

SUBMISSION TO THE REVIEW OF POST-18 EDUCATION AND FUNDING

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*In January 2016, NIACE and the Centre for Economic and Social Inclusion
merged to form Learning and Work Institute*

Learning and Work Institute

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SUMMARY RECOMMENDATIONS

Choices at age 18

- Improve information and advice on all educational and employment routes
- Focus on building new higher education routes including apprenticeships & T Levels. Higher ambition for literacy & numeracy

Transition into work and early career age 18-24

- Develop a vision for integrated learning, skills & employment service for 18-24 year olds, including Local Authority & DWP services
- Greater focus on expanding apprenticeships for young people including cutting inequalities in access
- Higher ambition for proportion of young people qualified to at least Level 3 & greater support for career progression

Lifelong learning

- Inspire more adults to learn by making learning part of health, social care, community engagement, integration and other policy response, including learning from Career Learning pilots managed by L&W
- Invest in learning for adults, particularly basic skills, and making funding & policy more flexible so it fits around people
- Introduce a new system of Personal Learning Accounts, with a universal entitlement to funding, effective information, and targeted top ups
- Help people make informed choices by developing new routes for careers advice for adults & an open data approach on outcomes data
- Be evidence-based through experiment & evaluation, including by taking a more structured approach to innovation & open data approach to LEO data

ABOUT LEARNING AND WORK INSTITUTE

Learning and Work Institute (L&W) is an independent policy and research organization dedicated to promoting lifelong learning, full employment and inclusion. We research what works, develop new ways of thinking and implement new approaches. L&W brings together more than 90 years history and heritage from the National Institute of Adult Continuing Education (NIACE) and the Centre for Economic and Social Inclusion (Inclusion).

THE CHALLENGE: SKILLS FOR PROSPERITY & FAIRNESS

The UK has a skills crisis: tackling this is central to future prosperity and social justice

The UK's skills profile has [long lagged](#) that of other comparator countries, with particular weaknesses in basic skills (like literacy and numeracy) and intermediate skills.¹ Out of 34 OECD countries, the UK is 19th for low skills (GCSE equivalent), 24th for intermediate skills (A Level equivalent), and 11th for degree-level skills. Some 9 million adults lack functional literacy and / or numeracy.

As well as overall weaknesses in its skills base, the UK also has a [stronger link](#) than many countries between the educational attainment of parents and their children.² Put simply, your chances of achieving in education are highly correlated with how your parents did.

Learning and Work Institute, among many other organisations, have highlighted the profound consequences of this for:

- **Economic prosperity.** There is a clear link between skills and productivity, the ultimate driver of economic growth. The UK's productivity is lower than many other countries and has flatlined over the last decade, in part held back by a poor skills base;

¹ Skills and poverty: building an anti-poverty learning and skills system, L&W, 2016.

² Making learning and work count: impact report 2016-17, L&W, 2017.

- **Social justice.** In this country your life chances are more closely linked to your family background than in other countries. Educational inequalities are a key part of this; and
- **Engaged citizens, health and wellbeing.** People engaged in learning are more likely to be active citizens (for example, they are more likely to vote), and participation in learning is associated with increased health, wellbeing and financial capability.³

Tackling the skills challenge is central to so many other challenges. This makes the fall by more than [one million](#) in the number of adults participating in publicly-funded Further Education all the more worrying, and leaves us lagging even further behind other countries.⁴ It also highlights the importance of the quality of training and ensuring fair access to it.

The Review's Terms of Reference focus on post-18. However, it is essential Government reviews and analyses the 16-18 phase too, not least as choices during this phase affect the options young people have at age 18 and beyond. This includes considering differences in funding levels between types of education, how to increase the number of apprenticeships for 16-18 year olds, better career advice, and improved employment support (given that 16-18 year olds are not entitled to benefits). This is essential to re-engage the 40,000 16-18 year olds not in education, employment or training.

The rest of this submission focuses on the three key challenges we hope the Review will address:

- Choices and routes at age 18.
- Transition into work and early career.
- Lifelong learning.

³ Making learning and work count: impact report 2016-17, L&W, 2017.

⁴ Going down: the continuing falls in adult participation in learning, Evans, L&W, 2017.

CHOICES AND ROUTES AT AGE 18

The routeway for 18 year olds to go to university following A Levels is by far the clearest. The proportion of young people taking this route compares favourably to other countries, but is not out of line with countries such as Canada and South Korea. Global economic changes mean the demand for high skills is likely to continue. So we see no justification for seeking to reduce the number of people accessing higher education.

However, there are clear concerns about whether young people are making the right choices for their future lives and careers, persistent inequalities in access to HE, and the absence of alternative HE routes. We spend around £750m per year on **widening participation in higher education**, but lack clear evidence on its effectiveness.

Time and again we hear young people say they did not hear about apprenticeships at school and there is an absence of **careers advice**. The Government's Careers Strategy is a step forward as is the so-called Baker Clause, but much bolder action is needed. This should include much more effective provision of labour market information on likely future trends in jobs, career pathways, and employment and earnings prospects, as well as a revitalisation of careers advice. Coherence could also be improved by taking forward the principles that underpinned its previous commitment to a UCAS-style system for FE.

The growth in **Higher Apprenticeships** is also extremely welcome and has the potential to provide a new route into Higher Education. The Government should monitor the number of 18-24 year olds benefiting from this route and consider appropriate targets and funding incentives to ensure growth does not largely consist of employers rebadging existing management training for older existing employees. T Levels may also have a role to play for this and older age groups – careful research and design is needed.

The current system of higher education funding (with income-contingent loans for tuition and maintenance) has not increased the participation gap between socio-economic groups. We are, however, concerned that those from the poorest backgrounds tend to graduate with the highest debts (as they are more likely to need maintenance support).

The Government should therefore consider the case for a means-tested maintenance grant. Raising the income threshold at which graduates start repaying their loans could also help young people as they start their career and look to build up assets. Either of

these should be a higher priority than cutting tuition fees or the interest rate on student debt, both of which would benefit better-off graduates disproportionately. The test of any changes should be whether they are progressive and help to reduce participation gaps.

It is also important to recognise that many young people do not attain Level 3 by age 18 and that, even if they do, they may not wish to proceed to higher education immediately (or at all – they may wish to do other types of learning at other points in their lives). There are too many divides in funding between age groups and types of provider. We argue there should be a higher national ambition for the proportion of young people that attain Level 3 by either age 19 or 24. Funding and policy should follow this.

This is especially important for particular groups. For example, there are around 300,000 young adult carers providing more than £5bn unpaid care for relatives. As a result, they may need longer to achieve their qualifications. But they face sharp reductions of funding based on age or route, rather than accounting for circumstance. We need a level playing field for all learning and all young people.

Overall what we need is better information and careers advice, improved and accessibly labour market information, and the development of clear and high quality routes like Higher Apprenticeships alongside existing forms of higher education.

Transition into work and early career

Around 14% of 18-24 year olds are not in education, employment or training. Our research shows that almost two million of this age group experience at least some time NEET and a rise in the proportion of young people spending at least one year NEET.⁵ Research also shows how this varies by group: for example 70% of care leavers spend at least one year NEET.⁶ This has permanent consequences for their employment, pay and life chances.

This is the result of the absence of a **joined-up, ambitious system for this age group**. Instead policies and responsibilities are spread around an alphabet soup of Departments, agencies and policies. This means insufficient effort is made to improve literacy and numeracy, which are worse for this age group than in other countries and worse than for

⁵ Youth Jobs Index, Impetus-PEF, 2017.

⁶ Characteristics of young people who are NEET, DfE, 2018.

some older age groups.⁷ In literacy and numeracy the UK risks going backwards even though we started from a low base.

Only one half of unemployed young people are on Jobseeker's Allowance (or the equivalent element of Universal Credit) meaning they miss out on the back-to-work support **Jobcentre Plus** can provide. And Jobcentre Plus' focus is on finding work, not whether this is work with training or leads to progression. There is no published data on how many 18-24 year olds move into an apprenticeship from Jobcentre Plus support.

The expansion of apprenticeships in recent decades is welcome, as is the introduction of the Apprenticeship Levy. However, much of the growth in apprenticeships has come among existing employees aged 25 and over. England still compares poorly to many other advanced countries in the proportion of young people accessing apprenticeships. This relates to the career advice and awareness points raised previously, as well as the lack of a **structured routeway** into apprenticeships or other forms of vocational and technical education. This needs to be tackled – for example, the Industrial Strategy suggested a UCAS-style system for FE.

The **quality of apprenticeships and fair access** to them matter at least as much as their quantity. Learning and Work Institute research has raised significant concerns about quality and the extent to which training is additional and new, as well as identifying inequalities in access to apprenticeships (for example, under-representation of BAME groups and gender segregation).⁸

The wider costs of being an apprentice, including travel, study materials etc, may make this route tougher, particularly in the absence of maintenance support. The government should commission research into the extent that an apprenticeship 'pays' and whether there is a case for better financial support or changes to the national minimum wage.

We have also identified potential policy reforms including focusing more on apprenticeship outcomes (long-term employment and earnings), a new Apprentice Premium to draw together current complex forms of funding for access, and a two tick system for approving new apprenticeship standards so they are benchmarked against the best in the world.

⁷ PIAAC survey, OECD, 2016.

⁸ <http://www.learningandwork.org.uk/resource/three-million-apprenticeships-building-ladders-of-opportunity/>

Perhaps the central point is that we need an integrated learning, skills and employment system for young people that sets a high ambition for their employment and education attainment over this period. Funding and policy should all flow from this central ambition.

Lifelong learning

There is general agreement that adults will need to learn more through their lives: lengthening working lives will mean 50 year careers and global economic changes will mean changing job and skills needs in ways that cannot be fully predicted.

Yet there are one million fewer adults taking part in Further Education and adult learning than in 2010 and funding has been cut by around one third.⁹ The impact of this can be seen at all levels and types of learning:

- Nine million adults lack **functional literacy and numeracy**, yet the number of adults learning to improve these skills has fallen by one quarter in five years;
- **Intermediate (Level 3) skills** are crucial to productivity, yet the number of adults learning to this level has fallen by at least one third since the introduction of Advanced Learner Loans. The reasons are likely to include: risk and debt aversion; lack of maintenance support; inadequate information on the potential job and earnings benefits of learning; and lack of an adapted learning offer from providers to better fit around their needs and lives; and
- Accessing **higher education** throughout life can help people change careers or improve their wellbeing, yet funding changes mean the number of part-time and mature HE students has fallen 30% in four years.¹⁰

There are three distinct challenges that run across this: the total amount of funding; the rules for allocating this; and building a culture of learning.

On the amount of funding, we think there is a **clear and unambiguous economic and social case for increased public investment in learning for adults**. For example, along with the Joseph Rowntree Foundation we have argued for an additional £200m per year

⁹ <http://www.learningandwork.org.uk/2017/10/12/going-down-the-continuing-falls-in-adult-participation-in-learning/>

¹⁰ <https://www.hesa.ac.uk/news/12-01-2017/sfr242-student-enrolments-and-qualifications>

so all adults have the chance to improve their literacy and numeracy by 2030.¹¹ This is surely not too ambitious for the world's sixth largest economy. Additional resources for apprenticeships and technical education are welcome, but we need more investment in other forms of learning for adults too.

In terms of allocating funding, previous sections of this submission have argued for reforms to apprenticeship funding so that it is more focused on young people. The flipside should be the **development of a non-apprenticeship route for workforce development**. Our research has also shown providers concerned that funding rule changes and eligibility criteria make it more difficult to use existing funding or target it where it's needed. For example, Advanced Learner Loans are restricted to full qualifications when many individuals and employers value modules of learning. Restricting support from those who already have a degree has also clearly had a major impact on mature participation in higher education. We need much more **flexibility in rules and funding and a level playing field across types of learning**.

We have set out proposals for a new system of **Personal Learning Accounts**, giving all adults a universal entitlement to funding (say, £200) that they can use toward an accredited course through a digital voucher system.¹² This universal entitlement could then be topped up for particular groups (e.g. career changers, those out of work) by either public funding or match funding. The Advanced Learner Loan and university tuition fee loan system could in principle be rolled into this too, giving people a lifetime learning loan allocation to draw on for accredited provision. This could also be built into an online portal that gave people access to labour market information, records of their prior attainment, and local skills providers.

Lastly, the main reason given by adults for not learning in our annual participation in learning survey was that they were not interested or did not see the need. Those that were learning or interested in learning gave a range of reasons from helping with their career, to helping children with their schoolwork, to make new friends, or just out of interest.

¹¹ Solve UK poverty, JRF, 2016.

¹² Power to the people: the case for Personal Learning Accounts, L&W, 2016.

Only if we tap into this wider set of motivations and benefits will we increase the number of adults participating in learning. The best way to meet the skills needs of the future is not to try and predict and provide what those skills will be – any such prediction will be wrong. Rather it is to **encourage people to learn** – learning is addictive and those doing it are most likely to do more of it.

We also need a more structured and evidence-based approach to determining what works. In five areas of England we, along with the Department for Education, are testing new ways to do this through **Career Learning Pilots**. This includes place-based approaches, tailored support for the self-employed, and targeted support. We also conducted a Randomised Controlled Trial showing the impact of English language learning. We need more of these sorts of approaches. The Government should take an **open data approach to LEO** data which links Individual Learner Record and HMRC data to show the earnings and employment outcomes of learners. This should be published, as it already is in HE.

The post-18 review is a real opportunity. To grasp it we need a wide and deep vision of learning for all adults and action ranging across government. We also need government to work in partnership with local authorities, colleges and providers, and civic society. Taken together, we need this to be a review of opportunities for all ages and provide the foundations for a skills strategy that sets out a vision and plan to deliver it.

FURTHER DETAILS

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