



**Ensuring an
inclusive and
productive society
through investing
in adult education**

**Spending
Review 2016
Representation**

Spending Review 2016 Representation

Part 1:

Ensuring an inclusive and productive society through adult education

Introduction

1.1 HOLEX represents a network of 120+ adult and community learning providers and is the sector membership body for Local Authority Community Learning (ACL) services, Specialist Designated Institutions (SDI) and independent third sector providers. HOLEX members have the largest geographical reach of all providers for post 19 education and work with those often furthest away from employment and society. They educate, train and retrain 700,000+ adult learners annually and provide quality provision - judged by Ofsted as the sector best for overall performance and top of the league table for customer satisfaction.

1.2 All members share a joint mission to provide skills and learning that give adults a second chance and supports their employment prospects and wellbeing, which in turn improves productivity and creates the circumstances for economic success. They have the capacity to support those most disadvantaged and are cost effective and entrepreneurial, using their state funding to lever in alternative forms of funding. They are also innovative and adaptive and have responded well to successive governments' directions and policy nudges, such as in the last three years developing the Government's 2013 concept of Community Learning Trusts.

1.3 All provide a unique service and many have national reputations as leaders in their field. They have been at the forefront of working with partners on difficult issues, such as securing employment for the long term unemployed, supporting community cohesion, troubled families, family learning, refugees and improving mental health through education.

1.4 HOLEX members are keen to contribute to the 2016 Spending Review because the unintended consequences of various policy decisions have resulted in our service taking the lion's share of the 2010 to 2015 skills austerity funding cuts. The service is also concerned that government makes commitments without working through the consequences. For example, the recent announcement on providing free provision for those without digital skills is welcomed, but what will that mean to the adult education budget which is already stretched and not managing to fund the existing demand and need for basic skills entitlements in English language and maths.

Workforce Issues and Solutions

2.1 The UK has several serious productivity and social integration issues which could be solved by a coordinated approach to adult education and learning.

The Nation's issues that adult education can help resolve:

1. There is an issue of poor productivity. One of the reasons for this is that we have a legacy workforce with poor basic skills. One in five adult employees do not have the basic English and maths skills required in the workplace and so productivity is lower than it should be.
2. If we are to be less reliant on EU migrants, then we will need to invest in our existing workforce and those trying to find work and ensure they have the skills and attitude to work that employers require. Although the sector welcomes the levy and the new funds that it will bring for apprenticeships, we are concerned that the focus on apprenticeships is deflecting attention from the more difficult to solve adult skills agenda.
3. There are well publicised integration and social inclusion issues. It is vital that all people in England are given the chance to learn English, not just for themselves and to improve productivity, but also for their children's welfare and future educational attainment.
4. Our working population is expected to continue in employment until they are in their late sixties. Many will not be able to do the tasks for which they originally trained. If we are going to ensure those employees remain productive, we need to create the circumstances where mid-life career change training is accepted and supported.
5. There are mental health and ageing population issues and research is now demonstrating that involving people in education and skills gives them the community engagement they need to help keep them fit and well.

2.2 Adult education and learning new skills can help solve these issues. Strategic, long-term investment in adult education and skills is needed to meet existing policy commitments and improve the basic skills of the Nation. The enhanced apprenticeship programme is welcomed but it is not enough, there needs to be a renewed focus on those who are not yet ready for an apprenticeship and those who need a basic education programme first.

Key recommendations

2.3 We are calling on the Government to take action in the forthcoming Spending Review by:

Increasing Investment

1. Committing to continuing to fund adult education, with funding at least at this year's level of £1.5 billion and with an ambition to secure new funding in the future. Any new money should be prioritised for community education for those furthest away from the workplace and those who need basic skills training and multiple agency support to help them to achieve their potential, improve mental health and wellbeing.
2. Increasing confidence and removing the planning blight by committing to maintaining the present levels of EU funding in the future.
3. Increasing the take up of professional programmes by allowing part-time post 19 students access to loans for fees and for maintenance for all programmes at level 3 and above.

Improving Productivity

4. Improving productivity by recognising apprenticeships will not solve all the work based skills issues and that there is a need to increase investment in vocational priority areas while establishing a new agreement between the employer and the individual to support vocational and employment skills training.
5. Refreshing and strengthening the commitment to providing all adults with poor basic skills a local offer of support.
6. Strengthening adult guidance and introducing the concept of a career pathway, which will give all adult basic skills learners a road map and consistent quality offer whichever provider they go to and whichever delivery method they chose (including online).

Improving Integration

7. Meeting the Government's stated aims on integration, including responding to and recognising need, formalising plans, and providing new targeted funding for English language provision.

Supporting Wellbeing

8. Supporting older learners by recognising the link between education and wellbeing and agreeing to develop a strategy which brings together community groups with ACL providers to ensure there is a national offer for all older learners.

Sorting the Infrastructure

9. Removing the uncertainty around devolution of the skills budget to devolved authorities by setting out a timescale and a plan.
10. Setting out clear plans on who can use the levy and how the apprenticeship system will work alongside the adult education budget and other workplace programmes.

Part 2: Background and Rationale

3.1 People today are less likely to undertake training in the workplace than they did just ten years ago. The poor skills legacy created by our schools system has led to a workplace where many workers have weak basic skills (English language and maths) and have little chance to better themselves through training. Decline in skills impacts on everyone and is contributing to a continuing trend of low productivity and poor wellbeing. There are accompanying detrimental consequences for their children's education, which in turn puts unsustainable pressure on the UK's education and welfare systems. It is very obvious that, if you can't read, you are more likely to need some form of state intervention through income support and you are more likely to have children who can't read either, which in turn puts more pressure on the education system.

3.2 We support the position of NIACE, written in their Manifesto 2015, "investment in skills is too heavily focused on young adults at the expense of people over the age of 24. Investment in 18-23 year olds prioritises higher education at the expense of those in other types of learning and skills and/or those not in learning. Educational outcomes are still too strongly correlated with socio-economic factors and the truth for many people is that 'if at first you don't succeed in education, then you don't succeed'".

3.3 The Government must act now to reverse the decline in adult education and get the Nation back into training. Some significant and welcome steps have been taken (for example, the increase in and spotlight on apprenticeships), but this is not enough, and it should not be done at the expense of other adult training and education.

3.4 There is also a new worrying feature - we are concerned that the funding that comes from the levy will be moved away from young adults who are looking to get their first step on a career ladder towards those already in employment who wish to undertake a management course (which they would have done anyway). We urge the funding body and the newly created Institute of Apprenticeships to be alert to this issue and take the appropriate steps to protect first job level 2 apprenticeships and stop the "dead weight" of excessive recruitment onto higher apprenticeship management courses.

3.5 The Conservative 2015 Election Manifesto commits to tackling low productivity, which is symptomatic of a poor skills base. Although we have one of the most highly qualified workforces, we simultaneously continue to have one in five workers with English and maths skills lower than what we would expect of an 11 year old. Evidence shows that take up in participation just doesn't happen, it requires leadership and revenue investment to change behaviour and create accessible learning opportunities.

3.6 To ensure the Government's commitment to productivity and wellbeing can be delivered, it is vital that new investment is found during the forthcoming Spending Review.

3.7 Going forward, our greatest concern is that decisions may be made without understanding the consequences. We saw this last year. The Government's desire to increase funding in certain policy areas has led to several decisions being made which, taken separately seemed fine but, taken together, the impact on many providers was to take 24% from the adult budget on top of the more visible 2010 spending review

cuts. Adult education services have taken the lion's share of DfE/BIS cuts and it is obvious that the impact of such cuts has not been properly debated or measured. In particular, cutting ESOL provision at a time when integration is so important to the country's safety is undermining local Prevent strategies.

3.8 The next set of decisions around adult education must be transparent and fully debated, and must not be the unintended consequences of other policy decisions.

3.9 Second chance education is about putting right what went wrong in schools; it is about acquiring the skills the nation needs, it is about confidence and personal wellbeing, which in turn leads to more fulfilled employees and citizens who are less reliant on state support and leads to the bonus of improved productivity and a more competitive and successful economy.

3.10 It is recognised by many economists that, for our country to meet its full potential, it must improve productivity. Therefore, going forward, there is an argument for increased investment in adult skills.

Investing in our future

3.11 Specialist designated institutions and adult community services are a vital part of our British heritage. They have been there at times of emergencies and social unrest and have supported many millions of people to improve their lives and wellbeing.

3.12 However, the austerity measures and the unintended consequence of other skills funding decisions have now left them in a very difficult position. They are good at earning income on top of state funding but, to do what they do best, they need base funding from the adult education budget to help them secure other funding, whether it be from the individual by way of fees and/or ESF or Big Lottery Funds.

3.13 Any further cut would remove that ability and force many to completely close their adult education and skills programmes. This would be a loss of a well-loved service that has taken in many instances over 100 years to create. It also removes the capability of many Local Authorities to respond to the social and employment issues they are now finding themselves with. It is the adult education service that glues together the other services such as probation, troubled families and health to solve particular localised problems.

3.14 A further reduction in funding would be a retrograde step as it would leave government and local authorities unable to respond to the workforce and social inclusion agendas and undermine the Prevent strategy.

3.15 The new localised funding system will create winners and losers and we ask that this is modelled and impact assessed against other changes so the combined impact on providers is fully understood and managed.

Adult Education and Skills

Rationale: Increasing Investment

Recommendations:

- 1. Committing to continuing to fund adult education, with funding at least at this year's level of £1.5 billion and with an ambition to secure new funding in the future. Any new money should be prioritised for community education for those furthest away from the workplace and those who need basic skills training and multiple agency support to help them to achieve their potential, improve mental health and wellbeing.**
- 2. Increasing confidence and removing the planning blight by committing to maintaining the present levels of EU funding in the future.**
- 3. Increasing the take up of professional programmes by allowing part-time post 19 students access to loans for fees and for maintenance for all programmes at level 3 and above.**

4.1 Recent research demonstrates that our nation's collective productivity is still low compared with our competitors. That is in no small part due to the fact we have a legacy workforce which was failed by the previous schools system and still lacks the basic skills needed to be competitive. Our economy will have 13.5 million job vacancies in the next decade but, with only 7 million young people entering the labour force in that period, we are heading for a major labour market imbalance. Sustainable economic recovery is dependent on more people participating successfully in the labour market and doing so later into their lives. This coupled with an ambition to decrease immigration means we must train our own residents now.

4.2 The recent OECD report highlights the nation's poor skills compared with our competitors. Without increased investment into low skilled and low paid workers, the UK will continue to be less productive than it should be and the state will have to continue subsidising low salaries through state aid. To support learners in undertaking retraining or a vocational qualification, the loan scheme should be expanded to cover the fees and maintenance costs of all post 19 education in the same way as it is delivered for degrees.

4.3 Reversing the decline in participation in adult education caused by the austerity cuts would have significant benefits to productivity and reduce reliance on the state. Skills interventions are low cost and excellent value for money with most having a NPV of over £20 for every £1 provided, with cost savings both nationally and locally. It is a quick win solution which over a period of twenty years would pay for itself.

Rationale: Improving Productivity

Recommendations:

4. **Improving productivity by recognising apprenticeships will not solve all the work based skills issues and that there is a need to increase investment in vocational priority areas while establishing a new agreement between the employer and the individual to support vocational and employment skills training.**
5. **Refreshing and strengthening the commitment to providing all adults with poor basic skills a local offer of support.**
6. **Strengthening adult guidance and introducing the concept of a career pathway, which will give all adult basic skills learners a road map and consistent quality offer whichever provider they go to and whichever delivery method they chose (including online).**

5.1 Level 2 qualifications are the passport for better prospects and allow individuals to progress to a level 3 programme, or become an apprentice. They are easily packaged into intensive provision which allows for responsive delivery. In the past, there may not have been evidence to show direct economic value of a level 2 qualification, but that is now not the case.

5.2 When the progression index is factored in, then it has a real value as demonstrated in the BIS pilot destination data. Also, although we imagine our future workforce to be in high-tech science based roles that require a level 3 or above, the reality is UK employment patterns are founded on the two largest sectors - service and administrative jobs (based on ONS workforce trends 2014) - which require a level 2 qualification. Allowing and supporting adults to take level 2 programmes results in good progression and increased prosperity. It also allows access into part-time work which often leads to full-time employment.

5.3 All 19-24 year olds have a legal entitlement to free basic skills and a level 2 qualification, and those over 24 have an entitlement to free basic skills. It is the Government's responsibility to fund this activity. We are asking Government to continue to prioritise the basic skills entitlements of free English and maths.

5.4 It is now time to support adults who need these qualifications and stop pretending this level of education and training is not required.

5.5 The findings of the 2011 BIS Skills for Life review showed that one in six adults in this country still struggle with reading and writing, and one in four adults still find maths difficult. Projections also suggest that by 2015, 90 percent of jobs will need at least basic computer skills, which around half of adults in the UK lack. The evidence also shows that the basic skills of the UK workforce lag behind many other industrialised nations.

5.6 Adult skills policy should be as much about basic skills as well as level 4. One in five of our adult workforce has low reading ability. This is not just a problem for employers, and for the individuals, but importantly for the next generation. Parents with low reading skills are not in a position to support their children. Those children often go on to be poor readers themselves and require costly remedial support, and the problem is repeated.

5.7 We know that the goal of the Government is to put as many systems and processes as possible into the hands of the customer. In order to do that, everyone will need digital basic skills. The teaching of these basic skills needs to be local and investment is needed now.

5.8 We would urge the Government to invest more in these crucial areas. We also ask that some form of payment responsibility is placed on employers who continue to draw workers from EU countries whose English skills are poor and then expect the state system to improve the skills of those employees.

5.9. We ask that a commitment is made now to make good any funding that will be lost when we leave the EU. Without that commitment, HOLEX members cannot prepare for the future.

Rationale: Improving Integration

Recommendation:

7. Meeting the Government's stated aims on integration, including responding to and recognising the need, formalising plans, and providing new targeted funding for English language provision.

6.1 People who move to the UK need English language skills to access training, gain employment and participate in society. Enabling new arrivals (such as refugees) and longer-term residents to fulfil their potential is fundamental: migrants bring with them valuable skills, qualifications and experience which can lie untapped unless they have the chance to learn English to an appropriate level.

The best way to achieve this is through publicly funded English language provision known as ESOL (English for Speakers of Other Languages).

6.2 Adequate and sustained funding of ESOL is not a luxury, it is an essential public service. The funding made available through previous strategies is under threat and although many pay for their classes, as stated above we believe employers who recruit from abroad should be made financially responsible. The mandatory ESOL programme run by DWP might not have had the take up originally planned but in many cities it was an excellent scheme and closing it has left thousands of adults without English classes. Its removal has made it difficult to meet the Prime Minister's 2015 statement that all migrants to this country should learn English. A similar scheme should be reinstated.

6.3 ESOL support is particularly important for refugees rebuilding their lives in the UK. Refugees come here for protection having been forced to leave their country due to a well-founded fear of persecution. As a result, refugees are faced with starting afresh in a country to which they had not prepared to move. Most refugees stay in the UK, being unable to return to their country of origin and not enjoying fuller freedom of movement until they are granted UK citizenship. This makes learning English a priority for them.

6.4 Learning the language of the local community has a positive impact on the lives of individuals, families and society as a whole, affecting access to services, education, ability to contribute to community organisations and to volunteering activities. If this Government is really about encouraging people to take an active role in their communities - a common language is essential to achieving this. Reducing or marginalising ESOL provision is a false economy. In fact, investment in ESOL reduces the need for spending in other areas, such as interpreting, translating and welfare benefits. Attending ESOL classes is the most cost-effective way of drawing new arrivals and longer-term residents into local communities and enabling them to contribute to the economy and society as a whole.

Rationale: Supporting Wellbeing

Recommendation:

8. Supporting older learners by recognising the link between education and wellbeing and agreeing to develop a strategy which brings together community groups with ACL providers to ensure there is a national offer for all older learners.

7.1 The benefits of adult education for older learners is now well documented. *Valuing the Impact of Adult Learning* by Daniel Fujiwara of the London School of Economics and Political Science - which uses the latest methods as recommended in recent HM Treasury Green Book guidance (Fujiwara and Campbell, 2011) - also found that for adults, participating in two part-time courses during a single year will lead to:

- improvements in health, which has a value of £148 to the individual;
- a greater likelihood of finding a job and/or staying in a job, which has a value of £224 to the individual;
- better social relationships, which has a value of £658 to the individual; and
- a greater likelihood that people volunteer on a regular basis, which has a value of £130 to the individual.

7.2 As well as the personal benefits, there are also health benefits which result in less reliance on the health and care services, which in turn brings savings to those budgets. Participating in part-time adult learning courses has significant positive effects on individual wellbeing - including health, employability, social relationships and the likelihood of taking up voluntary work. There is already evidence that

'mainstream' (i.e. provision not targeted specifically at people with mental health problems) non-vocational adult education:

- improves wellbeing, with an impact sufficient to offset a gradual decline in wellbeing as people get older.
- reduces depression, particularly in women.
- improves reported life satisfaction and self-worth.

7.3 The Community Learning Mental Health Pilots started in 2015 are already demonstrating that targeted intervention is possible and does work and we would request that these continue and are built upon.

7.4 The importance of a community infrastructure, (buildings, IT equipment including broadband and staff) for adult learning and social interaction should not be underestimated. Many services have either turned their leisure classes into self-financing ventures with bursaries for those most in need of support or into self-organised clubs. But, in order to do this they need access to a local infrastructure and, without a community education service, there would be no infrastructure and no ability for the community to meet.

Rationale: Sorting the Infrastructure

Recommendations

- 9. Removing the uncertainty around devolution of the skills budget to devolved authorities and rest of country by setting out a timescale and a plan.**
- 10. Setting out clear plans on who can use the levy and how the apprenticeships system will work alongside the adult education budget and other work place programmes.**

8.1 The service is also concerned that government makes commitments without working through the consequences. For example, the recent announcement on providing free provision for those without digital skills is welcomed, but what will that mean to the adult education budget which is already stretched and not managing to fund the existing demand and need for basic skills entitlements in English language and maths.

8.2 This type of ad hoc announcement seems to be out of line with a devolved budget process. It would aid future planning if a plan for devolving the adult education budget was set up which describes the process that devolved authorities would be using and what the systems are for the rest of the country. This should be accompanied by a clear framework that sets out roles and responsibilities of Government Devolved Authority, DfE , SFA and the IFA.

Next steps

9.1 We would be happy to discuss any of these points with you and or your officials, and look forward to hearing from you.

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Part 3: Background and Evidence Papers

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Participation in Learning Survey: Headline Findings. Leicester: NIACE

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