



World Class Skills in a Demand-Led System - DfES Consultation

UCU Response

The University and College Union represents nearly 120,000 academic and academic related staff working in universities, further education and specialist colleges and adult and prison education services. UCU members are among the main deliverers of post-16 education and training in the UK. Through the learning programmes they teach and support young people and adults gain, refresh and expand the skills they need for employment and/or further, higher or deeper study. UCU welcomes the opportunity to submit its views on this DfES consultation on the implementation of the recommendations of the recent Leitch Report into skills development in the UK.

The questions in the pro-forma for submitting views on the consultation seem to presume that respondents agree with both the vision set out for the FE system and the government's general direction of travel of on adult learning and skills development as set out by the Leitch Report. In the consultation Foreword Minister of State for Lifelong Learning, Further and Higher Education Bill Rammell, and LSC Chief Executive, Mark Haysom, speak approvingly of Leitch's "bold recommendations" and say "the FE system needs to operate in an open and competitive market....moving away from the traditional planning role...to delivering a demand-led system." This approach continues in the Introduction.

UCU does not agree with either the vision set out for the FE system or the government's current direction of travel. Before responding to the pro-forma questions UCU would like to make a number of general points on the Leitch Report recommendations, government policies in this area, and many of the proposals in the consultation paper.

The 14-19 proposals follow the principles for 14-19 funding laid out in the 2006 White Paper "Raising Skills, Improving Life Chances" around equity of funding for comparable activity irrespective of the type of institution providing the education and training. UCU largely supports the proposals and hopes that the forthcoming Comprehensive Spending Review will see sufficient resources allocated to this area to ensure that the changes proposed

represent a levelling up of FE's resources to those of schools, rather than a levelling down. The decline in the numbers of 16 to 19 year olds from 2009 should provide an opportunity for this and for a rebalancing of resources towards adult learning.

UCU is profoundly opposed to the vision for the FE system and the direction of policy for learning and skills and development of adult learning set out in this consultation paper. Taken together the proposals are aimed at the creation of a market-driven learning and skills system. They could potentially destroy a hundred years of continuous public service by FE colleges and skills development for the economy and in doing so wreak immense damage on the very infrastructures of adult learning and skills development.

UCU is not confident in the government's claims for the proposals set out in the consultation paper. We are mindful that the same government ministers and civil servants commending these proposals, claimed in October 2005, that in moving towards a demand-led system and moving resources towards employer-led provision in the first national roll-out of Train to Gain, there would be a net loss of a quarter of a million adult learning places. It seems likely, on the basis of the LSC's own adult learning statistics, that there may be a net loss of twice that amount - half a million adult learning places.

UCU remains extremely concerned that the proposals in the consultation paper may result in perverse outcomes very different from the outcomes the government desires and expects; that there will be increased instability in the system both in terms of providers and quality of provision, and that many of the hard won gains around the professionalism and skills of the workforce delivering the learning programmes underpinning skills development, will be fatally undermined.

Specifically, UCU is critical of:

- **The assumption that skills development will result in economic prosperity** These proposals, along with the Leitch recommendations, and a great deal of government analysis and policies seem to be underpinned by a belief that skills development will be the main driver for economic prosperity. Whilst not denying the importance of skills development for both economic regeneration and social cohesion, UCU would advise some caution in over relying on an improvement in skills reducing the productivity gap between the UK and its main competitors. Leitch quotes much used figures about the proportion of this productivity gap due to skills shortages and deficiencies. This amounts to around 20%, leaving around 80% due to factors other than

skills. The causes of the main part of the productivity gap, such as investment in physical capital, science, research and innovation and competition and enterprise, should be addressed and remedied in UCU's view.

- **The economic vision of adult learning and skills development**
Running throughout the proposals is a view that the main imperative behind state funding and promotion of adult learning is economic. The Leitch Report described very well the arguments for the social cohesion aspects of adult learning. However we do not see this in the consultation paper vision or proposals. Indeed we would argue that the proposals will narrow considerably learning opportunities that help social, civic and personal development. (We hope that there will be an Equality Impact Assessment on these proposals where we would be able to set out these arguments more fully) Although community and personal learning funding lies outside the scope of the proposals, this budget remains tiny in comparison to the rest of the adult learning budget. Furthermore as the range of learning programmes diminishes to those which have economic value, the pressures on this budget will increase. Because the proposals are so highly focused on skills for employment and the workplace, we believe that those groups in the community currently marginal to both employment and learning may again miss out on learning opportunities if these proposals are implemented – for example, older workers, part-time and temporary workers, those employed in businesses cool to training, migrants (especially from EU accession countries), women (especially from ethnic minority communities culturally resistant to high levels of female employment outside the home), people currently on welfare benefits – especially those on Incapacity Benefits as a result of mental health problems, ex-offenders and those adults with literacy and language levels below 'entry level 2'. Given the demographic realities of a decline in the number of young people and that 70% of the 2020 workforce are already in the workforce, the continued possible marginalisation of these groups to employment and learning, is a serious fault of the proposals.
- **The view that employers should be in control of vocational education and training and the skills strategy**
The main contention behind the moves towards virtually all funding for adult learning, apart from that for personal and community learning, being run through either Train to Gain programmes or a new version of Learner Accounts, is that employers and their requirements will be one

of the two principal routes for resources in the system. This will be reinforced by recommendations in Leitch that only qualifications that are economically viable and approved by employers through Sector Skills Council, will qualify for public funding. This seems to be underpinned by a belief that employer demands and needs can equate to the national interest. We disagree, especially given the history of UK employers' attitudes to and lack of encouragement of skills development among their employees for over a hundred years.

UCU knows full well the contribution that the learning and skills sector makes to skills development, employer requirements and the national economy. We would wish to see "employer needs" in relation to skills replaced by the wider and more inclusive concept of "employment needs". This would encompass both the needs of employers but also those of the workforce. It would recognise that both have legitimate demands and needs. Thus any moves to identify employer requirements would be supplemented by those of the workforce, especially as put forward by their representative organisations.

- **Continuing reliance on voluntarism** Despite the proposal that there should be a national campaign to sign up employers to a Pledge to bring all their employees up to level 2, and the statement that if this is not achieved by 2010, the Government may intervene to secure this, the vision and the proposals set out in the consultation are still firmly embedded in a voluntarist paradigm. UCU considers that the step change in skills development proposed can only be realised by statutory intervention to require employers to make the investment that many seem reluctant to make.
- **The loss of a public ethos and sector service to market forces** The consultation paper is completely open about the government's intentions to turn its back on planning and to move to reliance on market forces to deliver adult learning and skills development. UCU is completely opposed to this. We would argue that the FE system and FE colleges in particular have over very many years demonstrated their flexibility and capacity to deliver government priorities through all the vicissitudes of government policies, certainly since the late 1980s. These proposals risk destroying the infra-structure of institutions and delivery of learning that is very well respected at municipal, local and regional levels, if not always by national policy makers.

The FE colleges are part of the public sector - despite their moves from local authority control to incorporation and earlier ventures to introduce market forces in the early and mid 1990s, and despite the continued existence of a range of private training providers. The reason for this is that their core business is the education, training and development of working class young people and adults. It is precisely in this area that market forces have not delivered for the UK economy over very many years.

A recent Centre for Excellence in Leadership paper on the Leitch Report put the case for FE remaining in the public sector as follows:

“Currently FE colleges at their most effective operate as a civic and economic resource within local communities. While there is a clear case for dealing with under-performance and ensuring that all providers understand and respond to the target for sustainable employment and progression, ...for the long-term well-being of vocational education and training, this should be achieved ideally without undue or irrevocable loss of public sector capacity”

(The Leitch Review of Skills: prosperity for all in the global economy – world class skills: an analysis from CEL January 2007)

UCU would agree with this. Given the amount of public funds allocated to the sector- some £11 billion -the state’s interest and stake in skills development is too important to be at the mercy of market forces. Given the long history of UK industry’s failure to invest in skills, rather than rely on the market with all its imperfections to deliver, UCU would argue that more state intervention in the form of statutory underpinning of employers’ responsibilities to train their workforces, is required, not less. FE’s public service ethos has served both its local communities and employers well over very many years. This ethos must be safeguarded across the FE system if resources are used to maximise public value.

UCU remembers the last resort to market forces within the sector – in the early to mid 1990s - when in the first flush of the freedoms of incorporation colleges were encouraged by government to compete with one another and private training providers for students. The then Chief Executive of the Further Education Funding Council, the Government’s sector funding agency, proclaimed that the FEFC was

not a planning body. The results of this lack of planning combined with the encouragement of competition and market forces were financial abuse and scandal on the part of a small but well publicised minority of institutions, demoralisation and deprofessionalism of staff, the loss of a quarter of the full-time sector workforce, institutions in deficit, low quality provision, the destruction of vocational training facilities and a mounting financial hole that the incoming Labour Government of 1997 had to plug with nearly a £100 million bail out. We believe that this latest resort to market forces may lead to an even worst scenario.

UCU recognises the limits of planning in a system as diverse and complex as the FE system. We acknowledge that at times since the creation of the learning and skills sector and system, planning has seemed to mushroom, sometimes over actual delivery of teaching and learning. It has also resulted in a wasteful bureaucracy where everything is measured and counted, and little is valued and used to improve provision.

However UCU does not consider that the market will deliver on the long-term challenges that face the country. UCU would urge a return to the concept put forward in the Foster Report on FE colleges ("Realising the Potential – a review of Further Education Colleges", 2005) of a national learning model. Foster spells out how such a model could be used to assess the need for and consequences of intervention in the national economy. The implications of learning initiatives and policies can be assessed for their impact on current learning needs and on the disposition of learning opportunities by providers. Foster goes on in his report to explain how such a model could be replicated at regional and local levels and would provide a national, publicly available assessment of skill needs and gaps with clear priorities, worked down to local requirements. This would provide a much more transparent system for allocating resources. It would capture all the flows between the different parts of the overall education system. Foster states that such a model would relate demographic changes, the evolving national economic remit, labour market intelligence, locality characteristics, and learning and skills pathways. He concludes

"more needs to be done to translate these targets, priorities and pieces of architecture into a well understood and accepted resource allocation and distribution system..

We recommend

The building blocks, of a national learning model, and underpinning context and assumptions should be brought together into a single document which is published on a regular basis. This document should set out greater clarity about what the public purse will support in full, what the public purse will subsidise and what the Government considers individuals and employers might pay for in full.”

UCU believes that such an approach would not fall into the traps of over-planning, but would provide a coherent and consistent framework for decision making and resource allocation in the FE system, and would be far, far efficient and effective that relying on market forces.

- **Inconsistency of government policies towards learning and skills:** we have referred above to the current lurch of policy towards the market as being the solution to all the problems and issues around adult learning and skills development. This can only be seen as the latest policy swing in a long series endured by the sector for at least twenty five years. Indeed it seems that the time between these violent policy swings becomes shorter and shorter. It is now only six years since the LSC was set up, bringing with it a belief in planning and fitting all the parts together. It is only two years since funding was proposed to be plan-led, and as we have pointed out above, two years since Foster recommended a sensible form of national co-ordination in this sector. What the FE system needs to deliver on adult learning and skills development, is a period of stability and consolidation, with freedom, in the words of Success of All, 2002, to put teaching and learning at the heart of everything it does.
- **The definition of demand-led** UCU does not agree with the somewhat narrow definition of “demand-led that both the Government and the Leitch Report use, and that continues in the consultation paper proposals. Indeed we would accuse the government of being at the very least misleading in its use of the term “demand-led. Should the proposals in the consultation paper come about , and taken with the shifts in adult funding we have been seeing for two years, demand-led will become to mean demand-led as long as you demand what the government wants you to demand, and is prepared to fund – a somewhat limited choice of programmes and opportunities.

We do not see the totality of the proposals as being focused on the real demand for skills from employers - a demand that should arise from employers' business practices. The influential Cabinet Office Report, "In Demand: adult skills in the 21st Century" (December 2001) which could be said to be the genesis of the concept of the demand-led" approach described the then approach of many UK employers as:

"The competitive strategy of many firms is based on a low cost/low added value approach. Such firms are unlikely to see any benefit in up-skilling their workers. In some cases this may result in what is referred to as a low skill/low wage equilibrium in which neither employees nor employers demand higher levels of skill....For employers, development is a derived need. They do it to enable them to achieve other objectives, notably to make a profit or deliver services. The best way to increase employer demand is by helping employers to rethink their business and organisational strategies around more ambitious goals. Firms with low cost/low added value market strategies have little reason to value development. Organisations that resist changing their working practices find making improvements harder and harder as the gap between what they do and best practice widens.....- employers develop their staff because they believe it will help them achieve their business objectives. This suggests that an effective way to stimulate demand for development in businesses is through encouraging greater ambition in the planning process, the adoption of best practice, and the pursuit of high value-added and innovative product strategies that need staff capable of delivering them.The key to raising demand for WfD amongst employers is to stimulate/encourage innovation and change and to promote High Performance Working (HPW) practices. This should lead to better business performance, thereby stimulating demand for better skills and more development. This can best be achieved by adopting policies that build the capacity for innovation and change within firms."

UCU would argue that little has changed in employer attitudes since this was written. UK industry is still based within a low skill/low added value/low research and development culture and the vision and proposals set out in the consultation paper will do little to change this. Professor Ewart Keep of Cardiff University has stated that unless companies' strategies around their specific product markets shift to a more

sophisticated level, higher levels of skills will not always be utilised. He goes on to state that the government's skills policies are still not linked to economic and industrial development policies. These proposals will not bridge that gap. In addition the projections for employer demand for skills are based on an economy that for the last ten years has been on the upward slope of the economic cycle. Such cycles also have a downward slope. During that latter movement business all too often cut investment in training. Should the economy begin that descent, we are concerned that "demand" for skills development may not be sustained.

UCU would also criticise the concept of demand-led as laid out in these proposals as being too narrowly drawn. UCU's vision of 'demand-led' differs considerably from that of government, especially as exemplified in the Leitch report and these current proposals. This seems to equate demand with what employers say they require. What individuals might want, they will have to pay for, although this could be delayed and staged through resort to loans and special savings accounts such as a new version of Individual Learning Accounts.

In our view 'demand-led' must start from a definition where 'demand' is derived from the needs of 'employment'. As we have stated above this would encompass both the needs of employers but also those of the workforce. Both have legitimate demands and needs. Thus any moves to identify employer would be supplemented by those of the workforce, especially as put forward by their representative organisations.

This is the kind of model which is used in some European countries. In Germany skills gaps and the actions to meet them are organised through a system in which at national, regional and local level there is joint discussion and action between the state, employers and trade unions. In the Netherlands funding for skills is through employers, as represented through sector organisations, but their analysis and actions are strongly mediated by a requirement to obtain trade union approval for their allocation of resources. An over-reliance just on employer needs, carries the danger of meeting their immediate and short-term needs, and failing to identify and meet more long-term and sectoral and national/regional needs.

There are also problems in actually identifying employers, and which employer views should be taken into account. Employers are rarely a homogenous group. Even using SSCs throws up problems. Does the

SSC represent the views of the greatest number of employers or of those organisations employing the greatest number of employees? City and Guilds estimates that 3% of employers account for 72% of employees and 2.5% of private companies have 64% of the employed. We suggest that SSCs working through workplace learning committees, could identify at an aggregate level employment demand, which could then be responded to.

Demand from employment interests is only part of the definition of 'demand-led'. Demand from individuals must be part of any definition. The government's definition includes individuals but does not explain how these views will be found. UCU believes any system of both listening to individuals' views and identifying wants and needs and of steering them through an all too often confusing jungle of learning routes and qualifications, must have an independent and well-resourced careers, education and training information, advice and guidance service for adults. We welcome the recommendations in Leitch around such a service and for 'skills health checks'. However we are concerned that the funding model proposed is a fairly static one. This response describes above in the second bullet point on the economic vision of adult learning and skills development that is being put forward, of the need to include in both the labour market and into learning, a variety of groups in society that are marginal to employment and learning. We are concerned that no outreach strategy to reach such groups and communities is put forward. Such a strategy will be essential bring in those groups who can be identified as essential to providing the workforce of the next 20 years in the face of declining numbers of young people. Such a strategy will also be necessary for recruiting learners from disadvantaged areas to learning for personal development and the strategy for first steps to skills.

UCU accepts that employer-led needs have their place, and more effort must be made to meet these flexibly, effectively and efficiently. We building skills, especially those that support productivity and competitiveness. Alongside this however we would also place what might be termed a "managed" element which would be what the government chose to fund on behalf of the nation, society and the economy. This would comprise provision of programmes leading to whole qualifications, key occupational qualifications including Apprenticeships which could be identified by employment interests through Sector Skills Councils, and Sector Skills Council/employment-identified priorities for central policy interventions such as skills for life

and level 2. The second part of employer-driven provision would be much more market orientated and would be the kind of “non-managed market”. This would be around programmes in which the skills and knowledge training is what employers say they want in relation to support for productivity and competitiveness – much more demand-led in the terms of Leitch and the consultation paper.

There are additional problems around a ‘demand-led’ system such as whether the system should or even could respond to everything thrown up in such a system. What happens if employers or individuals identify and demand the kind of learning programmes and skills that are not within the government’s priorities? What happens if individuals want to pursue learning programmes that have been cut because of a shortage of funds or because they do not result in qualifications that meet government targets? What happens when demand outstrips supply or resources available, as currently the case with ESOL provision for example? The government’s answer is to introduce fees as a means of rationing provision. Whether ability to pay is a reasonable form of deciding who receives learning must be open to debate.

- **No real consideration of demographics** The Leitch Report from which many of these proposals spring, whilst dealing with the demographic issues underpinning the debates around skills in general terms, does not address these issues with the seriousness and detail warranted. This carries over to these proposals which UCU considers will do little to address the changes to the workforce and the skills that will be needed in and by an ageing nation. The Leitch Report did not analyse in any depth other aspects of demographic factors on skills. For example, it said nothing on the impact of changes to pensions policies, including many having to work beyond current pension ages and the need for re-skilling many of such workers. It did not consider some of the many implications of this in terms of skills development for older workers: for example the possibility that many may need to reskill several more times in their extended working lives; or that some with higher level or redundant skills and qualifications may want and need lower level qualifications. Leitch, and consequently these proposals, do not adequately address the many pressures that will result from the dip in the numbers of young people entering the labour market. The projected numbers of those aged 16 to 24 will fall from 6.9% of the population in 2005, to 2% in 2020, a fall of 4.9%. In looking at a future where there are 60,000 fewer young people aged

15-24 per year, the consultation paper does not analyse the possible competition between employers, education and training providers for these young people.

- **Reliance on funding as a driver:** the experience of the 1990s and market forces, led the government, when it created the learning and skills system, to declare that the new system should not be driven just by funding and that a number of other drivers were to be utilised, including quality and planning. Although the government has maintained quality as a driver in the proposed new system, UCU is concerned that under the pressures of the market, this will become more and more rhetorical. We fear that in a market system the final arbiter will become price and quality will suffer.

Throughout the consultation paper there are references to bringing in new providers, opening up the market and even using public funding to support private providers. We fear that this is a conscious move towards privatisation in the sector. UCU contends that the improvement in quality of private work-based learning providers as reported by the Adult Learning Inspectorate is at least in part the result of the decline in the number of such providers, as those who could not sustain quality provision, were forced out. UCU recognises the quality of much provision made by private training providers and that much of this is in specialist niches. We also recognise the contribution that the not-for-profit and voluntary sector training providers have made to reaching those reluctant and frightened to return to learning. However we see this ideological promotion of competition as perverse.

The learning and skills sector has in the past attracted unwanted attention from those intent on abusing and defrauding the system - around franchising in the 1990s and Individual Learning Accounts in the early 2000s. UCU considers that relying on funding as the main driver of the system and moving to a greater reliance on market forces, combined with contestability and competitive tendering increase the stakes around securing provision to such an extent, that abuses, fraud and misappropriation of funds, are more likely unless very great care is taken to avoid these.

- **Train to Gain** NATFHE, one of the predecessor organisations of UCU, welcomed the creation of the Employer Training Programme. It was seen as an extension of government intervention to ensure that

employers took seriously their responsibilities to develop their workforces. Subsidising training in work time was an important extension of paid educational leave and the focus on skills for life and the achievement of level 2 qualifications was a clear indication of the government's desire to rectify market failures. We also believe that there have been many positive aspects of what are now known as Train to Gain programmes such as the involvement of small and medium size employers who have not trained before, the role of unions in promoting workplace training programmes and the levels of satisfaction from many of those participating in these programmes. However we do have serious concerns about these programmes which cast doubts on whether Train to Gain should be the major route for future adult funding.

- **Do Train to Gain programmes meet the actual needs of employers?** Although Train to Gain is being extended in pilots to level 3 qualifications and skills, the question has to be asked whether programmes whose main aims are around skills for life qualifications and level 2 achievements actually meets the needs of many employers and ultimately the national interest. Do employers actually want as many full level 2 qualifications or would they actually prefer modules and units of qualifications that fit their business plans more flexibly?
- **How much deadweight is there?** There is some evidence that some Train to Gain programmes made be "deadweight" - simply replacing existing programmes that employers were funding anyway. Some have said as much as 80% of Train to Gain may be deadweight.
- **How much added value is there?** There is a danger that Train to Gain programmes have very little added value, either for the employer or the employee but are merely accrediting skills that already exist. There is some of evidence of this from a piece of Learning and Skills Development Agency research showing that the largest group without level 2 qualifications were those in the workforce in jobs requiring level 2 skills. Whilst accreditation may act as a spur to some to continue to participate in learning, it is not adding anything to the national interest other than meeting targets.

- **Does Train to Gain really tackle the problem of those whose employers are “cool” to training?** The TUC calculates that around one third of employers do no training or development of their workforces at all. How will such a massive movement of resources into Train to Gain programmes benefit those workers whose employers remain indifferent and in some cases hostile to training? In addition it is well established that part-time, casual and temporary workers receive the least in terms of training and development. We have seen no evidence that Train to Gain programmes actually reach such workers.
 - **Is the expensive brokerage system the best mechanism?** Some £70 million is going into the system of brokers to work between employers and providers. UCU does not deny that such services are required to translate and facilitate dealing between the two. We do question whether a system of independent brokers whose principal payment is moderated by results is useful. We would have much preferred to have seen this being part of the remit of the LSCs and such staff being employed through them. This would have been an assurance of both quality and probity.
 - **Are qualifications a sufficient proxy for skills?** Qualifications are taken by virtually everyone with an interest in skills generation as an accurate proxy for actual skills and their deployment in the economy. This runs throughout the consultation paper proposals and Train to Gain programmes. To a certain extent this is inevitable and the use of qualifications in this way does give some indication of knowledge and skills acquired by an individual. However qualifications do not give a full picture of the current state of skills acquisition in the workforce or whether these skills are deployed effectively or not.
- **Learner Accounts** The other main route for adult learning funds from 2010 will be a new version of Individual Learning Accounts (ILAs). UCU had considerable reservations about ILAs as being an initiative that was largely culturally inappropriate for the types of adults with low skills and low income for whom it seemed to be aiming. We also were

concerned about the possibility for fraud and misuse of public funds, which unfortunately did happen.

UCU acknowledges that the government will take care not to repeat the mistakes of its first initiative and that the entitlements to level 2 and 3 qualifications mean that Learner Accounts will be directed at those seeking higher level skills at and above level 3.

However, we are concerned about the amount of resources that may go into the new learner accounts if these proposals are adopted. With the government currently committed to routing £1 billion through Train to Gain, this may mean around £2 billion being routed through Learner Accounts. This is a very large sum and certainly dwarfs the resources allocated to ILAs UCU would prefer to see these resources going to schemes to directly support learners. We believe that many for whom these new Accounts are intended will be risk averse when it comes to taking on debt as a result of undertaking training. We would point out the decrease in higher education take-up among young people as a result of the imposition of top-up fees. This is among groups who are less debt averse than those who might take up the Learner Accounts would be, and where there are very clear benefits to taking on the resulting debts in terms of higher future salaries. UCU welcomed the Leitch recommendation that there should be further investigation of the possibilities of unions being able to negotiate collective learning accounts for their members. Such Accounts were present on a small scale in the first version of Learner Accounts but had not been fully developed before the scheme was ended. We regret that the consultation paper makes little reference to this.

UCU also has some difficulty in seeing how what is being trialled could be the basis for a national roll out of learner accounts as the other main route for adult learning funding. As far as the individual is concerned learner accounts would appear to basically amount to increased information, advice and guidance and then a statement showing how much money their programme costs and what the state and their or their employer's contribution is. It would seem that providers will be given an amount of resources equivalent to a set number of learner accounts. This will undertaken through a process of competitive tendering. We are not opposed to increased information, advice and counselling. However although a new adult careers service is promised in Leitch, such a service still has to be created before the national roll out of this version of Learner Accounts.

- **The role of Sector Skills Councils** The Leitch Report and these proposals set out a much increased role for Sector Skills Councils, (SSCs) especially in relation to approving qualifications that will be eligible for public funding. We have concerns that SSCs do not yet have the capacity to respond to this new challenge. The Leitch Report recommended that SSCs should be reformed and re-licensed. Whilst this may result in an overall improvement in their outputs, it may also result in dislocation and disjunction within SSCs, and this may delay their ability to respond to this.

We are also concerned that that the qualifications they approve may be based on short-term needs and neglect longer term perspectives and needs. We recognise that there is a bewildering array of vocational qualifications. However we would see this at least partly being the result of market forces around the creation of qualifications. At some time somebody or rather some sector or employer must have required these qualifications. The problem is not that they were created, but that they remain in existence sometimes long after the need for them has gone. We also query how many of the often quoted figure of 20,000 vocational qualifications is actually delivered. In the 1980s there was a "rationalisation" of qualifications with the removal of many locally devised qualifications from the system. However this is often quoted as the reason that why employers feel their needs are no longer being served.

There is the question of how representative SSCs are of all the employers in their sector, especially small and medium enterprises. If they are not, how closely involved will such employers be in the design and approval of sector qualifications?

- **Qualifications reform** The consultation paper makes proposals around the funding of units within the new Qualifications Credit Framework (QCF) and the new proposed Foundation Learning Tier. UCU supports both these initiatives. In particular we see the QCF as an important means of attracting new learners back and creating a process of "banking " achievements to be able to gain qualifications and skills in a way that suits their lives and opportunities to learn. It would also provide a crucial link between the needs of employers for short-term immediately applicable training and the needs of learners for more substantial portable qualifications. We do have some concern that the detail of the proposals as to how units and credits may be funded, may negate some of the benefits and hopes that we and others have from the QCF.

Similarly with the Foundation Learning Tier, we think that its development will bring coherence and some rationality to learners at these levels, and that the proposed Progression Pathways will bring clarity and a sense of purpose to some. However we do see the possibility that too rigid a funding system and one that links this learning to a commitment to follow a full qualification might also discourage earners from actually exercising the choice of learning which suits their needs and pace of learning

- **The impact on professionalism among FE system staff** The last resort to market forces in the sector resulted in wholesale de-professionalisation of staff delivering learning programmes and skills development, with almost a quarter of the teaching workforce in FE colleges leaving, and a vast increase in the numbers of part-time, temporary and casual staff, and a consequent decline in quality. The last decade has seen a rebuilding of professionalism in the sector and with it improvements in the quality provision. This will culminate this year, in new requirements around a licence to practice in the sector, new initial teacher training programmes, new networks of excellence in teacher training practice and a requirement that all lecturers undertake a minimum amount of continuing professional development. In the view of UCU a return to a reliance on market forces has the potential to destroy these hard-won developments towards a reprofessionalism in the FE workforce, and a return to the divided and casualised workforces of the past. The consultation paper itself states in paragraph 206:

“An expansion of Train to Gain to encompass all employer- facing provision will mean greater financial uncertainty for colleges and other providers, leading to the risk of financial instability. Financial uncertainty may also cause colleges and other providers to increase reliance on part-time staff and to be more cautious when making adult/employer related capital investment decisions.”

UCU is already seeing colleges beginning to react in this way to the prospect of great financial uncertainty and instability.

UCU
27 Britannia Street
London WC1X 9JP

March 2007

Delivering World-class Skills in a Demand-led System

Consultation Response Form

The closing date for this consultation is: 30 March 2007

Your comments must reach us by that date.

THIS FORM IS NOT INTERACTIVE. If you wish to respond electronically please use the online or offline response facility available on the Department for Education and Skills e-consultation website (<http://www.dfes.gov.uk/consultations>).

The information you provide in your response will be subject to the Freedom of Information Act 2000 and Environmental Information Regulations, which allow public access to information held by the Department. This does not necessarily mean that your response can be made available to the public as there are exemptions relating to information provided in confidence and information to which the Data Protection Act 1998 applies. You may request confidentiality by ticking the box provided, but you should note that neither this, nor an automatically-generated e-mail confidentiality statement, will necessarily exclude the public right of access.

Please tick if you want us to keep your response confidential.

Name Dan Taubman
Organisation (if applicable) UCU
Address: 27 Britannia St London WC 1 X9JP

If your enquiry is related to the policy content of the consultation you can contact Jessica Ward on:

Telephone: 020 7925 5400

e-mail: jessica.ward@dfes.gsi.gov.uk

If you have a query relating to the consultation process you can contact the Consultation Unit on:

Telephone: 01928 794888

Fax: 01928 794 311

e-mail: consultation.unit@dfes.gsi.gov.uk

Please mark an X in the box below that best describes you as a respondent?

Teach

Chief I

Other

Please Specify: Senior National Official

Which of the following best describes your organisation or institution

Fu
Cc
Te

Ag
ho

Ne
Cc
Re
bo
sp

Vc
Or

Re

Please Specify:

Section 2 - The Wider Demand Led System

A new relationship with schools, colleges and providers: changing the planning regime

1 Would the proposals be sufficient for colleges, providers and the LSC to benefit from a light touch relationship?

Not Sure

<p>Comments:</p> <p>The various organisations and agencies responsible for planning in the sector are moving towards a lighter touch relationship. We have made it clear in the statement that accompanies this pro forma that UCU believes that planning should still be an essential component of both the system for delivering 14-19 education and training, and for delivering adult learning.</p> <p>UCU considers that whilst various parts of the previous planning regime may have been somewhat onerous and not added greatly to the overall system, we do believe that planning is essential to ensure coherence, continuity, effectiveness and efficiency in both 14 -19 education and training and adult learning.</p> <p>Overall we consider that the proposals in the consultation paper on 14-19 education are helpful and positive. We do support the move to three year plans and budgets in this area and should give some foundation to providers being able to plan for the future.</p> <p>However, we do not support the proposals in adult learning which would mean greater reliance on market forces. We do not consider that this will meet long term national needs for skills development, and will act against the interests of many learners who are at present on the margins of both employment and learning.</p> <p>UCU is mindful that the previous resort to the market in the 1990's following the incorporation of colleges led to waste, duplication, and poor quality provision, the destruction of vocational education and training facilities and de-professionalism in the sector workforce. Over a quarter of the full time teaching workforce left and were replaced by part time, casual and temporary workers. The mounting deficits in colleges and a financial crisis, led to the incoming Labour administration having to put an extra £100 million into the sector as a rescue package. We believe that this latest policy movement towards market forces could lead to another financial crisis along with more disruption and destruction of the education and training infra-structure. In that part of our response that accompanies this proforma, we have advocated returning to the recommendation of the Foster Report on FE colleges, of a National Learning Model that would outline the totality of learning needed at national, regional and local levels, the amount of</p>	
---	--

resources required to meet these needs and how different parts of the system could contribute to fulfilling these needs.	
--	--

Competition and Choice

2 What are your views on this approach to greater collaborative and area-based planning for 14-19 provision?

<p>Comments:</p> <p>UCU supports the more collaborative approach to 14-19 provision outlined in the consultation paper. FE colleges have already been able to demonstrate both their actual and potential contribution to this provision in the 14-16 increased flexibility partnerships and the work in developing the new diplomas. UCU supports greater collaboration and area-based partnerships but have some concerns over the split responsibilities between the LSCs and local authorities in terms of 16-19 and 14-19. It may be more beneficial to have one authority planning and commissioning the whole of 14-19 provision, and we would argue that it should lie with an authority that is accountable in democratic terms to the communities it serves. The division of responsibilities between the LSCs and local authorities needs to be monitored and evaluated as it develops, and if problems and disjunctions are found, these should be quickly remedied.</p> <p>UCU is concerned that certain aspects of government policies in this area may hinder collaboration and co-operation between providers. These are policies that promote competition such as school and college presumptions, the 16- competitions and the competitive tendering process where college provision is judged weak. We believe difficulties will exist for providers to be potentially simultaneously co-operating and competing. Although the funding gap between schools and colleges in 16-19 funding is being reduced, a 5% gap will exist after 2010. This needs to be reduced further to the point where there are no disparities in funding. Furthermore, there should not be other disparities between college and school provision of 14-19 in such areas as teacher-lecturer salaries along with the professional/qualified status of school teachers and lecturers.</p>	
---	--

3 To what extent should the LSC intervene to make sure there is sufficient appropriate provision for particular groups?

<p>Comments:</p> <p>UCU considers that it will be essential for the LSC intervene to ensure there is sufficient appropriate provision for particular groups. The kind of market system that the Leitch Review recommends and that this consultation paper is proposing will always entail difficulties in predicting demand along with provision. There will also be market failures beyond government priority areas such as low level skills and qualifications. In our accompanying paper we refer to a number of groups who are marginal to both the labour market and to learning and they may potentially lose from a market driven system. We hope that there will be an Equality Impact Assessment exercise on these proposals that will identify the groups that may suffer and where LSC intervention will be required if they are not to remain marginalised to both employment and learning.</p> <p>The new system will also need to ensure that funding rates cover necessary costs. Some programmes clearly carry higher costs for groups of students. This has been recognised in the past and current funding methodologies, and should be recognised in any new funding system that emerges from this consultation. We are also concerned that important and key aspects of provision may be endangered if the new funding arrangements do not allow providers to cross-subsidise between different courses and thus retain a relatively large and balanced course offer. Any system of learner accounts may also mean that fewer courses may be offered to larger numbers of easy-to-teach students. It is likely that LSC intervention will be needed to protect certain courses, to ensure adequate opportunities in rural areas and to ensure disadvantaged learners do not lose out. Any system of learner accounts must carry proper weightings to take account of course costs and additional student needs. This will need to be carefully tested before implementation on a national scale.</p> <p>Although the consultation makes is clear that budgets for Personal and Community Learning (PCDL) will be outside the proposals, we are fearful that these PCDL budgets will come under great strain as demands from local communities are displaced from current "FE" budget streams to PCDL.</p>	
--	--

4 How can we simplify the tendering process so that more providers are able to deliver training that employers want?

<p>Comments:</p> <p>UCU has made clear its opposition to the proposals to move away from any form of planning and towards a far greater reliance on market forces. This opposition would also include competitive tendering. If tendering continues and expands, then clearly it needs to be kept as simple and that lessons need to be learnt from the Train to Gain contract round in summer 2006, so that it does not consume time and resources that should be directed at teaching and learning.</p>	
---	--

<p>We understand that there were negative aspects to the first round of tendering for the national roll out of Train to Gain: insufficient time was also given to prepare tenders, given the 11 month timetable between the announcement of the scheme and the award of tenders; that the tender requirements were over-specified in terms of types of qualifications, and that labour market data introduced unnecessary complexity in the tender process.</p> <p>UCU is also perplexed with the obsession with new providers that permeates the consultation paper and the proposals to weight funding tendering rounds to encourage new providers. It is our understanding from press reports that the outgoing Adult Learning Chief Inspector attributed at least some of the rise in quality among private work based learning providers to the reduction in their numbers, as weak and inadequate private providers did not win contracts. To encourage again the growth of private providers would seem perverse and perhaps ideologically driven. The evidence from Train to Gain tendering seems to point that there was no shortage of bids either from colleges or private training providers.</p>	
---	--

Diversifying the market

5 What incentives do you think will be affective to open up and diversify the market across all types of providers to engage more learners and employers?

<p>Comments: As we have stated in the comments to the previous question, UCU does not believe that the publicly-funded market will work more effectively simply by encouraging more providers. As we have said we understood that quality had actually improved recently because of the LSC reduction of the number of funded work-based learning providers.</p>	
--	--

Investing in and developing capacity and capital

6 Are the principles for capital and capacity development outlined, the correct ones?

Not Sure

<p>Comments: If principles for capital and capacity are that funds should be used to develop high quality facilities and to extend choice, then UCU broadly agrees with them. The Union does acknowledge and recognise the investment that the government has made since 1997 in redeveloping the college sector. The increases in the LSC capital budget between 2007/08 and 2009/10 will continue the processes to accelerate the capital and development programmes ensuring that every community has access to a high quality college building.</p>	
---	--

7 Do you agree that capacity building funds should be used to help new providers enter the market?

Not Sure

Comments: UCU is opposed to capacity funding being used to help new providers enter the market. We do however believe that some capacity funding could be used to positive benefit where there is an unmet need and a voluntary and/or community based organisation can make a singular and effective contribution in extending the range of provision on offer in order to reach potential learners. However we are completely opposed to capacity funding being used for private "for profit" training providers. This would be an unnecessary subsidy for developments which should be provided from their profits.	
---	--

Ensuring quality

8 Do you think that the proposed balance between self regulation and external intervention is right?

Not Sure

Comments: UCU cautiously supports the moves towards self-regulation. The current funding, planning and regulatory methodologies are complicated and costly. Over the last ten years, FE colleges have largely managed their affairs far better than in the first period of incorporation. They have adapted very well and flexibly to changing circumstances along with government policies and challenging targets. But even now the Further Education and Training Bill promises draconian measures against those colleges whose quality dips. Our caution stems at least in part from the earlier period when abuse and in some cases outright fraud by a few, did immense damage to the whole sector. Indeed we would argue that there is something about the training market in particular, that seems to attract abuse and misappropriation of funds such as the franchising scandals of the early and mid 1990s, along with the abuses around the first version of Individual Learning Accounts. We consider that the kind of reliance on market forces that these proposals point to, will ramp up success and failure to such a height that a probability does exist that other abuses may occur in the new system. It is on this basis that UCU would argue that any system of self-regulation needs to be backed by strong, clear and transparent external intervention where this should be necessary. UCU continues to be involved in the processes towards more college self-regulation. This could provide the assurance that government, employers, communities and the public require but without elaborate regulatory apparatus. There are clear roles for external inspection, national qualifications and public audit but there needs to be a reduction in the level of college-specific regulation. We are also concerned that colleges extend internally	
---	--

towards their staff, the “adult”, self-regulatory regimes that they wish to see extended to themselves by external agencies.
--

Qualification and curriculum reform

9 What support do you need to ensure the alignment of Sector Qualifications Strategies, the QCF and public funding of provision?

Comments: UCU supports the vocational reform programme, the development of the Qualifications and Credit Framework (QCF) and the existing programmes of the SSCs developing sector qualification strategies. We have concerns about the moves for the SSCs to be sole arbiters of qualifications and that such qualifications should only be those which are economically valuable. Our concerns stem from whether SSCs are or will be fully representative of their entire sector, especially those with high percentages of micro, small and medium enterprises. We are also mindful that Leitch has proposed that the SSCs be redesigned and re-licensed. This may well lead to a period of disjunction for many of them. The list of their responsibilities continues to grow and we are anxious that they will be able to cope with all of these duties in relation to qualifications and their approval.
--

UCU questions whether the kind of qualifications that will be approved by SSCs and employers, whilst meeting employers short term needs, and will also meet the longer term national interest. We are mindful that there has been a long period with NVQs which were supposed to be employer-led but in the end did not fully meet the needs of the national economy. UCU is also concerned about statements that only those qualifications which are economically valuable will receive public funds. Given the speed of technological and other changes in the economy, it is going to be difficult to maintain a grip on what actually is economically valued and for how long. There is a lot of discussion about the 20,000 vocational qualifications that exist. However we do wonder how many of these will be actually delivered. Somewhere at some time each of these qualifications was probably wanted by an employer and the market. The problem lies with a slowness of actually getting rid of many of them. In part the large number of them is a sign of past responsiveness on the part awarding bodies and colleges to meet demands.
--

10 What are the key factors we should take into account in developing an initial impact analysis in preparation for withdrawing funding from certain qualifications and for the introduction of the QCF?

Comments: UCU agrees that withdrawal of funding from certain qualifications will need a transition period. The LSC needs to ensure that the analysis of current publicly-funded qualifications and the impact of the qualification strategies is widely publicised. The findings of the current Equality Impact Assessment on the 2005 Skills Strategy and the 2006 FE White Paper will have direct
--

<p>relevance to these proposals such as the withdrawal of funding of some qualifications and needs to be taken into account. We trust there will be a similar Equality Impact Assessment exercise on these proposals.</p> <p>The LSC will need to allow time for colleges and providers to complete existing programmes and to redirect courses towards preferred qualifications. There will need to be discussion with awarding bodies and perhaps some kind of mapping for parts of existing qualifications that may lose funding to parts of the QCF. They need to ensure a smooth transition, and that some learners are not left with parts of qualifications that they entered in good faith, but subsequently find they can not longer put against new qualifications.</p>	
---	--

11 Do you agree that the proposals suggested would encourage progression to full qualifications without deterring the hardest to reach? If not, what other means of achieving this aim could you suggest?

Not Sure

<p>Comments: UCU strongly supports the development of the QCF and we understand why the DfES wants to encourage the completion of whole qualifications. We are however very concerned that the consultation paper's proposals may undermine the aims, intention and benefits that should spring from the QCF. The proposals may also narrow even more real "demand-led" needs from individuals, and the exercise of their choice and the aims of the moves to a more personalised curriculum for adults. What seems like a "just an achievement of random units" may in fact be the considered choice of the learner taken for a variety of perfectly reasonable decisions given their own circumstances. We recognise that the proposals should not inadvertently undermine the flexibility of the QCF and a unit-based framework by deterring new learners from entering it. But the kind of financial incentives to enable and encourage adults to accumulate credit leading to qualification achievement may have perverse consequences. We remember well unit farming in the time of the FEFC and feel that there may be similar actions around this. The proposal to weight the funding to a full qualification with initial units attracting less public subsidy, is particularly regrettable as this would discourage providers from attracting new and perhaps unconfident learners who are still uncertain about embarking on a full qualification programme.</p> <p>UCU also has concerns that the proposals will make funding calculations excessively complicated and that the proposal will make it more difficult for colleges to construct viable programmes.</p>	
---	--

Section 3 - Funding Models

16-18 Model

Option 1 Strategic Commissioning

12 On a scale of 1 to 5, with 1 being 'not at all' and 5 being 'completely', to what degree do you believe this option would meet the three objectives of the White Paper?

- Providing incentives to respond to learner choices, increase participation and achievement
- Providing stability to allow future planning
- Avoiding bureaucracy

Comments:

UCU believes that the strategic commissioning approach will be the better of the 2 options proposed in meeting the objectives of providing the right incentives and the necessary stability for 16-18 provision, while avoiding unnecessary bureaucracy. We believe that advantages outweigh the risks outlined in the paper. This approach is similar to that already being used with colleges and will give a much needed degree of stability to deliver longer term programmes and to sustain spending on teaching and learning and to make investments necessary to plant and equipment. However it will depend on the LSC having sufficient resources to fund second as well as first years of programmes.

The one part of the strategic commissioning that we would oppose is that contestability could be used through competitive tendering to fill gaps identified by the 14–19 partnership and targeted to bring new providers. We consider that this will run counter to efforts to promote co-operation and collaboration between 14-19 providers and potentially disrupt partnerships.

Option 2 Strategic commissioning with reconciliation

13 On a scale of 1 to 5, with 1 being 'not at all' and 5 being 'completely', to what degree do you believe this option would meet the three objectives of the white paper?

- Providing incentives to respond to learner choices, increase participation and achievement
- Providing stability to allow future planning
- avoiding bureaucracy

Comments:

UCU does not support this option. The risks stated far outweigh any benefit. This option would introduce a much greater degree of competition that we consider necessary and runs counter to the kind of partnership in 14-19 that the government is seeking. This option will also take risks in attracting the harder to reach parts of the 14-19 cohort and concentrates on the far easier to reach students taking full time level 3 programmes especially A levels.

14 In what other ways could we incentivise schools, colleges and providers to recruit additional learners?

<p>Comments: UCU supports the proposals and policies aimed at increasing participation among 16-19 year olds. Among the incentives for encouraging growth would be full funding for those who take on additional students and ensuring that a balance exist between different levels of qualification. Currently there is an advantage in funding terms for those taking full time A levels compared to other programmes and it maybe amore motivating option for those reluctant to continue with their education and training after the age of 16.</p>	
--	--

15 Which funding and payment mechanism do you think will be most effective in supporting the delivery of 16-18 apprenticeships within 14-19 planning and budgeting arrangements?

16 Employer responsive model

<p>Comments: UCU would support the employer-responsive model as the better of the 2 options presented. The essential point about apprenticeships is that they should be in employment. Therefore it would make sense to choose the option that links the rest of employer funded training with apprenticeships. This would mean that there was a more consistent approach towards employers in regard to all their training and development and makes it easier to manage progression from apprenticeships to advanced apprenticeships</p>	
--	--

16 Do you support the changed data collection timetable to allow schools more time to ensure the data properly reflects the subjects learners are following?

Not Sure

<p>Comments: UCU would support all moves towards consistent data collection across all 16-19 providers. It will begin to create the level playing field in terms of demand being made on providers and in term of data and statistical base for funding decisions and allocations.</p>	
--	--

17 Do you agree with the move away from allocating disadvantage funding based on free school meals?

Not Sure

Comments: UCU supports the move away from allocating disadvantage funding for schools based on free school meals to an additional learning support element. In calculating disadvantage funding should include the Index of Multiple Deprivation based on postcode data; this would introduce greater consistency in funding for other 16-18 providers and eliminate one of the factors that contribute to the school-college funding gap.	
---	--

18 Do you support the allocation of Additional Learning Support for School Sixth Forms to support those recruiting learners with lower prior achievement?

Not Sure

Comments: The proposals will provide greater consistency and coherence to the 16-19 funding system. It will also mean that schools are able to fund a greater range of learning needs and assist less able and more challenging students.	
--	--

19 What are your views on the outlined proposals for funding specialised Diplomas delivered in partnership at Key Stage 4? Are there alternative approaches you would recommend?

Comments: UCU has been a member of the DfES Technical group that has been looking at the funding of the diplomas for 14-16 year olds. Our strong view is that the funding of diplomas should follow the LSC funding model for 16-19 provision. This would provide coherence and consistency. The 14-16 diplomas are national qualifications and will be taught by staff to national standards. This means that the case for a national set of funding rates is overwhelming. Such a model should continue to take account of area costs and disadvantage on a consistent and fair basis. It would also still be compatible with local choice. The existence of national funding rates does not remove the discretion that schools and local authorities have over the organisation and teaching of diplomas.	
--	--

Adult Learner Responsive Model / Learner Accounts

20 Do you agree with the scope as described in this section? If not, please explain what types of provision should be funded by this approach.

Not Sure

Comments: UCU is opposed to routing the vast bulk of funding for adult learning through either Train to Gain or Learner Accounts. We have described our opposition in detail in the paper that accompanies this response. We believe that if the proposals set out for adult learning are implemented it may mean that over a hundred years of continuous public service by FE colleges may be destroyed, and the development of skills for the economy, and in doing so, perhaps wreak immense damage on the very infrastructures of adult learning and skills development.

UCU considers there may well be perverse outcomes from these proposals which are very different from those that the government desires and expects. If implemented increased instability will exist in the system both in terms of providers and quality of provision, and that many of the hard won gains around the professionalism and skills of the workforce that delivers the learning programmes that underpin skills development, will be fatally undermined.

However, should the direction of the proposals be implemented, UCU does have concerns about the complexity of the kind of three pronged approach to funding outlined in the paper. We would however agree that it is right to confine the Train to Grain model to employer-focused programmes. We outlined in the accompanying paper our preference of an employer provision divided between what might be termed a “managed” element and one which the government chose to fund on behalf of the nation, society and the economy. This would comprise of the provision of programmes leading to whole qualifications, and include key occupational qualifications including apprenticeships. These could be identified by employment interests through Sector Skills Councils, Sector Skills Council/employment-identified priorities for intervention and central policy interventions such as skills for life and level 2. The second part of employer-driven provision could be much more market orientated and could be a kind of “non-managed market”. This would be around programmes in which the skills and knowledge training is what employers say they want in relation to support for productivity and competitiveness – much more demand-led in the terms of Leitch and the consultation paper.

UCU is very much opposed to routing the rest of the funding for adult learning around learner accounts. We had considerable reservations about the original version of Individual Learner Accounts and believed it was inappropriate for adults with low skills and low income which was a major aim of the initiative.

The possibility also exists for fraud and misuse of public funds, which unfortunately happened with the first version of the learner accounts. In the event that the proposals were adopted, we would be concerned about the resources that may go into the new learner accounts. With the government currently committed to £1 billion through Train to Gain, this may mean around £2 billion being routed through Learner Accounts. This is a very large sum

and certainly dwarfs the resources allocated to their first version.	
UCU also has worries about the position of Personal and Community Development Learning (PCDL). It is proposed that it lies entirely outside the funding formula. If this is to protect one area of government priority from the full rigour of what is being proposed, then perhaps the whole policy should be re-examined. The problem with the policy of protecting PCDL is that it makes equally valuable courses outside the protected zone even more vulnerable.	

21 Do you agree with the approach to mid-year and end-year reconciliation? If not please suggest alternatives

Not Sure

<p>Comments:</p> <p>UCU is opposed to reconciliation as it inevitably leads to claw-back which is time-consuming, destabilising and the cause's providers to avoid risk and stick to safe behaviour. The sensible use of tolerances will minimise these consequences, but it will not avoid the problems that exist in managing three different budgets operating under different rules. There will be particular difficulty for colleges with large number of students in the 19-24 year old age group.</p> <p>However if there is to be some form of reconciliation, UCU would wish to see a mid-year review (with a wide tolerance) and a final reconciliation carried out as quickly as possible at year-end. This may go some way to minimise instability</p>	
--	--

22 Do you agree that there should be a second outturn estimate near the end of the year as set out in this section of the document? If not please suggest alternatives.

Not Sure

Comments:	
-----------	--

23 Should additional funding be made available for shorter courses?

Not Sure

Comments	
----------	--

Shorter courses play a very valuable role in attracting those de-motivated and alienated by previous learning experiences. Additional funding compensates for the fixed costs of running programmes that bares more heavily on shorter programmes	
---	--

24 Would you prefer a funding adjustment to involve a tolerance or a reduced rate? If neither, give reasons.

Reduced

<p>Comments:</p> <p>UCU supports the method of using tolerance to balance over and under achievement of targets. It introduces a much needed element of stability in the system which makes longer term planning possible and mitigates some of the unpredictability of adult learning enrolments, particularly when colleges and providers are taking action to enrol hard-to-reach learners. We understand that the LSC's tolerance mechanism worked fairly effectively between 2001/02 and 2003/04.</p>	
--	--

25 What contribution do you see Learner Accounts making to the development of a more demand led system for adult learning?

<p>Comments: As we have stated, we are opposed to the use of learner accounts and do not believe that it will assist learners in identifying their demands for learning. We believe that many for whom these new accounts will be risk averse when it comes to taking on debt as a result of undertaking training.</p> <p>The recent decrease in higher education take-up among young people has been due in part to the imposition of top-up fees. This is amongst groups who are likely to be less debt averse than those groups more likely to take up Learner Accounts, and where very clear rates of return in terms of higher future salaries.</p> <p>UCU cannot see from the proposed trial how the accounts will be distributed and controlled along with how the accounts will encourage new learners and do not simply replace existing expenditure. Also the issue of how the amount of learner accounts may be adjusted to take account of equality issues faced by certain groups including for example those with language issues, learning difficulties and those who may need to travel or stay away from home, seems not to have been considered.</p> <p>The uncertainty and instability for providers in providing so much resource through learner accounts will mean that providers may not have enough income justify investment in staff, buildings and equipment.</p> <p>If full accounts are introduced, this will create massive instability in the</p>	
--	--

system. The outcome may well be a more concentrated supply side, offering less choice and ultimately able to secure higher prices.	
--	--

26 How can the Learner Accounts model best be made to work in the interests of learners?

<p>Comments: UCU cannot from what is being trialled can be turned into a national roll-out of learner accounts. As far as we can discern from the consultation paper as far as the individual is concerned, learner accounts will basically amount to increased information, advice and guidance along with a statement showing how much money their programme costs and what the state of their employer's contribution is to the scheme. It would seem that providers will be given an amount of resources equivalent to a set number of learner accounts. This will undertaken through a process of competitive tendering which we believe will also create a great deal uncertainty and turbulence.</p> <p>UCU welcomed the Leitch recommendation that there should be further investigation of the possibilities of unions being able to negotiate collective learning accounts for their members. Such Accounts were present on a small scale in the first version of Learner Accounts but had not been fully developed before the scheme was ended. We regret that the consultation paper makes little reference to this.</p>	
--	--

27 Are there any other sources of support/services that you think could be included in Learner Accounts?

Comments: No	
-----------------	--

28 How can Learner Accounts best support the most vulnerable learners?

<p>Comments: UCU does not consider that learner accounts can support the most vulnerable learners. The only way they could have built in the additional costs to attract the most vulnerable would include offering outreach programmes, transport, child care, language support, additional information, advice and guidance.</p>	
--	--

Employer Responsive Model / Train to Gain

29 Do you agree with the scope as described in this section of the document?

Not Sure

Comments: UCU has made clear in the accompanying paper	its opposition to
--	-------------------

<p>routing such a large amount of adult funding through Train to Gain. It remains a new and largely untested method of funding adults. The issues that we are concerned with Train to Gain are:</p> <ul style="list-style-type: none"> • Do Train to Gain programmes meet the actual needs of employers? • The questions of “deadweight” • The problem of those whose employers are “cool” to training • The brokerage system and whether the brokers make a valuable contribution • Are Qualifications or skills being achieved by Train to Gain programmes which may have too much focus on outcomes and therefore on accreditation 	Gain. It remains a new and largely untested method of funding adults. The issues that we are concerned with Train to Gain are:
--	--

Characteristics of the Employer Responsive Model / Train to Gain

30 Do you agree that reviews be undertaken twice a year or more frequently to ensure budgets are revised more accurately – upward or downward – to reflect employer demand?

Not Sure

<p>Comments: Reviews of this frequency may cause unnecessary instability</p>	
--	--

31 Do you agree with the proposal for applying the area costs uplift? If not, please outline your reasons and indicate alternatives.

Not Sure

<p>Comments: UCU is concerned that the proposal basing area costs uplifts may disadvantage those providers outside of the scope of a London area uplift, yet who may use staff who live in London and have to deal with the increased costs of living associated with London. We believe that basing it on the geographical position of the provider may still be an alternative approach worth considering</p>	
---	--

32 Should the Employer responsive model include a disadvantage factor? If you think it should be applied, please state reasons why this is the case.

Not Sure

Comments: Keeping a disadvantage factor will encourage providers to try to encourage all types of employees to participate in training and development, not just those most easy to attract to learning.	
---	--

33 Should payments be made monthly, or is quarterly sufficient?

Mon	Quarterly
-----	-----------

Comments: The present monthly payment system is well understood and we understand that it assists providers in maintaining their cash flows	
--	--

34 Should 25 per cent of funding be paid on achievement or an alternative proportion?

Alternative

Comments: UCU is unhappy about seeing such a high percentage of funding being linked to achievement as it may discourage providers trying to attract to participation hard-to-reach potential trainees. However we recognise that the 25% is currently paid on work-based learning and Train to Gain. We would certainly not wish to see it a higher percentage of the total funding available.	
--	--

35 Do you agree with the proposal to transitionally protect providers on the current payment system?

Comments: Yes: transitional payments will be required to reduce instability and turbulence which may be very destructive to the infra-structure of skills development.	
---	--

Provision for Special Educational Needs (SEN), Learning Difficulties and Disabilities (LDD) and Additional Learning Support (ALS) needs

36 Do you agree that the system as described will achieve simplification and facilitate better value for money?

Not Sure

Comments: Although we have concerns about exclusively using entry qualifications and programme level in the formula as neither necessarily reflects historic patterns of expenditure which have developed to meet particular needs. Some colleges, for example, have developed local or regional centres for dealing with students with particular learning difficulties or disabilities. More work may be needed to explore this issue.	
---	--

37 Do you consider the timetable realistic? If not, why not, and what would you change?

Not Sure

Comments: Although there may need to be consideration of some kind of safety nets to minimise turbulence and instability in moving to the new systems.	
---	--

Funding the Foundation Learning Tier (FLT)

38 Do you have a preference for either of the two principles outlined?

Funding by
learning/qualifications

Comments: Given the type of students both young people and adults who may be using the Foundation Tier, our preference would be for funding by time as different students may take different lengths of time to reach achievements through these programmes. Funding by time could also allow funding to be adjusted to take account of different student time scales and would reflect their individual circumstances more. However if the funding formula used was undertaken in a mechanistic manner it could have negative outcomes for students on these programmes.	
--	--

39 Do you have any views on how the three aspects of the FLT should be funded?

Comments:	
-----------	--

<p>UCU believes that funding of the 3 aspects of FLT should be considered carefully when arriving at the funding methodology for these programmes. We are concerned that linking FLT too firmly to Progression Pathways may cut off some students from learning and achievement. We consider that the Progression Pathways are a positive development but it there is too rigid a link, this could have negative effects.</p>	
---	--

Section 5 - Next Steps

40 Do you think that any of the proposals will have an impact on Equality and Diversity, whether positive or negative?
Please also identify for which groups of people you think this impact applies.

Not Sure

<p>Comments: UCU hopes there will be an Equality Impact Assessment exercise on these proposals which would enable us to make a fuller submission on the equality impact. Our initial assessment of the equality and diversity impact is different for the proposals for 16-19 and for adults.</p> <p>On 16-19 we believe that many aspects of the proposals will have a positive impact on equality and diversity. It is clear from all the statistics that FE colleges have a higher proportion of their 16-19 students from backgrounds of lower attainment than schools. Within colleges a higher proportion of students come from lower socio-economic backgrounds along with higher numbers whose parents did not attend tertiary education. Colleges also have a higher proportion of students from black and ethnic minority backgrounds. In as much as the paper's proposals begin to reduce the funding gap for 16-19 between schools and colleges, these will have a positive impact on equality and diversity and will mean that resources are allocated to those who need them most. As we have stated in our response to question 14, care will need to be taken so that funding is equal in terms of qualifications levels funded to ensure that there is not an in-built advantage to those providers delivering full time A levels. UCU welcomes the proposals around support for students with learning difficulties and/or disabilities, especially as they will impact on schools.</p> <p>Our position on the impact on equality and diversity with regard to adult learning is that the proposals will have a wholly negative impact. The plans for adult learning funding putting all but the relatively small amount in the PCDL Budget, through Train to Gain and Learner Accounts, will produce such instability and uncertainty for FE colleges is likely that many providers will reduce the number of courses they offer. We have stated in our accompanying paper that there are groups in society who are currently under-represented in employment and learning. We consider that the net result and impact of these proposals will mean that they remain so. Given that more than 70% of adult learners in further education are women, the impact could be</p>	
--	--

<p>detrimental to the government's wider participation goals. Likewise, the plan to shift an increasing proportion of LSC adult funding towards employer-based routes will need monitoring to assess the impact on black and minority ethnic students participation, especially as there is still a considerable amount of institutional racism in the labour market. Again, we have stated our views of the proposals in terms of their impact on older learners which we find wholly inadequate.</p>	
--	--

Technical Annex

41 Do you agree that maximum size of programme that will be funded per learner per year is 1.75 SLNs, which is the equivalent of 4.25 AS/A2 subjects plus the 16 to 18 entitlement studied?

Not Sure

<p>Comments:</p>	
------------------	--

42 Should the short course modifier apply to learners of all ages, or to adults aged over 19 only?

Adults aged ov

<p>Comments:</p>	
------------------	--

43 Please let us have your views on responding to this consultation (E.g. the number and type of questions, was it easy to find, understand and complete? etc.)

<p>Comments:</p> <p>As we have stated in the accompanying paper, we found the questions posed in this response form seemed to assume that respondents agreed with both the vision and the proposals for implementation as set out in the consultation paper. With a question focus on technical details, UCU in its response to the questions asked along with our accompanying paper does not agree with either the vision or many of the proposals around implementation.</p>	
---	--

Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

Please acknowledge this reply

Here at the Department for Education and Skills we carry out our research on many different topics and consultations. As your views are valuable to us, would it be alright if we were to contact you again from time to time either for research or to send through consultation documents?

X Yes No

All UK national public consultations are required to conform to the following standards:

1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
3. Ensure that your consultation is clear, concise and widely accessible.
4. Give feedback regarding the responses received and how the consultation process influenced the policy.
5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
6. Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

Further information on the Code of Practice can be accessed through the Cabinet Office Website:

<http://www.cabinetoffice.gov.uk/regulation/consultation-guidance/content/introduction/index.asp>

Thank you for taking time to respond to this consultation.

Completed questionnaires and other responses should be sent to the address shown below by 30 March 2007

Send by post to:

Consultation Unit
Department for Education and Skills
Area 1a

Castle View House
East Lane
Runcorn
Cheshire
WA7 2GJ

Send by e-mail to: FEsystems&funding.consultation@dfes.gsi.gov.uk