



**AoC evidence to Innovation, Universities
and Skills Select Committee
After Leitch: implementing skills and
training policies**

A submission from the Association of Colleges
April 2008

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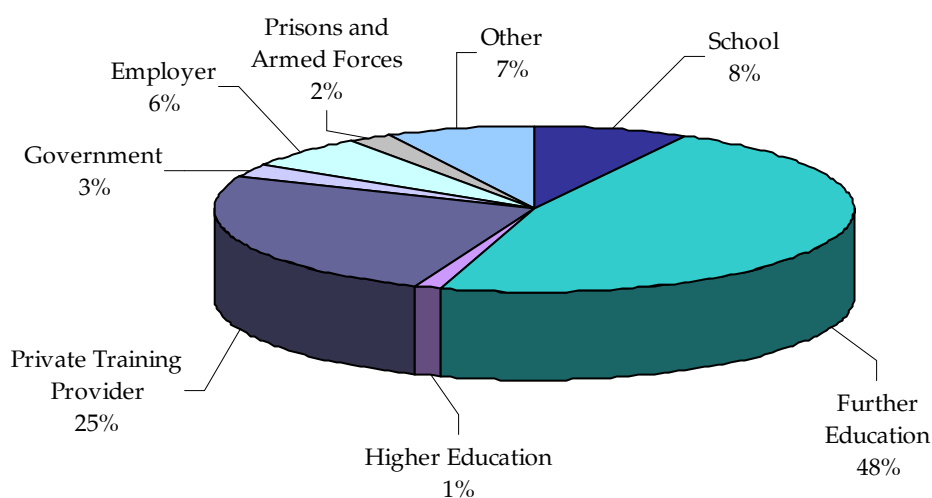
After Leitch: Implementing Skills and Training policies

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1. The Association of Colleges (AoC) welcomes the opportunity to contribute to the Committee's inquiry into how responses to the agenda set out in the Leitch Report will affect the broader structures of further education. The AoC is the representative body for the 400 further education colleges in England, Wales and Northern Ireland.
2. The 369 English further education and sixth form colleges:
 - educate and train 727,000 16-18 year olds each year (more than are in school sixth forms, private schools and private training providers put together);
 - enrol more than 2 million adults each year, the majority of whom achieve economically valuable qualifications.

WHERE PEOPLE GAIN VOCATIONAL QUALIFICATIONS



Source: AoC analysis of DCSF statistics on vocational qualifications (2006-07)

3. In 2006-07 colleges received £6.7 billion a year in public funding, 79% of which came from the Learning and Skills Council (LSC).

The Leitch Review

4. The Leitch Review assembled evidence that workforce skills play an important role in raising productivity and ensuring economic growth. The review identified serious weaknesses in the English education and training system.

5. The Leitch Review's interim report published in December 2005 showed that the skills of the UK workforce would stay behind other advanced countries in 2020 even if existing education and training targets were achieved. The review showed that the UK skills profile compares well on higher level qualifications but poorly on intermediate and basic skills. Fewer UK adults have intermediate skills (level 2 and 3 qualifications) compared to the OECD averages. The UK has more adults with low qualifications than comparable countries and is ranked 18th across the OECD.
6. Lord Leitch published his final report in December 2006. This report made eight main recommendations which are summarised in Table 1

TABLE 1: LEITCH REVIEW RECOMMENDATIONS	
•	More ambitious Government targets to increase adult skills at all levels from basic skills to higher education;
•	Route all public funding for adult vocational skills in England, apart from community learning, through Train to Gain and Learner Accounts by 2010;
•	Strengthen the employer voice through the creation of a Commission for Employment and Skills;
•	Increase employer engagement in education and training through the reform of qualifications;
•	An employer pledge to train staff to level 2;
•	Action to increase employer investment in level 3 and level 4 qualifications;
•	Concerted action to increase individual aspirations and awareness of the value of skills to them and their families.

The Leitch review and Government policy

7. The Prime Minister, Chancellor of the Exchequer and three Secretaries of State adopted the Leitch review proposals in an implementation plan published in July 2007. The recommendations were accepted with some modification but have contributed to Government policy in the following ways:
 - the **targets** for further and higher education set out in the 2007 spending review draw on the Leitch review;
 - the Government has a new **apprenticeship strategy**, set out in "World Class Apprenticeships" which will reform the composition of apprenticeships and the way they are delivered with the aim of trebling the numbers involved by 2020;

- the growth plan for **Train to Gain** published in November 2007 which sets out plans to attract a total 1.8 million new learners by 2010 at an annual cost of £1 billion a year. The growth plan extends the focus of Train to Gain to level 3 qualifications, to those working in big companies (as well as small) and to those who are out of work;
 - there are plans for the rapid introduction of **skills accounts** for adult learning undertaken outside work. The idea is to create greater choice over £1.6 billion in public spending for those taking skills for life and level 2 courses;
 - there is a new drive to improve the **skills of those who are out of work** set out in a joint DWP/DIUS strategy “Opportunity, Employment and Progression”;
 - the Higher Education Funding Council has allocated funds for **employer-funded degree places** as part of a wider higher level skills strategy;
 - action has been taken to liberalise the **regulation of awarding bodies** to allow employers and colleges to award publicly-accredited qualifications. The Qualifications and Curriculum Authority has licensed McDonalds, the Army and City College Norwich among others.
8. It would, however, be wrong to overstate the impact of the Leitch Review on policy towards further and higher education. Many of the most important policies were in place before Lord Leitch completed his work, for example:
- the policy towards higher education set out in a 2003 White Paper (Cm 5735) and in the Higher Education Act 2004;
 - the policy towards public funding of skills set out in the 2003 Skills Strategy (Cm 5810) and “*Priorities for Success*” paper published by LSC in 2005;
 - the raft of policies set out in the 2006 further education white paper (*‘FE Reform: Raising Skills, Improving Life Chances’* Cm 6768)
9. In the sixteen months since the publication of the final Leitch report, the Government has published a number of other reviews and decisions which affect the organisation of education and skills. These include:
- the review commissioned from Sir Michael Lyons on **local government** which was published in March 2007 and which indirectly led to the proposal in July 2007 that funding for 16-19 education should be routed through local authorities. The Government has set out detailed proposals to make this happen and to reform the Learning and Skills Council in its “*Raising Expectations*” White Paper (Cm 7348)
 - the sub-national review of **regional government and economic development** published in July 2007 which recommended the reform of Regional Development Agencies and the abolition of Regional

Assemblies. In March 2008, the Departments of Communities and Local Government and Business, Enterprise and Regulatory Reform jointly published *'Prosperous Places: Taking Forward the Review of sub-National Economic Development and Regeneration'*. This paper confirms a key role for local authorities in assessing the local economy, maintains support for multi-area agreements and details the new RDA responsibilities around the single integrated regional strategy.

- the plan to **raise the participation age** by requiring young people to stay in education or training until their 18th birthday. The Leitch review briefly supported this proposal but the case was fully set out in the "Raising Expectations" Green Paper published in March 2007 and now forms part of the Education and Skills Bill proceeding through Parliament.
10. It is difficult to summarise all the implications of Government policy but we believe there are a number of key themes:
- a drive to increase **total spending** on education and training though increased Government budgets and measures to increase private spending, for example from university tuition fees;
 - a drive to improve the **skills of all working age people** by shifting public funding towards basic and intermediate skills;
 - an increasing **centralisation of decision-making** about the uses of public funding in further education to ensure that ambitious qualifications targets can be met;
 - the desire to give a strong role for **local government** in decisions in education and economic development, though, in some cases, as an agent implementing national policies and targets;
 - a variety of measures to give **employers a stronger voice** in decisions about how public funding should be used;
 - action to introduce **greater competition** for public funding between colleges and training providers;
 - **different approaches** to the higher and further education sectors in the approach to funding, organisation, curriculum etc.

The responses of Regional Development Agencies (RDAs) to the Leitch agenda

- 11 The Select Committee's call for evidence focuses on the way in the ambitions set out in the Leitch report will be managed at a regional and local level.
- 12 RDAs have a key role in determining priorities but do so within an increasingly centralised system. Policy, funding and performance management of further education in England is now highly focused on national targets. Successive Treasury spending reviews have pushed the Learning and Skills Council to focus increasingly on national targets. This focus has forced

organisations to work towards common goals and has contributed to quality improvement through the assurance of common standards. However the shift in funds towards the targets has come with costs. In some cases, the focus on targets means that the accreditation of existing skills is valued equally with the acquisition of new ones. 1.4 million adult learning places were lost in two years between 2004 and 2006. The emphasis on national goals has limited the ability of colleges and others to respond to local needs.

- 13 Although national targets and policies predominate, there is considerable scope for RDAs to make a difference. RDAs show leadership through:
- Setting regional priorities, for example in their regional economic strategies. These priorities have a strong influence on the regional commissioning plans drawn up by the Learning and Skills Council;
 - Personal influence on decision-making in other governmental organisations, for example through organisation of Regional Skills Partnerships or membership of regional committees;
 - Delivery of the brokerage and business support services which support employer decision-making about training;
 - Providing financial and logistical support for capital investment in education and training, seen for example in the redevelopment of Burnley College;
 - Supporting training programmes through the European Social Fund and other grant programmes;
- 14 RDAs also enjoy considerable freedom in deciding how they meet their Public Service Agreements. To give two recent examples:
- Advantage West Midlands played a strong role in co-ordinating work to help Rover workers in 2005 and 2006.
 - The London Development Agency has identified and need and provided funding to support English for Speakers of Other Languages in 2007 when national funding changed.
15. However, there are also cases where RDA work in drawing up strategies and plans results in bureaucratic competition and conflicting messages to those on the frontline. The Leitch review reinforced the existing trends to give more influence to employers via Sector Skills Councils while saying very little about the role of regional organisations in skills. In some places, the consequences are conflicts between national, regional and sectoral approaches to planning activities which are supposed to be mainly driven by learner and employer demand. There have been an effort to clarify roles and responsibilities in some regions but the problems of a congested situation remain.
16. RDAs are designed to focus on employment, business growth, economic opportunity and innovation. The Leitch report encourages the education and

training system to focus on the same issues. In the past 16 months, we have seen good examples of positive responses from individual RDAs to the challenges set out by Lord Leitch. There are new opportunities for RDAs to work better with the education and training system but achieving a sustained and successful partnership requires the following action:

- RDAs will need to create new mechanisms to engage local partners to ensure that the abolition of Regional Assemblies does not mean they lose local intelligence.
- RDAs need to work with central government and LSC to ensure that successful initiatives can be incorporated into the mainstream. RDAs have the flexibility to innovate, pilot, experiment, take risks and provide development funding but good practice is often lost when programmes end.
- RDAs may need to develop their understanding and insight and level of engagement with the education and training system. There is a tendency to involve universities on an automatic basis but not colleges. Some RDA officers need better insight into the structural and bureaucratic drivers, enablers, barriers and inhibitors. AoC is always happy to broker meetings with college principals and governing bodies to help RDA officers understand core as well as developmental issues.

Case Study: Enterprise in the North

Fewer new businesses are created in the North of England than in the South. Colleges in the north have been working with the three Regional Development Agencies (RDAs) in the Northern Way to address this issue. The RDAs have funded an enterprise programme in 30 colleges to encourage people to start and grow new businesses. The Association of Colleges (AoC) ran this project and called on Manchester Metropolitan University (MMU) to provide staff development. Each college in the programme has nominated three enterprise champions whose job it is to introduce training sessions for aspiring entrepreneurs and to embed enterprise education in existing provision. Successes saw City of Sunderland College students creating a portable nail-bar, technology experts at Dearne Valley College launching an IT company after receiving advice from a panel of local business people; and Hull College hairdressing apprentices setting up their own salons. In all, 16,000 students were involved in the projects, learning business start-up skills and fostering innovation and social enterprise.

Regional and sub-regional structures in the Learning and Skills Council

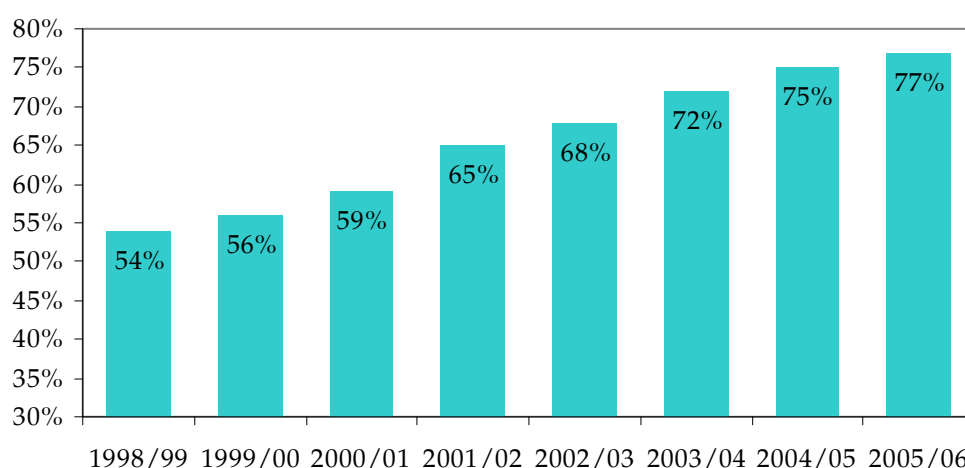
- 15 The plans to break-up the Learning and Skills Council in 2010 will significantly change the role of regional organisations in the overview and planning of further and higher education. The LSC created a regional structure in 2004 which takes the leading role in delivering the regional skills agenda. The local presence was reduced 2006. In 2010, the single LSC regional structure will have as many as four replacements:

- sub-regional partnerships of local authorities to co-ordinate and, in some areas, to fund 16-19 education (*Raising Expectations* White Paper, (Cm 7348) paragraphs 3.25 and 3.38);
 - a regional planning group for 16-19 education organised by the new Young People's Learning Agency which brings together all the local authorities and sub-regional partnerships in the area. The new Skills Funding Agency and RDA will also be represented (White Paper, paragraph 3.23);
 - regional arms of the new Skills Funding Agency which will handle competitions for funds, capital funding and liaison with regional organisations (White Paper, paragraph 8.19);
 - sub-regional arms of the National Apprenticeship Service (NAS) which will manage a field force and relationships with employers and other organisations (*World Class Apprenticeships: Unlocking Talent, Building Skills for All*, paragraph 4.11).
- 16 The original decisions to organise the LSC around a regional structure were made on the grounds of efficiency, coherence and ability to liaise with RDAs. Nine LSC offices cost less than forty seven and the organisation has become more responsive to national directions. The disadvantages of a regional structure has been its occasional remoteness from local issues and a longer chain of command in which national decisions have to pass through regional offices and then local partnership teams. However, whatever these disadvantages, the new arrangements risk becoming more complex and even less coherent.

The role of further education

- 15 Colleges have improved their operations in the last ten years in a way that has few parallels within the public services. Colleges have:
- increased the numbers of 16-18 year olds in education and training and helping more of them progress into university and work;
 - massively increased the number of adults enrolling and achieving basic skills and level 2 qualifications to enable the Government to meet its targets;
 - managed their curriculum offer to meet employment growth and clear demand for higher skills, for example construction and health and social care;
 - significantly improved quality whether measured in success rates or inspection reports. At the same time, colleges have maintained satisfaction levels above 90%, compared to 75% in universities.

College Success Rates



Case Study: The Fusion project

Over the last three years, North West Colleges have developed closer links with regional business via the Fusion project funded by the Northwest Regional Development Agency and Learning and Skills Council. The project has removed the straightjacket which often comes with funding for learning, allowed colleges to develop new ways to meet business needs and supported the sharing of good practice. West Cheshire College has developed an academy to support tourism in Chester, working in partnership with Jobcentreplus, Business Link and other agencies. South Trafford College is working with major employers like the Trafford Centre and Harvey Nichols to help their employees deliver world-class customer service. Merseyside Colleges are helping Liverpool's John Lennon airport train staff in airport-related businesses.

- 17 Colleges have achieved these improvements with some assistance from the Learning and Skills Council and advisory bodies but not to an extent that justifies the status quo. Much government regulation of the further education system is complex and results in unnecessary micro-management, wasting hundreds of millions of pounds and sapping the morale of governors and staff in colleges. The performance of colleges on any measure – success rates, inspection results, satisfaction levels – shows that regulation could be reduced.
- 18 AoC's initial thoughts on the Raising Expectations White Paper are that it is a missed opportunity to significantly simplify and reduce external regulation and planning of further education. The Secretary of State, John Denham, told the Higher Education Funding Council for England in April 2008 that "*with only 295 staff, you distribute £7.5 billion annually... you free ministers from both the need and, may I say, the temptation to become involved in numerous detailed decisions*". The planning and management of the further education system requires at least ten times as many people to manage a budget which is smaller.