
Report to: Employment and Skills Committee

Date: 29 October 2021

Subject: FE Reforms

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1. Purpose of this report

- 1.1 To provide an update to the Committee on the latest FE Reforms and the subsequent Skills and Post 16 Education Bill.
- 1.2 To seek the Committee's views and comments on the reforms and proposed legislation.

2. Information

Background Information

- 2.1 The DfE published the White Paper 'Skills for jobs; lifelong learning for opportunity and growth' in January, with a number of ambitious reforms to revolutionise post-16 education.¹
- 2.2 The White Paper sets out 35 different reforms to be implemented to improve the post-16 skills system so that it is more responsive to employers and local labour markets. The reforms can be grouped into five key areas:
 - 1. Putting employers at the heart of post-16 skills
 - 2. Providing the advanced technical and higher technical skills the UK needs
 - 3. A Flexible Lifetime Skills Guarantee
 - 4. Responsive providers, supported by effective accountability and funding
 - 5. Supporting outstanding teaching

¹ The full paper is available at www.gov.uk/government/publications/skills-for-jobs-lifelong-learning-for-opportunity-and-growth

- 2.3 The three stated main policy aims of the paper are:
- Putting employers at the heart of the system
 - Enabling people to upskill and retrain
 - Creating greater flexibility and accountability
- 2.4 Some reforms, including some those that are part of the 'Lifetime Skills Guarantee' including bootcamps (short, employer designed courses), and a new Level 3 entitlement had already been implemented, others are dependent on future budget confirmation. The Level 3 entitlement budget of c £4.5m has been delegated to the Combined Authority.
- 2.5 In April, 'Skills Accelerator', made up of two key proposals from the White Paper; Local Skills Improvement Plans (LSIPs) trailblazers and Strategic Development Fund (SDF) were announced.
- 2.6 A national competition for pilot areas for Skills Accelerator pilots was limited to Business Representative Organisations, with Combined Authorities and Local Enterprise Partnerships not eligible to apply. West Yorkshire has not been selected as a pilot. An evaluation of LSIPs is expected shortly after the end of the pilot phased concludes at the end of March 2022.

Consultations on the reforms

- 2.7 Over the summer, DfE have published two on-line consultations. The Combined Authority has submitted responses to both consultations and the narrative is appended to this report.
- 2.8 The first consultation was the £2.5bn National Skills Fund focussed on combining the existing elements of the adults skills offer (Lifetime Skills Guarantee) including skills bootcamps, level 3 qualifications and further short courses into a single fund as well as the design, intent and outcomes for individuals and employers. The policy intention is to help adults gain valuable skills to improve job prospects and to create responsive and flexible provision to meet current and future labour market needs. There is no intention to remove devolved responsibilities for adults skills funding such as AEB and Level 3 from MCAs through these proposals.
- 2.9 The second consultation was on Funding and Accountability which intends to seek opinion on reforming the complex post-16 funding arrangements so that learner outcomes can be improved through strengthened accountability for those outcomes, including means of intervention.
- 2.10 Neither consultation allowed for any flexibility in responses. As such, there was little opportunity to address fundamental strategic points including those set out clearly by the Future Ready Skills Commission, including addressing the significant decline in investment in adults skills and the opportunity to build upon devolved roles and responsibilities.

- 2.11 The responses that were submitted were limited to the specifics of the proposals in the consultations. To address this the Mayor has written a letter to the Secretary of State, Nadim Zahawi, to highlight areas where the MCA could support the Department shape the reforms and has requested further discussions. The letter will be shared with members of the Panel when finalised.

Skills and Post 16 Education Bill

- 2.12 Subsequent to the publication of the White Paper, the Government published the [Skills and Post-16 Education Bill](#) on 18 May 2021 in the House of Lords. The Bill implements proposals set out in the Government's Skills for Jobs White Paper and makes provision for a number of statutory changes to post-16 education in England. The Bill has now finished committee state and has reached report stage which means that is a further opportunity for amendments to be made at around mid-October and before its third reading in the House of Lords.
- 2.13 The Bill makes a number of provisions relevant to the GLA and MCAs, but two are priorities for concern:
- The Bill "Provide[s] for a statutory underpinning for local skills improvement plans (LSIPs), introducing a power for the Secretary of State for Education to designate employer representative bodies to lead the development of the plans with duties on providers to co-operate in the development of and then have regard to the plans".
 - The Bill "Enable[s] the Secretary of State for Education to make regulations to provide for a list of post-16 education or training providers, in particular Independent Training Providers ("ITPs"), to indicate which providers have met conditions that are designed to prevent or mitigate risks associated with the disorderly exit of a provider from the provision of education and training"
- 2.14 Officers from Greater London Authority and Mayoral Combined Authorities including West Yorkshire have been engaged in conversations with civil servants at DfE to address concerns, particularly as there might be an impact on the Mayoral and MCA statutory functions devolved through Adult Education Budget, including the commissioning and availability of provision deemed required in a regional area. DfE officers have been clear that there is no intention to use new powers to change existing devolved arrangements.
- 2.15 There is some concern, however, that without a meaningful role for existing strategic stakeholders such as MCAs and the GLA, there is a risk that this will considerably undermine work underway to increase the coordination and integration of skills and employment provision in regions at a time when it is increasingly important to have local understanding and coordination powers
- 2.16 Furthermore, a new list of independent training providers will be created, any provider not on the list will not be granted funding agreements or be allowed to

subcontract with another provider who is on the list. This could mean that the GLA and MCAs would be prohibited from funding any provider that does not appear on the Secretary of State's new list of approved providers. This could preclude funding for high quality specialist commercial training providers and the subcontracting prohibition could have a particular impact on local voluntary and community services and social enterprises delivering vital initial engagement and outreach provision responding to local need.

2.17 Discussions between GLA, MCAs and DfE officers are ongoing

3. Tackling the Climate Emergency Implications

3.1 The new powers to the Secretary of State if enacted could impact on local flexibility of current devolved arrangements.

3.2 The proposal of a new a nationally approved list of providers restricts commissioning of adult education budget provision to this list and might destabilise local provision where certain providers are not included on the list.

3.3 The national list could also affect the local capacity to innovate and specialist providers that continue to address specific local skills needs in emerging areas such as demand for green skills and training.

4. Inclusive Growth Implications

4.1 The new powers could restrict the availability of local provision where this is nationally managed through a provider list and hamper specialist local provision.

4.2 The Lifetime Skills Guarantee offers a funded progression route to higher level skills for adults without a L3 qualification in economically valuable areas. This will be monitored to ensure that learner outcomes do lead to progression.

4.3 There is a greater emphasis on employers in the reforms, through an employer-led skills system which might mean over reliance on a small number of employers that have the capacity and goodwill to engage with the system and having a comprehensive understanding of future labour market needs.

5. Equality and Diversity Implications

5.1 Flexibilities devolved through funding of adults skills are key to focussing on outcomes and to ensuring that all neighbourhoods and citizens benefit from lifelong learning.

5.2 Further Education Colleges play an important role in their communities and to support social outcomes. The new powers provide for the Secretary of State to intervene locally where they assess local needs are not being met and this could mean they 'close or set up college corporations, bring about changes to membership or composition of governing bodies or review leadership, or take other actions where there are long term weaknesses. With

no clear local role in any intervention this could significantly disrupt the landscape should it happen.

6. Financial Implications

6.1 There are no immediate financial implications arising from this report.

7. Legal Implications

7.1 There are some possible legal implications of the skills and post-16 education bill with the devolved powers to the MCA which are being explored.

8. Staffing Implications

8.1 There are no staffing implications directly arising from this report.

9. External Consultees

9.1 No external consultations have been undertaken.

10. Recommendations

10.1 The Committee is asked to comment on the paper.

11. Background Documents

None.

12. Appendices

Appendix 1 – Final Responses to the Funding and Accountability consultation
Appendix 2 – Final responses to the National Skills Fund consultation