

Funding and Accountability Consultation, October 2021 – UCU response

Part I - Funding

Reforming the adult skills funding system

UCU agrees that we need to simplify funding and that it should be effective. The focus on outcomes is a little more problematic. We agree that learning should have positive outcomes for those who participate. However we are concerned that being outcome focused in practical terms means looking at economic outcomes to the exclusion of positive social benefits. We also must not lose sight that educational outcomes in themselves are valuable and a public good. A focus on outcomes must also not lead to greater bureaucracy and funding conditionality for providers.

We also don't believe that the objectives will be about the kind of transformational change we need to meet the challenges of a post-coronavirus world. Funding for further and adult education has been at a historic low. Since 2008 the sector has seen over 25,000 jobs go, over one million adult student places cut and wages slashed by 27% in real terms. Government must reverse the funding crisis the sector has suffered and implement a cohesive lifelong learning strategy in partnership with stakeholders.

In order to bring about the transformational change that the FE sector is capable of delivering we need to take radical steps to improve access to education with full funding for fees be restored to all adult/FE courses and Educational Maintenance Allowance and Adult Learning Grant fully restored to all regions and nations of the UK. We need to view education as a public good in itself and thus there should be no limitations on the courses, levels or modes that are eligible for funding. There should be clear funding commitments to further education provision over a 5-year period to provide stability and allow provision to be planned. Where we do examine outcomes, these should be broad and contextual and reflect the range of abilities, aspirations and motivations for learning.

Non-qualification based provision

Non-qualification learning is valuable, both to meet skills needs in a flexible and responsive way, but also to provide manageable chunks of learning for individuals who need small and consistent interactions with learning in order to progress along their learning journey. This includes people who are very disadvantaged, those furthest from the labour market, family learning, and first steps into learning. If we focus on non-qualification learning as only

being for technical, employment focussed skills training because this is deemed more 'effective' then we lose all these other learning interactions with the resultant huge benefits for individuals, families and their communities.

We are concerned by the statement 'We expect there will be qualifications and non-regulated provision which in future will no longer be funded by government which individuals may still want to take up and fund privately as part of their own personal development' which appears to pre-empt the outcome of the consultation. If individuals feel that provision is valuable to their personal development then this should be funded. The document suggests that such learning can be privately funded, when the more likely outcome is that people who would otherwise benefit from learning will be unable to participate.

How can we ensure non-qualification provision is of high quality?

Firstly it is important to recognise that 92% of existing adult and community education providers are rated good or outstanding by Ofsted. At the root of high quality provision is high quality teaching. Adult and community education teaching staff are highly qualified and bring with them many years of experience, working with marginalised and diverse learners. However their pay and conditions do not reflect their professional status. The widespread use of hourly paid contracts do a disservice to them and their students. It impacts women, disabled, and black and ethnic minority tutors disproportionately.

A secure well-funded workforce with permanent contracts and decent pay, leads to better staff retention which impacts positively on the students' learning experience and on the wellbeing of staff.

How could we fund providers for innovative provision currently not funded by the system?

Although UCU members deliver and develop a wide range of innovative learning programmes and projects, we are clear that all provision needs to be properly funded and that making pots of money available for innovation will not alleviate the funding crisis within the sector.

Skills Fund Design

UCU is not quite sure how the proposal for a single skills fund differs too much from the existing adult education budget as it still excludes 16-19, apprenticeships, and HE delivered through colleges. We would welcome some greater consideration of how these funding streams work together within a coherent strategy.

It is important to both support technical education that meets the needs of local employers but also to support the aspirations of all learners within the local area. No-one should be

shut out of learning because their locality is not a significant source of employment in their chosen field. Furthermore we should focus on providing educational programmes that not only develop employment specific skills but develop broader transferable skills to equip students to engage in critical reflection, build resilience, to adapt to new ways of working and technological change, and to become active members of their local communities; and we should acknowledge and support the role of educators in designing and teaching engaging curricula and reflecting the interests and aspirations of their students.

It should also be noted that the FE sector is already very responsive to learner demand and employer need but that competition for funding drives behaviour not always in ways that supports the needs of students and their communities. If we remove the effects of competition and encourage providers to collaborate, then the needs of all members of society can be supported rather than just those which bring in the funding.

There is also a role here for better information, advice and guidance in guiding students through their options. Students of all ages should have access to a universal, personalised service which brings together all the information they need to make choices that support their aspirations.

Funding for Learners in Devolved and Non-devolved Areas

Although the principle of needs based funding for devolved areas is not one we disagree with, we do have several concerns about this approach in practical terms. The experience of reforming school funding under the fair funding for all schools national funding formula has not been a good one. This process created a large disparity in current and future budgets for some schools, has been very difficult to implement, has required further consultation and the entire process has taken a lot longer than originally planned. We are concerned that similar issues would arise in trying to change to a needs based formula and that significant sudden changes to budgets will destabilise the sector, or that the challenges of implementation will be too great because without an increase in the overall budget a change in allocations will mean cuts (potentially very large) for some areas.

There is also necessarily a significant degree of complexity involved in determining a needs based approach and we would need to be reassured that this would be responsive enough to reflect changes within the local area to maintain fairness.

UCU is very wary of potentially introducing two different funding systems for devolved and non-devolved areas. We do not see how this achieves simplification, how it is fair or effective. The current funding system does encourage a focus on short term volume. There is a need for stability and certainty in the sector which is currently lacking.

UCU believes that delivery should be based on a cross-sectoral strategic plan with representatives from trade unions, parent groups, students' unions, community leaders and employers mapping the education and training needs of the community with inclusivity

and equality of access at their heart. This would foster a collaborative environment for institutions to meet those needs.

Based on the work of these forums, local area leaders should jointly plan, commission and provide education, health and care services in a way which improves outcomes for young people and disadvantaged groups.

Without more detail about the potential changes to funding bands in the 'simple funding rates' component we are unable to comment on this. We would not want a smaller number of funding bands to mean that funding is squeezed by courses being placed into lower tariff bands. We do agree that area cost and additional needs funding elements should be retained to reflect the costs of delivery.

It will be essential for the department to secure an increased budget for the FE sector. We cannot go on implementing significant reforms on a programme of cuts. Any change to funding formulae and allocations without an increase in the overall budget is going to mean cuts. We already have a £9,000 pay gap between college staff and their equivalents in schools. We have seen experienced and skilled staff leave the sector and many of those who remain are grappling with excessively high workloads and stress. There is a high personal cost to working in the post-16 sector – physical and mental health, financial stability and personal lives are negatively affected by working conditions. Without dealing with these endemic issues and tackling the recruitment and retention crisis we will not begin to be able to implement reforms effectively.

UCU is also mindful that the FE sector will have a huge role to play in rebuilding after the pandemic, that many students will need additional support and catch up tuition, access to mental health services and a safe environment for learning. This means at this particular time it is even more crucial not to embark on reforms without adequate funding behind them.

Simplifying funding for disadvantage, learning and learner support

UCU is concerned that by combining the funds into one element the support available for disadvantaged students or those with SEND needs could be reduced. Funding for additional support needs is already very stretched, so it is vital that there is clear reporting and accountability over the use of money to support the learners in most need. Given the demands already placed on this part of the budget, DfE must secure an increase in overall funding for the sector.

We agree that colleges should have clear policies on how they use the funding to support their disadvantaged learners. But we must also ensure that these learners are considered within Local Skills Improvement Plans (LSIPs), and that any new accountability measures do not penalise those institutions who serve a high proportion of disadvantaged and/or SEND learners.

Do you think we should move to a lagged system for the core funding or continue with the current “allocation and reconciliation” approach?

We have seen institutions being threatened with significant clawback of their adult education budget arising from the difficulties they had delivering learning through the pandemic. This situation highlights the risk of the current allocation and reconciliation approach.

We welcome the acknowledgement that the lagged approach does cause problems when dealing with increased student numbers but are concerned that the document still talks about a fixed quantum for adult skills. This means that an increase in numbers is not going to be paid for adequately unless DfE secures an overall increase in the budget. The current HGV driver shortage is one example of a critical skills shortage that needs to be met. If we do not have the funds to deliver sufficient adult skills in response to demand then more crises such as this will arise in future.

Upfront funding for growth areas

This is preferable to requiring separate procurement processes for different small pots of money. The costs and bureaucracy of that often prohibit institutions from participating, meaning it is difficult to actually get the money spent where it is needed. The growth funds could instead be distributed within existing allocations processes to grant funded colleges.

Multi-year funding

UCU strongly supports multi-year funding. This will provide stability for the sector and enable institutions to plan provision. It will stop short-term decisions being made on courses and will be beneficial to both offering a broad range of subjects for students to choose from and investment in the right equipment to teach those courses. Multi-year funding should also lead to improvements in staff working conditions with better job security. The current system breeds casualisation and precarious contracts. DfE should monitor this closely and hold colleges to account if improvements are not made.

How else could the funding system be improved to make strategic planning and year to year managing of funding and expenditure easier for providers?

UCU would draw attention to the other reforms being progressed through the skills and post-16 skills education bill. Without giving colleges, educators, students and local communities a seat at the table in drawing up LSIPs, provision will be offered through a very narrow set of parameters set by employers, without wider reference to the needs of the whole community, without an overall strategic direction on a national or sub-national scale and ultimately the risk that colleges could see forced mergers, job losses or closure if they want to broaden their offer outwith the LSIP.

This direction of travel does not fit with the goal of improving the process of strategic planning and making funding and expenditure easier for providers.

Funding entitlements and eligibility rules

UCU is firmly of the opinion that any participation in learning has a positive impact. We therefore believe that the current entitlements and eligibility rules are far too restrictive. Removing the restrictions around age and qualification level would allow colleges and adult education providers to support adults looking to learn new skills, train in different sectors or those simply wanting to experience the joy of education.

We know that the current rules do not work with the modern labour market, the pace of digital and technological change and that also for adults who want to return to education the prospect of private finance or student loans are prohibitive to their participation.

UCU also believes that residency requirements are too restrictive and that migrants, including recent arrivals, should be eligible to participate. Expanding eligibility will provide an important contribution to community cohesion and also allows migrant workers to update their skills when necessary, just as other workers are able to.

It is the role of DfE to ensure that colleges have enough funds to deliver the education that is needed. We need to be expansive in our ambitions for the role of education rather than trying to construct a set of rules designed to keep people out.

How can we best support local areas to improve and expand their offer to better meet current and future skills needs?

There is a role for government in setting an overall strategic direction with local areas empowered to meet the need of their communities and economies. There is a need to foster collaboration, not competition between providers within local areas, and for strong democratic accountability to ensure that all parts of the community are served.

Part II - Accountability

A new performance dashboard

There are already large swathes of data collected in relation to outcomes. This data is typically based on learner and employer satisfaction. Staff satisfaction and the extent of the use of casualised staff contracts are important complements to outcome data. We are clear that staff working conditions are student learning conditions. 60% of FE colleges use zero hours contracts to deliver teaching. The increasing casualisation of the workforce makes it difficult for teachers and lecturers to gain systematic and supported opportunities to pursue the dual aspects of their professionalism.

These contracts have the pernicious effect of diminishing the value of academic teaching and, furthermore, the student experience. For students this means their lessons may not have enough staff, they may not know from term to term who is teaching them, and that it is impossible to build up proper educational relationships with a fast-changing workforce. As already stated, the further education sector contributes great social value and outcomes cannot be measured solely in economic terms.

In order to observe improvement, it is important to recognise that some data ought to be considered with a longitudinal lens rather than a short term and snapshot fashion. Care should be taken to ensure that as much data as possible is presented in a way that makes year on year comparisons easy. If designed well the technological functionality of the website could support this.

Furthermore, data analysis for the purpose of decision-making can be a complex process. From the perspective of prospective students and their families, the current and proposed swathes of information will be difficult to interpret without access to high-quality, independent information, advice and guidance.

The Skills Measure

Given that this is a new measure, untested for errors or unintended consequences, UCU does not believe it should be used as a performance measure. This would also drive the false narrative that the sector should be overly geared towards the immediate skills needs of the locality. Some institutions may have large cohorts of students who may want to gear their learning towards an area of study that is not immediately available employment field locally.

UCU is unclear as to how publication of colleges' financial health ratings will support better decision-making amongst students. This information is not readily available for prospective students attending other institutions such as school or universities. Furthermore, there is a risk that any correlation with the socioeconomic status of the locality and an institution's

financial health might be exacerbated and potentially detract students away from an institution that they would otherwise be entirely suitable for their needs.

Accountability Agreements

We disagree with the proposal that the frequency of inspection should be increased. The improvement process requires the coordinated hard work of the leadership team, staff and local partners and time. We believe that increasing the frequency of inspection would detract time and resource away from improvement and divert it towards the significant time and stress involved in preparation for inspection.

We agree that engaging a wide range of stakeholders to collaborate could be a helpful step forward. As we suggested earlier, a cross-sectoral strategic plan drawn up by representatives from trade unions, parent groups, students' unions, community leaders and employers could map the education and training needs of the community with inclusivity and equality of access at their heart. Making 'meeting local skills needs' could be a more prominent feature of Ofsted's inspection framework could be achieved qualitatively without making it a judgment/separate grade.

Ofsted and the FE Commissioner

Colleges contribute great social and economic value to their localities. Exploring a framework to capture this narrative and explore the ways in which these have developed over time might helpfully increase transparency and the capacity to improve. Engaging with a wider range of stakeholders has the potential to be a powerful addition to supporting colleges to engage and collaborate with local partners by increasing local engagement and improving the offer accordingly.

Apprenticeships are a joint endeavour between employer and provider. Therefore it would be disproportionate to solely hold providers to account for apprenticeships. The difficulty with giving employers total control over apprenticeships is that providers have little influence over material factors which could affect accountability. If we want to feature apprenticeships in a new accountability system we need to bring providers and educators into the process of designing and developing apprenticeships, and work on a partnership basis with employers rather than encouraging employers to act as consumers who can switch providers at will.

Having experienced the area review process, whereby it was attempted to impose solutions from the outside upon local areas, UCU would recommend reform of the FE Commissioner role to be more democratic and collaborative. As a champion of excellence and supporting improvement, we would also expect the FE Commissioner to be a vocal supporter of colleges and the great work that they do.

Government must increase funding for the further education sector. UCU's **Transforming Lives project** highlighted the life-changing capacity of further education. As stated in that resource:

Since incorporation, FE has been funded using an annualised formula that includes a proportion linked to qualifications being achieved. This funding model requires the gathering of extensive amounts of performance data and a whole range of associated metrics. Colleges are forced to focus on producing positive data to the detriment of students' educational experience (see Smith 2007. Dhillon et al 2011).

In Secondary Education, the average 'stability rate' of school children staying at the same school from Year 7 to Year 11 is above 90%. That means schools can rely, more or less, on five years of continuous funding per student. Around 40% of young people in England do not achieve the national benchmark of 5 GCSEs at A to C. Just imagine the government taking back a proportion of schools' funding based on those achievement rates.*

In HE, most students are funded at £9K a year through tuition fees, paid up front by the government. While this money will be gradually paid back by the students themselves, universities can rely on it and are likely to get three years of secure finance per student if they retain them for the duration of the course. Neither is it clawed back if students do not pass their courses.

Micro-level performance measurement is undermining the powerful work FE does (Smith and O'Leary 2013). As a sector of education that offers young people and adults who may not have had positive experiences in schools an additional life-changing opportunity, FE should be funded on an equal basis. FE is in a position to respond to the different needs of people who may finally find themselves in a place where they want to learn and to improve their lives through education. The funding model should really reflect and support the enormous social and economic benefits that accrue from that.

College Performance

We are clear that much of the deemed 'decline' in performance across the sector is often linked to funding rather than 'quality'. In order for colleges to support the social and economic needs of society in relation to lifelong learning and recovering from the global pandemic, the sector requires more funding.

Equalities assessment

The further education sector is one of the key sectors for supporting transformational change, particularly amongst students across age, ethnicity, disability status, and gender. The DfE must conduct a detailed impact assessment and publish it for consideration before any changes are implemented.