Government consultation on Skills for jobs: implementing a new further education funding and accountability system

Response of the Association of School and College Leaders

A. Introduction

1. The Association of School and College Leaders (ASCL) represents over 22,000 education system leaders, heads, principals, deputies, vice-principals, assistant heads, business managers and other senior staff of state-funded and independent schools and colleges throughout the UK. ASCL members are responsible for the education of more than four million children and young people across primary, secondary, post-16 and specialist education. This places the association in a strong position to consider this issue from the viewpoint of the leaders of schools and colleges of all types.

2. ASCL welcomes the opportunity to contribute to this consultation.

B. Key points

3. ASCL is concerned that the original proposals to reform funding and accountability with multi-year education budgets, simplified funding bands and performance dashboards were consulted on over a year ago, but the outcome of that consultation has only now been released.

4. The focus of the current consultation on implementation of the proposals for five new funding bands for adult education courses, one single skills fund and a lagged funding model is, on the face of it, a welcome attempt to simplify adult funding. However, we are concerned that the proposals may not bring the level of simplicity required. The combined adult education budget, starting in 2023-24, is intended to be simpler and to free up providers to be more responsive to local needs. However, this could result in changes to skills funding regulations, including rules on clawback, which would destabilise providers. The fact that some funding streams, such as bootcamps and the shared prosperity funds, will remain separate for the time being only serves to highlight the fact that the single skills fund only includes some funding streams, rather than all.

5. Whilst the proposed new accountability agreements will be significantly shorter than current funding agreements, they will stipulate what national priorities the fund can be spent on, as well as highlighting specific ringfences and rules for non-qualification provision and development of "innovative" new courses. This approach does not necessarily provide the kind of flexibility providers need to meet the specific needs of their localities.

6. Whilst all provision – qualification and non-qualification – must achieve at least one of three set of objectives (achieving employment, progression to further learning that brings learners close to employment, and helping learners with learning difficulties and/or disabilities to access independent living), the fact that colleges also have to set

themselves "a small number of outcome targets" and set out how they will adapt their provision to meet local needs as part of the agreements gives little room for flexibility. Indeed, plans which move away from setting allocations based on historic performance towards a "needs-based" funding formula could underestimate the size requirements of annual allocations when new provision is introduced to new markets.

7. We agree that it is helpful to consolidate the strategic development fund, college collaboration fund, workforce industry exchange programme, higher technical education growth fund and the FE professional development grant into a single 'development fund' but we do not feel this will work for revenue funding.

8. We agree that courses in high-priority skills areas should see funding rates rise, but we would like to see that rise now rather than in two years' time, and to see the whole funding pot increase and not just for high-priority courses.

9. The organisation of courses into SSA categories in one of five funding bands (base, low, middle, high and specialist) seems arbitrary even though this is based on analysis of skills needs, although we agree with moving some of the low programme weighting to a higher band.

10. The biggest concern we have is in the move to lagged funding. Whilst this works reasonably well for full-time study programmes where numbers are relatively consistent year on year, the proposal may not achieve provider financial stability when adult numbers vary annually and are subject to local plan needs.

11. We cannot see how a new data collection system would eliminate the need for regular ILR returns. The fact there is no timescale for this change is not helpful unless there is a very significantly reduced data burden on providers because of a new system.

12. We are very pleased, however, that the proposed new dashboard will not include the provider's ESFA financial health grade, as that could have negatively impacted on reputation and hence learner enrolments and employer engagement.

C. Answers to specific questions

Question 1: Do you agree with our proposal to create a national model for funding, that areas with devolved responsibilities can use as a basis for shaping and funding local skills provision?

13. No. We agree with some aspects of the model but not all. A national model is acceptable for some funding streams but there is no guarantee that the proposed new model will ensure providers receive additional funding to deliver their core programmes and carry out the activities they normally undertake.

Question 2: What are your views on the core elements of a national model set out above? Are there other elements which should be included?

14. Our view is that the core elements of the national model do little more than bring together funding streams which are currently allocated separately. We also believe that ad hoc funding should not be included in core funding.

Question 3: What would the impact be, both positive and negative, of adopting the proposed objectives for non-qualification provision?

15. The proposed objectives for non-qualification provision appear appropriate for most learners who are progressing to work, but these objectives should not be restrictive. Learners, including those with SEND, take these qualifications for a variety of reasons and must not be restricted to learning for specific community or employment need. Sometimes the need is personal or educational. Community learning funding is currently flexible and can generally meet the needs of learners with SEND. This must remain possible in the proposed new model.

Question 4: How should we monitor providers delivering against these objectives?

16. Monitoring of delivery against objectives should be as flexible and transparent as possible, and rely on the integrity of the provider to demonstrate that activity undertaken meets the proposed objectives. Funding under the proposed new model must be available to meet the needs of individual learners.

Question 5: Do you agree with the above approach for funding qualifications?

17. No. It is not clear who is responsible for setting out purpose and activity for funded qualifications, or how purpose and the activity itself will be monitored against all the other accountability measures to which providers are subjected.

Question 6: Are there further sources of evidence which could be incorporated into our proposed approach?

18. Yes. Skills shortages give one source of evidence about need, but need and demand from young people and adults are different to the needs of employers. Some courses are very popular even when they don't lead to learners filling skills shortages. We suggest that evidence of need and demand is sourced to give a more comprehensive picture of what provision is required in an area. In addition, some people may wish to move to other parts of the country for work, so the local skills training offer cannot be limited to local skills needs.

Question 7: Are there any individual SSAs which you feel have been assigned to the wrong funding band in Annex A? Please give reasons for your response.

19. Yes. Public Services, Child Development and Wellbeing, Sport and Performing Arts are all assigned to low bands, yet these programmes often lead to careers in both the public and private sectors. These programmes also often assist young people and adults to progress to further study, so their funding status within low bands does not reflect their importance or the cost of delivery. High-cost provision, such as in engineering and construction, must, however, continue to receive higher funding and not be disadvantaged by any change in individual SSAs.

Question 8: Do you agree with our approach to setting a single specialist rate for specialist courses undertaken by specialist institutions within these SSAs in Annex B?

20. No. A single rate will not necessarily take account of the different costs of delivering different courses within specialist areas.

Question 9: Do you agree with the proposed band for non-specialist provision within these SSAs in Annex B?

21. No. We agree with the approach being taken with funding functional skills but, as stated in our answer to Question 7, we believe there are other courses which should be included in higher bands for both young people and adults.

Question 10: Do you agree with the approach outlined in Annex B for each of the qualifications that are currently funded differently from the single activity matrix?

22. No. We agree with the approach being taken with qualifications that are currently funded differently to bring them into the matrix, but we do not agree with the low weighting assigned to those programmes. See our answers to Questions 8 and 9 above.

Question 11: How should credit-based courses which are currently funded at a higher rate be treated in the new Skills Fund?

23. They should be treated in the same way as all other courses, but the funding rate must recognise the additional cost of assigning credits to such provision.

Question 12: Do you agree with our approach to setting rates for maximum loan amounts for Advanced Learner Loans?

24. Yes. It makes no sense to set rates which are beyond the maximum level of advanced learner loans.

Question 13: Do you agree with our proposal that providers should be able to earn a given percentage of their Skills Fund allocation on innovative provision?
We would also welcome comments on how this facility could best work.

25. No. We agree in principle that this might work for some providers. However, it will be difficult to monitor innovation fairly and we do not agree that the percentage should be significant as the ability to innovate will vary year on year.

Question 14: Do you agree that this facility should only be available to providers who meet the criteria set out in paragraph 91?
We would also be interested in any case studies of how you have successfully developed and implemented new and innovative provision.

26. No. The criteria set out in paragraph 91 are vague. If it is only available to providers who meet the criteria – and there is no mention of what this means for those which don't – this will cause problems of financial instability. Will the latter category of provider get a lesser allocation of skills fund, for example?

Question 15: Do you agree with our proposal to allocate a fixed sum to grant funded providers for learner and learning support based on their historical level of this funding or should we continue with the existing arrangements?

27. Yes. This would be a fair way of basing the initial allocation for learner and learning support. However, we suggest that the allocation is reviewed annually, commensurate with learner numbers.

Question 16: To what extent do you think this reform will result in a reduction in data and administrative burdens?

28. We do not believe this reform will lead to a reduction in the data and administrative burden for providers. There is no clear evidence of benefit in terms of reducing the data or administrative burden.

29. Whilst on the one hand the proposed new funding method will bring together different funding streams, on the other we believe that data and administration will be more complicated for all funding streams.

Question 17: Do you agree with the above approach to multi-year funding?

30. Yes. The sector has long sought a multi-year funding approach which means that financial modelling can be carried out for more than one year at a time.

Question 18: What level of granularity do you think would be helpful when setting national skills priorities?

31. Zero level of granularity will be helpful in settling national skills priorities when different areas have different funding starting points.

Question 19: Do you agree that the Performance Dashboard provides the right mix of measures to capture what 'excellent' FE delivery looks like, including for non-qualification provision? We would particularly welcome comments on the Learner Employability measure and the English and maths measure.

32. We are unclear about this. Whilst we are warm towards the principle of a performance dashboard, it is not clear how the data in the dashboard will sit alongside other performance measures and how this will demonstrate excellence.

Question 20: Looking at the Dashboard measures, are there any unintended consequences or behaviours that you think the Dashboard will have?

33. Yes. The dashboard is meant to reflect provider positions in terms of funding and quality, but accountability measures are not sufficiently agile to reflect the position of a provider if it has not been subject to inspection or audit in recent years.

Question 21: How can we best streamline information requests from DfE and MCAs to keep burdens on colleges to a minimum?

34. Use the data already collected by the DfE and MCAs rather than annually requesting new submission of the same data. Using a variety of data collection measures does not help reduce bureaucracy.

Question 22: Do you agree with our proposed approach to Single Improvement Plans?

35. Yes. This does seem like a sensible approach, particularly for providers in intervention.

Question 23: Do you agree with our approach to reviewing the assurance process for the ESFA and providers?

36. Yes, it appears that the assurance process, both for ESFA and providers, will be developed over time – which seems sensible. However, it is not clear how the current assurance process will cope with the proposed changes until the new assurance processes are developed.

Question 24: Do you agree with our proposals for which providers should be in scope for our accountability reforms?

37. No. If the proposals go ahead, Local Authorities and specialist post-16 institutions should be included for their skills provision, ensuring a consistent landscape for funding and accountability for the entire skills offer.

Question 25: Do you have any comments about the potential impact, both positive and negative, of our proposals on individuals on the basis of their protected characteristics?

38. Yes. It is not clear how the proposed approach will specifically improve the offer for those with protected characteristics.

Question 26: Where any negative impacts have been identified, how might these be mitigated?
The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

39. We agree with the proposal that there may be impacts on some individuals with protected characteristics and for those with SEND, as well as for those who require learner or learning support. Changes to the proposals for both funding and accountability must take account of the potential for negative impact on different learner groups and mitigate this impact.

D. Conclusion

40. ASCL urges the government to show more trust in colleges and other providers so they can flexibly meet the needs of their learners, communities, and employers. The changes in funding bands and categories will not change the fact that colleges are underfunded, and adult education is still not accessible to many who would benefit from it.

41. There is still far too much bureaucracy in the system and the proposals do not go far enough in alleviating the data or administrative burden.

42. We hope that this response is of value to your consultation. ASCL is willing to be further consulted and to assist in any way that it can.

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