG Group activity

The government's approach to skills policy⁴ has the following pillars:

- i. A demand-led skills system based on well-informed choice, supported by good intelligence and high quality information, advice and guidance. This includes a new all Age Careers Service to replace Connexions and Next Step. Schools will have to secure independent, impartial advice for pupils and local authorities will be responsible for providing targeted support for the most vulnerable young people;
- ii. Funding reductions and a stronger emphasis on the learner and employer paying with public resources focussed on young people and those without basic literacy and numeracy skills. This includes the introduction of new Further Education loans from 2013-14 broadly similar to the system for higher education;
- iii. A de-regulatory approach to the relationship between education and training providers of all sorts including schools giving them more freedom to determine the type and volume of education and training on offer;
- iv. A new Education Funding Agency and a Skills Funding Agency, retention of Sector Skills Councils;
- v. An expansion in apprenticeship numbers up by 75,000 by 2014-15 with an additional investment of £250 million in the Spending Review and more emphasis on higher level apprenticeships and progression to higher education;
- vi. A stronger focus on relationships at the local level between business and education and training providers, including local enterprise partnerships – so that training is responsive to local need;
- vii. A limit on non-EU economic migrants encouraging employers to recruit and train resident workers;
- viii. The government's review of informal adult learning.

⁴ Skills for Sustainable Growth, Department for Business, Innovation and Skills, 2010

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Looking ahead to 2011, the big issues that are informing the LG Group's lobbying activity and support to councils are:

- i. the rising number of young people who are not in work and learning, currently at 1, 026, 000⁵ and the impact of changes like the abolition of Education Maintenance Allowance and higher fees on participation;
- ii. the need to expand work based learning and the increase in the number of apprenticeships on offer;
- iii. the impact of the government's reforms to further and higher education funding, both in terms of participation by young people, the subjects they study and the jobs they achieve; and the impact on universities' ability to invest in wider economic development activity. (Although HE is not an area where the LGA has previously focussed);
- iv. the developing role of local enterprise partnerships and their engagement with colleges and other parts of the skills system;
- v. the impact of more stringent controls on non-EU migration on employer behaviour which should encourage firms to invest more in training;
- vi. the investment in the new Work Programme and the financial incentives on providers to skill unemployed people up to fill vacancies (currently around 500,000);
- vii. the Education Bill, whose main themes are narrowing the attainment gap between high and low income groups, deregulation, giving providers more freedom and making it easier to establish schools, tackling poor behaviour and improving accountability for educational standards.

⁵ NEET Quarterly LFS series Q3, November 2010