unionlearn

Learning & Skills Policy Update

December 2015

Introduction

This newsletter is intended to keep unions and other stakeholders abreast of policy developments in learning and skills, including providing updates on what the TUC and unionlearn are saying on specific policy issues.

If you have any suggestions about either the content or the design of the newsletter, please contact Iain Murray: imurray@tuc.org.uk. This newsletter and policy briefings providing more information on specific issues are available on the unionlearn and TUC websites.

Please note that the following acronyms are used in this newsletter for the main government organisations/agencies covering learning and skills: BIS (Department for Business, Innovation and Skills): DfE (Department for Education); UKCES (UK Commission for Employment and Skills); SFA (Skills Funding Agency), SSCs (Sector Skills Councils); and LEPs (Local Enterprise Partnerships).

Spending Review

The government's Spending Review for the current Parliament was launched on 25 November and it contained a number of significant announcements about apprenticeships and adult skills. Two key announcements were eagerly anticipated – more detail on how the apprenticeship levy would operate in practice and the long-term funding picture for adult skills.

The Spending Review main document - the Blue Book – also contained information on a range of other measures in support of the government's overall aim of achieving 3 million apprenticeship starts and its ongoing reforms to FE and skills provision.

On 7 December the government published a new strategy document - English Apprenticeships: our 2020 vision – which provides a detailed implementation plan for taking forward the apprenticeship reform programme in the coming years.

Further detail on the funding of apprenticeships and adult skills in 2016-17 and the government's policy priorities for this Parliament were set out in a Skills Funding Letter from the Skills Minister to the Chief Executive of the Skills Funding Agency, published on 15 December.

Apprenticeships

Apprenticeship Levy

The levy was originally announced in the July Budget and welcomed by the TUC, as follows:

"The TUC has argued for decades for training levies and has consistently called on ministers to use levies to increase the number of apprenticeships in the UK. The government's target of creating three million apprenticeships is also a welcome move. But it will be important that investment in these new places does not come at the expense of wider further education services and that quality is given as much focus as quantity." (TUC Press Release, 9 July 2015)

In addition to increasing revenue, the TUC believes that the levy should prove a powerful catalyst for driving behavioural change by incentivising much greater investment in apprenticeships and skills by employers that currently rely largely on recruiting skilled labour.

The Government consulted on the mechanics of how the levy would operate over recent months and the TUC submission emphasised the need for the levy to underpin high quality apprenticeships and for employers and unions to agree these apprenticeship standards as is the case in much of the rest of Europe. A summary of all the key points made in the TUC submission is available in the October edition of this newsletter. The government published its response to the consultation on the day of the Spending Review.

The new levy system will come into place in April 2017 and the Spending Review clarified that it will be payable by employers in the UK at 0.5% of the total payroll costs of all employees. However, each employer will receive an allowance of £15,000 to offset against their levy payment. This allowance means that only employers with a total payroll greater than £3 million will have to pay the 0.5% levy via the PAYE system. For example, an employer with a total payroll of £5 million would have to pay £10,000 a year, calculated as follows: £25,000 (0.5% of £5 million) - £15,000 (levy allowance) = £10,000. The government estimates that 2% of employers will have to pay the levy and it will apply to all employers, including those in the public sector and the voluntary sector.

The levy will be raising more revenue for the government than commentators were previously predicting (£2 billion had been a widely quoted figure). The figures in the Spending Review indicate that it will raise £2.7 billion in the first year (2017-18) rising to £3 billion by 2019-20. The Spending Review also says that "by 2019-20 government spending on apprenticeships, including income from the new apprenticeship levy, will be double the level of spending in 2010-11 in cash terms" and that "spending on apprenticeships in England will be £2.5 billion."

The Spending Review says that "Scotland, Wales and Northern Ireland will receive their fair share of the levy". However the 2020 Vision document emphasises that "while the levy will be collected from eligible employers across the UK, skills policy is a devolved matter" and that the government will "work with the Devolved Administrations to resolve the practical issues of implementation, funding flows and the interaction of the levy with devolved skills responsibilities to ensure the levy works for employers across the UK". The key challenge of course will be to meet the needs of employers paying the levy that operate in England and some or all of the devolved nations. In addition to how exactly the levy system will work in the devolved nations, there are other issues yet to be resolved which are highlighted in a news story about the levy on the unionlearn website.

The "2020 Vision" document also contains more details about the Digital Apprenticeship

Service that employers will use in the future to choose and pay for Apprenticeship training and assessment. All employers will have access to this service, regardless of whether they pay the levy or not. But levy-paying employers will have accounts which specify the amount they have contributed via the levy which they can recoup by training a certain number of apprentices. But it is emphasised that “where employers choose not to use the funds in their digital accounts [the government] will make these more widely available.”

Apprenticeship quality

The Spending Review and 2020 Vision report both emphasise that as well as increasing the number of apprentices the government aims to ensure that quality is increased too. The main announcement on this front is that that the government “will establish a new independent body, led by employers – the Institute for Apprenticeships – to regulate the quality of apprenticeships within the context of reaching three million starts in 2020.” An independent Chair will be appointed to lead a small Board “made up primarily of employers, business leaders and their representatives.”

The TUC is calling on the government to ensure that the interests of apprentices and the wider workforce are given a voice on this new body through the role of trade union Board members, as is the case with similar bodies in other European countries. The CBI had previously called on the government to establish a body along the lines of the Low Pay Commission and the TUC agrees that this would be a good approach.

The Institute will fulfil two key functions when the new apprenticeship regime comes into place in April 2017. First it will be the national body that signs off “quality standards” by building on the existing Trailblazer processes where employer groups design apprenticeship standards. According to the 2020 Vision document the Institute will put in place “transparent mechanisms for the approval of apprenticeship standards and assessment plans” designed by employer groups. The Institute will also review these standards over time, including their impact in key areas such as take-up of apprenticeship places and the long-term wage returns for apprentices.

Secondly the Institute will support BIS and DfE in setting the government funding cap for different apprenticeships, with a clear acknowledgement that these funding caps will be “significantly higher for programmes which have high costs and are of high quality.” The Institute will be fully operational by April 2017 but it will be established in 2016 in order to build its role in the run-up to the introduction of the levy.

It is also welcome that the government has responded positively to recommendations in the TUC submission to the levy consultation that there should be a signed agreement by all the key stakeholders that clearly commits employers and providers to deliver high quality apprenticeships and what steps they will take to ensure this happens. A new development on this front set out in the 2020 Vision document is a requirement for the employer, provider and apprentice to sign a "Statement of Commitment". This sets out the key expectations, roles and responsibilities of each party involved in the apprenticeship, as follows:

- For apprentices, it will set out expectations of attendance and achievement, a commitment to learning and key behavioural or operational practices to be observed;
- Employers will set out wage or key performance commitments, the time and support to be provided to enable

the apprentice to learn effectively and any mechanisms for ensuring effective relationships with the training providers involved;

- Training providers will set out how they intend to work with the apprentice and the employer to ensure the apprentice receives high quality learning that meets their needs.

Unionlearn has welcomed this, saying that the Statement of Commitment should ensure that it is clear what expectations are of each party and that union reps will be better able to intervene to support the rights of individual apprentices and to promote high quality apprenticeships in the workplace. The Statement should also go some way to tackling the long-standing issues over apprenticeship pay, especially the fact that the latest government statistics show that one in seven apprentices still do not receive the legal minimum wage for apprentices.

The TUC has also previously welcomed the new commitment by government to make it a criminal offence for providers to deliver poor quality training under the Apprenticeship brand (although we disagreed that employers who fully fund their own apprenticeships should be outside the scope of this new offence). More detail on the recent government consultation on this issue and the TUC response is available in the October edition of this newsletter. This new measure will come into effect in autumn 2016.

Public sector

The latest announcements also included further measures to make the public sector play a bigger role in the government's drive to expand the numbers and improve the quality of the apprenticeship programme. Over recent months a number of measures have been announced to this end, including giving the public sector specific apprenticeship targets. The government has also introduced new procurement regulations so that all bids for government contracts worth more than £10 million and more than 12 months in duration now need to demonstrate a clear commitment to apprenticeships. The TUC had been lobbying government for many years for the introduction of tougher procurement regulations to require contractors to recruit more high-quality apprenticeships. More information on these previous announcements is available in the October edition of this one.

On 7 December the Prime Minister reiterated in a speech that the public sector will have to play a central role, saying: "And it's why today we're going even further with our apprenticeship 2020 vision. We'll make every part of the public sector from Whitehall to local government, the NHS, the police, we'll make all of those organisations ensure that apprenticeships form at least 2.3% of their total staff. That will help us to deliver the skills that young people need, and the workforce of the future."

The 2020 Vision document provides more detail on how this commitment will be taken forward. It says that the Enterprise Bill currently going through Parliament will introduce new statutory targets "for public sector bodies to contribute to our goal of achieving 3 million apprenticeship starts". The targets will apply to bodies with 250 or more people working for them in England and where this applies a minimum of 2.3% of employees will be expected to be apprentices.

The document also confirms that before the end of the year the government will "publish a consultation which will give the rationale behind a minimum target of 2.3% and list the bodies proposed to be in scope." Subject to Parliamentary approval, a new system will come into place in autumn 2016 involving all eligible public bodies being required to report on an annual basis on their progress in meeting these apprenticeship targets.

Adult skills

Funding
The Chancellor also confirmed in the Spending Review that there would not be any further major cuts to the adult skills budget over the coming Parliament and this was widely welcomed by a range of stakeholders. In effect the budget is being protected in cash terms so this means that whilst there will not be inflationary increases, there will be a much greater degree of stability in funding compared to the last Parliament. More detail on the funding for 2016-17 and the estimated funding for 2017-18 to 2019-20 is contained in the Skills Funding Letter.

The Association of Colleges expressed "huge relief" at the outcome of the Spending Review, saying that it shows that "the Government recognises the key role of colleges in driving the country's economic prospects, closing skills gaps and raising productivity." Many other commentators, including the TUC, have been pressing this very same point in recent months. The campaign coordinated by UCU - #loveFE – involving unions and other stakeholders has also played a key role in making the case for safeguarding the adult skills budget from further cuts. It was also notable that Professor Alison Wolf, who advised the Coalition government on reforms to vocational education in the last Parliament, published a report – Heading for the Precipice – in June warning against further cuts to colleges and adult skills.

However, the Spending Review did also highlight that there would be significant "efficiency savings" imposed on the "non-participation" element of the adult skills budget over the coming years. These supporting budgets provide funding for a number of bodies and initiatives that support adult skills (e.g. the Spending Review made a direct reference to the UK Commission for Employment and Skills). The Spending Review says that savings totalling £360 million will be made to these supporting budgets by 2019-20

Professional and technical skills
The Spending Review also confirmed plans by the government to develop 5 National Colleges covering the following key priority areas: Digital Skills (London); High Speed Rail (Birmingham and Doncaster); Nuclear (Somerset and Cumbria); Onshore Oil and Gas (Blackpool); and Creative and Cultural Industries (Essex). The government says that these 5 National Colleges will train an estimated 21,000 students by 2020. The Chancellor also rubber-stamped another previously announced plan to support a network of Institutes of Technology to provide more opportunities for individuals to develop high-level technical and professional skills. The Spending Review also made reference to the importance of the forthcoming review of Professional and Technical Education pathways being undertaken by a panel chaired by Lord Sainsbury (more details below, see page 8).

Advanced learning loans
Reforms were also announced in the Spending Review to extend the role of tuition fee loans for post-19 learners in colleges and other institutions. In effect this means that the existing 24+ Advanced Learning Loans are to be widened out (they currently only apply to those aged 24 years+ taking up Level 3 and 4 courses). In future they will be extended to 19-23 year-olds taking up Level 3 and 4 courses and also to anyone aged over 19 taking up a course at Level 5 and 6. However, the extension of FE loans to this age group will not affect the entitlement of young people to be eligible for a fully funded first Level 3 qualification if they are taking such a qualification when they are aged between 19 and 23 years.

The loan system for the FE and skills sector is also likely to be expanded further by the announcement that the government will consult on introducing maintenance loans for "people who attend specialist, higher level providers, including National Colleges." There have been various reactions to these moves to develop the loan system for students in the FE and skills world, ranging from outright opposition to the idea of extending student debt to more citizens to a more positive welcome for giving FE students greater access to the financial support arrangements enjoyed by all university students.

Localism and skills funding devolution

The Spending Review also reiterated the government's commitment to aim for the full devolution of the non-apprenticeship adult (19+) skills funding budget to local bodies over the longer-term. Building on the major devolution deal with Greater Manchester, the government has recently announced additional skills devolution deals arrangements for Sheffield, the North East, Tees Valley, Liverpool and the West Midlands.

The Government is also currently taking forward a phased series of Local Area Reviews of post-16 skills provision and these will be completed by April 2017 at the latest. According to the Spending Review "efficiencies will be delivered through locally-led Area Reviews" and these reviews will also "ensure the further education sector is financially resilient and meets local economic needs."

An earlier policy paper said that these reviews are "designed to achieve a transition towards fewer, larger, more resilient and efficient providers, and more effective collaboration across institution types". It also says that a critical aspect will be to "create greater specialisation, with the establishment of institutions that are genuine centres of expertise, able to support sustained progression in professional and technical disciplines, alongside excellence in other fundamental areas – such as English and maths." According to the government this "will ensure that we have the right capacity to provide good education and training for our young people across England, and will include the creation of a new network of prestigious Institutes of Technology, and National Colleges to deliver high standard provision at levels 3, 4 and 5."

English and maths

It is welcome that the government has confirmed that full funding for English and maths qualifications for adults who have not achieved a Level 2 qualification in school remains a cornerstone of the adult skills system. The Skills Funding Letter says that the government will maintain "the statutory entitlement to fully-funded English and maths" for such individuals and that the relevant qualifications include "GCSEs, Functional Skills qualifications and approved stepping stone qualifications."

A continuing commitment to funding in this area is essential in light of recent trends and the poor performance of the UK compared with other countries. According to the SFA's latest Statistical First Release, adult (19+) learner participation in English and maths in the 2014/15 academic was down compared to the previous academic year. During 2014/15 the number of learners participating on an English course fell by 5.5% to 668,600 compared with 2013/14 and the number of learners participating on a maths course fell by 6.6% to 623,900.

This is a disappointing development especially in light of the most recent OECD Survey on Adult Skills, which revealed that particularly large proportions of adults in the UK have poor numeracy skills and these skills are playing an increasingly important role in the labour market. Union learning reps (ULRs) and Union Learning Fund projects have made a significant difference in helping adults take up learning opportunities in the workplace and achieve English and maths qualifications, but more support is clearly needed.

The government has asked the Education and Training Foundation (ETF) to take on a new programme to improve Functional Skills qualifications. Unionlearn is looking forward to supporting the ETF in making the content more relevant and raising the profile of Functional Skills qualifications in the labour market. Functional Skills qualifications cover English, maths and ICT. They have been designed to help learners apply their skills in everyday life and their content is therefore contextualised to the workplace and day-to-day needs in the wider community.

The reform programme follows the Making maths and English work for all review which ETF conducted earlier this year. Unionlearn and unions took active part in responding to the review. The announcement of the next steps was made on 15 October with strong support from the Skills Minister. The ETF will be starting the reform programme with a consultation that is due to run from January to March 2016 followed with a report to ministers and a revised set of National Adult Literacy and Numeracy Standards. The aim is for the improved qualifications to be available in 2018.

Unionlearn has been consistently highlighting the importance and relevance of Functional Skills as an alternative to GCSEs, especially for adult learners. Functional Skills also play a big part in Apprenticeship training. Over a million Functional Skills qualifications were taken by learners in 2013-2014.

The Department of Business Innovation and Skills (BIS) provides a Q&A on Reforming Maths and English Functional Skills Qualifications explaining the background and objectives of the programme.

ESOL

The SFA's recent Statistical First Release shows that adult participation on English for Speakers of Other Languages (ESOL) courses fell by 5.8% to 131,100 between the 2013/14 and 2014/15 academic years.

The Government changed the funding rules for ESOL for the 2015-16 funding year by withdrawing the funding for Jobcentre Plus (JCP) mandated ESOL courses. This was part of the £450 million savings announced by the SFA in July 2015. The estimate is that this will affect 16,000 learners who are Jobseekers' Allowance claimants identified as having poor spoken English skills that prevent them from finding work. Workplace ESOL funding was stopped in 2011.

ESOL provision has also supported applicants for British citizenship, settlement and indefinite leave to remain (ILR) to demonstrate that they meet the Home Office knowledge of language and life in the UK (KOLL) requirements. Applicants will have to pass the Life in the UK test and demonstrate Speaking and Listening Skills at Entry Level 3 / B1 to meet the requirement. There have been changes in the assessment.

After November 2015, the arrangements for the English language element are that:

- All applicants for British citizenship, settlement or ILR must take the Home Office approved Secure English Language Test (SELT) taken at an approved SELT centre.
- The currently approved Skills for Life ESOL Speaking and Listening Certificates at Entry

Level 3 will no longer be accepted by the Home Office for citizenship, settlement or ILR applications.

A briefing by NIACE and the National Association of Teaching English and Community Languages to Adults states that 'The new arrangements for SELT mean that some applicants may have to travel to unfamiliar locations to take their tests. For applicants with limited previous experience of formal education and 'high stakes' exam scenarios, this may pose an additional barrier.'

The Government is currently carrying out a consultation on English language requirements for public sector workers. The proposal is to have a Code of conduct as part of the upcoming Immigration Bill. The aim of the Code is to improve the quality of service by ensuring that in public authorities workers in customer-facing roles, whatever their nationality or origins, are able to speak fluent English (or Welsh in Wales). This means that they must have a command of spoken English or Welsh which is sufficient to enable the effective performance of their role. The Code will affect both new and existing staff including permanent and fixed-term employees, apprentices, self-employed contractors, agency temps, police officers and service personnel. The TUC submitted a response to the consultation which closed on 8 December.

Readers should note that a useful Maths and English supplement produced by FE Week is available on its website.

Other policy and research news

Reforms to Technical and Professional Education

The Skills Minister has recently announced that the Department for Education (DfE) will be taking forward "ground-breaking reforms to technical and professional education which will set England's system on a par with the best in the world". The aim of these reforms is to develop high-quality technical and professional education for 16- to 19-year-olds and up to 20 specific new professional and technical routes are going to be created.

The DfE press release says that these new routes will lead young people from compulsory schooling into employment and the highest levels of technical competence, which for many will mean moving on to apprenticeships as quickly as possible. It also says that young people taking one of these routes will be able to specialise over time in their chosen field, gain a work placement while in college, and then move into an apprenticeship when they are ready.

The scale of the challenge facing the government in expanding access to high quality vocational pathways for young people is huge. For example, the DfE press release highlights that currently only 6.9% of 17-year-olds are doing an apprenticeship. The Government has established a panel of experts to advise it on taking forward these plans for reforming technical and professional education for young people. The members of the panel are: Lord Sainsbury (Chair), Professor Alison Wolf, Bev Robinson (Principal and Chief Executive of Blackpool and the Fylde College), and Simon Blagden (Non-executive Chairman of Fujitsu UK).

Education, skills and productivity

A recent analysis of the relationship between education, skills and productivity jointly published by the BIS and Education Select Committees highlights that the growth in higher level skills in the UK has been a positive factor influencing productivity trends in the UK over the past two decades. In fact the report concludes that the recent decline in productivity in the UK would have been even deeper without the continuing positive contribution of higher level skills. The commissioned research also highlights that the expansion of participation in higher education over the past 20 years has been a key driver behind higher skills growth in the UK in recent times.

However, the research paper also highlights that the UK lags behind other European countries, such as France and Germany, when it comes to developing intermediate and higher level skills through high quality apprenticeships and the provision of continuing training for adult employees. The analysis concludes that "employer commitment to apprentice training in the UK continues to be limited by comparison with Germany and some other Continental European nations" and also that the "average volume of job-related adult training fell by about a half between the mid 1990s and 2012."

The authors conclude that there may be a case for the introduction of a training levy system along the lines of the French levy scheme in order to "reinvigorate employer provision of job-related training in the UK." However, the researchers' overall conclusion is that "given the alarming issues that have been raised about the quality of much apprenticeship training in the UK, it seems wisest for any new initiatives regarding training levies to focus solely on apprentice training for the time being."

A more detailed analysis of this research is now available as a BIS research report published in December.

FE and Skills – Devolution and Localism

A new paper on the impact of devolution and localism policies on FE and skills provision has been published by the Association of Colleges (AoC) and SKOPE (Centre for Skills Knowledge and Organisational Performance, University of Oxford). The initial background research paper by Professor Ewart Keep – FE and Localism in the Context of Wider Debates Concerning Devolution – explores the impact of the Government's devolution and localism proposals on further education through a new joint research project called "Leadership in a world of change". AoC will work alongside SKOPE on the research project which is funded by a grant from the Further Education Trust for Leadership (more information about the project is available on the AoC website)

This initial background paper aims to frame localism and devolution in FE within the broader policy context set by recent debates on policies on devolution and localism. It considers a number of recent policy initiatives, including City Deals, Local Growth Deals, City Region Devolution Agreements, the 'Northern Powerhouse', Local Enterprise Partnerships and the ongoing Local Area Reviews. A final research report will be published in summer 2016.