

Government consultation on Skills for Jobs: A Further Education Funding and Accountability System

Response of the Association of School and College Leaders

A. Introduction

1. The Association of School and College Leaders (ASCL) represents over 21,500 education system leaders, heads, principals, deputies, vice-principals, assistant heads, business managers and other senior staff of state-funded and independent schools and colleges throughout the UK. ASCL members are responsible for the education of more than four million young people in more than 90 per cent of the secondary and tertiary phases, and in an increasing proportion of the primary phase. This places the association in a strong position to consider this issue from the viewpoint of the leaders of schools and colleges of all types.
2. ASCL welcomes the opportunity to contribute to this consultation.

B. Responses to specific questions

Q1. Do you agree with our objectives for reforming adult skills funding?

3. Neither agree nor disagree.
4. The objective of an effective, simpler, streamlined system is appropriate in most circumstances. However, it is important to recognise the complexity of adult skills provision, which varies depending on the industrial or commercial sector to which it is aligned. Outcome-focussed funding is appropriate for many areas of provision, but learning for adults is not linear. Funding should be fair and transparent, and our concern is that sometimes outcome-based funding may not achieve a fair result. It is also not clear what constitutes 'fair' in this proposal.
5. We recommend an approach which is sensitive to adult learner needs and local arrangements and which provides positive results, which may not immediately lead to work.

Q2. Do you agree with our reform objectives for an adult skills funding system, or are there other principles that should be included?

6. We agree that there should be a simpler approach to funding but we are concerned about the outcomes-focussed nature of the proposals. Adult learning is complex and desired outcomes may come much later than the end of a training course. A focus only on jobs or pay may not be immediately possible for some learners.

Q3. How can non-qualification-based provision most effectively be funded in the future?

7. Non-qualifications-based, non-accredited short courses and community learning provision should focus on individual needs based on planned learning agreed between the individual, provider and employer (where appropriate). These courses have a significant impact on both the individual and society.

Q4. How can we ensure this provision is of high-quality?

8. The provision will be subject to providers' own quality assurance processes and accountability measures, such as from inspection. Outcomes can be mapped against similar qualifications or industry related standards to ensure they achieve value for money from funding.

Q5. We would welcome your ideas – particularly from employers – on how we could fund providers for innovative provision currently not funded by the system.

9. Providers could use innovation funds or focus on industry standards in order to justify funding. The development of innovative provision should be funded as it is only through new approaches that adult skills will change to meet the changing needs of the economy and society.

10. Employers already work very closely with colleges and even more so now they are engaged with local skills plans.

Q6. We would welcome your views on our proposal for a single Skills Fund: do you agree that we should formally merge the existing AEB including community learning, and National Skills Fund (NSF) investment into a single stream of funding?

11. A single skills fund may be unwieldy and not necessarily helpful unless it really does fairly fund all areas of adult learning, including accredited and non-accredited provision. It might be better to keep different funding streams as now but ensure funding for each is comparable in terms of approach, including with 16-18 funding approaches.

Q7. How can we implement this Skills Fund in a way which best supports individuals to access skills which meet the needs of local employers?

12. The skills fund could stipulate qualifications to be funded, just as has happened at level 3. However, colleges have extensive experience in helping their learners to find out what skills employers need and how they can gain those skills. Most colleges will have access to market intelligence and employer information, and they use this wisely to help their learners progress. The skills fund should not over-complicate what is already happening and will happen with local skills and improvement plans.

Q8. We would welcome your views on our proposal to fund devolved authorities through a needs-based relative assessment. Do you agree with this approach?

13. Yes. The proposed approach, taking into account educational, economic, disadvantage, rurality and cost, seems to be sensible. However, it is important that this does not lead to regional variation in funding and hence more disadvantage. Devolved funding should be part of the approach to levelling up.

Q9. What elements do you think are important to include in such an assessment?

14. Individual adult numbers and needs as well as disadvantage factors are important elements which should be included as part of the assessment. The cost of provision and economic needs are also important. We would support a simple approach which includes adult numbers and disadvantage factors.

Q10. Do you agree that an activity-based system of funding colleges based on the learners they provide for should be continued or are there other approaches which would be more effective or should be considered?

15. Activity-based funding works reasonably well but there needs to be consistency across funding years as demand can vary year-on-year. There is no clear alternative to ensuring fair funding.

Q11. What are your views on the potential elements (set out above) to include in a simpler funding formula? Are there other elements which should be included?

16. Funding should be based on the cost of provision being offered, which includes area and individual needs cost and individual and economic need for that provision. Adult funding has been significantly cut in the last ten years. A simpler approach to funding for all adult provision is needed but not necessarily as a single approach.

Q12. Do you agree that we should use the same needs-based formula between all areas of the country? How should we balance responsiveness to activity delivered and equal opportunity to access training?

17. Yes. Balance can be achieved through outcomes focussed on equality of access and demand for the activity being delivered. However, this is a fine balance. It is very important to identify when more funding is needed.

Q13. How can we introduce these changes most effectively?

18. Providers, learners and employers will need at least a year's notice, so the introduction of change must be in steps over at least two years. There is a clear case for more funding of adult skills provision, even at a time when the DfE is likely to see reductions in the skills budget.

Q14. Do you agree with our proposal to bring together disadvantage funding, learning support and learner support into one element?

19. No. These funding elements have different origins and purposes. There is clearly a case for a simpler approach to funding disadvantage, learning support and learner support. However, until such time as there is clarity about the future of this funding, the different elements should remain separate to ensure equality of access to all three elements for those who need them. At the very least, there should be a period of transition from one approach to another.

Q15. Are there likely to be unintended consequences we would need to manage?

20. Yes. Different funding streams are in place because of varying need for support. If the different funding streams are brought together, the combined elements may not meet the need for which they were intended. There is a risk that unless more funding is available, those who need this support most will lose out.

Q16. Is there a different approach we should explore?

21. Yes. Keep these funding streams separate until such time as there is additional funding so the different element funding is transparent.

Q17. What factors do you think should be incorporated in a measure of additional needs?

22. Educational, regional and learning needs should all be part of a measure of additional needs. This means that the proportion of disadvantaged learners, those with disabilities, those out of work as well as travel-to-learn detail should all be included as part of the formulae.

Q18. Will this help reduce requirements on colleges and enable them to support their learners better?

23. Not sure. There is a need to reduce the burden of collecting and reporting learner detail, but only if colleges can still identify and be fully funded for the learner needs identified.

Q19. Do you think we should move to a lagged system for the core funding or continue with the current “allocation and reconciliation” approach?

24. Yes. It would be helpful to move to a lagged system to be consistent with 16-18 funding. This approach would also reduce the problem that colleges have of variation in learner numbers on an annual basis. This would strengthen the financial situation for colleges and provide certainty year-on-year.

Q20. Is there another method, not outlined here, that you would prefer?

25. Yes. We would prefer a period of transition where major change in funding, if introduced, is carried out over a period of years and with an increase and more certainty in adult funding from year to year.

Q21. Do you agree with our proposal for a mechanism within the Skills Fund to provide up-front funding for specific growth areas?

26. Yes, if the reason for upfront funding for growth is transparent and justified. It is much easier for providers to utilise this funding wisely on innovation, rather than spending time on procurement and completing tenders where major costs are usually incurred. Current accountability systems could still be used.

Q22. Are there other mechanisms which we could explore to achieve this aim of supporting growth in specific skills areas?

27. Funding could be enhanced for certain subjects, such as STEM, in line with 16-18 funding. In addition, multi-year funding agreements for all adult skills would be much more effective and a better use of scarce resource.

Q23. We welcome views on our proposed multi-year approach, including how this might affect colleges' behaviour.

28. A multi-year approach would be very helpful, as long as it is sufficiently flexible to include additions in and between years. This would also help in strategic planning and implementation of local skills plans.

Q24. How else could the funding system be improved to make strategic planning and year to year managing of funding and expenditure easier for providers?

29. An approach similar to 16-18 funding would be helpful, where numbers are not capped, but are lagged and growth follows the learner. This would be helpful to ensure provider capacity to deliver year-on-year in response to demand. Funding could be allocated in advance and provider accountability can be measured. Employer and student take-up does vary year-on-year, and this variation is not always clear at the beginning of a year. Therefore, any clawback of funding in one year should be taken back over more than one year.

Q25. Which entitlements and eligibility rules should be maintained in the new system, and why?

30. Disadvantaged funding, learning support, bursary, 19-24 entitlement, free level 3 and under for first qualifications should all be maintained.

31. Entitlement to free courses should be available to those who need to retrain as well as those who meet current eligibility and age requirements. Adults with older qualifications may face particular challenges and should be supported to compete in the changing labour market. Funding rules should be more flexible to meet those changes for all ages.

Q26. If entitlements and rules are significantly reduced in number, in the context of an activity-based and lagged system, how would you expect colleges to allocate funds when the available budget is limited? Are there specific additional rules that you think should be introduced to constrain their activity?

32. The entitlement methodology works reasonably fairly at the moment, although national funding rates require an uplift. However, major changes to, and reduction in, entitlements would be counterproductive. We need to be able to encourage more adults to train, not reduce the numbers as has been the case since 2013.

33. No, we do not think any specific additional requires to constrain activity are required. Colleges are fully aware of how to constrain activity where necessary and how to grow numbers when the market dictates.

Q27. In what circumstances should direct procurement of skills provision be used by government?

34. This should happen only when provision is not covered by mainstream funding of colleges or the provider is new to market. There is no reason why colleges should not be funded to expand to meet market need, rather than new providers entering the market to pick up new provision.

35. There are many examples of where colleges have introduced new skills provision successfully, so long as it is properly funded.

Q28. How can government improve the way it procures provision to ensure it complements existing areas of provision delivered by colleges and local authority providers and improves value for money?

36. First, consider procurement through known, quality, providers and on the basis of known market need and availability of provision. If this does not exist, and it is very unlikely that this is the case in most circumstances, then open up procurement to other solutions.

Q29. How can we support colleges to improve how they commission and oversee provision by providers they will commission from?

37. The government should ensure quality and funding requirements match those of mainstream funded provision. Colleges have many years of experience of overseeing provision by other providers. The government could work more closely with college representative bodies, sector consortia and college groups.

Q30. How can we best support this arrangement for providers that are commissioned by colleges?

38. Colleges already take responsibility for the quality of providers they commission. However, the Skills Bill will introduce several changes to how this might take place and the likely growth in particular industries. Proposed changes in local skills plans and the introduction of the skills fund should be piloted at all stages and lessons learned noted before wholesale changes in commissioning are introduced.

Q31. How can we best support local areas to improve and expand their offer to better meet current and future skills needs?

39. Existing examples already give an indication of what can work and what will cause problems. Build capacity and confidence in college groups and in collaboration between stakeholders. Commission research into what works where and provide regular LMI to help demonstrate need.

Q32. What measures are most suitable in showing how well colleges are delivering good outcomes? Which measure do you think best matches the purpose we have described in this section?

40. Success rates, retention rates, progression to employment and benchmarks are tried and tested examples which meet a range of accountable body requirements. However, adults do not immediately achieve well-paid jobs after completion of training, so it is important to consider pay and progression six months to a year after training. It is also important to consider the industries to which adults train or retrain as some may traditionally pay less but are plentiful in terms of job opportunities.

41. The dashboard approach seems sensible, but it must include a wide range of easily collected measures, including social outcomes and employer and student satisfaction data.

Q33. Of the outcome measures you have suggested above, how effective would they be at assessing college performance in a timely way?

45. If they are linked to the current wealth of data which colleges already produce, they could be very effective. Improvement trends could also be measured year-on-year.

Q34. Do you agree that underperforming on the skills measure (described in paragraph 120) should be taken into account for planning an Ofsted inspection?

46. No – not in this early period and not unless skills measures are sufficiently robust and transparent to make that judgement. Measurement is not yet sufficiently developed to be used by Ofsted or other bodies to measure outcomes. Employers and students already inform Ofsted inspections but there is no reason to believe that this current, informal approach, with a very small number of employers and students, provides sufficiently robust information to reflect significantly on grading of quality overall.

Q35. Do you agree that we should publish colleges' financial health ratings in the Dashboard, as we do not currently publish these?

47. Yes and no.

48. Yes, because dashboards are a familiar tool to accountable bodies.

49. No, because these ratings are already in the public domain through annual accounts. However, ratings can be influenced by a number of factors and are not necessarily consistent year-on-year. Colleges also work to different financial standards than other similar organisations such as academies and local authorities. This makes comparison meaningless.

50. We believe it would be better to compare "apples with apples" and limit the kinds of data any dashboard includes about financial gradings to avoid confusing comparisons.

Q36. Do you agree with our proposal for new Accountability Agreements?

51. Yes, but only if the accountability framework reflects local variations. Accountability agreements must be backed up by a tried and tested national strategy which can be contributed to by college leaders as well as the DfE and ESFA.

Q37. Do you agree that Accountability Agreements should incorporate and replace Funding Agreements?

52. Neither agree nor disagree.

53. A lot of detail already exists in the funding agreement which may be included in the accountability agreement. If accountability agreements turn out to be one and the same as funding agreements, then the change is just cosmetic.

54. If the accountability agreements are streamlined and include only rules which suit the current situation then they are an opportunity to develop a positive working relationship between colleges and the DfE and ESFA.

Q38. Which of the options above, or combination of options, would have the biggest impact on shifting college behaviour towards meeting local skills needs?

55. Colleges are already shifting towards local skills plan needs and many were working in this domain well before skills improvement plans were introduced.

56. The biggest impact would be if local skills plan were robust and regularly updated to take account of changing local needs, such as industry closure or start-up. This kind of information could positively inform inspection and monitoring meetings between colleges and the ESFA and FEC.

Q39. How do you think Ofsted can best make meeting local skills needs a more prominent feature within its inspection framework?

57. Ofsted could add this into their inspection framework as they have already proposed to do. Inspectors need to be trained to know what to look for in terms of data about local skills needs, so this should not be an immediate addition to the inspection regime. However, over time, this information could inform existing grades for curriculum and leadership and management.

Q40. Are there any other changes to Ofsted's inspection approach that would support improvement in this aspect of college performance?

58.No, not currently. However, the approach to monitoring and inspecting skills plans is very new, so we would want to monitor how this progresses over the next twelve months.

Q41. Do you agree that our accountability proposals should apply to all grant funded providers on a proportionate and relevant basis?

59.Yes. If the accountability proposals are applied, this application should be consistent, proportionate and relevant. However, there should be consistency and relevancy with measures used by other accountability bodies, including the Office for Students and IfATE.

Q42: How might apprenticeships best feature in the new accountability system?

60.The apprenticeship system is more complicated and involves apprentices, training providers and employers as well as the government. However, where possible, the accountability system should emulate that for 16-18 and use a similar funding methodology to that age group too.

61. The levy has also complicated the system as levy payers do not necessarily know as much about local skills provision as they should.

62.Employers can suspend training, switch providers and avoid the complications of funding rules without recourse to clawback.

Q43. Do you agree with our plan to give the FE Commissioner this role with a renewed focus on driving improvement and championing excellence?

63.This is a departure from the current FEC approach. It may be appropriate but could lead to an overly complicated intervention regime. It is appropriate for the FEC to work on helping to improve local plans, but it is important that this does not confuse the role of FEC with other bodies, such as ESFA.

Q44. What lessons can we learn from our current approach to formal intervention to help us design this new approach?

64.The current system has been far too focussed on merger as the key outcome. It should focus on supporting organisations to improve and progress out of intervention.

65. The college sector has the experience to improve itself, and leaders and governors can learn from each other. Leadership and governance personnel changes should not always be the first outcome of intervention. The sector needs to grow stronger and develop its knowledge and skills to become more financially robust, as it has done with quality improvement. This can be achieved through more targeted work by colleges for colleges, such as is found in the outcomes of the collaboration fund projects.

Q45: Do you agree with our proposals to create a simpler and straightforward three stage approach to improve college performance?

66. No. There should be another step between two and three to support colleges over a period, perhaps 2-3 years before reserve powers are used. The system is weakened, and students are not necessarily positively impacted by stepping in too quickly with reserve powers.

Q46: What specific actions do you think we need to take to ensure that performance issues are dealt with quickly and effectively?

67. Most performance issues are brought about by financial concerns, usually due to under-recruitment of learners or long-term debt. The pandemic will also have led to additional financial concerns. The annual strategic meeting with the FEC and ESFA should be sufficiently robust to ensure performance measures are addressed because of any financial concerns.

Q47. Do you agree with our high-level proposals to improve student data collection?

68. Yes. The current ILR reporting system is used extensively but it is now quite old, overly complex and regulated. If data collection is to change, this will require a significant shift in data collection, analysis and storage. This is a complex task which cannot be replaced quickly.

69. Whatever replacement student data collection system is introduced, it must be tried and tested with colleges before being rolled out to the sector and it must have the same statistical uses to inform the sector going forward.

Q48. How do you think we should go about achieving our objective of keeping requirements to a minimum while maintaining confidence in the system?

70. Avoid introducing too many, untried and untested, changes at once. The current system is not only complex but also very costly, with considerable investment by colleges in the audit process. The systems used by all data collection agencies could be streamlined, and this is an opportunity to save funds in the process.

Q49. Please provide any information that you consider we should take into account in assessing the equalities impact of these proposals for change. (For example, do you believe any groups with protected characteristics will be impacted by the changes and if so, how?)

71. It is not clear how the proposal will impact on students with SEND. There may also be inequalities in terms of sex, ethnicity and age which need working through before any changes are introduced.

3. Conclusion

72. We hope that this response is of value to your consultation. ASCL is willing to be further consulted and to assist in any way that we can.

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