

Review of the Funding of Adult Learning

A contribution from NIACE

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Introduction

The Government's intention to review funding of adult learning was announced in the 2002 Spending Review:

“Consulting widely, in particular with employers, the Government will undertake a fundamental review of the funding for adult learning, to look (at) better incentives, and how to encourage institutions to be more responsive to employer needs. The review will also consider how current funding arrangements could be reformed to enable RDAs to play a full and effective role in developing and implementing regional skills strategies. The review will be completed in time for any new arrangements to be introduced from April 2004”.

Chapter 23, *Opportunity and Security for All: Investing in an enterprising, fairer Britain.*

The review is being carried out by a team at the Department for Education and Skills and its remit covers England only. Its terms of reference are:

“To undertake a review of the current arrangements for funding for adult learning post-19, including how the Government's various support mechanisms for learning could be more effectively deployed, to:

- Provide incentives to employers to engage in training
- Cause institutions to be responsive to employer needs, building their capacity to work with employers
- Widen participation in learning by the low-skilled
- Enable RDAs to play their full and effective roles in developing and implementing regional skills strategies”.

The review's report is due to feed its outcomes into the Government's skills strategy that will, it is expected, be launched in June 2003.

NIACE welcomes the review as an opportunity to clarify policy aims and to move towards a more coherent, comprehensive and responsive funding system. While the review remit highlights the contribution adult learning makes to the skills and employment agenda, we are confident the Government recognises and will also continue to fund adult learning for other socially useful purposes, and that it will recognise the important role education for social inclusion can play in securing full participation in social, civic and economic life.

We believe, however, that the exclusion of higher education from the scope of the review has been shortsighted and risks having a distorting effect as initiatives such as foundation degrees and the volume of higher education done within further education colleges blur the boundaries between the sectors. Similarly, we believe it is important that the review avoids treating literacy, numeracy and language education as a discrete silo. Embedded basic skills work will be essential not only to the Skills for Life agenda, but also to the achievement of the Government's other targets.

Section 1. The Government's Objectives

The Review of the Funding of Adult Learning (RFAL) occurs within a framework based on *Ambitions for Britain*, the 2001 manifesto on which the current government was elected for a second term. These aims are further elaborated upon in the Treasury White Papers *Building a stronger fairer Britain in an uncertain world* (Cm5318, November 2001), the 2003 White Paper *The Future of Higher Education* (CM5735) and the Budget Reports which set out the Government's overall agenda for stability, prosperity and inclusion. These are:

- “Maintaining macroeconomic stability;
- meeting the productivity challenge;
- increasing employment opportunity for all;
- building a fairer society;
- delivering high-quality public services; and
- protecting the environment.”

Immediately after the election, the new Department for Education and Skills contextualised its own role in a five-year strategy paper as being one of “creating opportunity, releasing potential and creating opportunity”. It also noted:

“There is now wide acceptance that to build an economy that will continue our success in the global market place we will need an even better educated and more highly skilled workforce. Equally importantly, to build a fair and inclusive society everyone must have the opportunity to realise their full potential.”

One of the Department's three objectives set out in the strategy is to “encourage and enable adults to learn, improve their skills and enrich their lives”. This is translated into a number of priorities (shown in **Box 1**).

Box 1.

“Working with others we will deliver:

- **Better basic skills through Skills for Life – the national strategy for improving adult literacy and numeracy skills.**
- **New institutional arrangements: support for the Learning and Skills Council as it becomes established and for the new Sector Skills Councils, as they are introduced.**
- **Increased learning opportunities through the University for Industry's learndirect service and the continuation of Individual Learning Accounts.**
- **Increased access to IT via a full network of UK online centres to widen access to IT in the most disadvantaged communities.**
- **New Centres of Vocational Excellence in colleges of FE.**
- **Expansion of e-learning by opening up the learning opportunities and enjoyment offered by digital TV and the Internet.**
- **A revitalised adult and community learning sector.**
- **A comprehensive workforce development strategy in the light of the reviews by the CBI/TUC, LSC and the Cabinet Office's Performance and Innovation Unit.**
- **Increased involvement of trade unions in raising skills supported by the Union Learning Fund.**
- **More and better education and training in prisons.”**

Education and Skills: Delivering Results - A Strategy to 2006 (published by the Department for Education and Skills 2001.)

The thread running throughout policy-making in recent years is the increasingly important role assumed by targets. Not only were the basic skills target and 50% HE participation target afforded high priority in the manifesto, the Spending Review also introduced two new Public Service Agreements – one concerning basic skills, another, crucially for adult learners, covering level 2 skills among the workforce.

Box 2.

DfES Targets for Adult Learning (2001)

“Our targets are to:

- Reduce the number of adults who have literacy or numeracy problems by 750,000, by 2004.
- Increase the percentage of adults attaining a level 3 qualification from 47% to 52% in 2004.
- Establish half of all colleges to be Centres of Vocational Excellence by 2003/04.
- Open two technology institutes in every region to meet the rising demand of high-level technical skills.
- Produce a workforce development strategy that increases the training offered by employers and undertaken by employees.
- Expand Individual Learning Accounts and set up a network of 6,000 IT learning centres by the end of 2002.”

Box 3.

Basic figures concerning adult learning in England:

Higher Education 2001/2002

- 125,400 full-time students were aged 21+ - 29% of all full-time students
- 256,900 part-time students were aged 21+ - 92% of all part-time students

In total more than half of all HE students (54%) are aged over 21.

The total income of UK Higher Education institutions in 2000/01 was £13.5 billion – of which 40% came from Funding Council grants and were 22% from fees from various sources.

Further Education 2000/01

There were an estimated 3.8 million students in FE colleges, an increase of 24% since 1994-95. 80% of students were aged 19+, 64% of these students were aged over 25 and were studying part-time.

The FEFC gave a total of £3.1 billion in funding in 1999-2000, of which £2,550 billion was allocated to colleges, £349 million to sixth forms, £79 million to external institutions, £68 million to agricultural and horticultural colleges, £66 million to higher education institutions, £29 million to specialist designated colleges, and £12 million to art, design and performing arts colleges.

The LSC spent in the order of £2.5 billion on adult learning in 2001/02.

LEA-funded sector 2001/02

The DfES annual report gives a figure of £233 million for the estimated outturn of expenditure on LEA further and higher education (a category amalgamating further education for adults and discretionary student awards and support).

SRB

While a significant amount of Single Regeneration Budget funding contributes to improving the employment prospects, education and skills of local people, it is not possible to disaggregate how much of this is for adult learning.

Employers

It is estimated that the annual spend of UK employers on education and training is of the order of £23 billion – substantially accounted for in the wages of staff undertaking training and staff development.

Section 2. What principles has NIACE consistently advocated?

2.1 Starting Point

NIACE's analysis has, for more than a decade, been based upon the fact that most adults who return to learning display measurably different characteristics to young people extending their initial education. This results in learning needs that are significantly different from those of young people and which need to be funded in different ways.

Characteristics of adult learning and adult learners:

- Overwhelmingly part-time;
- Overwhelmingly voluntary participation (except in the context of learning at work);
- Much greater use of voluntary and private sectors to complement public provision;
- Learning ranges in level from basic literacy to post-doctoral;
- Spans FE and HE divide;
- Substantial volume may occur in the workplace;
- Informal as well as formal learning;
- Overwhelmingly balanced with other roles (as parent, carer, employee etc);
- Complex relationship with and for employment needs;
- Plurality of motives for starting learning;
- Plurality of valued outcomes (not only skills and qualifications, but also improvements in health, relationships, empowerment and active citizenship);
- Long tradition of learners contributing to the cost of their learning;
- Strong bias towards those who have benefited before.

2.2 Goals

NIACE's specific concerns and perspectives for the RFAL are set out in the following sections, but on the basis of our earlier work, our broad aim is that it will result in a funding system that will:

- develop increased participation and achievement in education and training, particularly for those who do not have easy access because of barriers of class, gender, age, race, language and culture, learning difficulties and disabilities, or insufficient financial resources;
- view publicly-funded adult learning as a single ecology – covering higher education as well as further education and including workplace and community-led provision as well as the college sector;
- achieve greater equity of treatment for part-time learners;
- reduce discrimination of all kinds (and especially age discrimination in the funding of learning and learners in an ageing society);
- achieve greater recognition of the need for capacity-building and the creation of social and cultural capital as a base for individual achievement; recognising the

- need to consider the interests of collective stakeholders (communities and employers) as well as individuals;
- facilitate progression routes, which take account of patterns of adult participation and achievement through the development of credit accumulation and transfer;
- reduce inequities in the geographical distribution of learning opportunities; and
- ensure that the publicly-funded curriculum meets diverse needs (economic, citizenship, cultural and community).

Above all, NIACE is concerned to put learners – and the processes of teaching and learning – at the centre of thinking and to ensure that public policy acknowledges the breadth and diversity of adults’ learning needs. This concern chimes with the new emphasis on further education taken by the Government in *Success for All* (November 2002).

2.3 Realising the vision of earlier reports

Over the past seven years, a number of reports have proposed reforms to the funding of adult learning. While not all of these are compatible, the RFAL will wish to revisit the evidence and analysis of the following:

NAGCELL

NIACE broadly endorses the analysis of the Fryer Committee (*Learning for the Twenty-First Century*, NAGCELL 1997) that the aim of public funding for adult learning should be to:

- release maximum leverage from public investment;
- relate the balance of public and private expenditure to evidence on rates of return to individuals from learning;
- concentrate the release of new public resources on those who have not yet achieved qualifications to NVQ level 3;
- stimulate employer investment for all employees in all sectors of the economy;
- encourage increased individual investment in learning, including through use of Individual Learning Accounts;
- create a regulatory and funding regime where institutions are responsive to the needs of lifelong learners;
- widen participation to include people currently excluded from existing provision.

The Kennedy Report: Learning Works

Among the recommendations of the Kennedy Committee (*Learning Works*, 1997) were that Government should:

- give priority in public funding within post-16 learning to general education and transferable vocational learning, including key skills, at and leading to level 3;
- recognise the costs of ensuring that all can succeed to level 3;
- ensure that education to level 3 is free for all young people, and for adults without basic skills or who are socially or economically deprived; and

- extend tax relief to all learning programmes up to level 3 which are funded by individuals.

NIACE welcomed Kennedy's recognition that a level 3 qualification is the key to adult mobility in the labour market whereas level 2 allows young people entry to the labour market.

In addition, we supported Kennedy's advocacy of supported "Pathways for Learning" ("New Learning Pathways") and her committee's analysis of many of the inequalities in the distribution of public funding. While some of these have been addressed in recent years, others remain.

The Skills Task Force

The first two recommendations of the *Third Report of the National Skills Task Force* (2000), focusing on skills and education for low qualified adults were that:

- All adults who do not hold a qualification at level 2 or above should be entitled to the opportunity of achieving one through the publicly-funded education and training system.
- A new system of income contingent loans, together with high-quality advice and guidance systems, should be made available to support learners pursuing recognised qualifications.

These have had strong influence on NIACE thinking. In addition, other recommendations (for example those directed towards the Small Business Service, or towards the Treasury (tax credits for small firms demonstrating a commitment to skilling the workforce)) have shaped our thinking more generally.

Other Reports

In addition to the three reports mentioned above, the annual "remit letter" of the Secretary of State to the Learning and Skills Council and the Council's own strategic plans and circulars provide policy reference points as does *The Learning Age* (1998). Furthermore, there are other independent and academic documents containing useful ideas which the review team will wish to consider, such as the IPPR report *Opportunity for Whom – Options for funding and structure of post-16 education* (Piatt and Robinson, 2001). While NIACE would not endorse all the recommendations in this report, it contains much of value.

Most recently, the strategy for reform set out in *Success for All* offers a new opportunity to put teaching and learning at the centre of a new approach.

Section 3. Where does this lead?

On the basis of the Government's agenda and NIACE's consistently expressed concerns and priorities, we believe that the central questions for the Review should be:

- What outcomes has the *current* funding system been set up to secure?
- How does it attempt to do this?
- How should these outcomes *change* in the light of new developments, circumstances, knowledge of what works, and priorities?
- How can the methods used and ways of measuring progress be more cost-effective, responsive and learner-centred?

A critique

Current arrangements for funding adult learning do not represent a coherent system. They are an elaborate amalgamation of mechanisms established for different purposes at different times. The funding of adult learning is not well-integrated even before the ways in which it relates to other Government agendas are considered.

Some of the difficulties include:

- LSC funding arrangements that, because of a need to give some element of stability to providers, still show traces of their origin in the spending patterns of FEFC, TEC and LEA systems, and are exacerbated by the decisions in *Success for All* to secure differential funding for support and development for different categories of providers;
- differential volumes of provision for community based learning in different parts of the country;
- confusingly-integrated special initiatives such as Ufl, Career Development Loans and, until 2001, ILAs,
- decades-long under-investment in education and training by many employers (especially SMEs) as a result of a voluntarist system;
- a poorly-developed, poorly-integrated and under-focused system of information, advice and guidance;
- a poorly-developed interface with sectoral skills agendas and sectoral organisations;
- an under-integrated relationship with regional skills planning and with community regeneration and renewal;
- a poorly-developed interface with the benefits system (especially around the 16-hour rule);
- a poorly-developed interface with the voluntary sector;
- a poverty of planning around the FE/HE interface;
- weak strategies for stimulating demand;
- a timidity about the role of regulation.

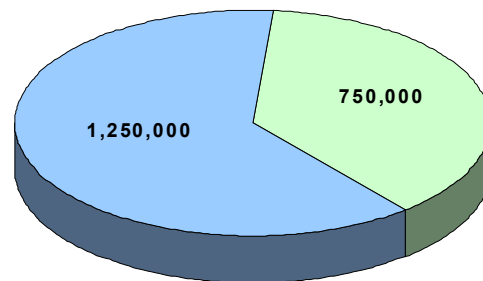
A major difficulty overall is the confusing messages that current funding arrangements give about how the Government wishes to balance the routing of funding through supply-side and demand-side channels.

Some recent Government initiatives also cause concern to NIACE. We believe that the RFAL will need to consider the resourcing effects of:

- the prioritisation of people aged 18-30 within the target to widen participation in HE. What effect will this have for the provision of adults aged 30+?
- the worryingly low numbers of adults aged over 30, who progress to level 3 and beyond;
- emphasis on the minority of full-time 16-19 students in general FE colleges adversely affecting the education of part-time adult students;
- college specialisation (CoVE status) occurring to the detriment of the broader “community college” mission;
- a continued reluctance to consider more proactive policies to secure employer commitment to workforce development;
- the emphasis on achievement targets for basic skills, without the recognition of a need for complementary emphasis on participation targets. Here NIACE is aware of the difficulties faced by Government in gaining a sense of how to measure progress towards the ‘Skills for Life’ targets – but is concerned that the measurement of achievement through national tests alone gives an incomplete and misleading picture of what has been done and what remains to be done. In addition, current arrangements risk the creation of perverse incentives and penalties for providers – the pressure to achieve the target bleaching out the complexity of the work needed to raise participation in order to raise achievement.

Box 4.

Basic Skills → 2004



Data source: NIACE Participation survey 2002

NIACE estimates of the numbers needed for the 2004 basic skills target to be achieved. If 1.25 million participate, without taking the test, how can their achievement best be recognised? If many of them will improve basic skills as part of other studies, how can that work be funded effectively?

Priorities

NIACE believes that:

- In a limited-purse economy, those who can pay, should pay (both individuals and employers). Rather than a low fee – low volume system, NIACE advocates a higher-fee – higher volume system for community based learning with generous remissions, fee waivers and support for priority subjects or programmes (for example ICT or foreign languages) and under-represented groups;
- There is a need to ensure that a wide, rather than impoverished curriculum offer is available to all. Adult and Community Learning can form the connective tissue for joined-up government;
- In order to stimulate greater employer investment, the RFAL should explore new methods of capturing employers' commitment of time as well as direct financial contributions and take this into account when considering incentives or sanctions. A creative approach to paid educational leave entitlements should be investigated;
- There is a need for public investment to redress inequalities of access, completion and achievement by particular geographical communities and groups of workers as well as under-represented individuals;
- Motivation is central to driving up demand. This implies an increasingly important role for outreach for promotion, and for new forms of information, advice and guidance, especially with employers;
- There is a strong case to introduce a properly resourced “new learning pathway”, as proposed by Kennedy, to help adults acquire their first level 2/3 qualification;
- The review should consider using credit rather than qualifications as a proxy for learner achievement;
- New arrangements should prioritise greater equity of treatment for part-time learners.
- New funding arrangements should not be tied too tightly to individual targets but need also to consider collective targets.

Section 4. Key social trends: Future-proofing

Whatever funding arrangements are suggested, the RFAL will need to take account of wider trends in society and the economy.

4.1 Demographic concerns

The UK population is an ageing society and people are living longer. More than one in three people are over 50 and, by 2021, around 25 million people (40% of the population) are likely to be over 50 and the average age of the workforce is now 40 years. These demographic changes requires a focus on older people, but we know they are absent from:

Employment

One in three people between 50 and state pension age, 2.8 million, is not in paid employment. Of these, about 1 million would like to be working.

Training at work

- 49% of employers are reluctant to fund training for older staff because of shorter payback times or perceptions about older workers' abilities to acquire skills. (*Winning the Generation Game*, 2000).
- Low skills are more prevalent among older people, largely due to lower levels in initial education.
- Proposals to increase state pension age to 70 increase the need for people to gain and update skills throughout their working lives.

Education

- In general, the older people are, the less likely they are to participate in learning.
- From age 45 onwards participation declines, falling dramatically for those aged 65 and over (the numbers of learners aged 75+ fell by a third between 1996 and 2002). (NIACE participation survey 2002).

Older people are a potential resource in both the paid and unpaid economy and there is evidence that learning can prolong active citizenship. There is also an association between participation in learning and overall health and well-being.

Further reasons for the RFAL to give attention to issues of age are to do with generational effects: Older people whose formal education ended at 15 or 16 are less likely to have had such a range of opportunities for personal and career development than younger people. This does not only raise questions about equity and social justice. It also means that the motivational strategies needed to raise participation among adults who have long believed that "education is for other people" may be different than for those who have been socialised to believe in recurrent education.

Overall, the review may need to consider a life-stages approach to its work that is far more subtle than the crude model of “14-19 phase/working life/post-retirement” phases.

4.2 Employment concerns

A central plank of Government policy is to raise the proportion of the adult population in paid work. Worklessness is seen as not only a waste of human resources, but also a major contributor to social exclusion, long-term poverty, poor health and propensity for crime. In addition to expanding the labour market, the Government is committed to raising productivity. While there are numerous policies directed towards this end (regional policy, competitiveness, enterprise etc), a major plank is the Government’s agenda for raising the level of skills in the workforce. The 2002 Budget (*“The strength to make long-term decisions: Investing in an enterprising, fairer Britain”* TSO, 2002) details the place of skills within a substantial section on “meeting the productivity challenge”.

In contributing to these goals however, the RFAL will need to balance the contributions that publicly-funded adult learning makes to other government agendas. The review will also need to build in some flexibility (most likely at RDA level) to anticipate trends in the economy (for example, the decline of manufacturing, whether particular skill sectors are declining or expanding, average size of enterprises in a local economy etc) and consider what kind of skills are needed in an increasingly knowledge-based society, in which networks (both human and informational) play a significant role. There is a clear tension here between isolated individual targets in an increasingly interconnected world.

While there are examples of excellent practice in workforce development, employers have, overall failed to invest enough in education and training, and the review may need to consider greater regulation – especially in sectors where there is a clear market failure in training. The Care sector, which has a large number of small employers and a relatively low-skilled workforce, is an important exemplar for such an approach. The low volumes of provision in retail and hospitality stand in marked contrast to it.

4.3 Technology

There is still limited information about the costs of delivering e-learning compared to traditional methods. However, it is clear that the pattern of costs to establish e-learning is different with substantial initial costs associated with items such as developing e-learning content. Standards are only beginning to emerge, which leaves providers and learners more vulnerable to change than normal.

The impact of further ICT developments on adult learning in the future also raises particular funding issues around the acquisition, maintenance and depreciation of capital equipment – especially for learning offered outside the college sector.

When considering what costs should e-learners bear, it is clear that some forms of e-learning can move some of the providers’ cost to the learner (e.g. access costs,

printing/paper etc). E-learning also requires a different mixture of staff from traditional courses, which may need to be taken into account.

4.4 EU Developments

The European Commission in working to the Lisbon agenda has published its proposals for “*Making a European Area of lifelong Learning a Reality*”. Although no new programmes are envisaged, it is inviting Member States to work together to share and identify good practice in a variety of fields. The Commission then intends to publish findings, recommendations and guidelines. Of the fields of interest, there are some of particular relevance to adult education and informal and non-formal learning. These include consideration of the means by which such education can be valued and the skills and competences of adults, which may have been acquired outside the formal sector, can be recognised. A further area of interest is in the means by which non-traditional learners, especially those needing basic skills, can be motivated and enabled to return to learning. Here it is recognised that partnerships involving NGOs will be significant, not only in the provision of opportunities, but also in considering issues of policy. A civil dialogue may be encouraged at European and National levels.

In terms of the developing European Employment Strategy and the guidelines issued each year by the Commission, much more emphasis is being given to the need to enable and indeed entitle older workers to update their skills, particularly but not exclusively in ICT. The impact of excluding groups of potential workers from the labour market because of age, disability and low skills is being seen as having an adverse effect on the European economy and social cohesion. The Employment Strategy is therefore adapting to become a more active policy, including more targets for lifelong learning for particular groups that are vulnerable to exclusion, before they become long term unemployed.

The RFAL will also need to take account of the forthcoming EU anti-discrimination directives.

- **European Race Directive (2000/43/EC)** – all Member States to introduce laws by 19th July 2003 to outlaw discrimination on the grounds of race.
- **Equality Framework Directive (2000/78/EC)** – all Member States to implement laws by 2nd December 2003 outlawing discrimination on the grounds of sexual orientation and religion, and until 2nd December 2006 for discrimination on the grounds of disability and age.

4.5 Evidence from beyond England

The RFAL will wish to draw upon best practice from beyond England. In particular, NIACE suggests material from:

- *Scotland* – in particular, the Scottish Parliament’s Enterprise and Lifelong Learning Committee Report on Lifelong Learning (October 2002)
- *Wales* – especially the strategy set out in *The Learning Country*

- *Ireland*
- *The EU* – especially evidence from Sweden and Denmark on the relationship between investment in a wide range of lifelong learning and social cohesion, as well as flexibility and responsiveness. While causal relationships may not be provable there are strong associations.

Section 5. Current policies: Facts, Figures and Tensions

5.1 What is funded and who is funded?

Beyond the age of 19:

- the part-time learning route becomes the norm rather than the exception;
- there is a simplification of funding arrangements for full and part-time further education (in contrast to the 16-19 phase);
- employers start to play a major role in the financing of learning.

A summary of the finance available to people over 19 who wish to learn is shown below:

		Public			Private (including employer-provided)	
		Tuition	Maintenance	Learner Support	Tuition	Maintenance/ Learner Support
Further Education/training (post 19)	Full time	75% subsidy 25% fee paid by learner or employer	Savings/earned income Limited hardship funds		100% met by learner or employer	Savings CDL Partner/ spouse income
	Part time	75% subsidy 25% fee paid by learner or employer	<i>If employed</i> Wages; employer contributions <i>If not employed</i> Benefits (subject to 16 hour rule) Training allowance Partner/spouse income		100% payable by learner or employer	Savings CDL Partner/spouse income
Initial Higher education (other than OU)	Full time UG	Means tested. Average of 90% publicly funded	Student loan: 25% means tested on parental income until 25 (with exceptions). Opportunity Bursaries for certain students Discrimination against 54+	Access bursaries Hardship funds Social security benefits for certain groups		
	Part time UG	Market-based fee but public support for those on low income HEFCE funding	Student loan of £500 available to those on low income			

Publicly-supported adult further education is resourced through £2.5 billion of LSC funds. Tuition fees are generally 75% subsidised with the remaining 25% paid by learners or employers (with some provider discretion – especially in the college sector).

£50 million is also available to colleges for access funds. Most colleges have at least some childcare support available.

In general there is little by way of support for learners' support or maintenance while studying, although:

- Individual learners may be eligible for career development loans (CDLs). (Starting at the age of 18, these are targeted at people who have completed their initial education). In 1999/2000 the DfES budget for CDLs was £15 million.
- Until suspended and then closed, the government scheme of Individual Learning Accounts represented a funding stream intended specifically to support part-time adult FE. Estimates of the cost of ILAs still appear uncertain.
- Many employers contribute towards the tuition and examination fees of employees undertaking courses in their own time.
- Larger providers are likely to make available some level of free or subsidised childcare.

Learners do not generally pay for learning that takes place in their employer's time and at the employer's request or instruction. The distribution of such opportunities is far from equal however - being skewed heavily towards professional, managerial or technical jobs and toward the newer and younger entrants to an occupation. Older people, those in low-skilled and low-paid occupations and those on the margins of the labour market are far less likely to benefit from training at work. The value of employer contributions to education and training is estimated at £20 billion per annum.

A number of adults may also benefit from provision made at no cost to them via the Union Learning Fund or the Adult and Community Learning Fund.

5.2 Rates of return arguments

Evidence from the National Skills Task Force suggests that the gap in the rate of returns from investing in higher education and in further education may not be as high as previously believed – thus undermining one element of the case for resourcing HE more generously than FE. This is because earlier comparisons may not have been comparing like with like, and have not allowed sufficiently for differences in the length of time needed to achieve particular levels and types of qualification.

While it is possible that learning at or below NVQ level 2 generally produces limited rates of return for individuals or employers, the level 2 PSA introduced by the 2002 Spending Review is an important step forward, as this provides a platform from which new learners can be encouraged to progress to more advanced levels of achievement.

In addition, it is particularly difficult to calculate a rate of return for much adult and community learning provision, although the DfES-funded Centre for Research on the

Wider Benefits of Learning is starting to build up an evidence base of the contribution that learning makes to wide ranging social and private goals, and to develop improved methods for measuring the value forms of learning, such as ACL.

5.3 Full-time/Part-time issues

Although part-time adult learners are the majority of students in further education, much of the discourse of development remains fixed upon the needs of the 16-19 cohort of full-time students – both in terms of the funding of institutions, as well as individuals (for example EMAs). The consequences of funding arrangements that convert numbers of part-time learners into “FTEs” produces considerable distortion and inequity (for example, it costs proportionately more to recruit part-time students than it does full-time students; part-time students may make proportionately greater demands than full-timers on an institution’s services). Without arguing for the reverse and designing a funding mechanism which converts full-time students into “PTEs” and seeing what results it produces, it should be possible for the RFAL to develop arrangements where the “tail” no longer “wags the dog”!

The current inspection framework which gives a stronger role to OFSTED than to ALI reinforces the impression that adults learning part-time are less important than 16-18 year old learners who are much more likely to be full-time students.

5.4 A Single System

Further and higher education are distinctive options for young people completing their schooling: The former is primarily seen as a post-GSCE option and the latter is still a post-A level option. Such a situation is likely to be reinforced by the 50% HE participation target’s focus on the 18-30 age group.

This is not so for adults, for whom further and higher form a single system from which to choose learning opportunities. Leaving aside Access Courses and Foundation Degrees, mature applicants are less likely to require the evidence of A-level points for entry to undergraduate study, and can make a more finely balanced decision about whether to pursue learning through an FE or HE route.

By excluding higher education from the RFAL, the Department will not capture fully how the different incentives to take one type of course rather than another are seen by adult learners. In addition, the HE expansion target impacts on FE in complex ways – not least because 11% of higher education occurs in further education colleges; and a significant number of higher education institutions also receive funding from the LSC and the two funding councils are working together in the area of widening participation, albeit for people aged under 30 through the Partnerships for Progression initiative.

A further issue for the review to consider is the reasons why the value of the Widening Participation premium differs between FE and HE.

5.5 Qualifications and Credit

A broad question for the RFAL to consider is the extent to which the acquisition of qualifications should dominate the lifelong learning agenda.

Qualifications are important to individuals, to employers and to educational institutions – but they are important for very different reasons and to different extents. There is a real danger that by expressing education and training targets solely in terms of qualifications, (simply because these are relatively easy to measure), the Government will risk failing to stimulate the cultural change that it wishes to bring about. In this respect, participation targets may be a more useful indicator.

Even so, to achieve targets, there is likely to be a need to move towards a credit-based system and much greater opportunity for credit accumulation and transfer. Furthermore, there is a need to recognise that not all programmes for adults can nor should have clear qualification outcomes (for example, courses for adults with learning disabilities).

It may be helpful for the review to consider the case for reining back the amount of public funds diverted from teaching and learning towards accreditation and certification and to question the extent to which “qualifications industry” has developed into an expensive bureaucracy.

5.6 Fees and remission of fees

Adult learners expect to contribute towards the cost of their education and training. In general they pay more towards the cost of provision made by local education authorities than for provision offered through colleges of further education (see *Fees Survey 2001-2002*, NIACE 2003). The level of fees charged - and whether or not a fee is charged - is subject to substantial local variation. While in theory this may allow for flexibility and local sensitivity, in practice it results in something of a lottery for learners.

While NIACE favours the maximum level of local autonomy and discretion (not least to address regional skill shortages), we believe there is a case for national guidance to ensure that local anomalies neither privilege nor disadvantage prospective learners unnecessarily. The Review will wish to consider whether there are certain categories of learner that should qualify for fee exemption (wholly or in part). It will also wish to consider whether certain subjects should be offered free of charge or at a cost more heavily subsidised than is otherwise the case. Once again, NIACE’s annual fees survey contains evidence of current practice and trends.

In the case of categories of learner, it is widely but not universally the case that people on unemployment benefit and other means-tested benefits either pay no fee or a reduced fee. In addition, some providers also exempt older learners (26% of LEAs and 13% of colleges), learners with physical disabilities and people with learning difficulties. NIACE believes that, in an ageing society, central action to remit fees for at least some courses for older people without post-initial qualifications (as proposed by the Labour Party in 1992) has considerable attractions. We believe also that local

providers should continue to be given not only the discretion but also the encouragement, to waive fees for specific initiatives - for example those targeting residents of neighbourhood renewal priority areas. There is also a case for raising the maximum age limit for entry to modern apprenticeships.

LSC-funded basic skills provision is offered free of charge as, in practice, is a substantial quantity of initial ICT provision. Here the closure of ILAs has impacted upon the numbers progressing to accreditation and NIACE supports proposals to re-introduce ILAs with an initial focus upon ICT qualifications at or below level 2. We believe that consideration should also be given to incentivising the learning of an additional foreign language by all adults and for adults without qualifications at level 2 or above to obtain their first level 2 qualification at no cost.

Overall, we also favour the encouragement of regional and sub-regional initiatives that waive or reduce fees for courses that seek to meet particular labour market skill shortages up to and including level 3 qualifications.

NIACE believes that fee levels should not be tied too tightly towards the actual costs of individual courses or programmes as this might disincentivise recruitment to high-cost courses. In this respect, current practice should not be destabilised and we believe that there may be a case for capping the cost of fees for all courses up to and including level 3.

Overall, we urge the Review team to take account of the complexity of fee gradients in the system and also the range of funders beyond the learning and skills council (for example primary health trusts and the Single Regeneration Budget) whose decisions influence and shape complex local fee ecologies.

5.7 Maintenance support

NIACE has welcomed the national roll-out of Education Maintenance Allowances for young people and we urge the government to consider the introduction of selective maintenance support for adult learners. Without returning to the idea of “training for stock” we believe that allowances paid under the Manpower Services Commission’s Training Opportunities (TOPS) scheme played an important role in stimulating demand and in encouraging career change and labour market flexibility among adults.

5.8 Special funding, formula funding and ring-fencing

NIACE wishes to ensure that all adults should have access to a broad and locally accessible curriculum offer that exists in those areas with strong and effective colleges and also strong adult and community education provision, whether delivered through local education authorities, colleges or voluntary sector providers. We believe that adults should be entitled to a balanced offer that gives access to vocational and academic qualifications, role education to strengthen families, communities and civil society, and learning activities to promote personal and cultural development. Although much of this provision may, eventually, be secured through formula funding approaches, we believe that there remains a case of special funding initiatives to promote new developments, to protect diversity and to deliver policy priorities - a current example being the HEFCE/LSC "Partnerships for Progression" initiative.

The Union Learning Fund and Adult and Community Learning Fund are also examples of how relatively modest levels of funding can deliver important policy objectives. NIACE is concerned that moves to absorb the Adult and Community Learning Fund into LSC local initiative funds will result in a significant loss of capacity for innovation and focus.

We welcome the report of the Sweeney committee (*“Trust in the Future”*) on reducing bureaucracy and support calls to further reduce the audit burden on providers while increasing transparency and maintaining accountability.

We believe that the recognition of achievement in the existing LSC formula needs to be developed in respect of non-certificated learning in ways that minimise bureaucracy. The development of a credit-based qualification system is a priority, although care will be needed to ensure that it does not result in an unnecessarily increased audit burden.

5.9 Subsidiarity

Important questions for the RFAL will concern the level at which decisions about funding allocation and the determination of fees should be taken. The levels concerned might be:

- **Immediate:** The neighbourhood renewal strategy recognises the need to create highly local ownership of learning structures, something echoed by ACLF and ULF programmes intended to expand the learning community and widen participation. In addition, local learning partnership and Information, Advice and Guidance partnerships often work best at such a level.
- **Local:** The RFAL will want to examine the reasons for (and acceptability of) widely different patterns of public support. In 1999/2000, for example, the average spending by LEAs on adult education per head of adult population was £4.42, but the difference between individual authorities ranged from less than a pound to over seventeen pounds per head.
- **Regional:** The introduction of frameworks for Regional Employment and Skills Action led by RDAs represents a helpful development. In the future, there may be a case for Regional Assemblies to assume responsibility.
- **National:** We believe that there should be minimum thresholds of adult learning provision (in terms of range, as well as volume) below which no area should fall. In addition, we support the identification of particular groups of learners or types of provision (such as basic skills), which are recognised as national priorities.
- **UK-wide:** Given the increasing divergence of provision throughout the constituent parts of the UK, the Review may wish to consider how to maintain a degree of coherence and equity for learners. The role of the Sector Skills Councils as UK-wide bodies is to be welcomed in this respect.
- **European:** The Review will need to take account of existing and forthcoming EU funding streams and priorities.

Section 6. Congruence with other agendas

The DfES review will need to take full account of the direction of recent legislation and the priorities of other departments of State. Not only will this result in better and more integrated policies and services, it will also be more cost effective and efficient, although we are under no illusions about how hard it is to deliver 'joined-up government'. While this section is more an aide-memoire list than it is a detailed analysis, the Review will need to integrate the priorities of other departments into its thinking.

Initiatives concerning adult learning are not only funded from a variety of sources, they are also subject to a plethora of arrangements to monitor, inspect, review and plan activities. NIACE urges the current review to consider that any new inspection or scrutiny arrangements are fit for purpose and reduce rather than add to the bureaucratic burden on providers of learning.

6.1 Department for Work and Pensions (DWP)

This department has a clear agenda to increase the proportion of the population in paid work. Its ethos is one that sees employment as the alternative to poverty. Through a range of New Deal policies and the work of Jobcentre Plus, the DWP plays a significant part in directing adults to learning opportunities. It remains the case however that the 16-hour rule is an insufficiently sensitive policy instrument and that, overall, the DWP programmes have yet to fully meet the challenges of an ageing workforce within which individuals may increasingly need to extend their working lives.

6.2 Department of Trade and Industry

This department plays an increasingly significant role in regional policy, not least around the potentially crucial Frameworks for Regional Employment and Skills Action. The Department also sponsors, through the Small Business Service, the Business Links networks that should play an important role in any workforce development strategy.

6.3 Office of the Deputy Prime Minister

This department has an important role in driving forward the neighbourhood renewal agenda. The publication of *The Learning Curve* (October 2002) was a milestone in connecting adult learning agendas to physical and social regeneration and anti-poverty strategies.

6.4 Department of Environment, Food and Rural Affairs

The Department of Environment, Food and Rural Affairs leads on sustainable development policy across government. Local Authorities are under a duty to prepare community strategies that should promote the economic, social and environmental well-being of the area. The Office of the Deputy Prime Minister has policy

responsibility for Community Strategies, but the Sustainable Development Unit at DEFRA has an interest in making sure the Community Strategies take account of sustainable development.

6.5 Department for Culture, Media and Sport

NIACE urges the RFAL to consider:

- The need for adequate co-ordinated funding for educational opportunities through libraries, archives, galleries and museums; and for collaborative projects involving these sectors, educational institutions and learners (currently being reviewed by *Empowering the Learning Community* – a joint initiative led by the DfES and DCMS);
- The role of educational broadcasting in building a lifelong learning culture and the need for resourcing to be available for work in partnership with broadcasters (nationally, regionally and locally) to stimulate and also to meet demand for learning.

6.6 Department of Health

The launch of the NHSU initiative later this year is likely to have a massive impact upon how workforce development is conceptualised and delivered. It will be vital that the RFAL does not unintentionally erect any barriers to progression by NHS employees between NHSU provision and other learning opportunities.

In addition, there is increasing recognition, supported by research evidence, that active learning can promote good health and well-being.

6.7 Home Office

The Home Office has responsibility for refugees, asylum-seekers and immigration. In coming years it is likely that the UK economy will turn increasingly to migrant workers to contribute to the national productivity challenge. If this is the case, it is important that new funding structures do not create unplanned barriers and do not unintentionally discriminate against citizens and workers whose origins are outside the UK. The Home Office is also the sponsoring department of the Active Communities Unit.

6.8 Recent Legislation

The Review will need to consider what resources will be needed to ensure that adult learning providers of all kinds are able to fulfil their duties to disabled learners under the Disability Discrimination Act (Part 4), so that adults with the full range of disabilities and learning difficulties are both able to access and be successful in adult learning.

The Race Relations (Amendment) Act includes schools, colleges, LEAs and universities as public bodies covered, so they must have a race equality plan (covering staff, students, parents/carers, and the wider community) and train staff where

appropriate. LEAs and the LSC are required to monitor and publish with reference to racial groups information on staff in educational establishments. OFSTED and the ALI will be required to include reference to race equality in their inspection framework.

Section 7. Conclusion

Overall, NIACE's expectation is that the Review of Funding of Adult Learning will at least maintain the broad range and volume of learning opportunities available in any locality. We hope that it will also level-up the baseline of provision so that prospective learners are not disadvantaged by geographical location, as is too often the case at present. There is a powerful case for government to consider a national minimum threshold of 'sufficient' provision, to include basic skills, ICT, foreign languages and a range of vocational and academic opportunities.

We believe that where learners and employers can pay for such provision they should pay – particularly for courses at and above level 3. However, we would expect a high-fee economy in these areas to be balanced by national entitlements to low-fee or no-fee provision at levels 1 and 2, and a generous system of fee remission for learners on low incomes and older people who have not benefited from post-compulsory education. This should be alongside incentive schemes intended to meet regional skill shortages and to widen participation among under-represented communities. A reformed system will need also to include enhanced outreach, guidance and learner support.

NIACE
21 De Montfort Street
Leicester
LE1 7GE
+44 (0) 116 204 4200
enquiries@niace.org.uk
www.niace.org.uk

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