



ACHIEVING THE BASICS

Post 18 Review and Budget 2018 Submission

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CONTENTS

Summary	
About HOLEX.....	2
Weak Adult Basic Skills	3
Too Many Adults with Low Qualifications.....	4
Appreciating the Benefits.....	6
Challenges in the 2020s.....	11
An Unbalanced Post-18 Funding System.....	12
A Front-Loaded Post-18 Funding System.....	14
Uncertain Funding Streams.....	15
Strategies for Success.....	16
Budget Recommendations.....	17

SUMMARY

CORRECTING AN UNBALANCED POST-18 FUNDING SYSTEM

This paper sets out the evidence why there needs to be further investment in community provision for adults and how it supports many of the government priorities of social integration, managed migration and improving productivity and wellbeing. It concludes with a set of recommendation for the Post 18 Review, Autumn Budget 2018 and the next spending review.

Adult community learning has a track record of supporting those learners furthest away from the workforce and most at risk of exclusion from society, getting them back into work and able to contribute to society. However, it is held back from doing what is needed for this country because of a lack of resource. **Less than 1% of the post-18 education and skills budget is spent on adult community learning**, even though there are 17 million adults without a level 2 qualification and 1 in 5 of our adults struggle with maths and literacy.

This imbalance of spend must be corrected. The post-18 budget should not be just for those who are already educationally successful - a new fairness is required. Brexit creates a situation where we will need all our people to be skilled and reach their full potential. We need a skilled workforce and we should not ignore those who did not do well at school. This paper demonstrates why adult education, skills and learning is so important and the reasons for investment.

ABOUT HOLEX

HOLEX represents a network of 120+ adult and community learning providers and is the sector membership body for Local Authority Community Learning (ACL) services, Institutes for Adult Learning (IAL) and independent third sector providers. HOLEX members have the largest geographical reach of all providers of 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 having good overall performance with outstanding features and top of the league table for quality and for customer satisfaction.

All members share a joint mission to provide education, 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 innovative and adaptive and have responded well to successive governments' directions and policy nudges.

They 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, refugees, improving mental health and family learning through education.

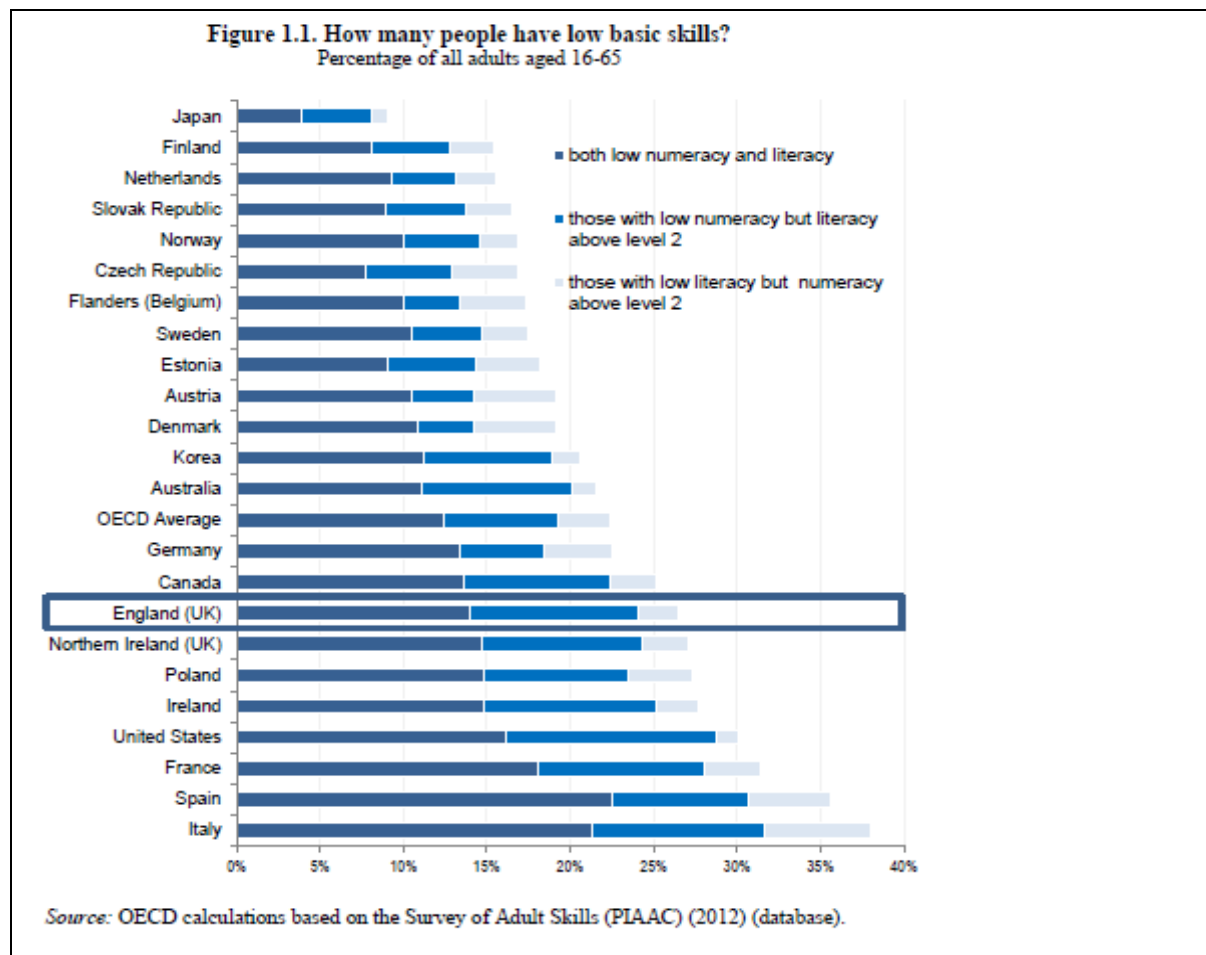
HOLEX recognises that education and skills policies are devolved to Scotland, Wales and Northern Ireland, and so too are key aspects of employment policy. Recommendations made in this representation refer to England only unless otherwise stated.

WEAK ADULT BASIC SKILLS

Numeracy and Literacy

1 The comprehensive review of adult skills in England by the OECD published in 2016 found that 4.8m (14%) of 16-65 year olds had low numeracy *and* literacy skills, and 9m (26%) had low numeracy, or low literacy skills, *or* both. Overall, England’s performance is below the OECD average (see Box 1).

Box 1



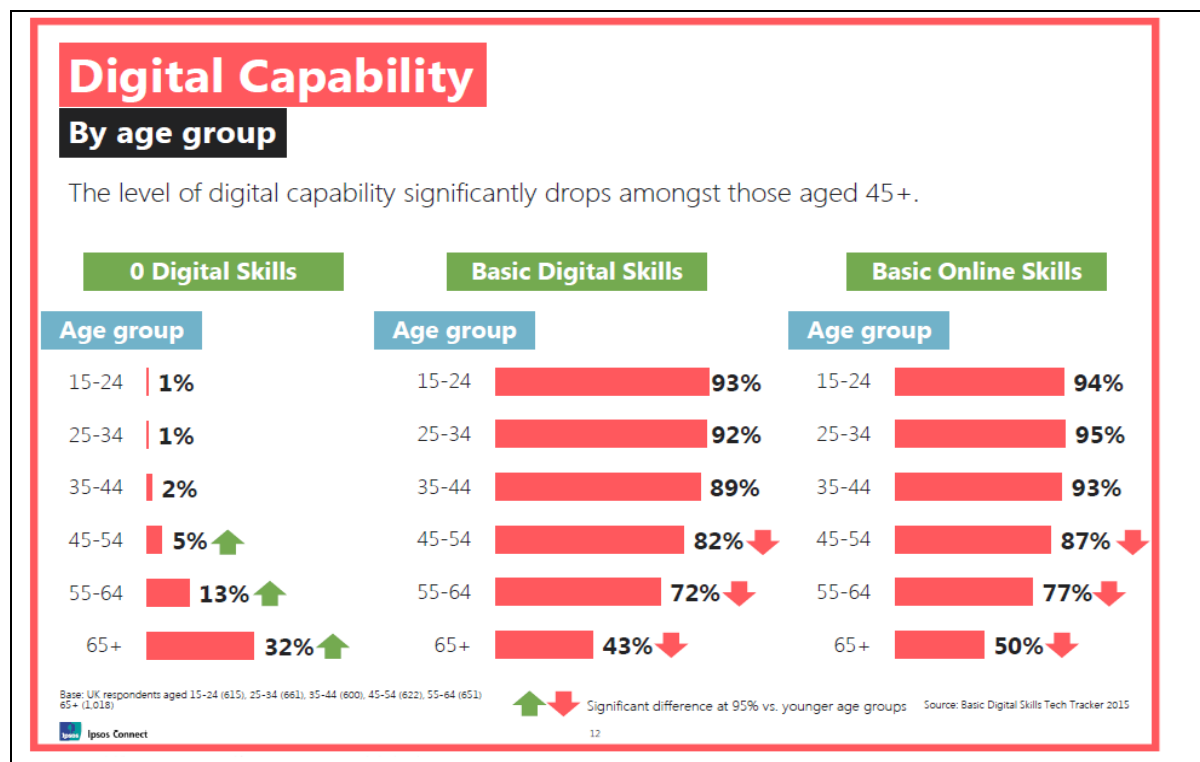
Source: Building Skills for All – A Review of England, OECD, 2016

Basic Digital Skills

2 Basic numeracy and literacy skills or a Level 2 qualification is no longer sufficient for adults to survive and participate in the modern world. Every adult must be competent in basic digital skills. Today, 23% of the adult population (12.6m) do not

have adequate basic digital skills according to GO ON UK (see Box 2). Lack of basic digital skills also increases with age, especially after age 35. But it is short-sighted to limit action on adult skills for the over 25s in terms of digital skills without support for numeracy and literacy.

Box 2



Source: Basic Digital Skills – UK Report 2015, GO ON UK

TOO MANY ADULTS WITH LOW QUALIFICATIONS

3 There are still over five and a half million adults aged 19-64 – 17% of the population - without a Level 2 qualification (see Table 1). To put this into perspective, this means every sixth adult walking down the street in England does not have a minimum of a Level 2 qualification. And although there has been a slight decline in the proportion of working age adults without a first Level 2 qualification, on the present rate of improvement it could be 2025 at the earliest before everyone has at least a Level 2 qualification.

Table 1

Proportion of Working Aged Adults Aged 19-64 in England without a Level 2		
Year	Percentage	Number
2016	17%	5.57m
2014	19%	6.14m

Source: Table 3.4, Education and Training Statistics for the United Kingdom, DfE, 2017 and 2015

4 Increasing attainment at Level 2 by age 25 is clearly a priority. One in seven (14.4%) of 15 year olds failed in 2004/05 to obtain 5 good GCSEs did not have a Level

2 qualification by age 25 in 2014/15 (see Table 2). The OECD is right to conclude that early intervention before age 25 is critical to tackle our weakness in adult basic skills.

Table 2

15 Year Olds in England without 5 GCSEs in 2004/05 still without a Level 2 in 2014/15 aged 25			
	Attainment	Number	Percentage
Aged 15 in 2004/05	Fewer than 5 GCSEs A*-C	89,900	14.4%
Aged 18 in 2006/07	Below Level 2	89,900	14.4%
Aged 25 in 2014/15	Below Level 2	89,900	14.4%

Source: Table 1a, Post-16 Education: Highest Level of Achievement by Age 25 (England), May 2018

5 The lack of a Level 2 qualification increases with age (see Table 3). Despite progress between 2014 and 2016, a quarter of 50-64 year olds do not have a Level 2. The government should take no comfort from the OECD that England compares reasonably well with other countries in relation to those adults approaching retirement age (Page 9, OECD, 2016). One in four 50-64 year olds without a Level 2 is just unacceptable. Action on adult basic skills for the over 25s as well as 19-24 year olds is essential.

Table 3

Proportion of Working Aged Adults in England by Age Band without a Level 2			
Age	2014	2016	+/-
19-24	13	12	-1ppt
25-29	14	12	-2ppt
30-39	14	13	-1ppt
40-49	21	19	-2ppt
50-64	27	25	-2ppt

Source: Table 3.4, Education and Training Statistics for the United Kingdom, DfE, 2017 and 2015

Longer Working Lives

6 The lack of numeracy, literacy, digital and Level 2 qualifications increases with age. By October 2020, the state pension age for men and women will reach 66. By October 2028, it will be 67. More and more adults approaching state pension age will need adequate basic skills and at least a Level 2 qualification to continue earning from the labour market as employed or self-employed.

An Ageing Population

7 And yet longer working lives is just a reflection of an aging population. According to the ONS, a man aged 65 between 2014 and 2016 could expect to live until 83 whilst women could be expected to live until 86 (<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/bulletins/nationallifetablesunitedkingdom/2014to2016>). Even if a Level 2 qualification might not

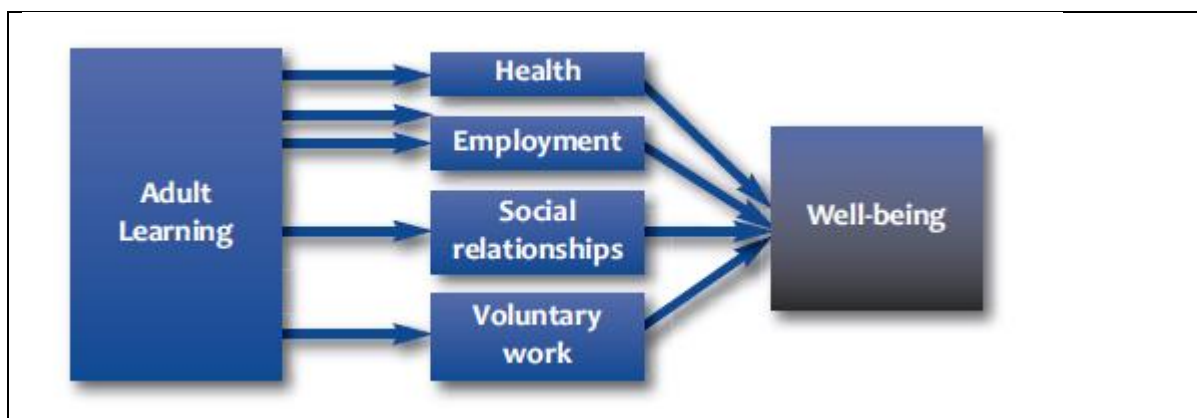
be required, basic numeracy, literacy and especially digital skills will be essential to quality of life post-state pension age.

APPRECIATING THE BENEFITS

The Wider Benefits of Learning

8 The benefits of adult learning in different aspects of adult life are wide-ranging (see Box 3).

Box 3



Source: Valuing the Impact of Adult Learning, NIACE, 2012

Earnings and Employment

Younger Adults to Age 25

9 Recent DfE analysis shows significant earnings and employment rates of return to younger adults achieving a *first Level 2* by age 23 - although not necessarily a *full* first Level 2 – even for those with low GCSE scores (see Box 4). For example, median earnings for 15 year olds in 2004/05 in the *bottom third of GCSE attainment* gaining a Level 2 by age 23 in 2012/13 were £800 higher than those still without a Level 2 at age 23. Similarly, a greater proportion achieved sustained employment and a lower proportion on benefits compared to those still without a Level 2 by age 23.

10 Few, however, would have achieved a first Level 2 in the form of GCSEs by age 18 as the re-sit policy had not come into force by then. Vocational qualifications would have been the main source of Level 2 achievement. And earlier data from the Department for Business, Innovation and Skills indicates positive financial rates of return to classroom-based Level 2 vocational qualifications for 19-24 year olds (see Box 4) although they do not necessarily represent a first Level 2.

Older Adults aged 25 and over

11 Financial rates of return to older adults achieving a Level 2 qualification are also significant if they are a *full* qualification. For full Level 2 qualifications, premiums

for the 25+ group range from 13% to 10.3% (*Estimating the Labour Market Returns to Qualification gained in English Further Education using the ILR, Department for Business, Innovation and Skills, April 2013*).

Box 4

Table 2: Median earnings by GCSE attainment at 15 and level achieved by age 23
England, cohort that undertook GCSEs in 2004/05

GCSE attainment group	Level achieved age 23	Median	Lower quartile	Upper quartile	Earnings cohort	Total cohort
Bottom third GCSE attainment						
	Below level 2	£15,800	£9,200	£21,500	34,100	83,200
	Level 2	£16,600	£10,500	£22,600	42,100	74,200
	Level 3	£16,900	£11,000	£23,500	22,200	34,400
	Level 4/5	£18,000	£12,500	£24,600	1,800	2,600
	Level 6	£19,500	£13,900	£26,300	3,900	5,800
	Level 7+	£19,800	£11,800	£28,500	300	600
Middle third GCSE attainment						
	Below level 2	£18,600	£11,700	£25,100	6,100	10,200
	Level 2	£19,000	£12,500	£25,900	38,100	57,700
	Level 3	£19,500	£13,600	£26,700	61,300	84,800
	Level 4/5	£21,900	£15,600	£29,600	8,900	11,600
	Level 6	£22,500	£16,500	£29,100	30,200	39,000
	Level 7+	£24,200	£17,900	£29,800	2,000	2,600
Top third GCSE attainment						
	Below level 2	-	-	-	-	-
	Level 2	£20,700	£13,300	£28,700	5,900	9,200
	Level 3	£22,100	£15,300	£30,200	33,100	46,300
	Level 4/5	£24,200	£17,000	£32,300	7,300	9,500
	Level 6	£27,900	£20,500	£37,200	97,300	125,200
	Level 7+	£28,000	£22,200	£34,200	15,500	19,600

Source: Longitudinal Education Outcomes Study.

1. Age is based on academic age, which is age at the start of the academic year, 31 August.
2. Earnings estimates include the 410,300 individuals in the cohort who were in sustained employment in the 2016-17 tax year.
3. The table excludes individuals without a GCSE attainment point score.
4. GCSE attainment group splits the cohort into thirds based on GCSE point scores assigned to grades. The bottom third have a point score below 272, the middle third have a point score of between 272 and 349 and the top third have a point score of 350 or higher.

Table 3: Earnings and labour market outcomes by GCSE attainment and highest level achieved by age 23
Cohort that undertook GCSEs in 2004/05, outcomes and earnings measured at age 26 in 2016-17 tax year

GCSE attainment	Level achieved age 23	Total cohort	Sustained employment	On benefits	Sustained employment (%)	On benefits (%)
Bottom third GCSE attainment	Below level 2	83,200	36,400	10,100	43.7%	12.1%
	Level 2	74,200	43,800	6,700	59.1%	9.0%
	Level 3	34,400	22,900	1,700	66.5%	5.1%
	Level 4/5	2,600	1,800	200	70.0%	6.3%
	Level 6	5,800	4,000	300	69.0%	4.9%
	Level 7+	600	300	-	59.9%	-
Middle third GCSE attainment	Below level 2	10,200	6,400	500	62.7%	5.0%
	Level 2	57,700	39,400	2,400	68.3%	4.1%
	Level 3	84,800	62,800	2,200	74.1%	2.6%
	Level 4/5	11,600	9,100	300	78.0%	2.4%
	Level 6	39,000	30,800	800	79.0%	2.1%
	Level 7+	2,600	2,100	100	79.4%	2.0%
Top third GCSE attainment	Below level 2	-	-	-	-	-
	Level 2	9,200	6,200	300	66.8%	2.8%
	Level 3	46,300	33,900	800	73.3%	1.7%
	Level 4/5	9,500	7,500	200	78.5%	1.8%
	Level 6	125,200	99,400	1,300	79.4%	1.0%
	Level 7+	19,600	15,900	100	81.3%	0.7%

Source: Longitudinal Education Outcomes Study.

1. Age is based on academic age, which is age at the start of the academic year, 31 August.
2. The table shows the cohort of individuals who undertook GCSEs in 2004/05. Earnings estimates include the 410,300 individuals in the cohort who were in sustained employment in the 2016-17 tax year.
3. The table excludes individuals without a GCSE attainment point score.
4. Sustained employment includes individuals employed for at least one day in 5 out of the 6 months between October 2016 and March 2017.
5. Benefits includes individuals who claimed Job Seekers Allowance or Employment Support Allowance (work related activity group) for at least one day in the tax year.

Source: Table 2 and 3, Post-16 Education: Highest Level of Achievement by Age 25 (England), May 2018

25+ Level 2 Apprenticeships and Full Level 2 Vocational Qualifications

12 The earnings premiums from a Level 2 apprenticeship are higher than most classroom-based qualifications (see Box 5) across all age groups. More than 40% of

apprentices, however, are aged 25 and over. It is plausible, therefore, that the wage premium for Level 2 apprenticeships and full Level 2 vocational qualifications for those aged 25 and over are similar.

Box 5

Fig 1: Estimated returns to vocational qualifications at Level 2 and Level 3

	Jenkins & De Coulon (data from 1997-2006)	LE update using similar methodology (1996-2009)
BTEC Level 3	19%	20%
C&G Level 3	19%	15%
GNVQ/GSVQ (Advanced)	7%	7%
RSA Level 3	18%	16%
NVQ/SVQ Level 3	12%	10%
BTEC Level 2	14%	12%
C&G Level 2	7%	7%
GNVQ/GSVQ (intermediate)	1%	-1%
RSA Level 2	17%	14%
NVQ/SVQ Level 2	2%	1%

Note: Grey cell for GNVQ in later period denotes lack of statistical significance of the estimate

Fig 2: Estimated returns to apprenticeships, relative to similar individuals who do not gain an apprenticeship:

	McIntosh (2007), based on data for 2004-05	LE update using similar methodology (2010), based on data for 2004-2009
Level 3 apprenticeship	18%	22%
Level 2 apprenticeship	16%	12%

Fig 5: Estimated returns to qualifications at Level 2, by age of acquisition

Age	C&G	BTEC	NVQ
15-16	3%	-12%	1%
17-18	5%	7%	4%
19-20	12%	2%	4%
21-25	11%	10%	7%
26-30	9%	17%	0%
>30	6%	0%	-6%

Note: grey cells denote lack of statistical significance

Source: Returns to Intermediate and Low Level Vocational Qualifications, Research Paper Number 53, Department for Business, Innovation and Skills, September 2011

13 The evidence on wage premiums at Level 2 for older adults does not support the case for an apprenticeship-only strategy to reduce low qualifications in the adult population. Indeed, the number of Level 2 starts by adults aged 25 and over fell by 51% between Q12016/17 and Q12017/18 (see *Technical Fault, Resolution*

Foundation, April 2018). The new levy and non-levy based funding system for apprenticeships could see a further fall in Level 2 apprenticeships by workers aged 25 and over and employers fund more Level 4-6 apprentices across all age groups. A classroom-based adult Level 2 strategy is needed to complement adult Level 2 apprenticeships if England is to reduce the number of adults without a first full Level 2 qualification.

Escaping low-pay

14 Over 5m employees are low-paid. Research by the Resolution Foundation suggests that although having basic and intermediate level qualifications help adults to *find* employment neither these qualifications nor training are significant in achieving pay progression (*Escape Plan – Understanding who Progresses from Low Pay and Who Gets Stuck, Resolution, November 2014*). Key factors for escapers are the number of years in full-time employment and positive attitudes towards career progression, whilst being over 35 can hinder escaping from low-pay. Similar findings were reported by the Social Mobility Commission (*The Great Escape - Low Pay and Progression in the UK's Labour Market, November 2017*).

15 The variety of training found to have an insignificant effect on pay progression by the Resolution Foundation is very broad including employer-funded training, courses for future jobs and courses leading to formal qualifications or a part of a qualification. This evidence, however, must be weighed against the positive wage premiums to full qualifications including at level 2 (see Box 4). Access to adult training and retraining via full Level 2 vocational qualifications and apprenticeships by 25 year olds and over should assist pay progression for those leaving low-paid sectors.

Health

16 In May 2016, the Government Office for Science was commissioned by the government to investigate the future of skills and lifelong learning. The final report was published in November 2017 (*Skills and Lifelong Learning – Final Report, GOS*). Unfortunately, the report is less than comprehensive in identifying areas where adult learning can have a positive impact despite commissioning a review (*What are the wider benefits of learning across the life course? Government Office for Science, June 2017*). Key omissions in the final report are the links between adult education and physical health benefits, and adult education and mental health benefits.

Physical

17 The review undertaken for the Foresight Future of Skills and Lifelong Learning project (*June 2017*) summarised studies which show a positive impact of adult learning on:

- the cessation of smoking;
- a lower risk of coronary heart disease especially for those with the fewest qualifications;
- a reduction in drug abuse;
- better nutrition, and

- probable use of cervical screening.

Mental Health

18 The review summarised research which show a positive impact of adult learning on:

- a sense of identity, an ability to cope with life and a feeling of purpose;
- a sense of wellbeing especially by older adults;
- life satisfaction, and
- the *cognitive footprint* of adults which may delay the onset of dementia.

Adult Education and Health Policy

19 The demands on the NHS and social care are increasing in the context of ageing population. Expectations are high that Budget 2018 will be a budget for health and social care. The case for joining-up health policy and adult education policy is overwhelming. The Department for Education and Department for Health should jointly publish a review of the benefits of adult education on physical and mental health.

The Arts and Culture

20 Access to the arts and culture has a tremendous civilising effect on society from individuals to communities to national identity (see *The Value of Arts and Culture to People and Society – Evidence Review, Arts Council England, Arts Council England, April 2014*). And many of the wider benefits associated with participation in adult learning – especially improvements to mental health and wellbeing – flow from access to the arts and culture.

Adult Learning and the Arts and Culture

21 There are two aspects to the link between adult learning and the arts and culture.

- Firstly, the physical infrastructure of the arts and culture sector – especially museums and libraries - enable participation in adult learning (see *Why museums are valid learning environments, European Platform for Adult Learning in Europe, European Commission, April 2015, and Libraries Deliver: Ambition for Public Libraries in England, 2016 to 2021, DCMS, 6th March 2018*).
- And secondly, participation in arts and culture education is a positive form of adult education delivering wider personal and social benefits. Participation is usually by adults and seniors, develops critical thinking and engenders social inclusion particularly by migrants, minorities and vulnerable groups (see *Art and Culture in Adult Education, European*

Platform for Adult Learning in Europe, European Commission, February 2016, and The Role of Arts in Adult Education in Ed Christian Vasile, The Fourth International Conference on Adult Education, August 2014).

Uncertain Funding for Adult Arts Education

22 A primary source of funding for adult education arts courses was through the former ring-fenced Adult and Community Learning Budget. Funding for adult and community learning is now integrated within the Adult Education Budget (AEB) which in turn is subject to varying degrees of devolution. It is unclear the extent to which regions and localities will deploy their AEB to support adult education and indeed adult Level 2 qualifications – linked to wider health, social care and community inclusion strategies *relative* to adult Level 3-5 provision to support local productivity.

Adult Arts Courses and Health Policy

23 The policy links between adult arts education and wider health policy – including physical health, mental health and wellbeing – need re-energising. The Cabinet Office should commission a review of the benefits of arts education with the full participation of DfE, DoH and DCMS.

CHALLENGES IN THE 2020s

- 24** As a country, we face *five* big challenges as we approach the 2020s:
- longer working lives and an increase in the State Pension Age to 67 (see *Smoothing the Transition, Independent Review of the State Pension Age, Final Report, March 2017*);
 - a significant proportion of people of working age who are atypical workers especially self-employment (see *Good Work – The Taylor Review of Modern Working Practices, July 2017*);
 - increasing automation which changes the distribution of employment between sectors and creates new job roles and occupations (see *Made Smarter – Review 2017*) and potentially increased atypical working including self-employment;
 - a more restrictive overall EU and non-EU immigration in light of full BREXIT from January 2021, and
 - an ageing population and increasing life expectancy for men and women to over 85 from the start of the 2020s with increasing calls on health and social care.

AN UNBALANCED POST-18 FUNDING SYSTEM

Level 4-6

25 And yet England is facing these challenges with an *unbalanced* post-18 funding system (see Table 4). It is unbalanced in the sense that:

- 83.75% of total spend in the prescribed higher education sector compared to 16.25% for adult further education and apprenticeships;
- the cash cost of full-time prescribed higher education at Level 4-6 in the form of fee and maintenance loans represents 72.84% of total post-18 spending, and
- at least 75% of cash spending on post-18 education is for Level 4-6 HE and FE (specifically in the form of fee and maintenance loans) excluding adult apprenticeship funding, and HE and adult FE support funding.

Adult Basic Skills to Level 3

26 The current post-18 education system short-changes:

- adults who require basic skills, training and retraining at Level 2 to maintain their employability and participate in wider adult education to improve their quality of life, and
- the economy and society in terms of the benefits of investment in adult education in relation to health and social outcomes.

Table 4

CASH COST OF HIGHER EDUCATION AND ADULT FURTHER EDUCATION (England) Various Years	£19,785m	100.00%
TOTAL HIGHER EDUCATION	£16,571m	83.75%
Full-Time Undergraduate Higher Education: Loans	£14,410m	72.84%
Fee-Loans (FY2017/18)	£9,147m	
Maintenance-Loans (AY2017/18)	£5,263m	
Part-Time Undergraduate Higher Education: Loans	£443m	2.23%
Fee-Loans (FY2016/17)	£238m	
Maintenance-Loans (FY2019/20)	£205m	
Postgraduate Higher Education: Loans	£330m	1.67%
Master Degree Fee and Maintenance Loans (FY2016/17)	£325m	
Doctoral Fee and Maintenance Loans (FY2018/19)	£5m	
Higher Education: Grants	£1,388m	7.01%
Office for Students: Teaching Grant (FY2018/19)	£1,388m	

TOTAL ADULT FURTHER EDUCATION AND ADULT APPRENTICESHIPS	£3,214m	16.25%
Adult FE: Loans	£251m	1.28%
Fee-Loans: Level 4-6 (AY2016/17)	£15m	
Fee-Loans: Level 3 (AY2016/17)	£166m	
Fee-Loans: Access to HE Level 3 (AY2016/17)	£55m	
Maintenance-Loans: Level 4-6 Technical Education (FY2019/20)	£15m	
Adult Education Budget: Grant	£1,503m	7.60%
Provision Up to Level 3 (FY2017/18)	£1,436m	
Learner Support (FY2016/17)	£67m	
Adult Training: Grant	£1,120m	5.66%
Adult Apprenticeships: Provision - Level 2-5 (FY2017/18)	£1,075m	
National Retraining Scheme (FY2019/20)	£45m	
Adult Funding Support: Grant	£340m	1.71%
Adult Apprenticeships: Funding Support (FY2017/18)	£80m	
Adult Education: Funding Support: Bursary Grants (FY2015/16)	£35m	
Adult Education: Funding Support: Other (FY2017/18)	£225m	

Previous Spending on Community Learning

27 In 2015/16, the ring-fenced adult and community learning budget was £215m (*Grant Letter, Skills Funding Agency, 26th February 2015*). From 2016/17, the budget was incorporated without the ring-fence into the Adult Education Budget (see Table 5) which is subject to varying degrees of devolution. Even if, however, £215m was spent **within the AEB, community learning spending would represent only 1% of the post-18 education budget.**

A FRONT-LOADED POST-18 FUNDING SYSTEM

28 As well as having an *unbalanced* post-18 education system between spending on Level 4-6 and the rest, England also has a *front-loaded* system supporting younger adults aged 18-24. HOLEX estimates that 75% of the total post-18 budget (£14.8bn) is spent on younger adults.

29 This finding should not be a surprise.

- The largest budgets in the post-18 education system are for fee and maintenance loans to support participation in full-time higher education (Level 4-6). Over 93% of initial entrants into full-time higher education are aged 17-24. And so about £13.4bn could be spent on 18-24 year olds in full-

time higher education. Other sources of significant HE funding for 18-24 year olds include master level loans. Most of the funding for part-time higher education – loans and OfS teaching grant – and doctoral loans, however, will support participation by older adults.

- In addition, significant but imprecise levels of funding for younger adults aged 19-24 are available within the AEB, and apprenticeships via levy and non-levy budgets. Other budgets include fee-loans for 19-23 year olds on Level 4-6 FE courses and the National Retraining Scheme (see Table 4).

30 A front-loaded post-18 funding system for younger adults is not fit-for-purpose when England requires an adult training, retraining and adult education system able to meet the challenges of the 2020s. Providing an accurate estimate of the balance of funding between 18-24 year olds and adults aged 25 and over is critical if the Independent Panel reviewing post-18 education is to make sensible investment recommendations to the government.

UNCERTAIN FUNDING STREAMS

The AEB

31 The Adult Education Budget is subject to devolution. Funding for community learning is uncertain. Some regional mayors and combined authorities are allocating part of their AEB to support community learning within wider local community, health and social care strategies whilst others are reducing spending on community learning to support investment in Level 3-6 provision.

National Retraining Scheme

32 The government has announced the formation of the National Retraining Partnership with responsibility for a National Retraining Scheme. In the short-term, the government has allocated initial funding of £65m over two years from 2018/19 to support retraining in the construction and digital sectors of the economy. In the meantime, the National Retraining Partnership is engaging with stakeholders to consider the long-term shape of the National Retraining Scheme.

33 It is vital that the NRS is an adult-driven programme so that it can meet the training and retraining needs of atypical workers as well as employees (see *Susan Pember, Shaping the new National Retraining Scheme, Campaign for Learning/NCFE, March 2018*). Funding for training and retraining must operate alongside the entitlements to free basic skills, first full Level 2 and first full Level 3 qualifications for 19-24 year olds which apply to the Adult Education Budget.

THE TIME FOR LIFELONG LEARNING IS NOW

34 Faced with these challenges, the time for lifelong learning is now. We need a post-18 education system which funds lifelong learning sufficiently to:

- enable adults of working age to remain employable until at least state pension age and possibly beyond so they can continue to earn a living from working via employment or self-employment, and
- increase access to adult education for inactive adults pre-state pension age and post-state pension so society can reap the wider benefits to physical and mental health outcomes, and social inclusion.

STRATEGIES FOR SUCCESS

35 In addition, we need a range of lifelong learning strategies targeted at different groups of adults (see Table 5) such as:

- an adult employability strategy providing access to adult basic skills in literacy, numeracy and digital for employed and unemployed adults at least to state pension age;
- an adult training strategy providing access to a first full Level 2 for employed and unemployed adults at least to state pension age;
- an adult retraining strategy providing access to Level 2 courses and progression to Level 3 and beyond to employed and unemployed adults at least to state pension age, and
- an adult education strategy providing to access to basic skills, informal learning, Level 1 and Level 2 for adults of pre-state pension age who are not able to work and all citizens beyond state pension age.

Table 5 LIFELONG LEARNING – STRATEGIES FOR SUCCESS			
	Pre-State Pension Age 67 by 2028		Post-State Pension Age After 67 from 2028
	Employed Unemployed	Inactive	
Adult Basic Skills Literacy Numeracy Digital	Strategy 1 Employability		
First Full Level 2	Strategy 2 Adult Training		Strategy 4

Level 2+	Strategy 3 Adult Retraining	Adult Education
Level 1		
Informal Learning		

BUDGET AND POST-18 REVIEW RECOMMENDATIONS

INFORMING SPENDING REVIEW 2019

Post-18 Education Budget-Line by Budget-Line

1. The Chancellor should publish a Post-18 Education Funding Paper identifying all budget streams supporting education and training in England, *and* estimating the amount allocated to younger adults (18-24) and older adults (25 and over). The paper would assist the Independent Panel reviewing post-18 education in England as well as stakeholders to make informed suggestions to reform the present *unbalanced and front-loaded* post-18 funding system.

Wider Benefits of Adult Education

2. The Chancellor should publish papers on The Wider Benefits of Adult Education to Health and Wellbeing by the Department for Education and the Department for Health and Social Care, *and* The Wider Benefits of Participation in Art Courses to Health and Wellbeing by DfE and DCMS.

RE-SETTING ADULT EDUCATION FOR THE 2020s

Ring-Fenced Funding from the Health and Social Care Budget

3. Funding for adult education should be viewed by the Treasury as a form of preventative health care. The health and wellbeing benefits of adult education should persuade the Chancellor to allocate £125m to the Department for Health and Social Care to a ring-fenced adult education budget. This is equivalent to 50% of the 2015/16 adult and community learning budget (increased for inflation). In turn, the budget should be devolved to regional mayors, combined authorities and other local authorities on a ring-fenced basis to support combined adult education and community health strategies.

Extra Ring-Fenced Funding for the Digital Skills Entitlement

4. To tackle the digital skills gap, the Chancellor should announce an extra £25m of extra funding on a ring-fenced basis to pay for the Digital Skills Entitlement. A similar amount of £25m should be ring-fenced within the Adult Education Budget. All funding for the digital skills entitlement should be devolved to regional mayors and combined authorities but it must be spent on digital skills for all adults in local communities. HOLEX appreciates that £35m over two years has been allocated through the National Retraining Scheme to support digital skills although there is no guarantee it is for basic skills and even if this is the case access will be limited to adults in or close to the labour market. All adults, however, need access to digital skills as longevity rates increase.

A POST-BREXIT ADULT SKILLS AND EMPLOYMENT STRATEGY

5. The Chancellor should announce the preparation of an Adult Skills and Employment Strategy with equal status to the Industrial Strategy.

6. An Adult Training and Retraining Fund should be created for low-skilled sectors so they can recruit workers from the resident UK population after full BREXIT from January 2021.

Adult Training for All

A National Entitlement to Fully Funded First Full Level 2 Qualifications

7. To reduce the proportion of adults with low qualifications and reap the positive financial returns to full qualifications by those aged 25 and over, the national entitlement to fully funded first full Level 2 qualifications should be extended to adults aged over 25 irrespective of labour market status. Devolved and non-devolved authorities should be required to promote the all age first full Level 2 entitlement.

Traineeships as an All Age Pathway

8. The Treasury should support the Department for Education and the Department for Work and Pensions to turn traineeships into an all age pathway.

Adult Retraining for All

Alternatives to Level 2 Apprenticeship for Older Adults

9. A great hope of the apprenticeship levy is that apprenticeships become a retraining pathway for older adults who need to work longer before they are entitled to their state pension. Level 2 starts by 25 year olds and over are falling as Level 4-6 starts increase for all age groups. HOLEX views the apprenticeship levy as a positive step to enable older workers to retrain but the Chancellor needs to think more radically in Budget 2018.

A National Retraining Entitlement to Fully Funded Full Level 2 Qualifications

10. The evidence suggests positive earnings and employment returns to full Level 2 qualifications by those aged 25 and over, the Chancellor should allocate additional investment to cover the cost of a national entitlement to fully funded full Level 2 qualifications. The adult Level 2 entitlement will help adults with Level 2+ qualification to retrain in new occupations and sectors requiring Level 2 entry qualifications and meet the retraining challenge of the 2020s.

A National Retraining Scheme for the 2020s

11. The National Retraining Scheme should be adult-focussed rather than employer-focussed. In this way, the NRS can meet the retraining needs of current and future generation of self-employed, agency and temporary workers as well as employees in regular employment. The Chancellor should announce that the national retraining entitlement to fully funded Level 2 qualifications will be delivered through the National Retraining Scheme.

Strengthening Adult Training and Retraining for All

Extending the Right to Request Time Off for Training

12. Budget 2018 should announce a decision to extend the right to request time off for training for adult employees in organisations with 100-249 employees,

Vocational Tax Relief

13. In light of the responses to the Treasury consultation on the possible re-introduction of vocational tax relief, the Chancellor should take decisions on how and where it would apply in the context the reforms to national funding entitlements at Level 2 and below, and the Final Report of the Independent Panel on Post-18 Education and Funding which seems to be focussed on Level 3-6.

Extension of Level 3-6 Entitlements

14. Although the Chancellor and the Education Secretary will not wish to pre-empt the work of the Independent Panel, HOLEX wishes to highlight the following reforms which would benefit adult training and retraining in England:

- alongside the national entitlement for a fully funded first Level 3 for 19-24 year olds the introduction of maintenance loans for 19-24 year olds in the first instance seeking a first *full* Level 3 through an existing full Level 3 qualification or T-Level, and
- the extension of maintenance loans for adults on Level 4-6 FE courses as part of the decision to introduce them for Level 4-6 technical education courses.

Meeting the Training Needs of the Self-Employed

15. Nearly 15% of workers are self-employed but the older you are the more likely you are to be self-employed. Self-employment is a key pathway to longer working lives. Entitlements to fully funded qualifications will assist current and future generations of older self-employers access training and remain self-employed. Often, however, the key financial barrier to the self-employed is loss of earnings on days they are training rather than the cost of courses. The Chancellor should announce a consultation on a loss of earnings reimbursement training scheme linked perhaps to income contingent loans.