The Adult Learning and Skills Strategy: a brief history and position statement

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Purpose

1. The purpose of this paper is to provide Council members with an historical perspective on how the LSC has implemented the government’s evolving priorities for publicly funded adult (i.e. post 19) learning and skills in England and how it now proposes to take these priorities forward in advance of the creation of the proposed Skills Funding Agency in 2010.

Recommendation

2. This paper is for information and Council is invited to note its contents and to discuss as appropriate.

Introduction

3. The LSC’s adult learning and skills implementation strategies for the delivery of publicly funded adult provision in England have evolved since 2001 in order to respond positively to shifts in government priorities. These policy shifts have brought about a steadily increasing segmentation of adult funding to support the post-19 learning market. The following account therefore reflects this by covering all areas of LSC-funded adult engagement, that is Further Education (FE) including Skills for Life, (now described in funding terms as Adult Learner Responsive); Adult Safeguarded Learning (ASL), Train to Gain and Apprenticeships, (now described as Employer Responsive), Informal Adult Learning (currently under DIUS consultation) and Offender Learning and Skills (OLASS).
Key features and milestones

Adult Further Education

4. In 2001-02, the first year of the LSC’s operation, the Grant Letter from the then secretary of state confirmed the Council’s role in “increasing demand for learning by adults and employers and the supply of flexible, high quality opportunities to meet their needs.” In that year approximately £2.53 billion of the Council’s total resources were identified to:

- increase and widen adult participation
- increase the employability of the workforce
- improve levels of participation, retention and achievement in adult basic skills, and
- provide more learning opportunities based in the community.

5. While, over the intervening years, successive annual Grant Letters have continued to maintain this (broadly) similar generic adult remit for the Council, significant changes of emphasis have also been made to government policy in this area of learning and skills over the same period as ministers redefined, revised and refined their adult priorities. These changes were driven largely by Public Service Agreement (PSA) targets and, more recently, the Leitch Review of Skills, both of which have dramatically impacted on the ways in which the LSC now prioritises funding (and therefore provision) for the post-19 cohort.

6. Returning to the first year of its operation, the Council inherited a post-19 further education curriculum offer that was heavily skewed towards what was categorised at the time as ‘other provision’. This was later described, more accurately as non-accredited provision in that, when successfully completed by the adult learner, led to qualifications or certificates of achievement not accredited for inclusion within the newly created National Qualifications Framework (NQF). Although such learning was eligible for public funding when accessed by adults, the new Council had also been given a clear remit to work closely with the Qualifications and Curriculum Authority (QCA) to achieve the government’s priority of aligning progressively more of the public funding available for adults with provision that led directly to approved qualifications; that is qualifications accredited for inclusion in an expanding NQF. This was a particularly urgent priority for the future funding of skills for life (adult basic skills) provision, where ministers had given notice that, from 2002/03 progress towards the new adult basic skills (PSA) target was to be measured solely against success in the newly approved (NQF) certificates in adult literacy and numeracy.

7. At the same time, in those first years of the Council’s operation up to 2003/04, not only was there an imbalance of non-accredited adult provision, but also a more significant imbalance of provider funding being used to support lower level adult provision (i.e. below level 2). An early task for the Council, therefore
was to develop its adult strategy to address this situation especially as the 2002-03 Grant Letter refocused the Council’s adult objectives more firmly to:

- give priority to skills for life provision
- develop specific targets for adult achievement at level 2, and
- raise the proportion of adults with a level 3 qualification.

**Mix and Balance of Provision**

8. The strategic realignment of the adult curriculum was brought about through a combined funding and curriculum policy approach that became known as the *Mix and Balance of Provision*. The following table quantifies the effective impact of this policy on the adult FE offer (categorised by level) over the 3-year period 2002/03 to 2004/05. The table illustrates the change over the period as the proportion of funding allocated to higher priority provision increased (i.e. skills for life, level 2 and level 3), as that allocated to provision that was of a lower order priority decreased (i.e. below level 2 and level unclassified).

**Adult Provision**

**The balance and mix – funding profile over three years**

![Chart showing the balance and mix of funding]

Figures based on F05 returns for 2002/03 and 2003/04 and F04 returns for 2004/05 (91% complete – 19 September freeze). Funding excludes ETP.
9. This shows that over the 3-year period up to the end of 2004/05 there was a:

- 35% increase in investment in skills for life provision
- 20% increase in investment in level 2 provision
- 16% increase in investment in level 3 provision
- 25% increase in investment – from a smaller baseline – in level 4+ provision
- an equalising reduction of around 7% in investment in provision below level 2, together with a
- substantial 62% decrease in investment in provision where the level was unclassified.

10. This incremental process of realignment (prioritisation) of the adult offer had also been given additional impetus by year-on-year pressures on the Council’s adult FE budget, but a significant real-terms decrease in adult FE funding in 2005/06 now sharply accelerated the pace of prioritisation.

**Adult FE Funding for 2005/06 : a pivotal year**

**FE Funding - 4 Year Profile**

Funding allocations in the FE sector over 4 years as a percentage

11. In 2002/03 around 42% of the Council’s available budget for FE was invested in adult learning. As the chart above shows, by 2005/06 this had fallen by 4
percentage points to 38%. While this steady proportional decrease had been somewhat offset in 2003/04 and 2004/05 by an actual real terms increase in the gross amount of funding allocated to FE adult learning, by 2005/06 not only had the proportion of the Council’s budget assigned to adult FE fallen to 38% but also the actual gross amount of funding available to support adult FE fell by approximately 3% or £55 million in that same year. By comparison the funding for 16-18 year olds increased by over 10% or approximately £240 million.

12. However a simple, real-terms reduction in the adult FE budget was not the whole story. In 2005/06 three other, significant factors combined to restrict even further the volume of adult provision (and therefore the number of adult learners) that could be supported by the adult FE budget, namely:

- a 5% inflationary increase on the vast majority of national base rates
- a further significant migration to priority, approved (i.e. NQF) provision to support PSA target achievement and increased demand raised by the Adult (First Full) Level 2 entitlement
- a more significant, balancing shift of provision away from very short courses and certain types of health and safety, food hygiene and first aid courses to help achieve the required savings.

13. Increasing national base rates at the same time as reducing the overall amount available in the adult FE budget effectively imposed an additional cut in the budget, reducing yet further the potential volume of adult learning that could be purchased within the budget available.

14. Second, migrating more of the adult offer over the 3-year period 2003/04 – 2005/06 to ‘priority provision’ (i.e. skills for life and full level 2, together with increasing the amount of approved qualifications at the other levels, especially level 3) had the predicted effect of increasing, by around 9%, the average number of guided learning hours (glh) funded per learner. Setting this increase in average glh against a reducing budget led to the forecast that “overall adult learner numbers funded by the LSC (in 2005/06) are expected to decrease by up to ten per cent”. A further consequence of prioritising more first full level 2 activity was to increase the proportion of adult learners now qualifying for full fee remission (which increased to 33% over the same period). This latter statistic is important because not only does entitlement provision usually cost more in terms of increased glh, but also the learner’s tuition fees are fully remitted together with awarding body costs associated with assessment – all of which are met by the budget.

15. Finally in order to find the financial resources within the reduced adult budget to meet the increased costs brought about by this shift in the curriculum balance and mix, the LSC targeted the withdrawal of adult FE funding from ‘lower priority’ courses, i.e. those of fewer than 9 guided learning hours, certain types of health and safety (and related) courses, and non-accredited courses in general. These courses are typically shorter in terms of glh and therefore a much greater number of such courses would need to be withdrawn (with a
proportionately greater loss in the corresponding number of adult learners enrolled on such courses) in order to achieve the financial savings needed.

16. By the end of 2005/06 the number of adult learners following provision below level 2 fell by 462,000. The LSC’s analysis following the end-of-year returns showed that the targeted reduction had enabled the Council to redirect around £77 million of its budget into higher priority provision. The analysis also confirmed that the majority of the 462,000 adults in question would have been enrolled on the types of targeted courses described above in paragraph 15, with the main area of reduction (almost 80%) being in non-accredited learning at level 1.

17. The adult strategy being implemented by the LSC in 2005/06 was acknowledged in the subsequent Grant Letter for 2006-07 when the secretary of state wrote:

“we are broadly maintaining the overall public funding that the LSC will be able to allocate to support adult learning on average through to 2007-08. But the pattern of that learning will change. To meet our national priorities, we need to shift the pattern so that we provide longer and more expensive courses for adults, to equip them with the range of skills they need for employability and further progression to higher levels of training. As a consequence, the number of publicly funded places on shorter courses which do not lead to national qualifications is likely to fall [further] by around 500,000 by 2007/08. But set against this, there will be a total increase of 274,000 full Level 2 places delivered through the National Employer Training Programme and mainstream FE, compared with 2005/06.”

18. The same 2006-07 Grant Letter also introduced the policy of “safeguarding funding for Personal and Community Development Learning” and “continuing investment in provision for those with learning difficulties and disabilities”.

19. Although the LSC had previously worked with a number of different, nominal budget lines within the overall adult learning and skills budget, it was at this point that a clearer picture began to emerge of how the adult budget would, in future, become more formally segmented to support both the government’s refocused skills priorities and the Council’s own agenda for change reform programme - in anticipation of the findings of the Foster Review and the Leitch Review of Skills.

Prioritisation of adult learning and skills through segmentation of funding

20. Table 1 below shows how both the values and proportions of a more formally segmented adult budget have changed and will continue to change over the period from 2005-06 to 2010-11. As the table shows, the generic adult budget will, in future, comprise 5 main blocks of funding, namely:
• 19+ FE
• Train to Gain
• Work-based Learning
• University for Industry (UfI) Learndirect, and
• Adult Safeguarded Learning (Personal and Community Development Learning – PCDL).

21. The discrete budget for offender learning and skills (OLASS) is not included in the table, but for completeness this is set at £113 million for 2007-08 increasing to almost £128 million by 2010-11.

22. What the table illustrates is that, in keeping with the adult skills priorities, the balance of available funding for the Employer Responsive lines, (i.e. Work-based learning and Train to Gain) will increase, while that for the Adult Responsive line (i.e. 19+ FE and UfI) will slightly fall. The available budget to support Adult Safeguarded Learning is flat-lined at £210 million over the period.

Table 1

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Safeguarded Adult Learning</th>
<th>UFI funding stream</th>
<th>WBL funding stream</th>
<th>TTG funding stream</th>
<th>FE funding stream</th>
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<tbody>
<tr>
<td>2005/06</td>
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<td>2006/07</td>
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<td>2007/08</td>
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<td>2008/09</td>
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<td>2009/10</td>
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<td>2010/11</td>
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</tbody>
</table>

23. Table 2 shows the continuing impact of curriculum prioritisation on adult learner numbers as the policy of prioritising funding away from very short courses that do not lead to progression in further learning or employment is consolidated, while investing more in courses that support progression, skills development and employability.
2007/08 : the current situation

24. In October 2006 the LSC published its *Annual Statement of Priorities* which signalled the following key changes for adult learning and skills in the current year, 2007/08:

- funding rates for learners aged 19 or older to increase by 2.5 per cent, together with an increase in the national fee assumption to 37.5 per cent of the national base rate

- an entitlement to free tuition for all 19–25 year olds working towards their first full Level 3 qualification

- within skills for life provision at levels 1 and 2, only the approved literacy, numeracy and English for Speakers of Other Languages (ESOL) qualifications would be eligible for the basic skills funding uplift

- in addition, ESOL provision would no longer attract automatic fee remission. Free tuition would continue to be available for priority groups – primarily people who are unemployed or in receipt of income-based benefits

- provision to support employers discharge their statutory responsibilities (i.e. health and safety, first aid, food hygiene, etc. to include updating of qualifications) would be ineligible for LSC funding
• optional units beyond the minimum required to complete the learning aim or qualification would be ineligible for LSC funding

• trialling of Progression Pathways (as part of the development of the Foundation Learning Tier) would begin.

25. The impact of these key changes has been modelled as part of the Comprehensive Spending Review work. The forecasted changes in the main areas of provision, in terms of learner numbers and funding, can be seen in Tables 3, 4 and 5.

Modelling towards 2010/11

Adult Responsive Provision : FE Priorities

Table 3

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<tbody>
<tr>
<td>Lower priority adult learners</td>
<td>500,000</td>
<td>1,000,000</td>
<td>1,500,000</td>
<td>2,000,000</td>
<td>2,500,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>LLDD learners</td>
<td>1,000,000</td>
<td>1,500,000</td>
<td>2,000,000</td>
<td>2,500,000</td>
<td>3,000,000</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Foundation learning tier - accredited learning below level 2</td>
<td>1,500,000</td>
<td>2,000,000</td>
<td>2,500,000</td>
<td>3,000,000</td>
<td>3,500,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>SFL target (all NQF includes ESOL Numeracy and Literacy)</td>
<td>2,000,000</td>
<td>2,500,000</td>
<td>3,000,000</td>
<td>3,500,000</td>
<td>4,000,000</td>
<td>4,500,000</td>
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<tr>
<td>Full level 3</td>
<td>2,500,000</td>
<td>3,000,000</td>
<td>3,500,000</td>
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<tr>
<td>Full level 2</td>
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<td>4,000,000</td>
<td>4,500,000</td>
<td>5,000,000</td>
<td>5,500,000</td>
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</table>

26. Table 3 graphically illustrates the actual and planned decreases in learners following funded provision outside the Council’s main adult priorities, that is provision not categorised as any of the following:

- full level 2
- full level 3
- skills for life
- foundation learning tier (FLT), or
- programmes for those with learning difficulties and disabilities.

27. As the budget for lower priority provision (now categorised as developmental learning) reduces in each subsequent year to 2010-11, the Council correspondingly expects to fund fewer and fewer adults in this category. By
2009-10 the budget will have reduced to approximately £192 million, and is planned to reduce further to £106 million in 2010-11. Our modelling suggests that in the corresponding teaching years 2009/10 and 2010/11 the number of adults supported by this budget will reduce to around 216,000 and 116,000 respectively.

28. In direct contrast the sustained focus on priority adult learners and priority adult provision means that the numbers of adults in the priority adult FE areas are expected to increase. The growth in priority FE adult learners however is not expected directly to replace all of the adults previously supported on developmental learning - for the reasons explained in paragraphs 14 and 15 above.

**Employer Responsive Provision : Train to Gain**

**Table 4**  
Train to Gain adult learner volumes by provision type

<table>
<thead>
<tr>
<th></th>
<th>Learners</th>
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<tbody>
<tr>
<td>2005/06</td>
<td>100,000</td>
</tr>
<tr>
<td>2006/07</td>
<td>200,000</td>
</tr>
<tr>
<td>2007/08</td>
<td>300,000</td>
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<tr>
<td>2008/09</td>
<td>400,000</td>
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<tr>
<td>2009/10</td>
<td>500,000</td>
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<tr>
<td>2010/11</td>
<td>600,000</td>
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</tbody>
</table>

**Train to Gain**

29. Table 4 illustrates the actual and planned growth in adult learners (employees) from 2005/06 to 2010/11. In the current year the service began targeting full level 3 outcomes (in line with the Leitch implementation Plan) as well as full level 2 and skills for life. The funding for employer responsive provision will continue to grow annually throughout the period, (see paragraph 22 and Table 1) and current projections suggest that by 2010/11 Train to Gain will be supporting around 800,000 adults.

30. The LSC’s Train to Gain service provides impartial, independent advice on training to businesses across England by giving access to a skills broker who will carry out a needs analysis of training. In 2006/07 almost a quarter of a million employees were trained against a target of 313,590. By the end of
January 2008, more than 70,000 employers and 360,000 employees had engaged in learning since its inception. The Government has committed to invest over £1 billion by 2010/11 on Train to Gain.

**Employer Responsive Provision : Work-based learning**

![WBL adult learner volumes by provision type](image)

**Table 5**

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Learners</th>
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<tbody>
<tr>
<td>2005/06</td>
<td></td>
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<tr>
<td>2006/07</td>
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<td>2007/08</td>
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<td>2009/10</td>
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<td>2010/11</td>
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</table>

**Apprenticeships**

31. What used to be called Foundation Modern Apprenticeships and Advanced Modern Apprenticeships, are now called Apprenticeships and Advanced Apprenticeships. In 2004, the Apprenticeships' system changed slightly, allowing 14-16 year olds and people over the age of 25 to become apprentices. In 2006/07 the budget for Apprenticeships was increased by £41 million, which represented a 3 per cent above-inflation rise. This was agreed to support the demand from employers and learners. In 2007/08 250,000 apprentices are currently following training over 200 different Apprenticeships.

32. Table 5 illustrates the planned, sustained growth in adult apprenticeship numbers over the period to 2010/1, when the Council expects to be supporting 125,000 apprenticeship places.

**Adult Safeguarded Learning**

33. The commitment to Personal and Community Development Learning (PCDL) will continue but the annual Adult Safeguarded Learning budget going forward to 2010-11 will remain fixed at the current level of £210 million. This means that by 2010-11 it will have been a standstill budget for five consecutive years (from 2006-07 to 2010-11) with no increase year-on-year for inflation. As a consequence, the Council expects that the available funds will support progressively fewer learners in each successive year, falling from 690,000 in
2006/07 to around 585,000 in 2010/11. Some of this learner number reduction, however, should be offset by a more robust approach to fees collection by the recently established PCDL partnerships. The collection of fees from those who can afford to pay when combined with the financial contribution to safeguarded adult learning made by the LSC should enable the partnerships to offer a wider range of activities within each locality.

**Offender Learning and Skills Service (OLASS)**

34. OLASS is now in its second full year of operation in the community and in every publicly funded prison in England. The profile of adult offenders shows that, compared to their non-offending peers, a substantially higher than average proportion of the cohort were regular truants, or were excluded during their school years. Consequently, upwards of 50% of offenders in custody have no qualifications, and very poor literacy and numeracy skills.

35. The so-called ‘prison education’ curriculum that the Council inherited when it took over responsibility for offender learning and skills was very similar to that which it inherited in the FE system in 2001, (see paragraph 6). A programme of curriculum reform and quality improvement is therefore underway, together with a strategy to improve the career options (and motivation) of those who work in the delivery of OLASS in preparation for the next round of 5 year contracts due to be awarded in August 2009.

36. The reforms, including the development of a core curriculum are designed to improve the employability and vocational skills of offenders in order to help them achieve employment on release, a key objective in supporting the cross-government objective of reducing re-offending. In 2007-08 the budget to support OLASS was £113 million and is set to increase to £128 million by 2010-11. At present the Council engages around 36% of all offenders in custody, an improvement of about 6 percentage points on the previous prison education service procured by the Home Office.

**Clearance**

37. This paper has been cleared by Chris Roberts.

**Legal Implications**

38. There are no legal implications arising directly from this paper.