Demand-led Funding

A sub-group of the National Learner Panel met on 20th March 2007 to discuss the potential impact for learners of the proposed move towards a demand-led funding system. This discussion formed part of the DfES/LSC consultation process for Delivering World-class skills in a Demand-led System.

The consultation document itself was lengthy and, as much of it was aimed specifically at providers, technically complex. We therefore chose to focus our attention on three areas that felt particularly relevant to learners:

i) The proposed link between funding and completion of qualifications (Qu 11)

ii) The introduction of, and support for, Learner Accounts (Qu 20, 25 – 28)

iii) The format of the consultation document itself (Qu 43)

The Leitch Review frequently refers to the creation of a more ‘demand-led’ system, often seeming to view the demands of learners and the demands of the employers/the economy as being one and the same. As learners, our participation in education can indeed be driven by a skills need that would help to meet long term requirements of the economy (and we can see why this has been prioritised in terms of public funding) – but equally it can be driven by a very real social, health or personal development need. Any system which is claiming to be truly demand-led needs to take account of these wider considerations.

1. The proposed link between funding and completion of qualifications

As learners, we are very much in favour of the proposed unit-based qualification system that will allow us to study using a more modular approach. It should provide us with more choice, allow us to try different options by selecting certain elements of courses and to learn at our own pace.

We are mindful of the need to address the skills shortage and we are aware that under this modular system, some learners may choose to study only certain modules, and not complete the entire qualification. Therefore, we can see why some sort of link to funding has been proposed to encourage the completion of full qualifications.

However, there are some real risks attached to some of the proposed approaches to this.
**Approach 1: making the learner meet some of the course costs if there is no intention to complete the qualification in full**

Our understanding of this proposed approach is that if it could be ascertained that a learner only ever intended to study certain modules, and did not intend to complete the qualification, then s/he may should make a contribution towards the course costs. On initial consideration, this seems reasonable – but we think it will be very difficult to prove this intent. In our experience, most learners start a course with the intention of completing it and achieving the skills required to be awarded the full qualification, but sometimes health issues or other personal circumstances mean that in the end they don’t complete. Therefore, as long as learners are not penalised if they fail to complete for genuine reasons (health issues, personal circumstances etc) this approach seems likely to encourage the majority of learners to progress towards the full qualification rather than just choose random modules.

Nevertheless, we feel that this proposed approach represents a real risk for the hardest to reach learners who are often lacking in confidence or a clear way forward in the first place. The possibility of having to make a financial contribution if they fail to complete the course is highly likely to deter them from taking that first step back into education. Nothing in the way the system is set up should discourage them from taking part. We think that the hardest to reach should be exempt from the risk of having to pay a financial penalty if, for example, they want to try out a couple of taster modules to see how they get on. These potential learners need to know that they have nothing to lose by giving education a try – and everything to gain.

In all cases, we think that learners should be able to switch courses if they think they chose the wrong course in the first place. Taking part in learning needs to be seen as enabling, not closing down, a learner’s future options.

Finally, the real risk with this approach is that individuals are encouraged to complete full qualifications not because they really want to, or even because they believe that they really need to – but just because they don’t want to have to pay! We cannot see the point in this, and believe that learners should be taking part in education because they really believe that it will help them to achieve what they want to achieve. If this situation arises, we would question how the system could truly claim to be led by the demands and requirements of the individual learner.

**Approach 2: linking a proportion of provider funding to the achievement of the final qualification**

Our understanding is that this approach has been suggested to ensure that providers have a financial incentive to encourage their learners to complete qualifications.

One of the risks of this approach is that providers might be encouraged only to offer courses with good completion rates – they might stop offering courses that are more challenging for learners and that consequently have a potentially higher drop-out rate. Ultimately, this could have an
impact on us as learners because we would have fewer courses to choose from. If the failure to achieve full qualifications is down to poor teaching, then of course a provider should be incentivised to improve. However, if it is due to the course itself being more difficult (e.g. the science element of a popular health-related course) or because learners no longer need the qualification (e.g. it was a requirement for a university offer, but the learner has not been offered a place) then there a risk that providers will choose not to offer it in the first place, even though some learners would be disadvantaged as a result.

We suggest that one way to counterbalance this would be for the funding of providers to be linked to their completion rates across the institution as a whole – rather than to specific courses. We think that any funding decision should take account of all the factors that can contribute to a lower achievement rate for specific courses.

**Approach 3: linking a proportion of funding for the Information Advice and Guidance (IAG) system to progression and completion of courses**

We think that it is going to be difficult for the IAG system to be truly independent if it also has to meet targets that are driven by other factors. It might encourage advisors to suggest courses for learners that are more about meeting their targets (and therefore getting their funding) than meeting the real needs of the individual learner. For many people, a full qualification is likely the best route towards progression – but this may not always be the case.

Advisors, in particular those who are dealing with the hard to reach or with returning learners, should be able to offer them a broad range of taster options to begin with – so the learner can narrow it down at a later stage when perhaps they will be clearer as to what they want to do. As learners we are looking for honesty and transparency in the IAG system and we need to know that advisors do not have a conflict of interests when informing us about our options. Any funding system which could potentially compromise this will not have our interests at heart.

**2. Learner Accounts**

Broadly speaking, we welcome the idea of learner accounts and think they will give us more choice about where and how we learn. Given that public funding is finite, we understand the rationale for prioritising Skills for Life, full level 2 and full level 3 for learner accounts and therefore broadly agree with the suggested scope of the provision they will initially cover.

*How can learner accounts help the system to become more demand-led?*

Learner Accounts can only help the system become more led by the demands of learners if they are known about by learners.
Psychologically, accounts could be very effective in encouraging us to ‘own’ the funding e.g. a feeling that “it’s my money” not “it’s the provider’s funding.” It will encourage learners to think about the funding in a more personal and individual way. We feel that anything that can be done to make the account seem more like a real bank or customer account will help learners to interact and to identify with them e.g. ‘cheque books’, ‘account cards’, vouchers etc (if the necessary fraud protection could be put in place). This may encourage learners to value the opportunities more highly and, because we will be able to spend the money where we want, it will mean that providers have to respond to our demands rather than us having to fit in with what they offer. We are far more likely to insist on good teaching if we feel we are paying for it, so this might help to drive up the quality of provision.

If we can explicitly see what funding the government has put in at various stages of our education in this way, it may make us feel more inclined to contribute ourselves as we move higher up the ladder.

**How can the learner accounts be made to work in the interests of the learner?**

Information, Advice and Guidance should form a key part of the process of accessing a learner account, but this could take place in a college (which can be very inspirational) or a careers centre (but only if the staff are suitably supportive of education progression routes). However, face-to-face guidance should not be compulsory and there should be other information routes e.g. online or pamphlet information for those who do not wish to discuss their situation in detail.

We will need clarity about the possibilities that a learner account opens up to us – but also about the limitations, so that our expectations are clear from the start e.g. we need to know that:

- Some courses that are completely covered by public funding and some we will need to make a personal contribution to (and which is which)
- a particular provider does not have to guarantee us a place on a course
- some entry requirements will still be in place for some courses
- the decisions we are making now might impact upon our future entitlement to funding
  - e.g. if I am a mechanic who is choosing to ‘use up’ my level 2 funding on a vocational course and later I want to do an ‘academic’ level 2 to progress and become my own boss, will this be covered?

The account should be simple to use and able to be used at any approved provider (subject to entry requirements etc).

We need to be provided with information about all the providers in our area – and to give us a sense of how they all fit together. It is very confusing to see training being offered at the jobcentre, and then the same course at a local college, or on a learndirect poster. If lots of places are offering the same course, we need ways of finding out which provider will work best for us as an individual – and what the opportunities are to progress.
What other sources of support could be included in learner accounts?

We will need information about help with other factors that can impact upon our learning experience e.g. childcare facilities, learner support funding for books or equipment, impact on benefits etc.

How can learner accounts best support the most vulnerable learners?

We are aware that the initial pilots in September are only going to deal with level 3 provision. This group of learners is likely to be relatively well-informed compared to those who need to take Skills for Life classes, and it may not be that easy to transfer some of the lessons from the pilot to some of the harder to reach groups that the accounts are eventually aiming to cover. We would like to see trials covering the lower levels taking place as quickly as possible.

Some vulnerable learners will require a lot of support to be able to make the most of their Learner Accounts – the introduction of the account in itself might not help them so much as the support that goes with it. Care leavers, for example, should be familiarised with the opportunity well before they actually leave the system – they need to know that, even if they are not ready to learn now, they can come back to it again in future and how they will be able to access it.

3. The format of the consultation document

Whilst we acknowledge that the document is inevitably biased towards providers, it does claim to be “of interest to everyone in the learning and skills sector, including employers and learners.”

Whilst we cannot speak for employers, as learners much of this document was inaccessible to us because of the length, the technicality of the language and the focus on the impact of complex funding mechanisms on providers.

We suggest that if consultation processes really want to take account of the learner view, they provide the information in a format that:

- separates out the areas that are likely to have most impact upon the learner (using the same approach for employers, and providers)
- speaks a language that is more accessible and relevant to our experiences as learners (using the same approach for employers, and providers)

We feel this will encourage a much broader and more representative response from all of the target audiences.