

# Regional Structures and Adult Skills Policy: issues for the Leitch Review

Policy briefing outcomes note

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The Campaign for Learning's policy briefings respond quickly to the publication of key policy papers and leading policy issues and offer essential information and analysis to inform the work of policy makers and practitioners. This paper provides a summary of a couple of recent lunchtime briefings on the theme of 'Regional Structures and Adult Skills Policy: Issues for the Leitch Review.'

## **Introduction**

The issue of the nature of regional structures for implementing adult skills policy has returned with a vengeance. There are a number of reasons for this.

Firstly, it appears that as he pulls together his final Report on UK Skills, Lord Leitch is considering a possible reduction in the number of agencies involved in planning and funding adult learning so as to release funds to tackle the continuing problem of adult basic skills in this country. Coincidentally news of such a 'cull' appeared as a leader in the Times Educational Supplement FE Section on the very day that this seminar was held and provoked considerable comment.

Secondly, over the last few weeks there has been a flurry of debate about the nature of the regional infrastructure for adult skills. In the last month alone for instance, the TUC has released a Report on '2020 vision for skills' as part of the build up for Leitch and arguing for a statutory right to request paid time off for adults without a Level 2 along with a clearer role for employers and employees in implementing adult skills policy. This was followed by a Report from the EEF calling for an overhaul of 'the muddled landscape' of training bodies and agencies and suggesting that regional bodies and sector bodies need to work more closely together. Finally, both major Party Conferences have raised the issue about adult skills. The Chancellor for Labour stressing the importance of double devolution or transferring more power over areas like adult skills to a regional or local level and the Conservatives chewing over initial policy thinking about more direct funding from the centre and the removal of those quangos that in their words 'get in the way.'

All of this follows the announcement in July of a new Skills and Employment Board for London to be chaired by the Mayor and continuing uncertainty about the City Region model under wraps in Ruth Kelly's Local Government Department.

Given the above, the timing of this seminar could not have been more appropriate. It was led by the Campaign's Policy Adviser, Mark Corney, and took the format of a presentation followed by discussion and comment.

This Paper provides an outline summary of the presentation and of some of the key points raised in discussion.

## **Regional Structures and Adult Skills Policy. Presentation by Mark Corney**

Mark divided his presentation into two parts; the first part looked at the current state of play around adult skills and the second at some possible structural options for moving forward.

In terms of the current context, next summer's Comprehensive Spending Review provides the obvious focal point for a lot of policy planning; Leitch's Report being just one of a number of Reports feeding into

this Review. Other current developments include the completion of the Education and Inspections Bill and the Welfare Reform Bill, the likely announcement in November of a Learning and Skills Bill as a follow up to the FE White Paper, a possible White Paper from the Department of Communities and Local Government and the Chancellor's Pre Budget Report, due in late November. On top of that, of course, the overall political climate remains fairly volatile.

Funding remains within current parameters as the current funding 'period' draws to a close. Mark spent some time carefully spelling out the levels of spending available at present by age and stage rather than by learning sector.

For 16 – 19 year olds, this amounts for 2006/7 to some £8.3bn with £2.7bn of that coming through various forms of learner support such as Child Benefit and EMAs and the rest in the form of tuition costs. Significantly, young people on work based learning programmes fare much worse in terms of funding, compared to those who stay on at school or enter FE. For HE, the total figure for 2006/7 amounts to £9bn with just over £5bn amounting to tuition costs although that has clearly moved into a new scenario with the onset of tuition fees this year. For the present, the Government is funding 'bridging loans' to support universities before fees are repaid while at the same time ameliorating cost burdens on the disadvantaged in the form of grants and bursaries.

The figure for LSC funded adult provision for 2006/7 is £3.1bn with most of that going to support 19+ provision in FE. The total figure, however, is low and confirms the supposition that this form of learning is very much the poor relation when it comes to public funding. Various initiatives have been tried in the past to boost activity in this area of which the latest is Train to Gain. Described at its national roll out in September by the DfES as "the Government's new £1bn national training programme," this figure can only just be reached by 2007/8 though some, £36m, goes on the brokerage system, some on wage compensation and much of it comes, not as new money, but as slicing from elsewhere notably FE funding. Mark's estimate, in fact, was that some 42.5% of Train to Gain funding will come from three sources; 19+ FE, 19+ work based learning and Ufl.

The message on funding, highlighted in the recent Select Committee Report on FE, is the extent of the disparity in funding between young people, that's those under 19, and adults, those over 19. Select Committee Papers show this disparity to be in 2007/8 something in the region of £3bn as against £4.3bn. Hence the current concern about adult skills and the regional structures needed to support this which can perhaps be seen best in the standard diagram of Departments and delivery agencies for educational skills in England set out in Leitch's Interim Report. Already this diagram is beginning to look out of date and remains subject, as indicated earlier, to considerable debate.

In his Budget Report, the Chancellor had asked Lord Leitch "to report specifically on how skills and employment services can complement each other even more effectively in supporting labour market flexibility, better employment outcomes and greater progression to productive and sustainable jobs for those with skill needs." This raises a number of questions; what should be the relationship between adult skills and welfare to work, should there be, for instance, joint targets between LSC and Jobcentre Plus? How does the concept of 'demand led' play out on the adult budget? How far is demand driven by individuals or individual employers and how far is demand aggregated in the form of City Plans and Local Authority Plans? Aggregate demand is becoming an increasingly fertile area for policy makers at present but equally raises issues about what mechanisms are required for it to operate best and how transferable it is to areas where demand is more disparate.

At present there is just one region where the city is in effect the region and that is London. Under the arrangements announced by Ruth Kelly in July this year, the Mayor was granted strategic responsibility

for adult skills although not the budget and kept away from 14 – 19 and HE. The London Skills and Employment Board will work within the national skills strategy but draw up its own adult skills plan which will shape the way that the LSC allocates funds for adult learning.

The skills model developed for the London Mayor has attracted considerable interest and follows an influential Paper sketching out City based models produced by the IPPR at the start of this year and some behind the scenes work in the Dept for Local Government.

At present, adult skills planning and public accountability appears complex. Beyond the model for London, there are Local Area Agreements which bring together funding and planning in 'coherent' blocks with Block 4, that on adults and enterprise, being added on at present. Around Local Authorities are RDAs, currently under review by the National Audit Office and in an uneasy relationship with Local Authorities. The New Local Government Network has already floated the idea of RDAs Mark 11 as part of a move of wider decentralisation and it seems likely that such a model will be outlined in the 2007 Spending Review. Finally, of course, there are sector bodies in the form of Sector Skills Councils who are busily working away on developing Sector Skills Agreements partly as a way of making skills training match business needs better.

Bringing this part of the presentation to a close, Mark concluded with some final observations about the current regional structures and adult skills policy. Firstly, that the regional perspective was gaining momentum; secondly that while Local Authorities were lead strategic partners in 14 – 19 provision there was no equivalent lead strategic partner for adult skills. Thirdly, that the emphasis was now on planned demand rather than customer demand in the sense that planning was now the ultimate determinant in adult skills as evidenced by the National Learning Model outlined in the final chapter of the FE White Paper earlier this year.

In the second part of his presentation, Mark moved on to consider some possible structural options for moving forward on funding, customer demand and planning for adult skills.

On funding, one proposal given a possible dismantling of the LSC was to shift 16 – 19 funding back to Local Authorities so that they become the single funding agency for learning for 3 – 19 and for adult learning to join up with Jobcentre Plus provision under HEFCE. The latter was felt to be a more unlikely scenario than the former but provoked interesting discussion.

On creating a demand led system, the options were similar; either merge adult learning with HEFCE building perhaps on the Train to Gain Level 4 pilots and the nascent lifelong Learning Networks or merge adult learning with Jobcentre Plus and leave HEFCE in its own, probably preferred, world.

On planning, and assuming HEFCE stays as it is, the options seem to be transferring adult learning either to the regions as part of RDAs Mark11 or to sectors under SSCs or to City Communities via elected Mayors or Local Authorities.

## **Plenary Discussion**

Discussion centred around Mark's options and in particular the TES article on Lord Leitch's proposals and a recent speech from the Shadow Skills Minister, John Hayes, in which he seemed to be suggesting cutting the number of agencies and having vocational learning 'outsourced' to employers.

Four lines of debate emerged. Firstly that there was a danger of individual demand getting squeezed out as employer demand become the mantra. Secondly that should demand be employer led or employment led? - there was an important difference in that one was led by the learner and the other was led for the learner. Thirdly that changing structures was one thing but what was more important was changing attitudes to learning; an important adjunct to this was creating an appropriate credit framework to accompany this. And finally, do we put too much emphasis on planning, can you really plan for things in the way that the Government envisages? Indeed, as one delegate reminded us the Chinese don't plan in the same way, they make sure instead that they can respond to unplanned situations by being as flexible as possible.

### **Further Information**

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