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Making a Success of the National Skills Fund

**Adult Training and Retraining for
All in the 2020s**

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Introduction

We enter the 2020s when adults and employers are confronted with unprecedented economic and labour market change.

Longer Working Lives

The state pension age will increase to 66 in October and rise again to 67 between 2026 and 2028. Longer working lives is a reality for thousands of older adults in their fifties and sixties who will seek to remain in paid employment – as an employee, agency worker or self-employed – up to and, indeed, beyond state pension age because of economic necessity.

Limits on Low-Skilled Migrant Workers

The working age population in the UK is projected to rise by 2.3m between 2018 and 2027. This forecast includes an assumption that net-migration will fall from 265,000 per year in 2018/19 to 190,000 by 2024/25.

At present, about 65,000 migrant workers – mainly from the EU – fill skilled jobs requiring qualifications on the regulated framework (RQF) equivalent to Level 3 and above. These jobs might be on an employee, agency or self-employed basis. A further 90,000 migrant workers fill low-skilled jobs requiring RQF Level 2 and below qualifications, again as employees, agency workers or self-employed workers.

In February 2020, the government outlined its new-skilled based immigration policy using a points system.

From 1st January 2021, a high-skilled worker route will be introduced. Workers from any country in the world will be able to apply for jobs sponsored by UK employers requiring RQF3+ qualifications and paying above £25,600 per year.

No cap on numbers is planned. Migration at RQF3+ could be higher than 65,000 per year if UK companies take high skilled migrants on as employees. Self-employment will no longer be an option.

The government does not plan to introduce a low-skilled worker route (jobs requiring RQF2 and below qualifications). Nor does it plan to introduce a self-employed worker route (irrespective of the RQF level).

From 1st January 2021, a cliff-edge low-skilled migration policy could cut the labour supply by 90,000 per year. On the other hand, the government has decided to increase the number of migrants on the agricultural seasonal worker pilot from 5,000 to 20,000 per year.

The rationale for restricting low-skilled worker migration is to shift the economy away from a reliance on cheap labour from Europe. The government wants UK employers to concentrate on

investment in staff retention, skills, technology and automation.

The temperature is rising over whether special arrangements – or carve-outs – should apply to sectors requiring low skilled migrant labour. Key sectors include construction and adult social care. The government has said it will keep under review sectors adversely affected by the new skills-based immigration system.

Risks and Opportunities from Increasing Automation

About 7% of jobs in the UK in 2017 are at a high risk of being affected by automation and a further 65% of a medium risk of being so. Workers most at risk have qualifications at Level 2 and below. Automation will gather pace as the 2020s wear on. Some job roles will disappear, new ones will be created. Employment in some sectors will increase – as jobs in new roles outweigh declines in old ones.

An Increasingly Flexible Labour Market

Over 25% of employees work part-time, some 7m in total. More than 1 in 20 are temporary workers. And 15% of workers are self-employed – now over 5m – with self-employment becoming an important employment for workers aged 50 and over.

Average earnings in real terms has only just reached pre-2008

financial crash levels. Close to 1 in 8 part-time workers would like a full-time job. And a quarter of temporary workers are looking for permanent jobs.

The Need for Adults to Train and Retrain

The need for adults to train and retrain is strong and obvious. Developing a system of post-18 education and skills to meet these needs will be a challenge which the new Conservative Government must fulfill.

Up-skilling

We start the 2020s, with 30% of 19 year olds in England not having achieved a Level 2 in maths and English – including functional qualifications but primarily GCSEs – and 1 in 5 of 18-64 year olds without a Level 2 qualification and more than 1 in 3 without Level 3 qualification. On current trends, more than 10% might still not have a Level 2 qualification by 2027 and 26% without a Level 3.

Increasing the proportion of the adult workforce with a first Level 3, first Level 4-6 and indeed a first Level 7-8 is a critical part of the policy challenge not least because employers are likely to demand workers with Level 3+ qualifications. And yet, the policy challenge is also about re-skilling.

Re-skilling

There are two classic examples of re-skilling. The first is from higher education where an adult with a first Level 6 wishes to re-skill to achieve a second Level 6. The second is from further education where typically 16-18 year olds achieve a first Level 3 – in the

form of A levels – and aged 19-24 or even older wishes to re-skill to achieve a second Level 3 – usually in the form of vocational qualifications.

Myths

In the higher education world, there is a strong belief that a graduate with a Level 6 who needs to reskill means achieving a second Level 6. Whilst this might be the case for some adults with graduate level qualifications, many might choose careers and occupations where a Level 2 or 3 is required or can only find employment requiring Level 2 and 3 qualifications. And so, re-skilling at Level 2 and 3 is the answer. In the further education world, by contrast, there is an equally held belief that up-skilling is the priority with adults achieving a first Level 3 and progressing to first Level 4-5 and then first Level 6. Many adults, however, with a Level 3 qualification could be seeking employment re-skilling at Level 3 or Level 2.

A large amount of publicly funded post-18 education and training funds up-skilling primarily in the form of a first Level 4-6 qualifications. Add to this the fact that higher education funding is not generally available to support qualifications equal or lower than a qualification achieved – the so-called ELQ rule – FE policy makers want to restrict graduates with Level 6 qualifications from accessing public money for retraining because they have had a large amount of taxpayer subsidy already.

As adult training and retraining policy develops, these constraints

must be swept away. Graduates need to re-skill at any level they wish, from Level 2 to Level 6. Non-graduates need up-skill to Level 6 if they wish but re-skill at Level 2 and 3 if it meets their needs.

Post-18 Education and Training

Our best estimate is that the cash cost of post-18 education and training in England in 2019/20 is about £22.4bn (See Table 1). If these figures are correct in general terms, 83.5% went to higher education (i.e. Level 4+) and 16.5% to adult further education, adult retraining and adult apprenticeships which is primarily at Level 3 and below (although Level 4-6 provision is growing through apprenticeship funding).

The Review of Post-18 Education and Funding in England

Extending Up-skilling through the Adult Education Budget

One of the key recommendations of the Independent Panel Report to the Review of Post-18 Education and Funding (May 2019) was to create an all-age entitlement to a first full Level 2 and a first full Level 3. Effectively an up-skilling measure, the proposal was estimate to cost £500m and would represent an up-lift to the grant-based Adult Education Budget.

Re-skilling at Level 3 through Adult Learner Loans

If introduced, the all age entitlement to free training for a first full Level 3 in particular

would have a knock-effect on the role of Adult Learner Loans – i.e. fee-loans – in the adult further education sector. In effect, Adult Learner Loans would become a reskilling funding stream at Level 3 (noting that fee-loans at Level 4+ are relatively small).

Re-skilling at Level 4-6 through HE fee-loans

Another important recommendation by the Independent Panel on Post-18 Education and Funding was the removal of the ELQ rule for Level

4, 5 and 6 regulated degrees. If this is accepted by the new Conservative Government, adults seeking to re-skill at Level 4, 5 and 6 would be eligible to access fee-loans which would probably be part-time fee loans. A separate question, however, is whether

TABLE 1: ESTIMATED CASH COST OF POST-18 EDUCATION AND TRAINING IN ENGLAND: FY2019/20		
HIGHER EDUCATION		
Post-Graduate HE		
Level 8: Doctorates	Fee and Maintenance Loans	£35m
Level 7: Masters	Fee and Maintenance Loans	£675m
Total:		£710m
Undergraduate HE		
Level 4-6: Full Time	Fee-Loans Maintenance-Loans	£9,430m £6,840m
Level 4-6: Part-Time	Fee-Loans Maintenance-Loans	£290m £60m
Total:		£16,620m
Office for Students	Teaching Grant	£1,387m
TOTAL HIGHER EDUCATION		£18,717m
ADULT FURTHER EDUCATION		
Level 3-6	Fee-Loans AY: 2016/17 (i) L4-6: 19-23 £2m (ii) L4-6: 24+ £12m (iii) L3: 19-23 £35m (iv) L3 24+ £140m (v) Access to HE: 19-23 £16m (vi) Access to HE: 24+ £40m	£220m
	Maintenance Grants Linked to Adult Fee Loans (AY 2015/16)	£35m
Level 3 and Below	Adult Education Budget Provision Discretionary Learner Support (AY 2015/16)	£1,376m £86m
TOTAL ADULT FURTHER EDUCATION		£1,717m
ADULT RETRAINING		
	National Retraining Scheme (Grant Funding)	£55m
	National Skills Fund 2021/22 £600m	
TOTAL ADULT RETRAINING		£55m
ADULT APPRENTICESHIPS		
Level 2-7	English Apprenticeship Programme Budget c£2,410m in 2019/20 - Assume 65% Adults	£1,566m
TOTAL ADULT APPRENTICESHIPS		£1,566m
OTHER		
	CITB Grants (FY 2018/19) Not all Adults	£144m
	ESF GRants (FY 2018/19) Not all Adults	£198m
TOTAL OTHER		£342m
GRAND TOTAL		£22,397m
	Higher Education - share	83.5%
	Adults - share	16.5%

DIAGRAM 1: APPROACHES AND OPTIONS FOR THE NATIONAL SKILLS FUND		
	Funding Devolution	Mechanism
Apprenticeship Levy	Single Employer	Employer – Grant - Account
HE Fee and Maintenance Full-Time Part-Time	Single Adult	Adult – Loan - Account
Adult Fee Loans	Single Adult	Adult – Loan - Account
National Retraining Scheme	Sectors Employers and Workers Affected by Automation Note: Scheme could be - scrapped - retained - linked to National Skills Fund	
National Skills Fund	Option 1: Single Adult	Adult – Grant - Account Adult Skill Accounts Individual Learning Accounts Adult Opportunity Grant
	Option 2: Adults in a Region or Sub-Region with an Elected Mayor Note: Opens up question about LEP Areas	Regional and Sub-Regional Commissioning
Adult Education Budget	Adults in a Region or Sub-Region with Elected Mayors Note: Opens up question about LEP areas	Regional and Sub-Regional Commissioning
Combined National Skills Fund and Adult Education Budget	Adults in a Region or Sub-Region with Elected Mayors Note: Opens up question about LEP areas	Regional and Sub-Regional Commissioning
16 - 18 Education	Providers	

adults re-skilling at Levels 4-6 would be eligible for part-time maintenance loans.

The National Skills Fund and a 'Right to Retraining'

During the general election, the Conservatives promised to introduce the National

Skills Fund from 2021/22 at a cost of £3bn over five years. At £600m, the National Skills Fund would represent about 3% of public spending on post-18 education and training and 18% in public spending on adult further education, the National Retraining Scheme and adult apprenticeships (excluding ESF

and construction training grants). This £3bn investment is seen as a down-payment towards a Right to Retraining.

Issues to Address

There are, perhaps, five separate but interrelated issues. The first is how the National Skills

Fund will relate to existing funding for post-18 education and training, and decisions by the new Government to take forward any of the specific recommendations made by the Independent Panel.

The second is the level of training and retraining the National Skills Fund will support. The introduction of an all-age entitlement to free training for a first Level 2 and first Level 3 could form part of the Adult Education Budget, and re-skilling at Level 4, 5 and 6 should be funded through HE fee-loans. In turn, adult fee-loans are available for reskilling at Level 3.

The third is how the National Skills Fund will specifically relate to the National Retraining Scheme which among other things has a sector focus. Originally, the National Retraining Scheme was designed to assist employers and workers in a sector confronted by the challenge of automation. The end of low-skilled migration adds to the rationale for a sector focused scheme. Even so, the National Retraining Scheme could be scrapped, retained – bearing in mind its potential sector focus – or linked in some way to the National Skills Fund.

The fourth is the nature and extent of devolution and whether the National Skills Fund is seeking to support a specific employer akin to the apprenticeship levy and digital employer accounts in England, a specific adult (via account mechanism), a specific place (such as areas with elected mayors) or indeed to providers in line with 16-18 education (see Diagram 1). In terms of devolution to a specific adult, the

account mechanism can take the form of a loan account – to manage income contingent fee and maintenance loans – or a grant account – also known as Adult Skills Accounts, Individual Learning Accounts or Adult Opportunity Grants.

And finally, there is the question of whether the National Skills Fund should be brigaded in some way with other budget lines such as the Adult Education Budget although this would depend on the level of qualification since up-skilling at Level 4, 5 and 6 are funded via fee-loans and if the ELQ rule ceases so to would re-skilling at these levels.

Levelling-Up All Adults through Training and Retraining

We recognise the importance the recently returned Conservative Government to levelling-up deprived communities in England. Access to adult training and retraining opportunities will enable adults, employers and communities to level up.

Even so, longer working lives, the impact of automation and flexible labour markets will impact the nation as a whole. Our position is that every adult – whether 24 or 64 - should have the same opportunities to train and retrain from Blythe to Basildon, and Grimsby to Grantham.

Income Insecurity and Low Pay as a barrier to Adult Training and Retraining

Making a financial contribution to the cost of a training or retraining course is rightly viewed by policy makers as a barrier to in

participation. This is why policy makers attempt to take the sting out of training and retraining by offering entitlement to free provision or provide access to income contingent fee-loans which precludes up-front funding by adult learners. And yet, even where provision is free or covered by fee-loans, adult training and retraining might be held back by income insecurity and low-pay.

In-Work Progression and Adult Training and Retraining

At the Whitehall level, a major ideological difference exists between the Department for Work and Pensions, and the Department for Education. For the DWP, in-work progression is about increasing weekly earnings through working extra hours. For DfE, progression in work is about investing in adult training and retraining to secure and increase earnings in the future. Universal Credit is expected to be rolled-out by 2024. A third of claimants will be in work. Enabling adults claiming UC to retrain through the National Skills Fund without loss of benefit will be a critical policy challenge.

The Pamphlet

In this context, we asked twelve authors to set out their initial thoughts on the National Skills Fund and the journey towards a 'right to retraining'. The contributions are rich and diverse and have influenced the preparation of this introduction. We would like to express sincere thanks to all of our contributors and invite everyone to read their thought provoking articles and recommendations.

Renewing Lifelong Learning through the National Skills Fund

Stephen Evans, Learning and Work Institute

Lifelong learning matters

The case for lifelong learning is widely made. Learning and improving your skills improves your chances of being in work and climbing the career ladder. It boosts productivity and economic growth. But more than this, learning helps people be active in their communities, improve their health and wellbeing, and access public services which are increasingly digital by default.

This case is strengthening over time. Economic change, including advances in technology, is changing the jobs available and the skills needed for them. Reports of robots taking our jobs grab the headlines, but advances in technology are having a more profound and nuanced impact: creating new jobs, replacing old jobs, and changing the skills needed in many current jobs. There is a rising bar of skills needed to get into the labour market at all, and a changing set of skills needed over time in the same job or to retrain for a new career.

Meanwhile, longer working lives, with 50 year careers becoming the norm, means people will be living with this changing labour market for longer. Adaptability, updating skills and changing careers will be essential. At the same time, an aging population means that 80% of our 2030 workforce have already left school: we cannot simply wait for

young people to replace adults in the workforce.

Decade of decline

The bad news is that the 2010s were a decade of decline in lifelong learning in England. Just one in three adults say they participated in learning in the last three years, the lowest in the 23 year history of Learning and Work Institute's annual survey. This is partly because the adult education budget has been cut by around 45% since 2010.

There are stark and profound inequalities in access to learning by socioeconomic group and region, important for a Government that has promised to 'level up' opportunity across the country. To tackle these challenges, we do need more investment, but also new ways of investing too. Our research shows a need to inspire people to want to learn, support people with the cost of learning, and find ways to fit learning around work and home life. It also shows clear gaps in existing policy: support is limited for those looking to retrain and, while apprenticeships are great, by definition they are not an option for people who are self-employed (you cannot apprentice yourself).

Toward a National Skills Fund

The National Skills Fund is expected to be worth £3 billion over the next five years, and aim to match contributions from

individuals and employers. It sits alongside existing funds including the £1.5 billion per year adult education budget and £2.8 billion per year apprenticeship levy, as well as the developing National Retraining Scheme and Shared Prosperity Fund intended to replace European Social Funds. This gives a real opportunity to innovate and tackle these structural challenges in a holistic way.

Recommendation 1: Take a joined-up approach with local leadership

The National Skills Fund will only work if we decide what it's for and think about how all the pieces of the jigsaw, the many other funding streams and policies, fit together.

The National Skills Fund is a great opportunity to align new skills provision with infrastructure investment and priorities identified in national and local industrial strategies. In this way we can help boost economic growth, which has been weak since 2008 in part because improvements in skills have stalled. We need to avoid a predict and provide approach. But what about focusing effort on co-designing provision in key sectors in different parts of the country with employers and trades unions? And making this provision free at all levels for those that need it?

We should also empower local

areas, such as Mayoral Combined Authorities, to lead and use their convening power to join up support. Beyond this, their role could be anything from the ability to set financial incentives to target provision on Local Industrial Strategy priorities through to full responsibility for commissioning the fund, perhaps based on outcome agreements setting out what will be achieved through the funding (such as the number of people finding work).

Recommendation 2: Focus on learning at all levels

We need to increase the proportion of people qualified at levels 3 and above, and to help people already qualified at this level to retrain where they need to. That's something the National Skills Fund could usefully do, given it's not something the adult education budget currently supports well.

However, this should not be at the expense of the nine million adults who have low literacy

or numeracy, and even more with low digital skills or those without a level 2 qualification. This is increasingly a barrier both to finding work and to being adaptable to changes in the workplace or need to change careers. Yet the number of adults improving their skills has fallen by more than one third in recent years.

The National Skills Fund should, therefore, have as much focus on increasing take-up of basic skills as it should on promoting level 3 learning. And learning should mean modules as well as full qualifications – flexibility is key.

Recommendation 3: New approaches to engagement and delivery

The National Skills Fund is an opportunity to design and test new approaches. For example, Learning and Work Institute's research shows that many adults don't even think about learning or how improving skills could

benefit them. Let's test new ways to inspire and engage adults in learning.

We could also test, in new provision designed with employers aligned with the Industrial Strategy, new approaches to supporting people with the non-course costs, such as maintenance, of learning. We would need to rigorously evaluate all these new approaches, encourage innovation from providers, and build in work to disseminate these findings. That would help us build the evidence base on what works, and spread the use of best practice more widely.

Backing Adults - Turning the National Skills Fund into Skills Accounts

Tom Bewick, Federation of Awarding Bodies

20% of the Workforce Under-Skilled for Their Jobs by 2030

Andy Haldane knows a thing or two about the UK's skills and productivity puzzle. As the long-standing chief economist at the Bank of England, he's had a ringside seat on developments in the British economy – both pre- and post the 2008 financial crisis. The historic weaknesses in the country's vocational skills base is what he calls: "the collapsed left lung of the UK's education system."

As chair of the UK government's Industrial Strategy Council, Haldane hasn't pulled any punches about the scale of the challenges ahead: He says:

"The ISC estimates that an additional 7 million people – 20 per cent of the workforce will be significantly under-skilled for their jobs by 2030; and another 1 million will be over-skilled. That will leave many more workers less productive in their jobs or out of work completely" (Worsening UK skills gap will hold the country back, Financial Times, 24th October 2019.)

Low Productivity and Under-Employment

To compound matters still further, wage growth – a key measure of increases in output per worker – has slumped since

2010. It is just 0.3 per cent per annum today compared to the long-term trend rate of growth for the British economy of around 1.75 per cent.

Official unemployment is currently low by historical standards, yet, under-employment – particularly amongst graduates – is at an all-time high. The Office for National Statistics (ONS) estimates that 31 per cent of millennials, who studied bachelor's programmes at Level 6 and above after 2007, graduated into job roles that do not require a university degree.

Redressing a Decade of Lifelong Learning Going Backwards

These major mismatches, that a number of economists and business lobby groups have long pointed to, coincide with over a decade of going backwards in lifelong learning policy. A perfect storm has gathered around falling participation levels in learning; reductions in employer workforce investment; over-reliance on low-skilled migration from the EU; government austerity cuts disproportionately affecting FE colleges; and weak linkages between higher-education expansion and productivity improvements in the economy as a whole.

Three Aims for the National Skills Fund

Against this context, the National

Skills Fund has a real job of work cut out to try and improve, or at least reverse, some of these negative trends. The new national imperative – given that 80 per cent of the workforce will still be in employment in 2030 – must be to shift the entire skills base up the value chain; creating better quality, higher-wage, more environmentally friendly and digitally-based jobs.

To achieve this, the National Skills Fund must essentially deliver on three key aims.

The first aim of the National Skills Fund must be to halt the collapse in post-compulsory participation in lifelong learning which has seen a reduction of 4 million adults taking up opportunities since 2010, according to the Learning and Work Institute's respected annual participation survey.

Second, there is an enhanced role for government and the private sector coming together to tackle skills gaps and shortages on a more geographical and sectoral basis. The Confederation of British Industry (CBI) has called for the "partnership of the century" which, in part, is to deal with the fact training investment per employee has actually fallen in the UK, by an average of 23 per cent since 2005 (British firms invest five times less per employee than their German counterparts, according to cross-national studies funded by the European Commission).

And third, post-compulsory public spending on education and training needs to be rebalanced towards higher technical qualifications at Levels 4 and 5 (sub-degree level), as well as ensuring the 'skills progression ladder' of opportunity is not kicked away by the Department for Education by removing – too hastily or crudely – many important qualifications at Level 3 and below. Apprenticeships might be excluded from the scope of the National Skills Fund, but reform of the employer Levy could benefit from being co-ordinated with other forms of post-18 education and training spend. Indeed, there is an argument to consolidate all forms of non-schools-based funding into a single National Skills Fund, including HE student finance, with tripartite contributions from the state, employers and individuals collected and disbursed via the tax system.

Breathing New Life into Lifelong Learning

What is clear is that breathing new life into the economic lungs that will drive Britain's future prosperity, skills and improved productivity performance, will take some time to fully realise. Skills 4.0 and the fourth industrial revolution beckons.

The National Skills Fund, including the extra investment

that is earmarked to come with it, is a recognition at least, that for too long the patient has been hooked up to basic life support. Now is the time, in the words of the Prime Minister, Boris Johnson, to "level-up" education and skills investment across the whole country. That is ultimately how the UK's productivity puzzle can and will be solved.

Recommendation 1: Adult Skill Accounts funded through the National Skills Fund

We know from past experience that the Individual Learning Accounts concept was a popular one amongst adult learners. The problem was not so much simulating demand, but weak implementation of the scheme, which led to fraud. A reintroduction of more secure skills accounts, linked to a lifelong learning entitlement to retrain in accredited qualifications that meet specific skills needs up to Level 5, could be just the kind of kick-start the British economy needs.

Recommendation 2: Targeting Sectors No Longer Able to Recruit Low Skilled Migrant Workers

As the country recalibrates to life outside of the European Union and an end to Freedom of Movement with the EU27 in January 2021, the intended points-based immigration system

has the potential, over time, to help reduce the country's reliance on low-skilled labour from overseas. The National Skills Fund, perhaps topped up from the fees employers and individuals will have to pay to acquire new work visas, could be specifically targeted at those sectors – like health, hospitality and social care – which have in recent decades overlooked attracting, retaining and retraining the resident labour force.

Recommendation 3: Introduce a 'Right to Time Off to Retrain'

Linked to new skill accounts, the government could look at statutory legislation to give all employees, with workers aged over 35, the 'right to retrain.' The legislation would grant employees a statutory right to request up to 8 days annual 'learning leave.' The self-employed would receive tax credits in lieu of the time taken off. All or even a more limited combination of these measures would help create additional demand and boost productivity.

Funding Skills Accounts through the National Skills Fund

Mark Dawe, Association of Employment and Learning Providers

Two Schemes

Since the general election manifesto commitment, we have learnt that there will be a tie-up between the proposed National Skills Fund and the National Retraining Scheme. The latter of course owes its conception to a previous manifesto but progress in getting it off the ground under its 'Right to Retrain' brand has been slow.

The National Retraining Scheme

AELP hopes that the £3bn allocation for the Fund over the course of the new Parliament doesn't all get channelled into the National Retraining Scheme. It is true that we were one of the organisations who said that the £100m initial funding for the scheme wouldn't be enough to make a tangible impact, but on the basis of what we have seen so far, a further injection of £3bn would be unwise and difficult to justify.

Irrespective of whether much more funding will be allocated to the National Retraining Scheme, the government should work with employers, trade unions and training providers to transform the programme to really make a difference to the 1.5 million individuals whose jobs are at risk of automation along with supporting those trapped in low-level employment with little prospects.

AELP has called for the creation of a form of adult traineeship for both the unemployed and employed participants through the scheme. Its recent shaping into an information-sharing platform simply duplicates existing government-backed job signposting initiatives.

What's needed is a clearly defined set of outcome and progression measures within a proper training scheme, with providers being financially incentivised to support participants to both complete and progress. At present, the lack of investment in core delivery and provider participation funding is a weakness and there's a danger that government will repeat the mistakes made with the Employer Ownership of Skills pilot which over five years until 2017 saw £350m of taxpayers' money completely wasted.

The National Skills Fund

AELP believes that the National Skills Fund gives us the opportunity to bring back skills accounts twenty years after the experiment with individual learning accounts went so badly wrong. The link-up with the National Retraining Scheme makes sense because one of the areas in which skills accounts could make an impact is supporting the right to retrain. Other target areas should include: the digital skills entitlement; level 2 and level 3 entitlements; Higher Education and Advanced Learner Loans funding; and maths and English.

National Skills Fund Financed skills accounts

The faults with the original individual learning accounts largely relate to failures in quality control. Addressing these should be at the forefront of a relaunch of skills accounts and we should start by ensuring that their funding is routed through a robustly tested and approved provider base as opposed to the unmanageable 8,910 providers that previously accessed funding for individual learning accounts. This is not about restricting access to the market for new providers who offer innovation and competition but learning from past mistakes and experiences from programmes.

The government should control the breadth of qualifications and programmes available for individuals to buy with their skills account with a catalogue of approved programmes, building on the lessons from advanced learner loans and the use of an approved central qualifications catalogue. In 2013 for the launch of advanced learner loans, the ESFA produced a central online catalogue of fundable programmes which is regularly updated. Having a similar catalogue for skills accounts would be a sensible way forward.

Digital Skills Accounts

The National Skills Fund should actively embrace the latest

technological advancements to enhance, control and protect the integrity of the skills account system. This means identifying trends quickly, with the ability to suspend or investigate accounts based on specific behaviours or patterns, be that by learner type, geographical location or by programme/qualification type.

We shouldn't always expect government alone to shoulder the full responsibility to meet the total cost of the investment required. In addition to the entitlements and access to loans, there could be incentives for individuals and employers (and even combined authorities) to top up a skills account for targeted training. Incentives could be in the form of tax relief, national insurance contribution relief or rebates. The government should structure skills accounts in a way that

enables it to flexibly direct funding to support additional specific targets to meet new or developing needs; for example, it could include an amount in an account to fund training on digital skills development. An account should be able to facilitate a mix of grants and loan funded provision in one place, acting as a one-stop shop for the individual to control and make informed choices.

Recommendation 1: Retain the National Retraining Scheme

The government should retain the National Retraining Scheme to meet the needs of adult workers whose jobs are at risk from automation and use some of the National Skills Fund to finance it but by no means exclusively.

Recommendation 2: Reintroduce Skills Accounts financed from the National Skills Fund

The government should reintroduce skills accounts financed from the National Skills Fund and drawing on lessons from the first individual learning account experiment.

Recommendation 3: Individual Choice to Drive use of Skills Accounts

Skills Accounts should be designed in such a way as to allow individual choice from a list of approved courses but enables government to direct funding to specific priorities.

A Dual Approach - Retain the National Retraining Scheme and Devolve the National Skills Fund

Ewart Keep, University of Oxford

A Right to Adult 'Training and Retraining'

The National Skills Fund's underlying long-term aim is stated to be moves towards a 'right to train', analogous to (how is unspecified) the Conservatives' famous 'right to buy' (the council house you live in). Does this focus on the individual make sense?

The overall answer seems to be 'yes'. There are huge adult learning challenges looming and the trend has been one of decline in both individual participation and a huge fall over time (60% in the volume of training days between 1997 and 2017) in employer-provided learning opportunities. As ever, the nature and scale of the rights, roles and responsibilities of employers within our skills system unfortunately remain as nebulous and ill-defined as ever. Even so, the government needs to develop a dual policy for adult training and retraining.

Sector-Focused 'National Retraining Scheme'

First, on what employers need to start doing. The existing National Retraining Scheme is already piloting how best to work with firms to re-skill workers facing technological change and potential redundancy. It is still early days, but rumours suggest that employers are proving hard to engage with.

In any event, the National Retraining Scheme is the vehicle for a sectorally-focused attempt to reach out to employers over adult skills and there is little point in the National Skills Fund duplicating this approach, not least as experience with the levy suggests that this road ends in deadweight. In other words, public money ends up supporting training that employers would otherwise have had to undertake and pay for themselves.

The employer-focused strand of adult learning policy will, sooner or later, have to try to nail down what employers are responsible for and fund. Don't hold your breath!

Adult Focused - Regionally Devolved - 'National Skills Fund'

The second strand of policy development covered by the National Skills Fund needs to adopt an individual focus and to offer tailored support to adults who want to up or re-skill themselves, either in order to progress within an occupation or sector, or to change jobs, perhaps in the face of technological change. It would be unwise to assume, as some commentators do, that only lower level workers are going to be impacted by digitalisation and automation. It is clear from emerging research that many graduate level jobs (for instance, in legal services) will be impacted by digitalisation and their skills

profiles and requirements altered, sometimes in quite profound ways. Workers across different sectors and occupations, at very varied skill levels are likely to need to upgrade and change their skills, not least if employers continue to retreat from offering substantive training to the bulk of their employees.

Recommendation 1: A step change in IAG for Adults linked to the National Skills Fund

First, we need to address the current inadequacies in information, advice and guidance (IAG) which render it extremely difficult for adults to understand the shape and direction of travel within their local labour markets, or to know what learning opportunities and options they may be able to access to help fit them new opportunities. Unless we deal with this and put in place a high quality IAG offer that provides a blend of computer and face-to-face based support, the National Skills Fund is very unlikely to be able to deliver what is needed for individuals.

Recommendation 2: Setting the right output measures for the National Skills Fund

Second, there is a need to think hard about what the outputs and performance indicators for National Skills Fund activity should be. In the past, there has been an obsession with imparting full qualifications –

witness New Labour's Train to Gain programme. It is doubtful whether this approach is what is either wanted or needed by all adult learners. For a lot of adults, time, energy and money are in short supply, and learning structured around monolithic full qualifications will be off-putting. For some, perhaps many, what they will be seeking is the opportunity to access bite-sized chunks of learning, perhaps certificated through micro-qualifications or credits, which over time can be assembled and aggregated into more substantive

learning packages. Designing and developing these kinds of courses and finding appropriate and enthusiastic providers to deliver them is likely to be by no means simple or easy.

Recommendation 3: Pilot Regional Devolution of the National Skills Fund

Third, the policy makers developing the design of the National Skills Fund would do well to look at what some of the combined authorities

have started to do with their devolved Adult Education Budget allocations. There have been interesting attempts to slim down the number of contracted providers, offer more courses that target a gap in provision at levels 2 and 3 for adults in work, and give financial incentives to providers to innovate. The Combined Authorities may be ideally placed to pilot the National Skills Fund.

Devolve the National Skills Fund to Elected Mayors and LEPs

Jamie Driscoll, North of the Tyne Combined Authority

From the Adult Education Budget to the National Skills Fund

The additional opportunities the National Skills Fund will offer are welcome. This, in conjunction with our newly devolved Adult Education Budget will start to address the decline we've seen in the adult education participation rate in the North East, which according to the Learning and Work Institute has the lowest proportion of adult learners in 2019.

Any new money that is coming into the Combined Authority from central government is a fraction of the money that a decade of austerity has taken away. These are our taxes being returned to us. As the IFS has stated, the proposed £600m per year National Skills Fund would 'reverse about one fifth of the cuts to total spending on adult education and apprenticeships since 2010'.

Safeguarding the Skills of our Workforce

By devolving this fund to Mayoral Combined Authorities (MCAs), regions will be empowered to safeguard the skills of their workforce and will be trusted to make the best decisions for the future prosperity of their region.

This additional investment is sorely needed. Industrial Strategy Council analysis has found that by 2030, about 20% of the labour

market could be under-skilled for their job requirements. If skills mismatch in the UK's labour market is projected to worsen, then we need to mitigate against this by making lifelong learning the norm.

These lifelong interventions will vary by sector and job role, but workplace skills set to experience the most acute under-skilling in 2030 are basic digital, STEM and social and emotional skills. Unison has identified that digital, supervisory and management skills are most needed in the workplace, with older workers needing more computer and digital skills.

The National Skills Fund is ideally placed to respond to these skills needs. The Fund shouldn't be prescriptive in the courses or sectors it will support and be flexible enough to allow each MCA to respond appropriately with the best fit provision for lifelong learning, through the appropriate learning providers.

Creating Synergy within the North of Tyne Combined Authority

We are keen to avoid duplication and ensure alignment of skills interventions. There is an obvious synergy between a National Skills Fund targeted at adults and the work ongoing devolution of the Adult Education Budget.

From August this year, the NTCA will become the

funding commissioner for the Adult Education Budget in Newcastle, North Tyneside and Northumberland. This allows us to focus funding of approximately £22million on the current challenges facing our region; high levels of worklessness and economic inactivity, low employment rates and high in work poverty.

In the longer term, our economy will shift toward growth in sectors such as digital and technology, financial and professional business services, health and life science, energy, offshore and advanced manufacturing and tourism, leisure and culture. We are going to work with our providers to drive our residents toward opportunities in these sectors.

We will also be supporting already excellent local provision. There will be ongoing skills replacement needs as people leave the workforce, with analysis showing that the North of Tyne area also has skills shortage vacancies in Transport, Business Services & Education and the wholesale & retail sectors. We are also mindful of economic shocks that may be forthcoming and be ready to respond to these through our provider network.

And we will be working with further education colleges and local authorities based in and around the North of Tyne area to address these challenges, whilst also working with innovative

and high-quality providers selected through last year's procurement activity. Ideally more local and smaller providers should be involved upskilling their workforce, the National Skills Fund is an opportunity to support smaller business that have difficulty accessing training and development opportunities through other channels.

The National Skills Fund will provide wraparound support for this activity by taking our residents beyond their initial levels of training and build a culture and habit of lifelong learning and opportunity.

It makes sense for MCAs to take on this commissioning, to ensure that it complements, and does not compete with, existing

skills interventions in a region. This will ensure that we make adult education meaningful and tailored to the individual, not the institution. A route to richer lives, not just better trained workers.

Recommendation 1: Devolve the National Skills Fund to Regions and LEPs

The £600m per year National Skills Fund should be devolved to and commissioned by Mayoral Combined Authorities (where they exist) and Local Enterprise Partnerships.

Recommendation 2: Use the National Skills Fund to Assist Small Firms to Train

The National Skills Fund should be available to support

smaller businesses that have difficulty accessing training and development opportunities through other channels.

Recommendation 3: Use the National Skills Fund to Fund Flexible Provision

The National Skills Fund should not be restricted to courses or sector and be flexible enough to allow each region to respond appropriately with the best fit provision for lifelong learning.

The National Skills Fund and Part-In, Part-Out Devolution

Gemma Gathercole, Coventry and Warwickshire LEP

Local Enterprise Partnerships

At the core, local enterprise partnerships are about collaboration. They are business led partnerships between local authorities and local private sector businesses, playing a central role in determining local economic priorities and undertaking activities to drive economic growth and job creation, improve infrastructure and raise workforce skills within the local area.

Coventry and Warwickshire Economy

The economy of Coventry and Warwickshire builds on its central location, distinctive businesses, innovation assets and highly talented workforce. Coventry and Warwickshire is recognised as a global hub in the advanced manufacturing and engineering sector, with business and research links across the world. It is a major player in the Digital arena which plays a key part in the local economy.

A Mixed Devolution Area

But in the context of devolution, this doesn't explain the whole story. While Coventry and Warwickshire LEP is a non-Constituent member of the West Midlands Combined Authority, our partner local authorities and district councils have different positions. Coventry City Council is one of seven Constituent Local Authorities, which gives them

full membership and voting rights, including voting for the West Midlands Mayor. However, Warwickshire County Council and four of the five district councils are non-constituent members, which gives them less voting rights, they do not vote on the Mayor and are not part of the devolved Adult Education Budget.

This in and out reality gives us an unusual perspective on the impact of devolution and the issues that arise from imposing policy borders that create dividing lines that people, jobs and skills needs do not recognise.

National Skills Fund

Read any report on skills and you will be clear that we have a skills gap in the UK. What is less clear is any form of consensus over how we can address it. The reasons for the skills gap are numerous, complicated and interconnected.

We can and should make the system easier for individuals and employers and for training providers to deliver. As a Local Enterprise Partnership within a devolved area, we have some experience of implementation and some lessons to learn for the skills fund.

There is a fine tightrope for the National Skills Fund to tread in order to be a success. It needs to be sufficiently locally focused to respond to skills needs in local areas, but not too local to create

a postcode lottery of provision and access.

We cannot escape that funding drives behaviour. What is needed is better access to information about what skills are needed in the labour market, while this is relatively easy to do in the short term, it's much harder in the long term.

The National Skills Fund is needed to support individuals to access training that leads to better paid, more secure work, to enable them to progress in their chosen careers and, should they want or need to, it should allow them to retrain in another sector. For employers it should provide access to a pool of suitable talent for their roles or support them in accessing training to upskill where there isn't a pool of suitably qualified applicants.

Recommendation 1: Allow decisions to be made locally

At local levels, business support providers and intermediary bodies can have detailed conversations with individual businesses to understand the support required by businesses, the National Skills Fund needs to replicate this for skills training.

When examining data for skills needs, it is easy to aggregate and come to a conclusion that there's enough commonality of requests that national policy and national entitlements can appropriately serve skills needs, but there are

different emphases when you look at the data available in smaller geographic areas. The qualification levels of Coventry and Warwickshire are generally high, but within that there's great variety and across the employment landscape there's a great diversity of industry, which makes any attempt to capture a single picture a challenge.

Recommendation 2: Avoid a Postcode Lottery

While it might feel a little contradictory to the above, our experience of devolution tells us to be cautious of creating artificial dividing lines. Our providers, especially those in border locations, now have to maintain two different offers – that supported by the West Midlands Combined Authority and that of national entitlement.

While, WMCA constituent residents can access a more flexible and locally defined offer, Warwickshire residents can only access the national offer. This complexity will only increase with further devolution and given that the UK workforce doesn't always live and work in the same area, never mind post code, the skills fund needs to understand individual mobility a little more.

Recommendation 3: Work Collaboratively

The National Skills Fund will not exist in a vacuum and we can't expect wholesale change to the machinery of government and particularly to the skills system institutions. And so, there needs to be a greater emphasis on collaboration. The reality is that individuals needing upskilling or reskilling will probably need

to access more than one intervention, probably over time but a skilled Engineer does not enter the workforce day 1 at the highest level. A senior care worker was probably a junior care worker at one stage. Put simply the expert at anything was once a novice. The National Skills Fund and probably the skills system more widely needs to support individuals to understand not only the breadth of opportunities but also the pathways to achieving them and the pathways within that career as a whole and that needs FE, HE, employers, local authorities, LEPs and others to support a more collaborative approach.

Bringing the National Skills Fund and Adult Education Budget Together

David Hughes, Association of Colleges

A Nice Problem to Have

We have a nice problem – how to help the Government decide how to spend £3bn over the next 5 years on a programme which feels at the moment like a fairly blank sheet of paper. The commitment was one of relatively few in the Tory party election manifesto, and shows that skills and colleges are significantly higher priorities than for a long time.

Three Risks

It is a nice problem to have, but there are 3 key risks which must be avoided. First, we will need to help officials resist the threat of 'urgency' which besets many new policies and programmes. I've seen too many sound reforms go pear-shaped when politicians ask for quick results – Train to Gain, Individual Learning Accounts and the current apprenticeship reforms come to mind.

Secondly, we should work hard to achieve as much clarity as possible about the purpose and the success measures of the programme. Let's not accept muddled thinking, or overly ambitious, lofty aims.

Thirdly, we need to make sure that we do everything we can to make sure it fits with other existing policies and programmes and does not increase bureaucracy and complexity for colleges, employers or students.

Consult in Partnership

The promised approach of engaging and consulting on the design of the National Skills Fund is a great start, but we need to ensure that it continues into implementation, monitoring, review and the inevitable tweaking and adapting that will be needed to make it work. Co-design is important, but shared destiny is equally essential.

Seismic Changes

The seismic changes happening in our world – technology, climate crisis and demographic changes – are starting to have profound impacts. Brexit and its impact on immigration will also be an important driver for labour market pressures. Making sense of that is not easy, but three big challenges are likely to dominate for adults.

The first is the need for more adults to have good literacy, numeracy and digital skills in order to be able to learn new things to stay active in the labour market. The second is that people already in work will need to learn new things as their jobs, sectors and employers transform. And third is that employers will find it increasingly difficult to recruit skilled and semi-skilled people in many sectors where colleges provide the bulk of the current skills provision.

How will the National Skills Fund fit with Other Post-18 Programmes?

If those drivers result in those challenges, then we can start to see a world in which the emerging National Retraining Scheme could be linked closely to the Adult Education Budget to provide opportunities for people with lower level skills and education needs.

A reformed apprenticeship scheme could help people move into the semi-skilled and skilled jobs which employers will find hard to recruit to. Leaving the new National Skills Fund to be focused on people already in work who need a module or two of new skills in their profession/craft to be able to stay current and be productive. A module or two which can also add up to full qualifications over time, delivered flexibly to help fit with people's lives and work.

If the National Retraining Scheme, Adult Education Budget, Apprenticeships and the National Skills Fund could be properly aligned, colleges should be funded once to deliver all of them. That would cut the bureaucracy and make the system more coherent for everyone – colleges, employers and students alike.

Policy makers should also go a bit further though, because we

know that one of the big barriers to productivity is that too many SMEs do not have the capacity or wherewithal to be able to adopt new technology, innovate or introduce new business processes. They are crying out for advice and support but there is often nowhere to go to find it.

A specific proposal would be for colleges to be funded to provide that service, backing up the advice with the training and skills which will help the changes happen and productivity to increase. Simple really – proper systems thinking and trusting colleges to use their resources to deliver the whole.

Recommendation 1: Focus the National Skills Fund on Level 3-5 Skills

The government should focus the National Skills Fund on higher level skills (Levels 3, 4 & 5) and enable people to take

modules which help them adapt to changing technology and business practices which help boost productivity, whilst allowing them to progress to full qualifications if they need or want to.

Recommendation 2: A Single Budget Line for Adult Training and Retraining

The government should increase the Adult Education Budget and bring together in one budget line the National Retraining Scheme, the National Skills Fund, the Shared Prosperity Fund and the Adult Education Budget rather than invent yet another funding programme to bolt onto existing programmes.

Recommendation 3: More Funding for Advice to SMEs

The government should provide additional funding for colleges to be able to advise SMEs in key

local industrial/economic sectors to help them design business change/innovation programmes which the college can support with skills training.

The National Skills Fund – Engaging the Whole Community

Simon Parkinson, WEA

Joining-up Adult Education Funding

Adult Education was refreshingly prominent in the recent General Election campaign, with all major parties making a series of promises and funding commitments. This was welcome after a decade of under investment, leading to a decline in participation in adult learning across the UK.

Now is the time for the new Conservative Government to keep its promises to individuals and communities across the country. The inclusion of £3bn over the next Parliament for “a new National Skills Fund” was eye-catching when it appeared in the Queen’s Speech.

In a post-Brexit UK, with an overall political ambition of “levelling up”, a joined-up package of reforms including the National Retraining Scheme, the UK Shared Prosperity Fund, the continuing devolution of the Adult Education Budget and the National Skills Fund, is key.

A Minister for Adult Education and Skills

To ensure this joined up approach, the time has come for a National Adult Learning & Skills Strategy, led by the newly appointed Minister for Adult Education & Skills. This would raise the profile of adult education and skills development

and alert policy-makers and funders to the many ways in which adult learning already works for outcomes in health, community participation and cultural awareness as well as the more obvious progressions in employability, economic participation, skills and education.

Three Areas for the National Skills Fund

To drive real change the National Skills Fund should focus on three main areas.

First, SMEs. The smaller the business, the less likely it is to have the resources to invest in training. Training for SMEs needs to be flexible in time and location, tailored closely to the needs of employees who wear several hats and require a range of skills and cost effective. Community adult learning providers are well positioned to provide this.

Secondly, “the Fund ... will help to transform the lives of people who have not got onto the work ladder and lack qualifications”. Community providers, such as the WEA, have a solid track record in supporting adults in precisely this situation, providing the first step back and helping develop the confidence to learn. Often, the crucial element in making provision accessible is the social and community aspect, the opportunity to learn, face to face, in a supportive group with a

tutor who engages as a peer not a sage.

There is an increasing tendency to assume that flexible learning is only delivered online. The Fund should support a more blended approach which includes community-based and workplace learning alongside an online offering. And it should meet the needs of employers, of course, but it should also recognise how potential learners can find their way into the scheme and, by definition, those not on the “work ladder” will require the support of community providers.

Third, the Fund supports “people who are keen to return to work from, say, raising a family, or switch from one career to another”. Adult learning is often about supporting people through transitions and reducing the barriers to learning which people face when returning to work or facing redeployment in later life. Sharing best practice on how to tailor provision for specific groups will help to make the Fund fully inclusive.

So often training programmes are focused on those at the start of their career. Apprenticeships are in theory available to all ages, yet only 9% of starts in England last year were for people over 45. More focus needs to be given to the specific needs of older learners and the ongoing contribution they can make.

Start with the Community Adult Learning Sector

Even at this stage the National Skills Fund is looking to support a wide range of people; employees of SMEs, adults who are unemployed, adults who are returning to the workplace, low-skilled workers and employees looking to change career. If we are to provide the range of opportunities needed to support these groups, investment into the educational infrastructure will be needed. The community adult learning sector is a powerful starting point for investment as it is the part of the education system which is already delivering flexible and accessible provision for adult learners of all ages, abilities and backgrounds.

The National Skills Fund needs to meet the needs of employers and the needs of the economy

but above all it needs to meet the needs of the adult population who are in work or want to be in work. In a rapidly changing landscape that will require nuanced and carefully-targeted support, from trusted, high quality providers who can engage fully with learners and employers.

Recommendation 1

The National Skills Fund should be embedded within a national Adult Education and Skills Strategy led by the Minister for Skills.

Recommendation 2

In the first instance, the National Skills Fund should be used to invest in community-based adult learning providers who support those furthest from the workplace.

Recommendation 3

The National Skills Fund should help to train and retrain adults of all ages from 24 at least up to the state pension age of 66 and if possible, beyond.

The National Skills Fund – No Older Adult Left Behind

Kim Chaplain, The Centre for Ageing Better

Longer Working Lives

Through their £3bn pledge to establish a National Skills Fund the Government is offering a right to retrain to every adult, aiming to empower millions of people to achieve their potential and to create a powerhouse of human capital that will drive the economy post Brexit. Brexit and the subsequent withdrawal of free movement presents an interesting proposition for a rapidly ageing workforce

The workforce is ageing fast, currently 32% of British labour is aged over 50 and this is projected to rise to 37% by 2040. We are all likely to live longer and this means our working life may need to be longer to support our retirement years. It needs to be embraced as an opportunity: there are benefits to an age-diverse workforce, and myths about productivity falling at older ages are not backed by evidence.

From no '16-24 Year Old' Left Behind to no 'Older Adult' Left Behind

Nevertheless, in my experience the focus of attention for skills training is still to target youth and to ensure "no young person is left behind". As a result, most vocational training is designed for this target group, kicking in as an alternative to the more academic route of A-levels and university after GCSEs. It is often delivered "class-room style" in FE colleges. Is this really sustainable given the demographics?

By 2030 the majority of people in the workforce will have been out of full-time education for some time and evidence shows us that the numbers of this group currently undertaking further learning or training is in decline, suggesting that not much is going on to refresh and update the skill sets of the people that we know will make up the bulk of the workforce going forward.

We also know that a key issue for older workers is that they are not necessarily offered training and development as a matter of routine. When it is offered, the training is highly likely to be in a format most suited to a younger (often single) learner, with the result that the older worker is deemed somehow less able because they struggle with an unfamiliar format or something that does not fit with their lifestyle commitments.

The Future Ready Commission

The Future Ready Skills Commission interim report has identified ten changes in the current and employment skills system which need to be taken forward:

- Careers information needs to be relevant to the local labour market and empower individuals to make informed decisions.
- Employment and skills should be integrated within local housing, transport and environment strategies.
- The local approach to skills, employment and health needs

to be joined up to support progression to work.

■ The skills offer for businesses needs to be simplified through coordination at the level of functional economic areas.

■ Investment in technical education and skills should be increased to sustainable levels.

■ Greater collaboration is needed in order to spread good workplace practices to improve business performance and productivity.

■ The learning offer should be simplified and made more affordable, with the right level of finance that removes barriers to access and supports progression in learning.

■ Employers need to be motivated to train and re-train staff and support progression at all levels, including those in lower paid work to gain higher level skills.

■ Local areas should have strengthened responsibilities for planning the provision of technical education and training so that it is responsive to local economic priorities.

■ Employers need greater influence over the design and delivery of technical training to ensure it is responsive to local economic priorities.

Employer Action

Employers need to wake up and smell the coffee and understand that they need to be proactive because there is not an endless supply of bright-eyed school leavers waiting in the wings to substitute their older workers as

they exit. Further, the number of European workers has already reduced under the threatened withdrawal of freedom of movement and is likely to dry up in all but the very specialist skills areas as that becomes a reality. The bottom line is that more than ever, employers will need to persuade people to stay active in the labour market for longer and so they need to think about how they might do this

A Meaningful Training and Retraining Offer for Older Adults

Most adults are going to work a little bit longer. We deserve to be well equipped with the skills we need to enjoy being productively employed in a rewarding job. Policy makers cannot continue in the hope adults will “hop on a training course” designed for school leavers and fill gaps in workforce where there is no alternative candidate.

Access to Adult IAG

Access to good-quality careers advice and information is vitally important to make sure everyone’s skills remain relevant for the changing nature of work during the 2020s. We must aim

to ensure “no one is left behind” in the skills game.

Using the National Skills Fund to Affect Change

The National Skills Fund is a new programme starting in 2021/22. The government should demonstrate their commitment to meeting the training and retraining needs of older workers as the state pension age increases to 66 in October 2020 and to 67 between 2026-28.

Recommendation 1: Providers should deliver a Meaningful Training and Retraining Offer to Older Adults

Training providers receiving funding from the National Skills Fund should demonstrate how they are delivering a meaningful training and retraining offer to meet the learning needs of older workers.

Recommendation 2: Employers should tackle age biases for training and retraining

It is critical that employers gaining support from the National Skills Fund demonstrate that they are tackling age biases in access

to training and retraining, and adopt Age-Friendly Work and Training Practices.

Recommendation 3: A Careers Services for Older Workers

We need an adult careers service which does not stop at 24 or 30 or even 40. A service must develop which truly understands the training and employment needs of adults who recognise they must continue working up to and beyond state pension either as employees or self-employed which is a form of employment which increases significantly from age 50.

HE and FE must collaborate over the National Skills Fund

Greg Wade, Universities UK

The UK faces many skills challenges in the future not least of all ensuring economic and social success post Brexit. To meet these challenges, we need to “join up” the skills offer to learners and employers and make sure all parts of the skills system are maximising their impact.

Replacing Retirees

The challenge of meeting employers’ future demand for skills is clearly spelt out in the most recent Working Futures research published in February 2020. Despite the uncertainty around the impact of Brexit overall demand for extra employees up to 2027 is almost 1 million. Replacement demand, to cover those retiring or leaving the workforce, will add an incredible eleven and a half million additional vacancies that need to be filled.

Sustained Growth in Higher Level Skilled Roles

Higher level skilled roles will be a significant part of this demand. The occupational categories that are the biggest recruiters of graduates, managerial, professional and associate professional represent 78% of the new jobs created in the next ten years and over 5 million of the replacement jobs.

Developing the Resident Workforce

Brexit may mean that the option of recruiting EU nationals to meet

some of this demand could be constrained in the near future. This is leading to the welcome development of many employers seeking to review their UK recruitment to explore new ways of offering greater opportunities to more people. In a recent report we produced on Degree Apprenticeships every single employer we spoke to wanted to explore how they could be used to broaden their talent pool.

Levelling Up and Disruption

The growth in jobs, and in higher skilled better paid jobs will not be even across the UK. Much of the growth in private sector jobs has been in London and the South East, the two regions in England that have the highest proportions of highly skilled workers and the highest rates of value added to the economy from these jobs. It will be essential, not least of all to close regional productivity gaps and increase prosperity, to rebalance the growth in highly skilled jobs across the UK. Smaller companies, supported by universities and colleges, will have a vital role to play and they especially need improved access to apprenticeships.

We need to add to these challenges the increased and accelerating disruption of sectors, organisations and occupations. The World Economic Forum predicts that the number of different careers that people will have in the future will increase, the skills and roles will change more rapidly creating

an overwhelming need to continually reskill the workforce and reinforce lifelong learning.

Adult Training and Retraining

The challenge will be for the post-18 education and training sector to keep up with this pace of change and provide a flexible response. There is a strong current focus on vocational and technical education and apprenticeships.

However lifelong learning will require retraining, restarting and recombining skills. It will involve changing careers, changing occupations and being able to switch between levels of education and different qualifications. We need to develop learners not just for their first job but for their future, multiple careers. This will include the need for clear progression pathways underpinned by collaboration between universities and colleges and more flexible provision such as module-based funding which we are promoting to government.

The proposed new National Skills Fund should be welcomed because of its emphasis on lifelong learning and the step towards a “right to retrain”.

Universities and FE Colleges working together

In order to meet the significant challenges that we face, and create real opportunities for success we need the National

Skills Fund to be seen as part of a collective and connected response to meeting these needs. Universities have a significant role to play but so too do further education colleges, and in order to meet the demand for higher level skills opportunities the talent pool must be increased at all levels.

This is an opportunity for Higher Education and Further Education to collaborate, especially at the local level, to create opportunities, meet skills demand and boost local growth. Now is the time to supercharge collaboration to address these challenges.

Additionality

The National Skills Fund needs to be additional funding to add value to the skills offer and not become a reallocation of funding within either adult further education or

higher education. We need the skills system working together not being pitched against each other in a destructive battle over resources.

Recommendation 1: The National Skills Fund Should Encourage HE/FE Collaboration

The National Skills Fund should represent new money that encourages stronger collaboration between higher and further education including delivery at Level 4 and 5.

Recommendation 2: The National Skills Fund should Facilitate Transferability of Qualifications

The National Skills Fund creates an opportunity to enhance the connections and transferability between qualifications, and ensure flexibility and choice for

learners between qualifications and levels to support lifelong learning.

Recommendation 3: Supporting SMEs with their Skill Needs

The National Skills Fund should have a strong focus on supporting SME engagement in skills development, increasing the opportunities for them to recruit apprentices, and supporting universities and colleges to engage with them at the local level.

From the National Skills Fund to a 'Right to Retraining'

Andy Westwood, University of Manchester

An election promise

During the General Election, the Conservatives announced plans for a "national skills fund" worth £3 billion over the course of the next parliament. Accompanying documents showed that it would breakdown at roughly £600 million a year but also insisting that this is "new funding on top of existing skills funding". It expects this would be for a range of courses, including apprenticeships. The Conservative Party also revealed that the fund would represent 'the first steps towards a Right to Retrain'.

It was quite a week for adult skills with all three main parties in England choosing to headline their campaigns with adult skills pledges. The Lib Dems gave us a 'Skills Wallet' with a few thousand pounds worth of vouchers inside, Labour offered a series of entitlements at L3 and above including up to six years free higher education. Both followed up the recommendations of independent commissions looking at the need to improve opportunities for part time learning and adult skills in our workforce. There are then - unsurprisingly - some good ideas in both and ministers and civil servants may want to flick through them when deciding how to spend their £3 billion.

A budget promise

Without any such commissions,

the Conservative manifesto was rather sketchier on details but that was the nature of the election and their need to adopt a more cautious approach to messaging, policy detail and to spending. But now the poetry of the campaign must move to the prose of government and following Brexit, a ministerial reshuffle (now we have an actual skills minister – Gillian Keegan - to lead this work) so we can look for more detail on how such a fund might work. Sajid Javid before his resignation as Chancellor had promised that the Budget on 11th March would focus on skills, so we can assume at least that his successor Rishi Sunak will at least have some of the resources in place.

Spending the £3bn

And so what should we spend £3 billion on? Stretched out over five years, it's not a lot of money - compared to £9 billion extra on R&D and upto £100 billion on infrastructure - so choices will have to be made.

There are strong arguments for using the money to shore up a crumbling FE estate and system but there are already promises on capital and extra core funding that means this should be spent on other priorities.

The promise that it represents 'steps towards a right to retrain' is intriguing. Rights and entitlements sound more like the Labour manifesto and so if that

is the direction they wish to take the costings and entitlements for adults are certainly worth revisiting. Unlike the rest of the manifesto, there is some thought and detail about what should be done and how much it might cost over time. There is also some assessment of likely demand too.

So that's one idea - and one that might suggest that more resource will have to follow if this is going to be any kind of entitlement or right in the future. It also means - explicitly - that this is the end of any kind of ELQ caveat - retraining is retraining.

Levelling-Up

But it seems that like infrastructure and R&D, the National Skills Fund will also have to explicitly target some of the government's bigger political narratives. The obvious one is 'levelling up' economic performance across regions and left behind places.

In these areas, the FE colleges and universities - and the hybrid mixed economy institutions in places like Blackpool, Grimsby and Southend - have by and large been those that have suffered more falling numbers, cuts to overall budgets and financial challenges than others. They have been at the wrong end of the various markets in HE, FE and apprenticeships, and all too often in the sights of inspectors, frameworks and metrics that

have assessed value for money or performance without understanding very much at all about place or local economies. The changes in political geography may change all of that of course.

Recommendation 1: Higher Funding for a 'Right to Retraining'

A right to retrain is a good idea and the new Conservative Government should find the money to make it real. £3 billion over five years is nowhere near enough and so they will need a higher level of spending and a long-term plan.

Recommendation 2: Devolve Some of the National Skills Fund Locally

There is no doubt the new Government is thinking about 'place' and levelling up very seriously. It should devolve some of the National Skills Fund straightway and prioritise left behind places especially the areas that most need stronger institutions and better provision.

Recommendation 3: Planning Skills, Infrastructure and R&D Together

For once, skills spending should be planned and prioritised

alongside other investment supporting national and regional productivity such as infrastructure and R&D. If that's done then together the sum will be much more than each of its parts.

The National Skills Fund - Creating a Retraining Revolution

Mark Corney, Policy Consultant

Adult training and retraining should be open to all irrespective of their age, where they live and the level of training and retraining they need. The National Skills Fund is a key element – but only one element – of creating a retraining revolution.

Upskilling and the Post-18 Education Review

The starting point should be the extension of the entitlement to free adult training to achieve a first full Level 2 and a first full Level 3 from 19-24 to all adults irrespective of their age. This would contribute to extending opportunities to adults to up-skill in the 2020s and build on the existing availability of fee-loans for full-time and part-time students to achieve a first full Level 4, 5 and 6.

Preventing Income Insecurity from Blocking Up-skilling through Maintenance Loans at Level 3 and Level 2

Free education or deferred repayment of tuition costs through income contingent loans does not guarantee up-skilling. The higher education world grasps this basic fact.

Students in full-time higher education on first Level 4-6 degrees are entitled to maintenance loans and possibly grants going forward. And now part-time HE students seeking a first Level 4-6 – most of whom

are in employment - entitled to means-tested maintenance loans. As a consequence, the participation in part-time higher education is set to rise during the early 2020s.

In adult further education, education is free for 19-24 year olds to achieve a first full Level 2 and Level 3. Yet, despite free provision no more than 17,000 take advantage of the entitlement. Extending free provision to adults of all ages might not increase participation as policy makers hope.

The priority of adults facing income insecurity due to flexible employment patterns is to gain overtime next week or find an extra part-time job to make up their wages. If they are in the gig-job economy the priority is to get paid-work the following day.

A common mantra in the FE world is that skills can tackle low pay. Perhaps to be relevant in the 2020s the mantra should be turned on its head: low pay prevents improving your skills.

The Independent Panel to the Post-18 Education and Funding Review argued against a national system of maintenance loans at Level 3 and Level 2 on the grounds that most adult learners travel less than 10km to their local FE college. But it is not the cost of the bus fare or paying for petrol that holds back participation in adult training:

income insecurity from flexible employment and low pay because of low productivity.

To support up-skilling at Level 3, the government should be brave and introduce means-tested maintenance loans for adults combining employment and part-time study. They should also be made available to 19-24 year olds so they can study full-time T levels. If successful, maintenance loans should be made available to adults in work and studying part-time to achieve a first full Level 2.

Reskilling and the Post-18 Education Review

The extension of free education to adults of all ages to achieve a first full Level 2 and Level 4 would in effect turn adult learner loans – i.e. fee-loans – into the funding route to re-skill at Level 3 from age 19. To increase re-skilling at Level 4, 5 and 6, the government implement the proposal by the Independent Panel to make fee-loans available and end the ELQ rule.

Assessing Adult Training and Retraining at Level 3 and Below Entitlements at Level 3 and above are defined in terms of achieving full qualifications. The vast majority of funding at Level 3 and below, however, supports non-full qualifications and basic skills in maths, English and digital qualifications. Defining a role for the National Skills Fund requires defining the role of the

Adult Education Budget and the National Retraining Scheme.

Adult Education Budget

The vast majority of the £1.45bn Adult Education Budget funds provision rather than financial support. The cost of extending the entitlement to free education at Level 2 and 3 to all ages is estimated to cost £500m. This should be in addition to the existing £1.45bn budget.

Even so, the low level of 19-24 year olds exercising this entitlement added to the extension to 24 year olds and over, three quarters of the £2.0bn Adult Education Budget would be spent on adult basic skills and training and retraining at Level 2 and Level 3 which is not equivalent to a full qualification at these levels.

Another critical factor is that the Adult Education Budget is subject to devolution. The budget is devolved to elected mayors with combined authorities also in London. About 50% of the Adult Education Budget is subject to devolution.

National Retraining Scheme

The original impetus for the National Retraining Scheme was to assist employers and workers in sectors facing disruption through automation. The budget is modest, about a tenth of the proposed National Skills Fund.

Retain and Extend the Sector-Facing National Retraining Scheme

The National Retraining Scheme brings a focus which

is lacking in adult training and retraining policy: a sector facing programme. There is a strong case to retain the National Retraining Scheme to support adult training and retraining for non-entitlement based Level 3 and below provision in sectors confronted with automation. And, indeed, the government should extend it further to sectors impacted on the cessation of low-skilled migration from 1st January 2021.

Devolution: The Big Question for the National Skills Fund

Potentially operating in the same area of adult training and retraining the big question for the new Conservative Government to resolve with respect to the National Skills Fund is whether it should be devolved.

Devolution to Elected Mayors and LEPs

The Adult Education Budget is already subject to devolution. Pressure to devolve the National Skills Fund to areas with elected mayors from 2021/22 will rise. Devolving the National Skills Fund is bound to feature as part of the long awaited devolution white paper.

The case for devolving the National Skills Fund is part political and part administrative. Greater funding and more budgets should be devolved from Whitehall to the regions of England. And it would make no sense administratively to have a devolved Adult Education Budget and non-devolved National Retraining Scheme. Levelling up is the mantra of the moment

and generally refers to assisting disadvantaged communities. In the area of adult skills, however, there is an imbalance between areas with and without elected mayors to such an extent that Local Enterprise Partnerships might call for the devolution of the Adult Education Budget followed swiftly by the National Skills Fund.

Devolution to Adults through Individual Learning Accounts

There is, however, an alternative which might fit more comfortably with the creation of a national 'right to retraining'. Apprenticeship funding in England is devolved to each levy-paying employer managed in a digital account. The funding via the National Skills Fund could be devolved to each adult through a digital Individual Learning Account.

Adults would choose provision from a regulated list of courses and providers. Funds from the National Skills Fund would be released at the point of purchase and used for basic skills in maths, English and digital skills and bite-sized flexible units and qualifications which do not constitute a full Level 2 or 3.

Individual Learning Accounts and the Right to Retraining

Individual Learning Accounts are clearly back on the agenda and they have been put there because of novel thinking over the shape of the National Skills Fund. Politics, too, is playing a part. The Coalition Government in 2010 caught the skills world off-guard when it decided to introduce the Apprenticeship

Levy. The fact that the proposal was a Labour idea in 2010 gave the Conservatives political cover and of course the levy had in the past been supported by the Liberal Democrats.

In 2019, it was the Liberal Democrats who supported the idea of a Skills Wallet where the Treasury credited every 24 year old with £1,000 to spend on education and training. Right of centre think-tanks proposed in the run-up to the December 2019 general election a personal skills account funded in the same way as auto-enrolment into workplace pensions.

Ideas have been borrowed in the past: they can be borrowed again.

Time-Off for Retraining

The National Skills Fund could kickstart the debate on Individual Learning Accounts to create a retraining revolution. Individual Learning Accounts cannot do this on their own. Time is a barrier to adult workers training and retraining. There is a chance to revisit the link between Individual Learning Accounts funding retraining linked to a national right to time off work for training.

Paid Time Off for Retraining and Maintenance Support

Insecure incomes and low pay would make paid time off for retraining impossible for many adults who need to retrain most. One option is paid time off with the Treasury reimbursing employers through the NI system.

Increasing numbers of workers are not employees. Part-time employees are forecast to increase in the 2020s relative to full-time employees. The amount of time off for part time employees could be less than full-time employees.

An alternative to paid time off is an extension of maintenance support, grants if possible and loans if necessary. Eligibility to maintenance grants and loans would not be limited to employees: agency workers and the self-employed would be eligible as well.

Recommendation 1: Implement the Up-Skilling and Re-skilling Recommendations in the Augar Review

The government should extend the entitlement to free education to achieve a first full Level 2 and

3 to all adults and making fee-loans available to support re-skilling at Level 4, 5 and 6.

Recommendation 2: Support Up-Skilling at Level 3 with Maintenance Loans

The government should offer maintenance loans to adults seeking a first full Level 3 through part-time study, and 19-24 year olds wanting to study full-time (including T-levels which should be offered to this age group).

Recommendation 3: Use the National Skills Fund to Finance Individual Learning Accounts

The government should use the £600m in the National Skills Fund to finance Individual Learning Accounts to assist adults to refresh basic skills and retrain at Level 3 and below through studying bite-sized and flexible qualifications. The National Skills Fund should be a stepping stone to a universal system of Individual Learning Accounts supported by a national 'right to time off for retraining' and maintenance payments to enable low paid workers to retrain.

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