

Written evidence submitted by LTE Group to the Education Committee's inquiry into adult skills and lifelong learning: August 2019

Executive summary

- Through the past decade, post-18 government policy has predominantly focused on 18-year-olds pursuing full-time education/training and, in particular, on university entrants. As a result, current fee, funding and award systems have a disproportionately adverse effect on adult learners. While 18-year-olds are clearly an important cohort, greater emphasis needs to be placed on adult skills to address the national productivity and skills gap challenges.
- The scale of under-investment in adult skills and lifelong learning has been a false economy with devastating consequences for participation rates, for individuals (trapped in worklessness or low-paid work), and for the UK economy (resulting in low productivity and associated costs). Urgent action to support reskilling and upskilling is required to cope with the fourth industrial revolution, projected lower tax revenues, higher social care costs, and an ageing population faced with longer working lives.
- Education and training providers are extremely keen to work collaboratively with government (national, regional and local), LEPs, business, and other stakeholders to develop realistic and deliverable solutions to the current and predicted skills gaps.
- This is already happening in Greater Manchester but greater devolved autonomy over education/skills is required to deliver the economic benefits anticipated in the GM local industrial strategy agreed with the Government.

1. Introduction

1.1 LTE Group is the UK's largest social enterprise dedicated to learning, training and employment. We provide a wide range of education and training to 100,000 learners annually – 70% of whom are adults – and employ 4,200 people. Driven by a strong social mission and committed to improving lives through economic success, our main base is in Manchester but we operate from 100+ locations across the UK.

1.2 We have extensive experience across the full breadth of adult skills and lifelong learning from entry level qualifications for those furthest from work, right through to FE, HE, apprenticeships and professional CPD. We have five business units:

- The Manchester College: Further Education from entry level to Level 3+, with 7,480 adult learners in 2017/18 across a wide range of qualifications;
- UCEN Manchester: Higher Education from Level 4 upwards, with around 1,500 adult learners in 2017/18;
- Novus: education, training and employability support in more than 50 secure settings for 52,671 adults in 2017/18;
- Total People: apprenticeships, with 2,470 apprentices aged 19+ in 2017/18; and
- MOL: blended CPD for professionals from Level 2 to Level 7 (including CIPD and CMI qualifications), with around 4,600 learners in 2017/18.

1.3 We are submitting evidence due to our serious concerns about the current systems and funding regimes for adult skills and lifelong learning. We thank the Committee for launching this inquiry and for the opportunity to submit evidence to it.

1.4 ***We believe there are a series of interlinked barriers as to why almost half of the poorest adults receive no further training after school.***

2. Learner demand outstrips financial supply

2.1 From our organisation's perspective, the financial and funding aspects surrounding adult education provide the most significant barriers to education and adult participation.

2.2 Whilst there is strong demand from potential learners, the funding and additional support available to them have been severely impacted by austerity. This applies to all forms of learner support including tuition fees, maintenance, study support, transport and childcare.

2.3 This has culminated in a 45% real-terms cut in funding for adult learning from 2009/10-2017/18 ([Augar, p119](#)).

2.4 For many potential learners, these financial and funding barriers are insurmountable. It is a false economy and a huge waste of human potential when adult learners demonstrate a clear commitment and appetite for improving their career prospects, but the system does not provide the support they need.

2.5 Greater Manchester has seen a 26% decrease in the number of adult learners (aged 19+) from 137,050 in 2013/14 to 102,070 in 2017/18 (NARTs data). In Manchester, there has been a 27% decrease from 48,540 in 2013/14 to 35,360 in 2017/18.

2.6 For Level 3 adult learners, the introduction of Advanced Learner Loans has been the single largest barrier and caused the greatest negative impact in the past five years.

2.7 Many potential Level 3+ learners are unable to contemplate taking out a loan to fund their studies. They typically have much more complex personal life situations than the average 18-year-old university entrant.

2.8 This is particularly concerning given that The Manchester College serves communities characterised by some of the highest levels of deprivation nationally ([MHCLG, 2015](#)). Approximately 75% of our adult cohort live in widening participation postcodes.

3. Demand (high) v Supply (limited)

3.1 In the past four academic years, LTE Group has seen a >15% increase each cycle in applications from adult learners. Last year, we received applications from more than 14,000 adults in Manchester alone.

3.2 Over 35% of our adult applications at The Manchester College are for entry courses in Employability, Engagement, ESOL, English and Maths, qualifications that are the crucial first step out of unemployment and unskilled work. Yet, despite increasing demand from potential learners, our AEB funding has been reduced by 30%. The Manchester College currently has learner demand that is £1 million in excess of our AEB allocation.

3.3 In fact, there is strong and rising demand across the subject spectrum and across all levels – but, while the learner demand and appetite for study is there, the financial support they need is not. It needs to be developed further to help those most in need and who would benefit the most by enhancing their education and skills.

3.4 One key barrier is the fragmentation of the progression pathway. A student may be fully funded for Level 1 and 2 but then find themselves unable to progress to Level 3+, due to personal barriers that prevent them taking out a loan.

3.5 Once they encounter the lack of funding and support, many adults simply decide not to commit to further study, which is a life-changing and transformational decision.

4. Limited funding = mismatch of skills

4.1 The publicly-funded post-16 skills system is characterised by a high volume of low skills and a low volume of high skills. Whilst local area demographics are a factor in this, this is in large part due to funding policy, which needs to change.

4.2 For example, over 70% of Greater Manchester's post-19 Adult Education Budget is currently spent on Level 2 qualifications, while the demand from GM's growth sectors is primarily for adults with qualifications at Level 3 and above.

4.3 This is not a criticism of Greater Manchester Combined Authority or Manchester City Council, but a clear statement on government policy, and the sustained reduction in adult education funding over the past decade. It has been a false economy that impedes productivity and economic growth by keeping local people trapped on benefits or in low-skill, low-pay jobs even though employers are unable to fill higher-skilled vacancies.

4.4 There needs to be sufficient funding across the full span of adult education to facilitate progression from entry level to Level 3, 4, 5 and into higher-skilled, better paid and more productive jobs. This would require an increase in current AEB funding allocations, and a review of the socially regressive Advanced Learner Loan policy.

4.5 Restricted AEB funding, against rising demand for Level 1 and 2 provision, means that providers have to make choices about what they offer. This is further exacerbated by national entitlements which mean providers have to prioritise some qualifications, leaving limited opportunity for innovative sector-based curriculum.

5. Apprenticeships

5.1 Central government's approach to apprenticeship reform is another major barrier to participation by adults, as evidenced by Total People, our apprenticeships business.

5.2 More than half of all current apprenticeships are filled by adults aged 25 and over – there is major demand for progressive technical and vocational learning across the majority of sectors. However, the segregation between levy-paying and non-levy-paying organisations has created confusion and inefficiency in the marketplace.

5.3 The underfunding of non-levy apprenticeships (despite DfE's underspend on apprenticeships) is restricting SMEs' ability to offer adult apprenticeships, whether for new starters or to upskill/retrain existing staff ([AELP, 2019, for example](#)).

6. Limited communication and support

6.1 In comparison with student loans campaigns and support for 18-year-olds in higher education during the past decade, government has demonstrated minimal commitment to building awareness and advocacy in explaining the benefits for adults of taking out a loan to fund non-degree Level 3+ studies. The university student loans system has been heavily publicised and loudly accompanied by a significant and sustained lobby, ably supported by government.

6.2 Government has consistently not used all the available channels to coherently explain the case for what are relatively expensive, high-value, loans for Level 3+ learning. The resulting low take-up means that [50% of the funding allocated for Advanced Learner Loans \(2013/14-2018/19\) has remained unspent](#).

6.3 Adult learners at these socio-economic and income levels are unable to contemplate or accept this scale of debt, one which university students have quickly become accustomed to. Many prospective Level 3 adult learners, when faced with the need to self-fund, decline the offer due to personal financial pressures. These are precisely the learners that the Greater Manchester economy needs to encourage, improving their personal success and contributing to economic prosperity and productivity.

7. IAG lacking

7.1 There is no clear central route for adult IAG (i.e. outside that provided by individual colleges and training providers) to explain funding eligibility and course/training options.

7.2 As an example, Government and its funding agencies don't do nearly enough to publicise and promote the clear link between qualification levels, employment and earnings to encourage adult learners to invest in additional education or training.

7.3 In Greater Manchester, the employment rate rises from 37% for those with no qualifications to 66% for those with Level 2, and then to 83% those with Level 4+ skills. Furthermore, wages are also positively associated with qualification level. For those with low qualification levels (e.g. entry level or Level 1 skills), typical hourly wages are just under £10 an hour; for those with Level 4+, hourly pay is almost double that ([GMCA, 2019](#)).

7.4 For individuals, the medium and long-term impacts of having no or low skill levels are incredibly harsh and personally damaging to self-esteem. In our research into declined offers of places, many potential learners comment that they would have loved to improve their skill level, except for the lack of support and the punitive loans system at Level 3+. The majority of these adults typically have family and personal financial commitments that the average university entrant does not have.

7.5 Adult learners need clear and sustained government support and reform of the current fees and funding system, if we are to facilitate progressive growth in Level 3+ learning.

8. Loans demand declining

8.1 A total of 109,000 people in England took out loans in 2017/18, compared with 119,000 in 2016/17 ([Department for Education, 2018](#)). The number of adults aged 24 and above taking out Advanced Learner Loans fell by 12 per cent – down from 98,600 to 86,500 – while participation by the same age group at Level 3 alone fell by 14 per cent.

8.2 Shadow skills minister Gordon Marsden said the figures “underline the bankruptcy” of the loans project. “We have consistently said they’re completely missing the mark because older people – those who the loans were originally aimed at to retrain and reskill – are increasingly reluctant, given their more complex life situations, to take them up,” he said.

9. Learning circumstances v personal commitments: one size does not fit all

9.1 Quite simply, adult learners with personal / family commitments cannot take as linear an approach to education as 18-year-olds for whom being a student is their primary role.

9.2 Adult learners need and prefer bite-sized learning, along with step on and off qualifications, which flex to their lifestyle and personal commitments. For example, the option to take one module per term (or even over two terms) would greatly assist many adult learners

9.3 In general, however, the English system for funding and awards at Level 3+ does not flex to accommodate this. Funding rules are too narrow and focused on full award outcomes. (An exception is the flexibility in AEB that Greater Manchester Combined Authority has been able to introduce this year.)

9.4 The lack of support for students on part-time HE courses and the differential treatment applied to maintenance for Level 4 and 5 courses disproportionately affects adult learners. HE students are ineligible for the Childcare Grant if they are studying part-time. Maintenance loans are currently only available for learners on prescribed HE courses, which excludes many highly-valued Level 4 & 5 courses awarded by professional bodies. The only support available for FE learners and those on non-prescribed HE courses are bursary schemes (e.g. the Advanced Learner Loans and City & Guilds bursaries), which are restricted to direct learning costs such as childcare and books – they do not include any support with living costs.

9.5 Learners’ personal commitment is rarely in doubt, but most adults have to balance their studies with their individual circumstances: for example, parental responsibilities, low-paid work, or simply with just managing everyday life and finances. This means the system needs to be more flexible.

10. Our recommendations

10.1 Realistic funding – particularly an increase in AEB and non-levy apprenticeship funding: Government should recognise that under-investment in adult skills and lifelong learning is a false economy with hugely damaging consequences for individuals, business and UK productivity – it creates social immobility, the opposite of what is intended. Underfunding of ESOL, for example, means that highly-skilled and motivated learners, often migrants, are trapped in the lowest-paid roles (where they are vulnerable to exploitation) rather than being able to contribute and play a full role as UK residents. Underfunding of apprenticeships means that providers cannot meet the demand for SME apprenticeships.

10.2 The removal / relaxation of ELQ restrictions on funding, with incentives to support flexible, modular learning: The current ELQ rules – which prevent learners from accessing funding for studies at an 'equivalent or lower' qualification to one they already have – make no sense in a fast-changing economy with a population that needs to retrain and reskill throughout a longer working life. Removing/relaxing these rules – together with incentives to support part-time, flexible and modular learning – would enable people to reskill/upskill in a way that works for them and their circumstances, including their employers.

10.3 Clear national adult IAG: There is no clear central source of information, advice and guidance (IAG) to help adults interested in developing their skills/education to understand and navigate the funding sources available to them. The complexity and fragmentation of the current funding regime presents a huge barrier.

10.4 A simpler funding system for tuition fees and maintenance support: Advanced Learner Loans and the bursary system should be scrapped. Instead, there should be smarter funding for adults, lifetime learning credits where possible, and/or a single, easy-to-understand-and-access system for tuition fee loans and maintenance support, linked to course length, study intensity and costs.

10.5 Systems that provide more support for part-time learners and those on short courses: Greater maintenance support for part-time learners, combined with more flexible study options – including access to loans and maintenance support, one module at a time – would encourage and enable adult learners to re-engage in education. This is especially true of those who may have had poor past experiences of education/training and/or lack confidence in their ability to learn and develop new skills.

10.6 More funding and devolution: Devolution of the Adult Education Budget (AEB) has been a start, but areas such as Greater Manchester need greater depth of funding and greater autonomy to develop local adult skills and lifelong learning strategies that deliver the economic benefits and career opportunities in their local industrial strategies. The demand from the city's adult residents and learners hugely exceeds the available funding and supply – this is a vicious circle which needs to be broken. This is further exacerbated by the fact that devolved areas don't currently have access to the 3% funding growth opportunity available through ESFA-funded AEB in non-devolved areas.