

**Skills for jobs:
Implementing a new
further education
funding and
accountability system**

**TUC response to the government
consultation**

Introduction

The Trades Union Congress (TUC) brings together almost 5.5 million working people who belong to our 48 member unions. We support trade unions to grow and thrive, and we stand up for everyone who works for a living. We campaign for more and better jobs, and a more equal, more prosperous country. Our affiliated trade unions represent workers in public, private and voluntary settings and play a key role in supporting workers to access the skills and training they need to thrive in our labour market.

The TUC welcomes the opportunity to comment on the government's proposals for implementing a reformed further education funding and accountability system. As recognised by the then Minister for Skills, Further and Higher Education, Andrea Jenkyns MP, this consultation comes at a time when the adult education sector is facing immediate challenges because of "inflationary pressures and a staff recruitment and retention crisis"¹ exacerbated by years of government underfunding and pay restraint in the sector.

Spending on adult education and apprenticeships fell by 38 per cent in real terms between 2010-2011 and 2020-21, according to analysis by the Nuffield Foundation.² The 2021 Spending Review failed to reverse the impact of these cuts, with spending on apprenticeships and adult education 25 per cent lower in 2024-25 compared with 2010-2011.³ This analysis did not take account of the impact of inflation, at 10.1 per cent in July 2022, and predicted to rise further. Unexpectedly high inflation is inflicting yet more spending cuts on the sector and presents the most serious and immediate threat.

Successive spending cuts have damaged the pay of staff in the sector and fuelled a recruitment and retention crisis. A recent survey carried out by the Association of Colleges (AoC) showed colleges in England struggle to find teachers for critical skill subjects. Three quarters of colleges are unable to recruit the staff needed to train the workforce of the future, in sectors key to our economy: 85 per cent of institutions reported shortages in construction courses, 78 per cent in engineering and 62 per cent in IT and computing.⁴

¹ DfE (2022) https://consult.education.gov.uk/fe-funding/implementing-a-new-fe-funding-and-accountability-s/supporting_documents/Funding%20and%20Accountability%20Reform%20%20Consultation%20Document.pdf

² Nuffield Foundation (2022) <https://www.nuffieldfoundation.org/news/plans-will-leave-spending-on-adult-education-and-apprenticeships-25-below-2010-levels-by-2025>

³ *ibid*

⁴ Staton, B (2022) [Colleges in England struggle to find teachers for critical skills subjects | Financial Times \(ft.com\)](https://www.ft.com/content/colleges-in-england-struggle-to-find-teachers-for-critical-skills-subjects)

Meanwhile, the needs of our labour market are changing rapidly. Across OECD countries, the share of high skilled jobs has risen by 25 per cent in the last two decades.⁵ With works staying in the workplace for longer, government and employers must prioritise training and upskilling the UK's workforce.

While the consultation acknowledges the scale of these problems, it does not address how they will be rectified. Without urgent action to tackle the funding gap and staffing crisis, many of the reforms laid out in this consultation will be undeliverable. Therefore, the TUC has five key recommendations for government.

Recommendations:

- 1. A new funding settlement:** The 2022 spending review should fully offset the cuts of the previous decade and establish future rises at a level that will allow employers to deliver real terms pay rises for their workforce, ending the recruitment and retention crisis in the sector.
- 2. A new package of learning and skills entitlements and workplace rights:** In a time of significant labour market change, government should help people gain the necessary skills to avoid unemployment and take up new job opportunities through the introduction of lifelong learning accounts and the right to paid time off to train for all workers.
- 3. A new national social partnership on skills:** In most advanced economies, trade unions and employers work alongside government in shaping the skills system. Government should establish a National Skills Taskforce that brings together employers, unions, and other key stakeholders along with government.
- 4. Reinstate Level 2 entitlements:** Entry level opportunities to train are the first rung on the career ladder for many people. Entitlements to free courses for Level 2 qualifications provided this opportunity. These entitlements should be immediately reinstated, and the existing Digital Skills entitlement reformed to grant access to free courses up to Level 2, in line with the equivalent English and Maths entitlements for adults.
- 5. Regular equality audits:** There are stark inequalities in access to skills and training. Removing the barriers faced by the most disadvantaged and discriminated against groups should remain the priority. Regular, effective monitoring of the design and implementation of skills policy is necessary to ensure this.

⁵ OECD (2019) Individual learning accounts: Design is key for success available at [individual-learning-accounts.pdf \(oecd.org\)](https://www.oecd.org/individual-learning-accounts.pdf)

TUC response

A reformed model of further education should balance the needs of employers, learners, and workers by widening stakeholder engagement and influence regarding college and technical skills provision

The aspiration of delivering a fairer further education and skills system that spreads opportunity across England is an important one. To achieve this, the voices of those accessing and benefitting from the system – workers and learners – must play a role in shaping adult education and skills provision.

Yet, there is no mention of engagement with learners, workers, or their representatives in this consultation. Instead, employers are given sole remit for agreeing the standards and outcomes for our skills system, and for shaping “technical skills provision so that it meets local labour market skills needs.”

TUC welcomes a focus on meeting the skills needs of employers and the local economy but only if this is balanced by giving trade unions and other bodies a clear role in articulating the needs of learners and workers, as is the case in countries with high-quality skills systems.

Denying learners and their representatives a voice in designing the learning and skills programmes in their community goes against the grain of the skills white paper: to give more people ownership of their career development and skills by encouraging them to access skills entitlements and plan their future in our fast-changing economy.

The government’s own Industrial Strategy Council⁶ recommended that the UK adopt this approach, as in other countries where there is “a greater role for employer representative and employee representative organisations (i.e. social partners) than exists in the UK.” This recommendation should be adopted immediately, and the appropriate adjustments made to the proposed framework laid out in this consultation.

Reforms to funding and accountability system should widen education and employment opportunities for learners and employers

The consultation is very clear about giving employers the sole remit for agreeing the standards for all technical qualifications and apprenticeships and for shaping “technical skills provision so that it meets local labour market skills needs.”

This is very different to arrangements in most other countries where employers, unions and other stakeholders come together to agree such standards and to influence training and skills provision at geographical, sector and national levels.

⁶ Industrial Strategy Council (2021) [Rising to the UK’s Skills Challenges | Industrial Strategy Council](#)

Designing a system purely on the needs of current, local employers is likely to lead to short-termism and narrow thinking. Market drivers will distort place-based strategies, limiting collaboration between educational providers as they are forced to compete for funding.

TUC and trade unions would want to see the list of outcomes reframed to encompass progression to good jobs, enabling adults to contribute to the wider economy and society, helping them to lead enriched and fulfilling lives, and improving their health and well-being.

Analysis by the Learning and Work Institute highlighted that a highly employment-focused outcome regime “brings the risks of unintended consequences, such as focusing more on those who are job ready.”⁷ This would be to the detriment of a range of groups already facing discrimination and barriers in accessing learning and skills and/or progressing to well-paid, quality, sustainable employment. To overcome this, the accountability system should incorporate “measures of ‘added value’ and inequalities in outcomes between groups.”⁸

However, even if such safeguards were introduced, we remain concerned that the proposed accountability and outcome focussed regime for FE colleges set out in the consultation is likely to reinforce and deepen the barriers to quality education and jobs that certain groups currently face. Giving trade unions and other stakeholders an equal voice in the determination of the outcomes would, in our view, be a major step in guarding against this.

Reforms should recognise the valuable role of trade unions and collective bargaining in achieving a high skills system

There is significant evidence that the presence of trade unions and collective bargaining in workplaces lead to higher levels of training, increased employer investment in training and a higher quality skills system.⁹

Despite the evidence, there is no reference to trade unions or collective bargaining in the white paper and its wider impact on how employers interact with colleges and the local skills system.

The TUC is of the view that the government should begin to address these shortcomings in our skills system by establishing a National Skills Taskforce that would bring together employers, unions, and other key stakeholders along with government.

⁷ Learning and Work Institute (2021) [Focus on results: How a greater focus on outcomes could contribute to England’s learning and skills systems - Learning and Work Institute](#)

⁸ Learning and Work Institute (2021) [Focus on results: How a greater focus on outcomes could contribute to England’s learning and skills systems - Learning and Work Institute](#)

⁹ Learning and Work Institute [Levelling up skills after coronavirus: The role of trade unions and social partnership in workforce training - Learning and Work Institute](#)

A social partnership approach along these lines would facilitate further discussions about the adoption of institutional arrangements that other countries use to empower employers and unions to identify and plan for skills priorities at geographical levels and in specific sectors. At the regional and local level there are existing models of best practice that could be drawn on, including some of the nine collaborative skills partnerships that are being developed by some Combined Authorities to influence learning and skills provision delivered by colleges and training providers.

A simplified funding and accountability system should focus on narrowing the skills gap

Plans to simplify the college funding system may trigger a number of unintended consequences, including increasing the barriers to learning and employment faced by certain groups. Regular equality audits are necessary to prevent this and ensure that skills policy development and delivery are focused on tackling the significant barriers impacting on groups facing disadvantage and discrimination.

Any further devolution of skills funding should be accompanied by a review to combat unintended consequences resulting from a postcode-based skills funding system that can create additional barriers for some adult learners.

The fully-funded entitlement for all adults to attain a level 3 qualification is a positive step. However, the scrapping of entitlements to free courses for Level 2 qualifications is counter-productive and likely to widen the skills gap for those most in need of training opportunities.

The single skills fund should be broadened to include the reinstatement of Level 2 entitlements for those workers who need entry level support to learn, train and enter the workforce. These adults face the most significant barriers to learning but would stand to benefit the most from gaining the skills needed to secure good work.

International evidence shows trade unions are associated with a more equal distribution of training and that union learning is particularly effective at engaging learners with low or no qualifications.¹⁰ The Union Learning Fund was set up with this purpose. The OECD and a massive range of leading employers hailed it as one of the most effective initiatives at helping workers with few or no qualifications to progress up the skills ladder.¹¹

The government decision to scrap UnionLearn should be reversed, with funding immediately reinstated to ensure workers who stand to benefit the most from increased access to training and skills provision do not miss out.

¹⁰ Stuart, M., Cutter, J., Cook, H., Valizade, D., Garcia, R., (2016). Evaluation of the Union Learning Fund Rounds 15-16 and Support Role of Unionlearn. CERIC.

¹¹ <https://www.tuc.org.uk/research-analysis/reports/getting-every-adult-level-3>

A reformed and simplified adult skills funding system will achieve little unless accompanied by a significant long-term increase in funding levels and a major expansion of skills entitlements

Adult skills spending has fallen off a cliff during the last decade, down by around fifty per cent. And we have witnessed a sharp fall in workplace training – down a cumulative 60 per cent since the late 90s - has delivered a double whammy¹².

People need access to an expansive set of learning and skills entitlements and new workplace rights to support upskilling and retraining whenever necessary, including the introduction of lifelong learning accounts. Lifelong learning accounts can empower adults to access the skills system, by setting out individuals' free education and skills entitlements and the range of financial and learning support available to them.

We should also follow the examples of other countries that have introduced rights for workers to guarantee them paid time off for education and training and access to regular skills reviews in the workplace. OECD research¹³ has shown that combining initiatives, such as establishing lifelong learning accounts and strengthening workplace training rights, has proved an effective response in countries adopting this approach.

As in the case of Belgium and Luxembourg:

Belgium (Flanders): Generous paid educational leave for employees is available for full-time (and in some cases part-time) employees. They have access to 125 hours of training leave per year to take part in training courses on in-demand skills. Employees continue to receive their wages during the leave period, up to a limit of €2,871 per month. Employers can receive compensation from the regional government at €21.30 per hour.

Luxembourg: Employees and the self-employed have access to paid training leave of up to 80 days over the course of their careers and a maximum of 20 days every two years. Paid training leave only covers one third of the training time, i.e. for three days (24 hours) of training time, learners can receive one day (8 hours) of leave. During the leave, employees are paid their average salary, up to a cap of four times the social minimum wage for unskilled workers. Employers can be reimbursed for these payments and related social security contributions by the state and the self-employed claim reimbursement directly.

Drawing on these, and other examples, the OECD¹⁴ has recommended that governments should consider the following measures:

¹² UnionLearn (2019) [Training trends in Britain.pdf \(unionlearn.org.uk\)](https://www.unionlearn.org.uk)

¹³ OECD (2019) Individual learning accounts: Design is key for success available at [individual-learning-accounts.pdf \(oecd.org\)](https://www.oecd.org/els/emp/individual-learning-accounts.pdf)

¹⁴ OECD (2019) Engaging low skilled adults available at <https://www.oecd.org/els/emp/engaging-low-skilled-adults-2019.pdf>

- Give individuals the right to education and training leave, either by law, through collective agreements or bilateral agreements with employers
- Compensate learners and employers for foregone earnings and social security contributions during the time of leave, either partially or in full

Make provisions for adults in non-standard employment relationships, notably the self-employed.

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