

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Culture and Recreation
Date:	11 October 2010
Title:	Department for Business Innovation and Skills Consultations
Reference:	2141
Report From:	Director of Culture, Communities and Rural Affairs

Contact name: George Allen

Tel: 01962 846943

Email: george.allen@hants.gov.uk

1. Executive Summary

- 1.1 The purpose of this paper is to provide context, response and recommendations in relation to two Department for Business Innovation and Skills (BIS) consultation documents that were published on 22 July 2010 and require a response by 14 October 2010. They are:

Skills for Sustainable Growth : consultation on the future direction of skills policy - <http://www.bis.gov.uk/Consultations/skills-for-sustainable-growth-consultation>

Simplified further education and skills funding and methodology - <http://www.bis.gov.uk/Consultations/fe-funding-consultation>

a) The outcome of these consultations is expected to determine the future of learning and skills funding and policy, including Adult and Community Learning (ACL), within the UK. The consultations will also contribute towards the Comprehensive Spending Review of 20 October 2010.

b) The consultations pose a series of questions and cover the wide-ranging learning and skills agenda. This Report, whilst highlighting the key issues, will largely focus upon the implications, and those relevant areas, that concern the Hampshire Learning Service.

- 1.2 Both consultative documents could have a major influence on future policy and funding for skills and learning and affect colleges, voluntary sector organisations and the private sector. They cover a number of areas including 14-19 provision, apprenticeships, economic development, learning and the 'Big Society', reducing bureaucracy, simplifying funding and systems of qualifications. The outcome and the potential changes in national policy and funding will have broad implications for both Hampshire Learning/ Culture, Communities and Rural Affairs (CCRA) and for other Departments within Hampshire County Council.

2. Contextual Information

2.1 Skills for Sustainable Growth

‘Skills for Sustainable Growth’ is a BIS Consultation on the future direction of the learning and skills policy. It addresses issues such as developing employer-led provision, delivering outcomes for learners and Adult and Community Learning. It also outlines the government’s ‘initial direction’ on skills and invites further views on:

- where public investment is most valuable
- how the skills system can be made simpler and more effective
- how employers and individuals can be better supported to invest in learning.

The consultation document includes a number of themes that will be set out in fuller detail in a full strategy on skills and learning after the Comprehensive Spending Review in October 2010. The eight themes are:

- A respected and credible skills and training offer
- Employers and learners should have access to good information
- Informed employer and learner choice and reducing bureaucracy
- College and providers must have freedom to respond
- Apprenticeships are seen as the primary work-based learning route of the future
- Building the ‘Big Society’
- The Skills Funding System and Methodology requires adjustment
- Reinvigorating Adult and Community Learning

As well as posing issues relating to the skills and funding landscape and simplifying the system, it also seeks answers to a broad variety of questions. They include: ‘how could the apprentice service be improved?’, ‘how can we improve the accessibility and quality of careers guidance and information?’, ‘views on how best to ensure that employers are able to shape the skills system to suit their needs’ and ‘how can we incentivise colleges and training providers to offer a needs-led approach?’.

This Report is responding to a number of other key points and relevant questions emanating from ‘Skills for Sustainable Growth’ such as:

‘We would welcome views on the general principles and whether there are others we should consider.’

The document includes a comprehensive overview of the main issues affecting post-16 learning within the UK. It is acknowledged that the general principles are to improve, clarify and streamline the skills and funding system.

However there is no direct mention of the role local authorities will play in the future delivery of services and more emphasis upon this aspect would be welcomed.

Significantly, the document highlights the importance of both formal and informal learning and seeks to bridge the link between the needs of the labour market and those learning for other purposes. It states “We recognise that formal vocational training is not needed by everyone. To help create a ‘Big Society’ we need to empower communities to develop the informal lifelong learning opportunities in which they want to participate.” It also suggests that “we must use our plans to reinvigorate adult and community learning, to help individuals, families and communities to establish the ‘Big Society’ and create the local services they want”.

Offering a learning and skills agenda that assists economic growth and development, reduces bureaucracy and simplifies the funding system would be a positive development. Also by contributing to issues such as informal learning, well-being and community participation, the outcome of Skills for Sustainable Growth can progress the sector and reinforce the vision of government providing ‘Learning for All’.

‘We would welcome views on approaches to informing learners and employers including how better information can be made available whilst reducing bureaucracy.’

The Hampshire Learning Service is continuing to place the learner at the core of its provision. Via CCRA, the Service provides quality levels of information and support that focus on effective provider links and the individual requirements of learners and residents. A light touch, data driven and outcome based approach that places the learner at the centre of provision would be welcomed by Hampshire Learning.

‘How can we further simplify the system, including the number, roles and responsibilities of the many organisations working in the system?’

A continuum of learning from age 14 plus is described within the document. It explains that the current system is too confusing and complicated for learners and users. Simplifying the skills structure by concentrating upon areas such as greater college collaboration, less contracts, a single route for funding, the Qualifications and Credits Framework and Lifelong Learning Accounts may ensure a clearer understanding of the process for learners, employers and providers.

‘How could adult and community learning be reinvigorated?’

In seeking ideas for the reinvigoration of Adult and Community Learning, ‘Skills for Sustainable Growth’ suggests that “learning is not just about creating skills for employment - learning also helps create a better society ... adult and community learning brings a wider range of benefits in enriching our lives and developing our communities”.

John Hayes, the Minister for Further Education, Skills and Lifelong Learning is also particularly keen to obtain responses to the consultations in relation

to the various themes and also “seeks views around the implications for Adult and Community Learning before he makes his final decisions”. The Hampshire Learning Service is well placed to provide strong input to this process having received a series of ‘strong good’ grades as a result of a full Ofsted Inspection in July 2010. Alongside a recognition of the general quality of the provision, Ofsted awarded Hampshire Learning an ‘outstanding’ Grade 1 for Community Learning. This excellent achievement reflected the breadth of learning, provided by Hampshire Learning, within a variety of settings and the support for needs groups such as older people, disadvantaged and rural communities and the disabled. The July 2010 Ofsted Report also identifies our good leadership and management, quality of provision and the extent of our co-location across Hampshire.

In helping to build the ‘Big Society’, the Hampshire Learning Service currently ensures that some of our most excluded and vulnerable residents are supported to engage in adult and community learning and also to participate more fully in the lives of their communities. This corresponds with a varied programme of activities supporting groups, including older people, youth, disabled and rural communities, to access learning in venues such as libraries, community centres, museums, arts centres, and Children’s Centres.

Adult and Community Learning within Hampshire, is innovative and broad-based, generates good impacts and provides a valuable service for learners and users. CCRA/Hampshire Learning maintains that this successful model reflects an invigorated adult and community learning service and one that could be utilised as part of the long-term development of the sector.

2.2 **‘A Simplified Further Education and Skills Funding System and Methodology’.**

The Government has also published a parallel technical funding system and methodology consultation: ‘A Simplified Further Education and Skills Funding System and Methodology’. This document proposes to simplify the funding system for colleges and for skills and training and focuses upon: value for money, reducing bureaucracy, sub-contracting, single budgets and changing the funding formula for colleges and providers. It considers the system as it applies to post-19 learners and may have important implications for Hampshire County Council. It includes some of the following key proposals and suggestions:

a) Establishing a Single Budget

For 2010/11, the Adult Learner Responsive (ALR) and Employer Responsive (ER) funds have been combined for colleges so that the majority of their delivery is contained within a single budget. The Government is seeking views on whether there is scope to extend the “single budget approach” to other currently separate budget lines. This could mean that the current Adult Safeguarded Learning (ASL) budget - which currently funds Hampshire Learning provision - can be combined within a new single budget and result in a single line of funding for colleges,

employers, local authorities and the third sector. This could result in an approach that moves away from the targeting of specific needs groups.

The ASL has a current national budget of £210 million which is earmarked for a range of adult and community learning activities. Hampshire Learning currently obtains £2.1 million from the national ASL budget.

To put this proposed change into context, in 2009/10, of the 152 top-tier local authorities, the majority provided and/or commissioned ASL using £177 of the £210 million ASL allocation. 157 colleges and a small number of voluntary sector providers delivered ASL with the remaining £33 million. 'A Simplified FE and Skills Funding System' seek views on:

b) 'Whether the Adult Safeguarded Learning budget should be placed in a single budget line or remain apart with the current 'safeguard' for adult and community learning retained.'

It is acknowledged that the general wish of government is to improve services and avoid unnecessary bureaucracy and duplication. However placing the 'safeguard' in a single budget could result in existing funding being redirected away from existing targets and priorities and towards other providers who may lack local knowledge, resources or expertise. To this extent, Hampshire Learning has utilised ASL funding to provide clarity in delivery, good service in many locations, value for money and support for large numbers of erstwhile excluded and targeted Hampshire residents.

To remove the 'safeguard' may mean discontinuing a successful community-oriented, and broad-based targeted offer provided by Hampshire Learning that achieves quite specific results for individuals and local neighbourhoods. It is therefore recommended that Adult Safeguarded Learning funding is retained in its current form.

c) 'Increasing individual and employer contributions'

The Independent Review of Fees and Co-Funding <http://www.bis.gov.uk/co-investment> has also recently been published and recommends that public investment should follow and support the choices and contributions of individuals and employers – a standard private contribution in 2010/11 is 50%.

This co-funding expectation does not currently apply to adult and community learning or to Hampshire Learning. This enables Hampshire Learning to avoid levying higher fees and to continue to deliver targeted and affordable learning opportunities to residents who may find the cost of paying for some aspects of learning beyond their means.

d) 'Minimum Contract Levels'

The BIS Dept is concerned that 8% of overall Skills Funding Agency funding goes to 778 providers with allocations of less than £1m. They consider this to represent too much contracting with too many providers and are proposing to introduce a system of Minimum Contract Levels 'supported by a fair and transparent approach to sub-contracting'.

Minimum Contract Levels would be applied to all types of providers with existing funding of less than £1 million and, if implemented, would have a large impact across the South Coast region. Three of the four Skills Funding Agency joint local authority areas have allocations of less than £1 million, namely: Portsmouth, Southampton and Isle of Wight. Only Hampshire Learning of all the adjoining local authority services receives a contract worth more than £1 million.

The options relating to Minimum Contract Levels could involve the merging of college or local authority provision. The introduction of Minimum Contract Levels with a £1 million threshold and outcome focused performance levels may also result in the establishment of consortia-type approaches. Hampshire Learning/CCRA would like to retain its existing model but we await the outcome of the consultations relating to contract levels and the Comprehensive Spending Review in October 2010 that will determine the next steps.

e) 'A coherent approach to learning subsidy and learning support'

Essentially the document refers to a lack of clarity in learning support stating that 'we believe that a simplified co-investment approach needs to be implemented alongside a clearer and more coherent approach to learner support and subsidy. It proposes the establishment of Lifelong Learning Accounts and Personal Learner Records to promote achievement and to improve and simplify the process. Lifelong Learning Accounts can incentivise learning, target particular study areas and focus on needs groups.

Hampshire Learning/CCRA recognise the need for greater coherence in subsidy and support for learners. Proposals for Lifelong Learning and Personal Learner Records for enhanced recognition of qualification and attainment could be utilised to improve the learning offer and support the needs of local learners.

3. Finance

- 3.1 The outcome of the BIS consultations could determine future grant funding for the Hampshire Learning Service. The Service currently receives approximately £2.1 million allocation from Central Government/BIS until July 2011. It is anticipated that future funding availability will follow the conclusions to these consultations.
- 3.2 CCRA funds Hampshire Learning with a grant of £240k per annum.

4. Performance

- 4.1 The Ofsted Inspection of Hampshire Learning in July 2010 stated that the service provides a good service. Leadership and Management, Quality of provision and Overall effectiveness were awarded 'good' Level 2 grades whilst Community Learning was graded as Level 1 and 'outstanding'.

5. Other Key Issues

- 5.1 The BIS Consultations present potentially new ways of resourcing and funding post-16 learning and skills provision within the UK. The proposals contained within the documents offer new directions for learning and skills and seek responses to how improved services can support those such as the learner, provider and employer.
- 5.2 The consultations refer to a wide variety of skills areas including 14-19 provision, apprenticeships, labour market information and economic development. Some of these issues are likely to be addressed by other Hampshire County Council departments.
- 5.3 The nature of the funding and policy changes proposed within the consultations will have implications for Hampshire County Council and its strategic partners.

6. Future Direction

- 6.1 The BIS Consultations are clear in their wish to improve and simplify the skills and funding landscape. The areas contained within the documents ranging from apprenticeships and adult and community learning to sub-contracting, college provision and Minimum Contract Levels could have an impact on future policies and funding for post-14 learning and skills within Hampshire County Council.
- 6.2 Hampshire Learning would wish to influence the delivery of adult and community learning by continuing to provide quality services based upon criteria such as value for money, targeted and strategic impacts and good partnership working.
- 6.3 Future levels of funding, learning availability and the policy landscape are likely to be determined by the outcome of these consultations and the Comprehensive Spending Review of October 2010.

7. Recommendations

- 7.1 That the opportunity to respond to the consultations is welcomed.**
- 7.2 That the response affirms the role of Hampshire County Council, via its local service, Hampshire Learning, as a continuing provider/ commissioner for adult and community learning across the county.**

- 7.2 That the response emphasises that the government should retain the Adult Safeguarded Learning (ASL) budget and its allocation to Hampshire County Council, which will enable Hampshire Learning and other County Council services to continue to provide value for money, innovative and inclusive services which provide a broad offer of learning across the county and which contribute to the building of the 'Big Society'.**

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None