

Adult skills

Purpose of report

For discussion and direction.

Summary

This report notes current actions by the Local Government Group (LG Group) in relation to adult skills. It builds on the outline of the government's reforms set out in the Paper 'Education and training, skills and apprenticeships' submitted to the January Board meeting.

Recommendation

The Board is invited to note the paper.

Action

Officers to take forward any further suggestions from members.

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Policy background

1. The government views skills as essential to achieving its main goals of returning the economy to sustainable growth, extending social inclusion and social mobility and building what it refers to as the 'Big Society'. Its Skills Strategy¹ sets out how it intends to improve and use skills to realise these central objectives.
2. The challenges are considerable. The UK working population is less skilled than that of France, Germany and the US. This contributes to 15 per cent lower productivity.² We are weak in the intermediate technical skills that are increasingly important as technological change accelerates. Approximately 80 per cent of the 2020 workforce has already left compulsory education.³
3. Over the period of the Spending Review (up to 2014-15) the further education resource budget will be reduced by 25 per cent. Of the £3.1bn funding for 2011-12, £605m is earmarked for adult Apprenticeships. The government's Spending Review 2010 announced an increase of £250 million a year by 2014-15, relative to the level inherited from the previous government, in order to fund 75,000 more Apprenticeship places by that date.⁴
4. The Train to Gain programme has been abolished and in its place investment is being refocused on Small and Medium Sized Enterprises (SMEs). There is a new Growth and Innovation Fund for employers and the government has offered to co-fund training at Level 2 (equivalent to Grade C or above GCSE) in SMEs. It expects to see more courses for employees in SME workplaces and anticipates at least £100m annual state investment in training in these businesses.
5. Overall, the Skills Strategy argued for a much stronger emphasis on learners and employers paying for learning and training, and on prioritising investment in young people and those with low skills. There is a commitment to reduce red tape for providers and in turn, to make them

¹ Skills for Sustainable Growth: Strategy Document (November 2010) Department for Business, Innovation and Skills

² International Comparisons of Productivity (October 2010) Office for National Statistics

³ Analysis of Labour Force Survey, updating the Leitch Review of Skills (November 2010) Department for Business, Innovation and Skills

⁴ Spending Review 2010 (October 2010) HM Treasury

more publicly accountable to learners, employers and their local communities. Learner choice will be supported and exercised through new Lifelong Learning Accounts and an All Age Careers Service. The Skills Funding Agency anticipates supporting approximately 2.3 million learners during 2011-12 through adult skills budgets, of which 0.4 million will be studying Apprenticeships.

6. The Skills Strategy articulated the government's intention to build a demand-led system based on good local information about need and supply. In driving forward local economic growth, Local Enterprise Partnerships (LEPs) consisting of business and local government will play a central role in identifying skills needs and market opportunities and failures. The majority of LEPs have demonstrated a desire to take a leading role in skills. In the absence of formal powers to direct or control providers, local responsiveness will be underpinned by effective relationships between councils, providers and employers and robust labour market intelligence.
7. The government also recognises that learning and skills have other values and benefits. The budget for informal adult and community learning for England (Adult Safeguarded Learning – ASL) remains unchanged at £210m. The Skills Funding Agency anticipates ASL will directly resource participation by 787,000 learners in 2011-12. During 2009-10 nearly 30 per cent of ASL-funded learners came from the 27 per cent most deprived post code areas, compared with 20 per cent of the adult population. 11 per cent had a declared learning disability. Currently 84.3 per cent of ASL is channelled by the Skills Funding Agency through 150 top-tier local authorities.
8. Members may recall the strategic leadership role for ASL assigned to local authorities by the previous government through their Lead Accountable Bodies, a policy change that reflected lobbying by the LGA. This is not now being taken forward. The government is currently undertaking a review of ASL funding to determine its future priorities.
9. The Skills Funding Agency is introducing larger contracts for post-19 provision with a minimum contract level of £500,000 for a provider's total funding for 2011-2012. A key area of uncertainty is 16 – 18 Apprenticeships where a Ministerial decision is imminent. 11 top-tier authorities currently fall below this threshold. There are proposals to raise it in the future.
10. Substantial funding for skills is available through other sources. Employers themselves invest more than £39bn in training over a 12 month period.⁵ As the centrepiece of the government's plans to reform welfare-to-work provision, the Department for Work and Pension's Work Programme will entail contracts with an estimated market value of £0.3b

⁵ National Employer Skills Survey for England: main report (August 2010) UK Commission for Employment and Skills

- £3 billion per year to deliver employment related support services to help people select, train for, obtain and retain suitable employment. LEPs are encouraged to 'work with' this nationally led programme when it comes on stream later this year. Wider public service reforms offer scope to integrate adult learning and skills into delivery strategies across a range of services, including social care and economic development. Local authorities – through LEPs and other mechanisms - are in a position to highlight inter-dependencies and encourage more pooled resources, cost efficiencies and holistic approaches to skills.

The LG Group's lobbying and improvement work

11. The LG Group has argued for a strategic market making role for LEPs to ensure training fits the needs of local employers, making the case that localisation – to LEPs – supports the government's demand-led skills policy and provider autonomy. Democratically-mandated local government working with business and in dialogue with providers can give strategic direction over the skills needs for an economic area, and address other supply-side problems such as difficulties with market entry or exit.
12. We are working with the 157 Group of colleges, the Association of Colleges (AoC), and British Chambers of Commerce to identify and promote practical approaches to local collaboration through (but not limited to) the LEPs. This includes a meeting in October 2010 with representatives from all stakeholders, followed by a publication setting out a shared commitment to joint working (paper attached). Research is also in train on provider engagement with LEPs and the current availability and use of labour market intelligence for skills planning. The LGA has been closely involved in directing and supporting the research. Interim findings were presented at four recent events around the country arranged by the LGA and AoC, and the final report is due for publication in May 2011.
13. This has also been an opportunity to argue for the importance of strong links at local level between LEPs and arrangements behind 14 – 19 learning and training, such as 14-19 Partnerships. Notwithstanding changes to the funding for 16 – 19 education, councils continue to have a strategic commissioning and influencing role to ensure provision meets the needs of local young people and employers. High-quality relationships with providers and employers and a shared understanding of need are pre-requisites for both 16-19 and post-19 provision.
14. We have also worked with the 157 Group to bring together local authorities, colleges and representatives from social enterprise and co-operatives. Our other key partners are Co-operatives UK, the Social Enterprise Coalition, and the Development Trusts Association (to be called 'Locality' from 1st April). The aim of the event (held on 14th March) was to explore how these 'alternative' enterprises will engage with the

15. LEPs, and to strengthen collaboration with local authorities on the ground. It will also lead to a pdf publication.
16. We anticipate that the developing role of LEPs and their engagement with the skills system will remain a major thrust of our activity. Equally, we are hopeful the recent discussions with social enterprise and co-operatives will open up further opportunities for shared action around LEPs and possibly the learning and skills implications of localisation and public service reform.
17. We will continue to make a strong case in the ASL reform process for local authorities delivering and commissioning ASL-funded programmes highlighting their wider responsibilities that contribute to accessible and relevant learning, for example, ensuring good local transport connections.
18. The LG Group is resourcing NIACE to establish 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. The Group's inaugural meeting was on 7th March.
19. The LG Group has also supported successful lobbying by local authorities that fall below the contract value threshold being introduced by the Skills Finding Agency. A key issue was the compressed timescale for agreeing alternative partnership arrangements. As a result of concerted representation by the affected authorities via their national network (LEAFEA), the Skills Funding Agency has offered them an extension to the start date of the new contract threshold.