



Department  
for Education

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

**Government consultation response**

**13 July 2023**

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## Foreword by Minister of State for Skills, Apprenticeships and Higher Education



Our skills reforms will provide a ladder of opportunity that enables all learners to attain good jobs and progress in their careers. We will deliver economic growth through building a skills system that is employer focused, high quality and fit for the future, and is flexible enough to lead to more people completing high-quality courses that meet employers' needs.

Skills are a key driver of productivity and growth and will help us meet societal and economic challenges, providing a ladder of opportunity and ensuring jobs, security and prosperity. Improvement in skills levels contributed to roughly a third of total productivity growth between 2001 and 2019.<sup>1</sup> Further and technical education provision generates considerable value: in the academic year 2018 to 2019 alone, adult further education generated £26 billion of lifetime benefits.<sup>2</sup> Skills drive social justice and equal opportunity, by making opportunities available to everyone, no matter where in the country you live or whatever your background.

The Skills for Jobs White Paper sets out wide-ranging reforms to strengthen our skills system, ensuring provision meets the needs of learners and employers.<sup>3</sup> The review of qualifications will ensure that all qualifications are high-quality and based on employer standards. Improvements to progression routes and careers advice will strengthen pathways for learners. Introducing the Lifelong Loan Entitlement will provide financial support for learners to train, retrain and upskill throughout their working lifetimes, in higher level qualifications. This ambitious skills agenda is backed by £3.8 billion of investment over this Parliament, equivalent to a cash increase of 42% between 2024 to 2025 and 2019 to 2020.<sup>4</sup> This includes an additional £1.6 billion by 2024 to 2025 for 16- to 19-year-olds in England.

We know however, that there are immediate challenges that the sector is facing, for example, inflationary pressures, staff recruitment and retention and responding to reclassification. We recognise these challenges and are keen to support the sector in order to continue to deliver on our vision for FE.

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<sup>1</sup> ['Skills and UK Productivity'](#) Research and analysis report, (Department for Education, February 2023)

<sup>2</sup> ['Measuring the net present value of further education in England 2018 to 2019'](#), Transparency Data (Department for Education, May 2021)

<sup>3</sup> ['Skills for jobs: lifelong learning for opportunity and growth'](#), White Paper (Department for Education, January 2021)

<sup>4</sup> ['Autumn Budget and Spending Review 2021: documents'](#), Policy paper, (HM Treasury, October 2021)

Our funding and accountability reforms are key to advancing the delivery of skills training. Improvements to how adult funding is delivered will better support high quality training and increase the delivery of skills that the economy needs most. Support for providers to ensure that their provision meets local and national labour market needs will enable learners to develop the skills to progress and succeed. Providers will have more flexibility in how they do this and will be held to account for the outcomes they deliver. Authorities with devolution deals will have more autonomy in their delivery of adult skills provision and will also be held to account for the outcomes delivered. A multi-year funding approach will ensure providers and local areas are able to plan strategically and deliver provision more effectively.

These changes are important to providers, learners and employers and we are grateful for the engagement we have had as we have developed these reforms. This consultation response follows on from our second consultation document on our reforms.<sup>5</sup> It both summarises the responses to this consultation and sets out how we will deliver reforms to the funding and accountability system for FE.

**Rt. Hon. Robert Halfon MP**

**Minister of State for Skills, Apprenticeships and High Education**

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<sup>5</sup> ['Skills for jobs: implementing a new further education funding and accountability system'](#), Government consultation (Department for Education, July 2022)

## Executive Summary

Our reforms play a critical role in achieving the ambitions we set out in the Skills for Jobs White Paper: to create a further education (FE) system that delivers high-quality training which leads to good, sustainable jobs and in turn transforms people's lives.<sup>6</sup> Skills drives social justice and equality, by making opportunities available to everyone, no matter where in the country you live or whatever your background. Our funding and accountability system is pivotal in supporting FE providers to deliver education, skills and training which will support learners into the fulfilling careers that our economy needs.

In the two years since we published the White Paper, we have published 2 consultations on our funding and accountability reforms. In the first consultation, 'Skills for jobs: a new further education and accountability system', we sought views on our strategic aims and introduced some of the key concepts and components of the new system we envisioned.<sup>7</sup> We published a response to the first consultation in July 2022,<sup>8</sup> alongside our second consultation, 'Skills for jobs: implementing a new further education funding and accountability system', which sought views on more detailed technical aspects of our reforms.<sup>9</sup> We have reflected carefully on the responses to this consultation to set our final policy decisions: both a summary of the responses and our final policy decisions are outlined in this document.

On adult skills funding, our aims have been to both simplify the system and improve the outcomes achieved with taxpayer investment. We are:

- Introducing the new Adult Skills Fund (previously referred to as the Skills Fund) in the 2024 to 2025 academic year, encompassing the Adult Education Budget (AEB) (including community learning), and Free Courses for Jobs (FCFJ), with funding flowing to either authorities with devolution deals or to providers serving learners authorities without devolution deals.
- Developing, in conjunction with authorities with devolution deals, a national funding framework to support how funding is administered, which authorities with devolution deals can draw on with full flexibility to tailor provision to local need. We anticipate this framework being introduced in line with the Adult Skills Fund in the 2024 to 2025 academic year.

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<sup>6</sup> ['Skills for jobs: lifelong learning for opportunity and growth'](#), White Paper (Department for Education, January 2021)

<sup>7</sup> ['Skills for jobs: a new further education funding and accountability system'](#), Government consultation (Department for Education, July 2021)

<sup>8</sup> ['Skills for jobs: a new further education funding and accountability system'](#), Government consultation response, (Department for Education, July 2022)

<sup>9</sup> ['Skills for jobs: implementing a new further education funding and accountability system'](#), Government consultation (Department for Education, July 2022)

- Improving and simplifying the funding system for providers funded directly by the Education and Skills Funding Agency (ESFA). Authorities with devolution deals will be able to use these approaches or set their own:
  - Ensuring that providers can use the Adult Skills Fund flexibly. We have responded to the strong feedback that provision needs to continue to support learners furthest from the labour market and deliver wider benefits, such as improved health and wellbeing. We have set out the outcomes that tailored learning, (the new name for non-qualification provision, which includes what is currently AEB community learning, formula-funded AEB non-regulated learning, and any new employer-facing innovative provision), should support, ensuring it is primarily focused on progression into employment, but it can also support wider outcomes, including ensuring education achievement, mental health and wellbeing.
  - Introducing 5 new adult skills funding bands for qualifications from the academic year 2024 to 2025 that reflect the relative economic benefit of courses as well as their relative cost. We have already announced the hourly funding rates for the new funding bands to give providers as much notice as possible.<sup>10</sup> These new rates will remove inconsistencies that currently exist, where courses in similar skills areas can have very different funding levels, and will support providers to expand provision in areas delivering skills most needed for the economy.
  - Specialist land-based provision, and areas of high policy importance such as functional skills will continue to receive higher levels of funding, as now.
  - Increasing funding for providers in advance of the new funding rates, by increasing provider earnings for academic years 2022 to 2023 and 2023 to 2024, which we announced recently.<sup>11</sup>
  - Allowing providers to use a proportion of their Adult Skills Fund allocation to work with employers to develop new innovative provision that meets local skills needs.
  - Maintaining the existing system of funding for disadvantage, learning support and learner support rather than using historical levels of spend, given consultation feedback.

Through our accountability reforms we are expanding our definition of ‘quality’. While good financial management and quality teaching will continue to be important aspects, the accountability system will recognise and support FE providers who are achieving good job outcomes for their students with their grant funding. Our accountability reforms

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<sup>10</sup> ['Further education adult skills funding rates and funding for innovative provision'](#), Guidance (Department for Education, January 2023)

<sup>11</sup> ['ESFA Update further education'](#), (Department for Education, March 2023)



will apply to all providers in the statutory FE sector and will also strengthen accountability for authorities with devolution deals. We are:

- Engaging in a strategic dialogue (e.g., through Annual Strategic Conversations), providing good quality data for benchmarking and appropriate support to ensure issues are addressed quickly. The Unit for Future Skills (UFS) has begun publishing data which supports providers and other local actors in planning their provision.<sup>12</sup>
- Introducing new Accountability Agreements, from the academic year 2023 to 2024, which sit alongside the new legal duties set out in the Skills and Post-16 Education Act 2022<sup>13</sup> and complement the arrangements that apply to authorities with devolution deals as set out in the English Devolution Accountability Framework.<sup>14</sup> Providers will regularly review their provision and consider their contribution to local, regional and national skills needs as determined by Local Skills Improvement Plans (LSIPs), authorities with devolution deals and our National Skills Priorities. We will ask providers to set out a small number of aims and targets in their agreement to highlight how they are reflecting local and national skills needs in their offer. This will include articulating how providers are growing provision in priority sectors and national priority programmes where possible.<sup>15</sup> We will draw on Accountability Agreements to inform regular delivery conversations and Ofsted will draw on evidence to support their inspections.
- Introducing a new Performance Dashboard which we are currently user-testing and aim to launch as a beta during the academic year 2023 to 2024. This dashboard will capture what excellent delivery looks like, through a set of high-level output and outcome measures, including a new Skills Measure that will capture provider 'value-added' for learner destinations into sustained employment and higher-level learning.
- Working with Ofsted to shift the emphasis of their FE inspections. From September 2022 Ofsted has been inspecting colleges on how well they are contributing to meeting local skills needs, in addition to their existing judgements. These inspections will mature as Ofsted will be able to draw on Accountability

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<sup>12</sup> ['Local skills dashboard'](#), Research and analysis, (Department for Education, March 2023)

<sup>13</sup> ['Skills and Post-16 Education Act 2022'](#), legislation (Department for Education, 2022)

<sup>14</sup> ['English Devolution Accountability Framework'](#), Guidance, (Department for Levelling Up, Housing and Communities, March 2023)

<sup>15</sup> The priority programmes for the academic year 2023 to 2024 are: T-Levels, Apprenticeships, Skills Bootcamps, FCFJ, and Higher Technical Qualifications (HTQs). The priority sectors for the academic year 2023 to 2024 are: construction, manufacturing, digital and technology, health and social care, haulage and logistics, engineering and science and mathematics.

Agreements, Local Skills Improvement Plans (LSIPs) and the Performance Dashboard to inform inspections.

- Clarifying the role of the DfE regional teams, the FE Commissioner and Ofsted and setting out how we will engage with FE providers in different stages of their performance journey. Ofsted will be the definitive voice on quality. The FE Commissioner will champion excellence and lead on formal Intervention. The regional teams will provide support and challenge day-to-day to help providers meet local and national skills needs. This clarification will be particularly helpful for providers in formal Intervention who will be able to get on with the job of improving rather than reporting to multiple actors, as was the case in the old system.
- Articulating how this system will apply to all FE provider types in a fair and proportionate way. All statutory FE providers are in scope for our accountability reforms and local authority providers will be in scope for some elements, on a proportionate basis.
- Strengthening accountability for devolved skills funding by putting in place a series of measures that will allow us to build our strategic partnership with authorities with devolution deals, improve consistency of reporting, focus on clear outcomes, and ensure the right mechanisms are in place to promote good practice, as well as to address serious concerns. These are set out in the new English Devolution Accountability Framework<sup>16</sup> and include new annual skill stocktakes, improved data transparency via new metrics, and support to facilitate improvement via a new non-statutory Diagnostic Review.

Collectively, these reforms will support FE providers across England by creating a more effective funding and accountability system, supporting providers to focus on delivering high quality skills, education and teaching. This in turn will boost productivity, ensuring learners progress into good, sustained jobs and support the growth of the economy.

We intend for our reforms to help create a system which delivers good outcomes, but which is also fair and ensures social justice across England. We do not envision our reforms will have any negative impact on groups with protected characteristics. We have completed an Equality Impact Assessment (EIA) of our reforms, to ensure that our reforms do not discriminate, harass or victimise, do promote equality of opportunity and do foster good relations between people who share a protected characteristic and those who do not. We have published our Equality Impact Assessment alongside this document.

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<sup>16</sup> ['English Devolution Accountability Framework'](#), Guidance, (Department for Levelling Up, Housing and Communities, March 2023)

## Next steps

Figure 1 shows the timeline for our funding and accountability reforms respectively. Some aspects of our reforms are already in train, some are moving into the implementation phase and others are still in development.

	Academic Year 2022 / 23	Academic Year 2023 / 24	Academic Year 2024 / 25
<b>Accountability Reforms</b>			
Enhanced Ofsted Inspections	<b>Implemented</b>		
Single Improvement Plans	<b>Implemented</b>		
Accountability Agreements	<b>Developing</b>	<b>Implemented</b>	
Performance Dashboard	<b>Developing</b>	<b>Implemented</b>	
<b>Funding Reforms</b>			
Innovative Provision	<b>Developing</b>	<b>Implemented</b>	
Funding Framework	<b>Consulting</b>	<b>Developing</b>	<b>Implemented</b>
Adult Skills Fund	<b>Consulting</b>	<b>Developing</b>	<b>Implemented</b>
New Funding Rates	<b>Consulting</b>	<b>Developing</b>	<b>Implemented</b>
Reforming non-qualification provision	<b>Consulting</b>	<b>Developing</b>	<b>Implemented</b>

**Figure 1: Timeline of our reforms**

We recognise there is further to go in some areas, particularly to simplify the system and we want to go further in increasing the quality and quantity of skills provision. With colleges becoming part of the public sector, we have a real opportunity to look at this afresh and this will remain a key objective in this next phase of our reforms. We will:

- Use a Single Development Fund to deliver funding for improvement and new investment purposes, rather than multiple separate funds that require bidding and reporting on.
- Move to a multi-year funding approach within each SR period. This will enable us to set both allocations and funding rates for the SR period so providers and local areas can plan ahead more effectively and with confidence.
- Develop and consult on a needs-based formula to distribute funding between authorities with devolution deals and ensure public funding is distributed fairly and effectively.

- Look to move to a lagged funding model for ESFA funded provision so that providers have more certainty over their budgets.
- Invest £20 million in modernising data collections and look to introduce a digital wallet for learners, supporting learner identification and enabling data sharing between learners and providers. We will also explore ways of expanding the digital wallet to encompass higher level courses, as part of the introduction of the Lifelong Loan Entitlement, creating a single skills wallet for learners' entire lifetime. We know that colleges spend huge amounts of precious resource providing data returns. This will help to simplify enrolments and reduce other administrative burdens by making it easier for providers to get learner information from the start. When fully rolled out, this will free up resources which colleges can better use elsewhere. We are making progress and plan to roll out aspects of the programme in public beta in the academic year 2023 to 2024.
- Continue to review the Individualised Learner Record (ILR), which will still play an important role in the future. We have introduced stricter checks and balances on requests to introduce new fields and in the next phase will test whether we can ease the reporting burden by reducing the number of fields. We will also work closely with authorities with devolution deals to ensure the ILR meets their needs.
- Simplify financial oversight within FE, which we recognise the sector sees as burdensome, while maintaining a proportionate level of oversight and assurance that satisfies the National Audit Office (NAO) and gives Parliament confidence that taxpayers' money is used properly. This will include exploring ways to streamline financial and non-financial returns, a more coordinated approach to financial oversight and assurance for DfE and ESFA grants, as well as with other public funding bodies, and a proportionate approach to error and potential clawbacks.
- Publish a user-friendly Handbook to help colleges navigate Managing Public Money<sup>17</sup> and consider other areas of guidance and policy documents where we can go further to simplify. We have already replaced Funding Agreements with new Accountability Agreements, stripping out duplication and simplifying the document.

In parallel to introducing these reforms, we are also simplifying the student finance system by introducing the Lifelong Loan Entitlement (LLE), in the academic year 2025 to 2026. The LLE will replace the existing higher education student finance system and Advanced Learner Loan (ALL) entitlements for level 4, 5 and 6 qualifications. It will provide financial support worth the equivalent of four years of post-18 education (£37,000 in today's fees) for learners to use over their working lives to train, retrain and upskill.<sup>18</sup>

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<sup>17</sup> ['Managing public money'](#), Guidance (HM Treasury, May 2012)

<sup>18</sup> [Lifelong Loan Entitlement – Government consultation response](#), (Department for Education, March 2023)

Finally, we are making it easier for employers and providers to start and run high-quality apprenticeship programmes. We recently streamlined the funding rules, removing duplication and consolidating 3 separate rules documents into one.<sup>19</sup> We will continue to improve our systems and processes and remove rules that are no longer needed. This will free up employers and providers so they can deliver high-quality apprenticeships.

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<sup>19</sup> ['Apprenticeship funding rules'](#), Guidance (Department for Education, March 2023)

## Introduction

In January 2021 the government published the 'Skills for Jobs' White Paper<sup>20</sup> which sets out our vision for a skills system that supports people to access the skills required to progress their careers and access jobs our economy needs. The FE funding and accountability reforms are an important part of this vision, creating a more effective and fairer system that incentivises positive outcomes for learners.

Since January 2021, we have published two public consultations on the funding and accountability reforms. The first consultation, 'Skills for Jobs: A New Further Education Funding and Accountability System',<sup>21</sup> was published in July 2021 and outlined the high-level principles for our reforms. A response to the first consultation was published in July 2022<sup>22</sup> alongside the second consultation, 'Skills for jobs: implementing a new further education funding and accountability system'.<sup>23</sup> In the second consultation we communicated the government approach to some parts of the reforms, for example the enhanced Ofsted inspections, and also consulted on more detailed proposals for other parts of our reforms. Responses to the second consultation were collected via an online system and email. The consultation closed on 12 October 2022.

This document summarises the responses to the second funding and accountability consultation document as well as the final policy decisions and timelines of our funding and accountability reforms.

The second consultation was split into two chapters covering funding and accountability respectively. In the first chapter of the consultation, we expanded on the proposed funding reforms and approach to adult skills, with the aim of creating a more effective, and fairer system. In the second chapter we expanded on our proposed accountability reforms which focus on measuring and promoting good outcomes in FE, encouraging providers to meet local and national skills needs and to take a more strategic approach to support and intervention.

We received 249 unique responses to the consultation, 240 of which were online and 9 of which were written email responses. Of the responses:<sup>24</sup>

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<sup>20</sup> ['Skills for jobs: lifelong learning for opportunity and growth'](#), White Paper (Department for Education, January 2021)

<sup>21</sup> ['Skills for jobs: a new further education funding and accountability system'](#), Government consultation (Department for Education, July 2021)

<sup>22</sup> ['Skills for jobs: a new further education funding and accountability system - government consultation response'](#), Government consultation response, (Department for Education, July 2022)

<sup>23</sup> ['Skills for jobs: implementing a new further education funding and accountability system'](#), Government consultation (Department for Education, July 2022)

<sup>24</sup> This question asked respondents to note the capacity they were responding in and this data captures how respondents recorded themselves in their response.

- 100 were from local authorities
- 49 were from learners
- 22 were from General Further Education Colleges (GFEC)
- 13 were from Independent Training Providers (ITP)
- 10 were from Designated Institutions (DI)
- 9 were from Mayoral Combined Authorities (MCA)
- 9 were from Representative Bodies
- 1 was from a Special Post-16 Institution (SPI)
- 46 were from other organisation types or individuals

We would like to thank all those who responded to the consultation as well as college leaders and sector experts who have worked with us to co-design our proposals. All the responses received have been analysed and used to inform our policy development. The analysis does, however, not include issues raised which were outside the scope of the consultation. In a number of instances, respondents provided input that covered the broader aspects of the reforms over and above the specific aspects of the proposal in question. As a result, the quantitative analysis of the multiple-choice questions does not always fully align with the comments provided. In analysing the response and developing our approach, we have drawn from both the written comments and multiple-choice answers.

A list of organisations that responded (who did not ask to remain anonymous) can be found at Annex A. The distribution of responses does not fully represent the FE sector, in particular there were a disproportionately large number of local authorities and a small number of GFECs represented in the responses. It is likely that the views of GFECs are represented in responses from representative bodies of which they are members.

## **Main findings from the consultation**

In summary, most respondents supported and welcomed the overall approach to our reforms and the aim to make FE funding and accountability more effective and outcomes focused. Many respondents were interested in future engagement in our reforms, and we thank everyone for their continued support in developing these policies.

Many respondents used the consultation as an opportunity to provide high-level comments about the overall direction of the reforms. A key concern for many was the proposed objectives for non-qualification provision, which includes community learning. Many raised that a focus on employability would result in other benefits of community learning, such as improved wellbeing and mental health, being lost. It was felt that this would negatively impact a large number of learners, particularly those furthest from the

labour market. Similar comments were made in other parts of the consultation, where respondents were concerned that a focus on economic outcomes would discourage certain types of learning and learners and that the proposals did not recognise non-linear learner journeys. On a similar theme, many respondents called on the department to publish our Equality Impact Assessment for these reforms.

Other common comments raised about the overall direction of the reforms were that they do not go far enough to simplify the FE System and that more could be done. In addition, many raised the issue that without additional funding in this space any changes would have a limited impact on the sector.

Furthermore, respondents frequently requested additional detail on the reforms and clarification on how parts of the reforms would be implemented. A significant part of the feedback we received concerned the timetable for implementation of the funding reforms and the need for sufficient lead-in times. As a result, in December 2022, we published an update to the timelines for implementing our funding reforms.<sup>25</sup>

Some responses, particularly those from MCAs questioned how our reforms would impact authorities with devolved responsibilities for adult skills (hereafter referred to as authorities with devolution deals). Around 60% of provision funded by the current AEB is devolved to local authorities, giving them the responsibility to determine the nature of adult skills provision and how it is funded. The Levelling Up White Paper sets out the path to greater devolution by 2030 and hence the aim of our reforms is to create a funding system that is more effective in both the short and long-term, allowing for any future devolution of Adult Skills.<sup>26</sup>

We have outlined our response to feedback in the consultation in the following question analysis sections.

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<sup>25</sup> ['ESFA Update further education'](#), (Department for Education, December 2022)

<sup>26</sup> ['Levelling Up the United Kingdom'](#), White Paper (Department for Levelling Up, Housing and Communities, February 2022)



## Question analysis – funding reforms

This section includes a summary of the responses received for questions 1 to 17 from the consultation and should be read alongside the consultation document.<sup>27</sup> Questions are grouped by the broad theme of the proposal to which they refer, to allow responses to be considered alongside each other. The percentages are based on the responses to the online questionnaire while the summary of responses sections summarise feedback from the online questionnaire and email responses.<sup>28</sup>

### Adult Skills Fund and structure of the new funding system

Currently 60% of the AEB is devolved to combined authorities, who have responsibility for adult education and 40% is allocated directly to providers from ESFA. The Levelling Up White Paper sets out the government's ambition for full devolution for adult education across England. Until full devolution is achieved, the Adult Skills Fund (previously referred to as the Skills Fund) will continue with the current model of both devolved and non-devolved funding, where authorities with devolution deals remain responsible for how they use their funding.

To help provide consistency across authorities with and without devolution deals, the consultation proposed introducing a national model for funding provision which would apply to all authorities without devolution deals. Authorities with devolution deals can use the model as a starting point for their funding if they wish, but flex and adapt as needed to meet specific local labour market needs. This would provide a consistent approach for employers, providers and learners whilst still giving local areas the freedom to adapt their funding when there is a clear rationale. The consultation proposed that the national model could include a range of elements, for example:

- set funding rates for qualifications
- an approach to funding non-qualification provision
- guidance to support learners with additional needs
- a model for funding core aspects of provision on a lagged basis

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<sup>27</sup> ['Skills for jobs: implementing a new further education funding and accountability system'](#), Government consultation (Department for Education, July 2022)

<sup>28</sup> Not every respondent submitted an answer to every question. The number of responses analysed below therefore varies from question to question. Throughout this document, percentages are expressed as a proportion of those answering each question, not as a percentage of the total responses. Due to rounding, percentage figures may not always add up to 100%.

## Question 1

**Do you agree with our proposal to create a national model for funding that devolved areas can use as a basis for shaping and funding local skills provision?**

Answer	Total	Percent <sup>29</sup>
Yes	94	44%
No	61	28%
Not Sure	61	28%

More respondents agreed than disagreed with the proposal to create a national model for funding. Some pointed to the potential burdens for providers of engaging with multiple systems with different approaches, and so believed that a common approach, where suitable, is helpful. Some of those that agreed suggested that we need to find the right balance between consistency and flexibility, and that there should be sufficient flexibility to allow for authorities with devolution deals to meet specific local needs.

Some respondents who disagreed with the proposal suggested that there is so much variation in local need that a national model is not suitable as a basis.

Many respondents used this question to make broader points about the scope and objectives of the new Skills Fund. A general theme across the responses, especially in those that disagreed or were not sure, was that the goals of the Adult Skills Fund should be wider and place more weight on social benefits. Further information on the responses that related to the objectives on non-qualification provision can be found later in this document.

## Question 2

**What are your views on the core elements of a national model set out in the consultation document? Are there other elements which should be included?**

There were 189 responses to this question, which was a free-text question.

Many respondents agreed with the funding elements that were listed, but beyond that, the majority of responses did not engage with the elements of the national model set out in the consultation. A range of broader points about the proposals were made, however. For example, some respondents emphasised that funding should continue to be underpinned by an ILR, and others expressed particular support for multi-year budgets

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<sup>29</sup> For the purpose of this document, the percentage is taken as the percentage of respondents who answered each question, omitting any respondents who did not answer.

as one of the elements of the funding system. A few responses expressed some concern about lagged funding, and a few suggested that a move to a needs-based formula in the future was a good aim, assuming sufficient engagement with stakeholders. There were also some responses suggesting additional funding elements such as deprivation and special educational needs and disabilities (SEND).

A large number of respondents, both from those that agreed and those that disagreed with the proposal elements of the national funding model, welcomed further engagement with stakeholders on the detail. Some indicated that we should avoid any implications that restrict innovation or create too much complexity.

## **Government response to questions 1 and 2**

The purpose of the Adult Skills Fund is to support adult learners across England to gain skills which will lead them to meaningful, sustained, and relevant employment, or enable them to progress to further learning which will deliver that outcome. As we move to a devolved system across all of England, responsibility for funding providers via the Adult Skills Fund will transfer from DfE to local areas with devolved responsibility.

Authorities with devolution deals will be able to prioritise use of their funding whilst continuing to meet the statutory entitlements and nationality and residency requirements. Funding for provision in ESFA-funded areas will be distributed directly to providers by the ESFA.

In preparation for the new adult Skills Fund, we are increasing the flexibility that authorities with devolution deals have. From April 2023, the Mayoral Combined Authorities and the Greater London Authority have the ability to use up to 50% of their Free Courses for Jobs funding to delivery any Level 3 qualification to adults that meets local skills needs. In addition, as part of their trailblazer devolution deals, the West Midlands and Greater Manchester Combined Authorities will have their Free Courses for Jobs budgets fully devolved when they deliver at least 80% of their available FCFJs funding across an academic year. These trailblazer areas can also extend eligibility beyond adults who don't already have a Level 3, earn low wages or are unemployed.

Greater devolution gives local areas the opportunity to shape provision to best meet local needs. In simplifying and providing flexibility over local skills funding, we are building on the successes of authorities with devolution deals in delivering the AEB and delivering on the Levelling Up White Paper mission to empower local leadership. The consultation reflects the government's direction of travel to offer devolution to more parts of England, and to provide more flexibilities to existing institutions that have a strong track record of delivery.

Greater devolution does, however, risk a more complex landscape for learners and providers, as pointed out by many responses to the consultation. A national model will bring significant advantages in supporting local areas with the administration of their funding and minimising complexity in the system, particularly for providers engaging with multiple authorities with devolution deals. We will therefore develop a national model for funding that authorities with devolution deals can use as a basis for shaping and funding local skills provision. We anticipate having the funding framework ready for academic year 2024 to 2025. This model will use the core funding elements outlined in the consultation.

Respondents that commented on the proposed funding elements overwhelmingly said that they agree with those elements. This model will therefore use the core funding elements outlined in the consultation.

We will continue to engage with MCAs and sector representative bodies throughout development of the framework to make sure that the model is effective and useful for both commissioners and providers.

## Non-qualification Objectives

The consultation proposed that we would re-focus the objectives for non-qualification provision. The aim was to improve the outcomes for learners and bring additional benefits in employability, value for money and meet wider skills needs. We set out our expectation that the majority of non-qualification provision would be prioritised for those furthest from the labour market.

The proposal was that all non-qualification provision should meet at least one of the following objectives:

- Achieving employment outcomes for all learners.
- Achieving progression to further learning that moves all individuals closer to the labour market.
- Helping those with learning difficulties and/or disabilities to support their personal development and access to independent living.

The intention was that this reform will apply to all providers funded by the ESFA. Authorities with devolution deals will continue to set their own objectives.

## Question 3

**What would the impact be, both positive and negative, of adopting the proposed objectives for non-qualification provision?**

There were 231 responses to this question, which was a free-text question.

A large number of respondents felt that the proposed objectives would result in the wider benefits of non-qualification provision, such as health and well-being benefits, being lost. There was an overwhelmingly positive endorsement of these wider benefits and respondents would like this to continue. There was concern that, under the proposed objectives, some provision would be excluded, including provision for retired people and for some economically inactive people. Many felt that the proposed objectives would prevent the most vulnerable from gaining foundational skills that provide a key step for disadvantaged adults to progress, either to further learning or employment.

Many responses drew attention to the wider cross-government benefits of current non-qualification provision, such as improved mental health via ‘social prescribing’.<sup>30</sup> Respondents pointed out that reducing this provision could lead to knock-on costs elsewhere in the public sector, for example, more demand on NHS services.

In addition, consultation responses expressed concern for the potential loss of provision that builds communities, and the potential loss of family learning provision, which is designed, in part, to help parents/carers to support their child’s learning. Some respondents expressed concern that the proposed objectives could result in less fee-paying provision. The flexible funding of the combined community learning and non-regulated provision was welcomed. Furthermore, some respondents disagreed with the proposal to name this fund ‘non-qualification provision’.

Respondents that had positive comments on the proposals welcomed the focus on progression, with some highlighting that the proposed objectives could help adults progress to further levels of education and/or employment by encouraging providers to sharpen progression pathways. Nonetheless, those who gave positive feedback also raised concerns noted above regarding the need to widen the outcomes of non-qualification provision.

## Question 4

### **How should we monitor providers delivering against these objectives?**

There were 201 responses to this question, which was a free-text question.

When asked about how we should monitor non-qualification provision, many respondents felt that we could continue with existing mechanisms including the ILR, Ofsted Inspections, and RARPA (Recognising and Recording Progress and Achievement), with some saying these methods could be supplemented with surveys that collect additional information to cover health and wellbeing outcomes. Others thought we should adapt the

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<sup>30</sup> “Social prescribing” is linking people to activities such as adult learning, outside of NHS services that help to address challenges they have been facing such as loneliness which, in turn, may also be impacting on their health.

ILR to include more detailed information such as employment status and type of learning undertaken.

Many college providers felt that the accountability measures set out in the consultation were sufficient, such as Accountability Agreements and the new duty on colleges to review their contribution to local skills. Many respondents suggested that the Performance Dashboard should cover wider outcomes, such as health and wellbeing objectives. In addition, there were also comments about setting clear objectives, and providing advice on best practice. Several respondents suggested visits to providers as a way of monitoring provision.

## **Government response to questions 3 and 4**

Since the second consultation, and in response to feedback, we have decided to re-name non-qualification provision as tailored learning. As part of the new Adult Skills Fund, the term tailored learning will include what is currently AEB community learning, formula-funded AEB non-regulated learning, and any new employer-facing innovative provision. From here on, the term tailored learning will be used throughout this document, apart from when referring to the second consultation where the term non-qualification provision will be used.

Following feedback from the consultation, we have reviewed our approach to how providers funded by ESFA can use the Adult Skills Fund to deliver provision, whether that be an approved qualification or broader tailored learning. We recognise the wider benefits that such tailored learning can bring, both in providing a stepping stone to more formal learning and in providing responsive skills training to meet emerging employer need. We have therefore revised the outcomes that tailored learning can support to ensure provision can carry on supporting wider outcomes.

The purpose of the Adult Skills Fund will be to support adult learners across England to gain skills which will lead them to meaningful, sustained, and relevant employment, or enable them to progress to further learning which will deliver that outcome. The Adult Skills Fund will also be used to support the most vulnerable, including those with special educational needs and disabilities, who rely on further education to support their personal development and access to independent living, as the funding does now.

We expect the purpose of the Adult Skills Fund to apply in both authorities with and without devolution deals. Authorities with devolution deals can use this funding as they see fit. In authorities without devolution deals, we have designed the funding system to enable providers to deliver training through a mixture of qualifications and tailored learning.

As part of the Adult Skills Fund, providers will be able to use tailored learning in a range of ways. The primary purpose of tailored learning will be to support learners into

employment and to progress to further learning, in line with the overall purpose of the Adult Skills Fund. It will, however, also support wider outcomes, as the current system does, including using it to improve health and wellbeing, equip parents/carers to support their child's learning and develop stronger and more integrated communities. For example, tailored learning could be used to develop learners' employability and essential skills, and to support wider outcomes of people of all ages such as improved mental health, particularly where those wider outcomes support progression. The Adult Skills Fund cannot be used to fund provision for "leisure" purposes only. We will publish further information in the Adult Skills Fund guidance.

Tailored learning will continue to support learners furthest from the workplace. But it will also support a wide range of provision to upskill learners, prepare them for work and equip them with skills for employment, particularly for meeting emerging skills needs. Our new innovative flexibility will support providers to develop new employer-focused training (see response to questions 13 and 14 for further detail). Once developed, providers will be able to deliver such training from their Adult Skills Fund allocation.

We are working with the sector to collect better data on the nature and purpose of provision, including changes to data collection via the ILR for community learning for academic year 2023 to 2024 and tailored learning for academic year 2024 to 2025. This, alongside our wider FE accountability reforms, such as the Performance Dashboard and Accountability Agreements will help us monitor what is being delivered and incentivise provision that achieves the outcomes of the Adult Skills Fund.

### **Funding for tailored learning**

Providers will receive a single Adult Skills Fund allocation. This acts as a notional allocation, with final funding reflecting actual delivery. We expect, as now, the bulk of provision to be the delivery of qualifications based on employer-led standards with earnings for qualification provision based on new funding rates, set out in response to questions 5-7.<sup>31</sup>

Providers will also be able to use a proportion of their Adult Skills Fund allocation to fund tailored learning, giving them much more flexibility in how they resource this provision. We will not set national amounts per course or learner because it is not practical to do so with such a wide range of provision. The maximum amount they can spend will be based on the amount the provider historically received for such provision (i.e., the sum of their community learning allocation and any non-regulated formula funding they claimed together with associated learning support funding). We will notify providers of their tailored learning maximum amount alongside notification of their allocations for academic year 2024 to 2025. This approach both simplifies the funding for provision that is not

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<sup>31</sup> As they do now, providers will also be able to draw down funding for learner and learning support, as set out in the response to questions 15 and 16.

based on qualifications and expands the overall amount that can be used more flexibly. As we do now with community learning, we will monitor this provision through the ILR and claim submissions to ensure it represents value for money.

We want to ensure that all providers are able to deliver skills training flexibly and to support this, providers with little or no existing delivery of provision other than qualifications will be able to use up to 5% of their Adult Skills Fund allocation for this purpose. This means they can start delivering tailored learning if they think this is a better way of meeting local skills needs.

## Funding for qualifications

The consultation outlined our plans to update the funding rates in the new Adult Skills Fund to reflect both the relative cost of delivery and the relative economic benefit of the courses. We consulted on the proposal to introduce 5 new adult skills funding bands: base, low, medium, high and specialist, and fund courses based on an hourly rate for the length of the course.<sup>32</sup> Further, we sought views in the consultation on whether any exemptions to these funding rates should be continued for particular policy areas and how the specialist land-based qualifications, which need specialist infrastructure and have high overhead costs, should be funded. Additionally, we sought views on how to fund some courses which are currently protected by a historic transitional protection, whereby they are funded at a higher funding rate than the current matrix would suggest for their course length.

In December, the department announced an amendment to the timelines for implementing the funding reforms, giving the sector more time to respond to the funding rates change and other changes.<sup>33</sup> In January, we announced the new funding rates in order to give providers as much notice as possible and have set out in this document a fuller response to the consultation.<sup>34</sup> Furthermore, in March we announced an increase to provider earnings for academic years 2022 to 2023 and 2023 to 2024, in advance of the new funding rates.<sup>35</sup>

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<sup>32</sup> The consultation detailed the proposed funding bands for each of the Sector Subject Areas (SSAs) at the Tier 2 level.

<sup>33</sup> ['ESFA Update further education'](#), (Department for Education, December 2022)

<sup>34</sup> ['Further education adult skills funding rates and funding for innovative provision'](#), Guidance (Department for Education, January 2023)

<sup>35</sup> ['ESFA Update further education'](#), (Department for Education, March 2023)



## Question 5

### Do you agree with the approach for funding qualifications?

Answer	Total	Percent
Yes	64	32%
No	72	36%
Not Sure	65	32%

Opinion was split on our approach to funding qualifications. 32% of respondents that answered this question were supportive; but 36% disagreed. In contrast to the statistics above, the commentary from most of the respondents, including some that nominally disagreed with this question, showed wide support for our principle of simplifying the funding bands and agreed that courses in high-priority skills areas should see funding rate increases. Most respondents also agreed with the designation of the new skills funding bands for individual SSAs at tier 2 level. Broader feedback received from stakeholders during the consultation period reiterated this. Furthermore, many agreed that funding courses on an hourly rate for their actual course length would make the funding formula more transparent and remove cliff edges.

Respondents that disagreed were mainly representing local authorities or learners and felt that the proposal to assess value on economic and employment outcomes was too narrowly focussed and didn't recognise the wider social benefits of adult education, such as mental health and wellbeing. Some respondents said they disagreed with this approach because they thought community learning would be impacted. However, under our proposals flexible funding would not be impacted by these rate changes as they will be funded differently in the new Adult Skills Fund.

A number of respondents had feedback on the detail and implementation of the proposals. Some respondents raised concerns around implementation timing and stated that there is insufficient time to implement the new rates by the academic year 2023 to 2024. Some respondents raised that local training needs do not always align with national priorities and therefore the proposed funding bands would not support LSIPs. For example, some provision deemed lower value can support high volumes of employment opportunities in some areas, which is not factored into the funding bands.

Many respondents cited underfunding as their main concern and felt that without an increase to the overall level of funding, some courses would no longer be financially viable due to inflationary pressures and cost of living increases. Respondents thought that these changes might negatively impact adults with disabilities and other groups that typically access shorter courses.

## Question 6

### **Are there further sources of evidence which could be incorporated into our proposed approach?**

There were 144 responses to this question, which was a free-text question. Only a few responses, however, were directly related to this question, with some using this space to provide wider feedback raised previously. Others used this space to request we publish a full Equality Impact Assessment on our reforms.

Some respondents felt that additional information was needed to rationalise the funding bands set and that localised skills shortage information should be used to set local funding rates. Many highlighted that the funding bands should be regularly reviewed and updated depending on changes in the labour market and inflationary costs. Others highlighted specific reviews as suggestions for additional sources of evidence, but they were not appropriate to be used in a national funding formula.

## Question 7

### **Are there any individual SSAs which you feel have been assigned to the wrong funding band in Annex A?<sup>36</sup>**

There were 111 responses to this question. Respondents used this space to highlight any specific challenges to the individual funding bands, with most of the respondents agreeing with the proposals. Four specific SSAs were suggested by a very small number of respondents as being assigned the wrong funding bands: '*Performing Arts*', '*Crafts, Creative Arts and Design*', '*Foundations for Learning and Life*' and '*Preparation for Work*'. Respondents felt that the funding bands for these SSAs didn't reflect their social and wellbeing benefits and/or their costs. A number of other SSAs were picked out by individual respondents for similar reasons.

## Government response to questions 5 - 7

We will be introducing the new adult skills funding bands as set out in our consultation in academic year 2024 to 2025, and as communicated, along with the hourly funding rates, in January 2023.<sup>37</sup> A full response to the consultation is included here for completeness. The funding bands for each SSA are set out in Annex B.

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<sup>36</sup> Annex A refers to Annex A in the second consultation '[Skills for jobs: implementing a new further education funding and accountability system](#)'.

<sup>37</sup> '[Further education adult skills funding rates and funding for innovative provision](#)', Guidance (Department for Education, January 2023) and '[ESFA Update further education](#)', (Department for Education, March 2023)

Our funding rate reforms aim to boost funding for provision which delivers the skills our current and future economy needs. As set out in the consultation we used information on both skills needs and cost to inform the designation of the new funding bands. Our approach has been to identify SSAs where we think a higher funding rate is necessary, drawing particularly on the SSAs covered by FCFJ as an indication of areas of priority, alongside data on skills shortages, earnings returns and employment rates.

We considered how we could use localised skills shortage information to set local funding rates, but funding rates in the majority of the country can already be adjusted to reflect local needs by authorities with devolution deals. We felt this would be complex to implement and operationalise elsewhere.

To remove the cliff edges caused by the hour bands in the current funding matrix, we will fund courses on their actual course length. In the current system courses of significantly different lengths receive the same funding, for example, a course of 110 hours currently receives £811, the same as a course of 180 hours, nearly twice as long. The new approach will mean that all courses are funded equitably and there will no longer be an advantage in funding simply because of course length. Due to the erratic starting point, moving to this approach means that some courses will see a bigger increase than others and some, which are currently unfairly advantaged in the current system, will see a decrease. We want to ensure providers are able to make decisions on the optimum mix of provision without having those decisions distorted by erratic underlying funding rates. Thus, our approach has been to set new funding rates that are defensible rather than set funding increases from the existing starting point.

Each of the adult skills funding band will have its own hourly funding rate which will be used to calculate the funding for individual qualifications. We have been able to set the new hourly funding rates so that the new base rate is slightly higher than the average base rate in the current system (that is the average funding before programme weighting is applied). The base rate will be £6.00 per hour. The unit hourly funding rates for the new adult skills funding bands will be:

<b>New adult skills funding band</b>	<b>Base</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>	<b>Specialist</b>
New hourly skills funding rate	£6.00	£7.20	£8.40	£9.60	£12.00

For Ofqual regulated individual qualifications, the funding rates will be determined by multiplying the hourly rate for the SSA, by the guided learning hours (GLH) the awarding organisation assigned to the qualification. For example, a diploma in engineering, in the engineering SSA, is 360 GLH and currently receives £2,583. In academic year 2024 to 2025, the new funding rate for this qualification will be £3,456, calculated as follows: £9.60 (the new hourly skills funding rate for engineering SSA) multiplied by 360 GLH.

Providers can view the [GLH for qualifications](#) in the data field entitled 'Guided Learning Hours'. We have also published the list of [new funding rates for individual qualifications](#).

## Question 8

**Do you agree with our approach to setting a single specialist rate for specialist courses undertaken by specialist institutions within these SSAs in Annex B?**<sup>38</sup>

Answer	Total	Percent
Yes	55	37%
No	33	22%
Not Sure	62	41%

37% of respondents that answered this question were supportive of our proposal, with many stating that it would simplify funding rates, but 41% of respondents were unsure. Many respondents agreed that land-based provision should continue to be assigned to a higher funding band. Those who disagreed or were not sure raised concerns about the potential for the proposal to reduce the provision delivered in these areas by non-specialists and felt that the specialist rate should cover additional courses with high delivery and/or teaching costs.

## Question 9

**Do you agree with the proposed band for non-specialist provision within these SSAs in Annex B?**<sup>39</sup>

Answer	Total	Percent
Yes	53	36%
No	26	18%
Not Sure	67	46%

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<sup>38</sup> Annex B refers to Annex B in the second consultation '[Skills for jobs: implementing a new further education funding and accountability system](#)'. The specialist SSAs for adult provision are: Agriculture; Horticulture and Forestry; and Animal Care and Veterinary Science.

<sup>39</sup> Annex B refers to Annex B in the second consultation '[Skills for jobs: implementing a new further education funding and accountability system](#)'. The specialist SSAs for adult provision are: Agriculture; Horticulture and Forestry; and Animal Care and Veterinary Science.

36% of those that answered agreed with the proposed approach for non-specialist provision for SSAs but 46% were not sure if they agreed. Those who disagreed (18%) felt that the cost of delivering these courses was very high and the proposed funding method would penalise some providers and reduce the offer available to learners.

## Government response to questions 8 and 9

We will set a single specialist rate for specialist qualifications in the land based SSAs (agriculture, horticulture and animal care) which most respondents supported. Specialist qualifications will be those in these SSAs which demand specialist resources.

Qualifications that do not demand specialist resources will be funded in the high funding band. The specialist rate will only be applied where these specialist land-based qualifications are delivered at providers with specialist status, which is determined using a prescribed set of criteria as set out by the ESFA (see annex C of the [funding guidance for young people 2023 to 2024 rates and formula](#)). All other providers without specialist status delivering these courses will be funded in the high adult skills funding band.

We have reviewed the criteria applied across these SSAs at qualification level to ensure the criteria used are clear and can be applied consistently to all qualifications in scope. From academic year 2024 to 2025, the following criteria will be used to determine which qualifications will and will not attract the specialist funding rate. Qualifications at level 1 and below are not in scope for receiving the specialist funding rate. The specialist funding rate will apply to all level 2 and 3 qualifications, except for the following:

- qualifications where employment is a pre-requisite, unless the qualification is linked to occupational regulation and/or a certificate of competence. This is because the training aspects requiring specialist equipment can take place on the employer's premises
- qualifications within animal care and veterinary science SSA which are solely focused on domestic animal care
- floristry qualifications within horticulture and forestry SSA as they do not require specialist provision
- qualifications related to forest schools
- qualifications related to garden design and planning

We have published the [rates for both specialist and non-specialist land-based provision](#) alongside the full list of funding rates and an explanatory note.

## Question 10

**Do you agree with the approach outlined in Annex B<sup>40</sup> for each of the qualifications that are currently funded differently from the Single Activity Matrix?**

Answer	Total	Percent
Yes	66	42%
No	27	17%
Not Sure	64	41%

42% of respondents that answered this question agreed with the outlined approach to fund exceptions from the Single Activity Matrix, and 41% were not sure. Commentary from respondents showed support for retaining a policy rate for English GCSE, Functional Skills and Access to Higher Education. Some respondents felt that English for Speakers of Other Languages (ESOL) should also be funded at the same rate as Functional Skills in English. Respondents also felt that there is a benefit to funding these courses per qualification rather than per hour, as this enables providers to set the hours for the courses and therefore give learners additional support if needed. Some respondents highlighted that the funding rate for the new Digital Functional Skills should be higher, in line with other functional skills, and that funding rates should reflect the costs involved in delivering the course to avoid the risk of low uptake when the new qualification is introduced.

## Question 11

**How should credit-based courses, which are currently funded at a higher rate than their course length suggests, be treated in the new Skills Fund?**

Answer	Total	Percent
Continue with the transitional protection these courses currently receive	29	22%
Fund in the same way as all other qualifications when the new funding rates are introduced	31	24%
Not Sure	70	54%

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<sup>40</sup> Annex B refers to Annex B in the second consultation '[Skills for jobs: implementing a new further education funding and accountability system](#)'.

When asked about credit-based courses, 54% of respondents who answered were not sure and opinions were split on how these courses should be funded. Of the 22% of the respondents that wanted the transitional protection to continue, a few commented that they were worried some colleges who are currently delivering these qualifications would see their income reduced. Respondents who wanted credit-based courses to be funded in the same way as other qualifications felt that this would be a fairer way to fund these courses but thought it would be better to slowly transition to the new funding rates over time. Some respondents wanted additional information on which courses this would affect and how it would impact providers and learners, including those with protected characteristics.

## Government response to questions 10 and 11

Overall, we have simplified how qualifications are funded as far as possible. We have reviewed carefully, alongside the consultation responses, where we need to fund some courses with a separate funding rate. The following exceptions will remain for some qualifications given their policy importance:

- English GCSE is in the SSA which attracts the base funding rate, but we have included it in the next funding band up (the low funding band) which will attract £1.20 more per hour than the base funding band.
- Functional skills in English entry level, level 1 and level 2, which will continue to receive a current policy rate of £724.
- Functional skills in maths entry level, which will be funded at the current policy rate of £941, and level 1 and level 2 at £724.
- Functional skills in ICT currently have a policy rate of £336 which will end on 31 July 2023. We will treat the new digital qualification as if it is in the ICT for users SSA from 2024 to 2025, meaning the funding rate for the new digital functional skills qualifications will increase to £462.<sup>41</sup>

In addition to these exceptions, we will retain a programme rate for the Prince's Trust Programme and will increase the funding following the findings from the department's review of programme cost weightings.<sup>42</sup> The current programme cost is £2,670 for unemployed learners and £572 for employed. We will increase the programme cost to £3,204 and have a single rate for both unemployed and employed learners to further simplify the FE funding system. The Prince's Trust accredited qualifications will be

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<sup>41</sup> The new hourly adult skills funding rate for ICT for users SSA is £8.40 and GLH for these qualifications is 55 hours

<sup>42</sup> ['FE funding for high cost and high value provision'](#), Research and analysis (Department for Education September 2022)

funded on the base adult skills funding rate, in line with the new rate for the SSA the qualifications are in.

The consultation proposed maintaining the current policy rates for access to higher education qualifications. However, given the funding rates that have been set, this would mean in many cases funding being lower than other comparable courses and would result in unnecessary complexity. Therefore, we will fund qualifications for access to higher education in line with the new adult skills funding rates according to the SSAs the qualifications are in.

Respondents agreed with the proposed removal of existing exceptions. Therefore, the following qualifications will be funded in line with the new adult skills funding rates according to the SSAs the qualifications are in:

- A levels, AS levels and GCSEs (with the exception of English GCSEs as explained above).
- Waste management and recycling in SSA 1.4 public services.
- Hair and beauty in SSA 7.3 service enterprises.
- Music technology and music practitioners in SSA 9.1 performing arts.
- All qualifications developed under the qualifications and credit framework (QCF), which currently receive a different rate than their course length suggests due to historical transitional protection.

The current system has a learner cap of £4,400 per learner per year. It currently applies to less than 1% of learners. Given how little it is used, we will remove this cap to further simplify the system.

## **Advanced Learner Loans**

The consultation outlined our approach to setting a maximum for Advanced Learner Loan (ALL) amounts. This will avoid pushing any increased costs of higher priority courses, which will have a higher funding band in the new Adult Skills Fund compared to current levels, onto the learner. The proposed approach was to set the maximum loan amounts for level 3 courses at the lower of either the maximum amount that would have been paid under the AEB or the amount that would be payable under the new Adult Skills Fund. Therefore, the maximum loan amount would not increase for courses which have moved to higher funding rates.

### **Question 12**

**Do you agree with our approach to setting rates for maximum loan amounts for Advanced Learner Loans?**



Answer	Total	Percent
Yes	75	42%
No	38	21%
Not Sure	66	37%

A number of respondents did not answer the question or were not sure if they agreed with the proposed response. Of respondents that answered this question, 42% agreed with the proposal and felt this would ensure that students are not discouraged from applying to higher priority courses with higher funding bands. Many respondents, however, were concerned that this approach would limit the income for colleges and might disincentivise colleges from recruiting learners with ALLs, especially for specialist courses. Some respondents only supported the approach if the gap in funding between the loan amount and the new funding rate was paid to the provider by the Skills Fund.

Other respondents who disagreed with the approach felt that it would add additional complexity to the system as providers would have to manage two different sets of funding rates to determine the maximum loan amount. In addition, respondents raised that, whilst the proposal would reduce the cost of high priority courses (relative to the new funding rates) it would not fundamentally change the incentives and encourage learners to do a high priority course if price sensitivity is a factor for learners.

## Government response

We acknowledge the issues raised through the consultation response and are considering how rates for ALLs can best be set in future and will communicate our decisions in due course.

## Funding for innovative provision

The consultation proposed that, in addition to non-qualification delivery, providers should be able to earn a given percentage (for example, up to 3%) of their Adult Skills Fund allocation for the development of innovative provision. This would enable providers to resource the development of new employer- or employability-focused provision. The consultation proposed limiting this facility to providers who meet the following criteria:

- Their non-qualification provision is less than a given percentage of their total delivery (for example, 20%).
- Their total Adult Skills Fund allocation is greater than a specific amount (for example, £500,000).
- They offer adult provision (not just up to 19 years).

### Question 13

**Do you agree with our proposal that providers should be able to earn a given percentage of their Skills Fund allocation on innovative provision? We would also welcome comments on how this facility could best work.**

Answer	Total	Percent
Yes	84	45%
No	45	24%
Not Sure	58	31%

45% of respondents that answered this question were supportive of our proposal with some highlighting that the Strategic Development pilots show that this type of activity is both valuable and deliverable. Others who said they disagreed with or were not sure about the proposals were supportive of the principle of encouraging innovation but thought it should be open to all provider types. Many respondents highlighted the importance of ensuring there is a clear definition of innovation and of avoiding unnecessary bureaucracy when it comes to claiming and assurance processes.

Some respondents felt that 3% of a provider's Adult Skills Fund allocation was a fairly modest amount for this type of activity, while others thought that this sort of provision should be funded in addition to the Adult Skills Fund allocation or allocated more strategically, considering the local needs of each provider.

Some respondents felt that the type of provision supported by this facility should not be restricted to employer- or employability-focused community learning only, suggesting that the scope for innovative provision should be widened to also include personal development, wellbeing and independence goals and social outcomes.

### Question 14

**Do you agree that this facility should only be available to providers who meet the criteria set out? We would also be interested in any case studies of how you have successfully developed and implemented new and innovative provision.**

Answer	Total	Percent
Yes	20	11%
No	110	62%
Not Sure	47	27%

62% of respondents that answered did not agree that innovative provision should only be available to providers that meet the criteria set out in the consultation. A large number of those that disagreed represented local authorities (LAs). The key concern of these respondents was around the fairness of the approach, particularly that it excluded LA adult learning providers and disadvantaged smaller, niche providers as well as land-based colleges. Respondents said that for those who do not qualify (for this facility), any development of innovative provision they undertake would be at the expense of other areas of their curriculum. Of those in favour, respondents felt the criteria were clear and sensible, and provided a rationale for allocations, noting they would not exclude many colleges.

We thank everyone who provided case studies on how they have successfully developed and implemented new and innovative provision. These have been reviewed and have informed our final policy decisions on innovative provision.

## **Government response to questions 13 and 14**

In January, we announced that we will introduce a new flexibility for funding the development of innovative provision into ESFA-funded AEB for the academic year 2023 to 2024.<sup>43</sup> The eligibility criteria for this provision will be as set out in the consultation and eligible providers will be able to earn up to 3% of their adult skills funding allocation in this way.

We recognise that not all respondents agreed with the criteria which we have applied. Providers with a high existing percentage of non-qualification delivery, however, already have a good degree of flexibility and can work with employers to put on new provision that meets the objectives and guidelines set. In applying the criteria, we can better ensure that funding earned in this way is clearly focused on the skills employers need and the sums available for most colleges are sufficient to support the sort of small-scale developmental activity we envisage this flexibility supporting. We will publish detailed advice for providers in due course, which will include information on what can be funded through this route and how funding is claimed.

Once such provision is developed, providers will be able to resource this using their allocation for tailored learning (see response to questions 3 and 4). This flexibility will continue to be available when the Adult Skills Fund is introduced. We will assess how it works in practice and will consider whether changes are necessary to our approach.

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<sup>43</sup> ['Further education adult skills funding rates and funding for innovative provision'](#), Guidance (Department for Education, January 2023)

## Funding for additional needs

The consultation proposed an alternative approach to allocating funding for additional needs: allocating a fixed sum to grant funded providers based on their historical level of learner and learning support funding. Providers would be able to use this fixed sum as they see fit to support their learners and would no longer need to 'earn' the funding through specific earning methods, as they do now. Respondents were asked whether they agreed with this alternative or wanted to continue with the existing arrangements. Respondents were also asked for their views on the extent to which the proposed alternative approach would result in a significant reduction of data and administrative burdens.

### Question 15

**Do you agree with our proposal to allocate a fixed sum to grant funded providers for learner and learning support based on their historical level of this funding or should we continue with the existing arrangements?**

Answer	Total	Percent
Agree - allocate based on historical funding	27	15%
Disagree - continue with existing arrangements	87	48%
Not Sure	68	37%

48% of those who answered did not agree with the proposed alternative approach and wanted the existing arrangements to continue. Many were concerned that relying on historical data is not reliable as cohorts and needs change over time. Respondents also said the proposed alternative approach reduced providers' ability to respond flexibly to learner need. Some also noted that the existing arrangements do not meet current demand with many providers already overextended. Many suggested that a needs-based approach would be more suitable as it would guarantee that funding was available to those who need it.

Respondents who supported the alternative approach commented that a lump sum will make the size of the funds available to colleges explicit and support better planning and reduce administrative burdens. Furthermore, respondents said there should be a way of securing additional funding should a provider's requirements exceed their allocation.

## Question 16

**To what extent do you think this reform will result in a reduction in data and administrative burdens?**

Answer	Total	Percent
Large extent	6	3%
Some extent	42	24%
No difference	124	72%
Not Sure	0	

When asked if the proposed alternative approach would reduce the data and administrative burdens, 72% of those who answered thought it would make no difference. Many felt that any reduction in burdens would largely be determined by the data and audit requirements adopted by the DfE, noting that the ongoing requirement to assess need and evidence eligibility would make this difficult. Others felt that it would be difficult to realise real reductions in burdens due to the complexities elsewhere in the system and more should be done to simplify data collection more generally. Furthermore, some respondents were concerned about the time and money required to implement any changes and felt that more should be done to limit any short-term disruption.

## Government response to questions 15 and 16

Reflecting on the responses we received to these questions we have concluded that making the change we proposed at this time would not significantly benefit providers or learners. We will therefore continue with the existing arrangements for funding learner and learning support. Once better data is available, we will work with the sector to look at options for a formulaic approach to this funding as part of our ongoing drive to simplify funding further.

## Multi-year approach

In the first consultation we set out our intention to introduce a multi-year funding approach, this was welcomed by most respondents and in the second consultation we outlined our proposed approach. We proposed setting initial allocations for academic years 2023 to 2024 and 2024 to 2025 based on those issued for the academic year 2022 to 2023 and maintaining the existing reconciliation approach at the end of each year. We also set out our expectation of moving to a lagged system in the next SR once the new funding rates have been established and we would consider further how multi-year allocations can best be provided within that context.

## Question 17

### Do you agree with the approach to multi-year funding?

Answer	Total	Percent
Yes	130	69%
No	11	6%
Not Sure	48	25%

69% of respondents who answered agreed with the proposed approach to multi-year funding. Most respondents supported the principle but wanted to see more detail about how it would work in practice, particularly in relation to how it would operate within the local authority financial system. Some respondents felt that by not allocating a multi-year settlement to all FE providers, we would be creating inequalities within the FE landscape. In addition, respondents raised concerns about how fluctuations in learner numbers and inflationary pressures would be managed and whether there would be any allowance for growth.

A number of respondents agreed with the proposal but did not agree with the continuation of the reconciliation/clawback approach, suggesting that in doing so we would not improve provider certainty or facilitate flexibility and responsiveness.

Although not directly related to multi-year funding, a number of respondents, including representative bodies and local authority providers, sought assurance that Adult Community Education (ACE) providers would continue to be exempt from subcontracting rules, as per existing arrangements, in a future, multi-year approach.

## Government response

We will introduce a multi-year funding approach in this SR period. We have recently issued letters to MCAs and the Greater London Authority (GLA) setting out their budgets for the academic year 2023 to 2024 and will shortly inform them of their provisional budget share for the academic year 2024 to 2025 which will be calculated using established percentage shares. The final amount for the 2024 to 2025 academic year will be confirmed in January 2024 and we envisage changes will only be made for exceptional circumstances such as to reflect new devolution boundary changes.

For ESFA-funded providers, we have already published the funding rates for academic year 2024 to 2025. This will, for the first time, help providers plan their provision and budgets well in advance. The recently announced increase of the reconciliation threshold to 110% will also give providers more confidence in expanding provision than the

previous limit of 103%. <sup>44</sup> Furthermore, we will inform ESFA-funded providers of their provisional allocation for the academic year 2024 to 2025 early in the 2023 to 2024 academic year, drawing on delivery data from the academic year 2021 to 2022 and reflecting the impact of the new funding rates. These will later be updated to reflect delivery in the academic year 2022 to 2023 with final allocations confirmed in Spring 2024.

We believe the earlier notification of budgets and allocations in this way will help MCAs, the GLA and ESFA-funded providers take a more strategic approach to planning their provision, ensuring it meets local skills needs and delivers better value for money.

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<sup>44</sup> ['ESFA Update further education'](#), (Department for Education, March 2023)

## Question analysis – accountability reform

This section includes a summary of the responses received to questions 18 to 24 in the consultation and should be read alongside the consultation document.<sup>45</sup> Questions are grouped by the broad theme of the proposal that they refer to, allowing responses to be considered alongside one another. The percentages are based on the responses to the online questionnaire while the summary of responses sections summarises feedback from the online questionnaire and email responses.<sup>46</sup>

### Accountability Agreements and national skills priorities

In our first consultation, a large majority of respondents supported the principle of introducing Accountability Agreements. In the second consultation we provided further detail on the two components for the Accountability Agreements, which are:

- Part 1 - Funding Agreement, which will replace existing Grant Funding Agreements and set out essential terms and conditions such as the need to take note of local and national skills needs.
- Part 2 - Accountability Statement, which is owned by colleges.<sup>47</sup>

In the consultation we outlined a proposed method for identifying the national skills priorities which will be set out in the new Accountability Agreement and consulted on the level of detail that would be helpful when setting the priorities.

### Question 18

#### **What level of granularity do you think would be helpful when setting national skills priorities?**

There were 154 responses to this question, which was a free-text question.

Respondents had mixed views on whether national skills priorities are needed and what level of detail they should be set at if they are needed. Those who didn't agree that we should be setting national skills priorities felt we should instead focus on bringing

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<sup>45</sup> ['Skills for jobs: implementing a new further education funding and accountability system'](#), Government consultation (Department for Education, July 2022).

<sup>46</sup> Not every respondent submitted an answer to every question. The number of responses analysed below therefore varies from question to question. Throughout this document, percentages are expressed as a proportion of those answering each question, not as a percentage of the total responses. Due to rounding, percentage figures may not always add up to 100%.

<sup>47</sup> Part 2 of the Accountability Agreement was called the “the strategic plan” in our second consultation but as providers often already have separate strategic plans, we have altered the name to minimise confusion.



together data and identifying trends, via the UFS. These respondents felt that this would support local providers to make informed decisions and help set local skills priorities.

Those who thought it would be useful to have skills priorities set at a national level felt that these would work best if we set broad, high-level priorities that were appropriate for all parts of the country. They also felt that there should be room for local flexibilities in the skills priorities, which could be defined by LSIPs and authorities with devolution deals.

Many respondents felt that any national skills priorities should include broader social and wellbeing objectives which cover essential transferable skills that support employability across all types of work. In addition, respondents felt that national priorities could be linked to broader cross-government strategies on levelling up and social mobility.

Many respondents agreed that national priorities should include a sector focus but indicated that the sectors set out within the consultation (including construction, manufacturing, digital and technology) are too narrow, discounting other sectors where there are deemed to be significant local skills challenges, for example hospitality. Respondents reflected that this reinforced the need for flexibility to accompany national priorities.

Beyond priority sectors, some respondents suggested that we should establish a national framework that defines entitlements, priority learners and core qualifications and within that set top-level measures that capture broad impact.

## Government response

We are moving forward with our proposals on Accountability Agreements. In December 2022 we published guidance for the Accountability Agreements for the academic year 2023 to 2024 aimed at supporting providers within scope to develop and submit an annual accountability statement by 31 May 2023.<sup>48</sup> For the 2023 to 2024 academic year, we initially asked providers to consider the priority areas set out in paragraph 136 of the second consultation as an indicative set of national skills priorities.<sup>49</sup>

Following further exploration of cross-government priorities we confirmed our National Skills Priorities for the 2023 to 2024 academic year in updated guidance published on 12 April 2023.<sup>50</sup>

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<sup>48</sup> ['ESFA college and local authority accountability agreements'](#), Guidance (Department for Education, December 2022)

<sup>49</sup> ['Skills for jobs: implementing a new further education funding and accountability system'](#), Government consultation (Department for Education, July 2022)

<sup>50</sup> ['ESFA college and local authority accountability agreements'](#), Guidance (Department for Education, December 2022)

The National Skills Priorities are areas with high volumes of vacancies, which are expected to increase. They have long-term structural barriers affecting recruitment, retention, and progression and are important in providing opportunities for employment in key growth areas such as green jobs,<sup>51</sup> creative industries and science and technology (including AI and quantum computing).

The National Skills Priorities are:

- construction
- manufacturing
- digital and technology
- health and social care
- haulage and logistics
- engineering
- science and mathematics

We have left these at broad, sector levels to enable local flexibilities where needed.

We are asking providers to prioritise a significant proportion of delivery through government priority programmes, where practical. For academic year 2023 to 2024 these are: T Levels, Apprenticeships, Skills Bootcamps, Free Courses for Jobs and Higher Technical Qualifications (HTQs).

We are not expecting providers to meet all these skills needs in their offer to learners, but a condition of funding has been introduced in Part 1 of the Accountability Agreement that states providers must take note of them, along with local priorities, to provide an offer that is relevant for their learners. These national priorities will sit alongside local priorities identified as part of LSIPs and those identified for the devolved funding by MCAs. We anticipate that in many cases there may be overlap or alignment in priorities, but it is likely some regions will have a specific focus on sectors such as hospitality.

Providers will set out a small number of aims and targets for the year ahead reflecting local and national skills needs in a short public plan, completed in May before each academic year. This will include articulating how providers are growing provision in priority sectors and programmes where possible.

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<sup>51</sup> “The Office for National Statistics defines a green job as “Employment in an activity that contributes to protecting or restoring the environment, including those that mitigate or adapt to climate change.”  
“Green jobs” update, current and upcoming work (ons.gov.uk)

We understand that not all learners may find the priority programme routes appropriate straight away, such as when starting at lower levels after a period of non-engagement with the education system. We recognise that some providers offer a lot of support to upskill and prepare learners. This work to develop progression routes is important for longer-term uptake and success of national priorities.

These priorities are focused on sectors and priority programmes, but we still want providers to offer an increased volume of essential skills up to level 2 in English and mathematics, and level 1 for digital, which are funded by statutory entitlements for adults, including in authorities with devolution deals. Participation has dropped in recent years, and we want to reverse this decline to support improved outcomes and take-up of priority programmes.

While technical skills are important, we have heard from the sector that transferable skills, such as effective communication, and collaboration, are really important in the workplace. We will further explore whether we can provide direction on wider transferable skills, outside the sectors and programmes mentioned above, and what we would expect to see from providers if we did. We will include developments on this in future iterations of our priorities.

## **FE Performance Dashboard**

The consultation outlined our plans to introduce a Performance Dashboard to help FE providers measure their performance and benchmark against peers. We said that this dashboard will:

- Address the FE sector's ask for a clearer set of expectations from central government, providing simple, high-level information to support strategic planning and continuous self-improvement.
- Encourage providers to offer provision which more closely matches skills needs, with the freedom to determine how to achieve these outcomes in the best way for their local area.
- Inform other interested parties on the impact of FE provision in their area and provide greater transparency on overall performance by publishing the dashboard on GOV.UK.

A provider's performance on the dashboard measures will not be used to trigger intervention, but will inform Annual Strategic Conversations, as well as Ofsted inspections and the FE Commissioner's work, alongside existing sources of information used for these activities.

The consultation proposed that the following performance measures would be included in the dashboard.<sup>52</sup>

- skills measure
- quality
- % learners achieving a qualification
- English and Maths measures
- learner progression
- % learners moving into priority industry sectors
- learner employability
- employer experience

## Question 19

**Do you agree that the Performance Dashboard provides the right mix of measures to capture what ‘excellent’ FE delivery looks like, including for non-qualification provision? We would particularly welcome comments on the Learner Employability measure and the English and Maths measure.**

Answer	Total	Percent
Yes	19	11%
No	108	63%
Not Sure	45	26%

Many respondents supported the principle of a dashboard that holds providers to account for the outcomes they achieve, brings high-level performance data into one place, and makes greater use of longitudinal data. There was also strong support for the inclusion of employer experience and learner employability measures to capture outcomes from a user perspective.

Most of the respondents, however, did not agree that the dashboard provided the right mix of measures. There were strong views that the measures were too narrow and/or fixed on linear routes into employment, and that this wouldn't reflect key outcomes for

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<sup>52</sup> A full description of these measures can be found in the second consultation '[Skills for jobs: implementing a new further education funding and accountability system](#)'.

many learners, particularly those furthest from employment. Respondents wanted additional outcomes in the dashboard to capture wider benefits of FE, for example wellbeing, social inclusion, and transferable skills.

Other respondents felt that contextualised data and benchmarking would be essential to represent provider performance fairly. Respondents wanted consideration of different provider types, provision, level and length of course, and the local context in which providers are operating. There was also a view that the dashboard could be more suitable at a regional level since achievement of some outcomes, such as employment, is not within the direct control of individual providers.

Respondents asked for more clarity on where the data would originate from to populate the dashboard, and how it would be used by DfE, Ofsted, MCAs, and other organisations. Some respondents felt that national data on adult learner outcomes would need to be more robust for the sector to have confidence in this being published.

Other respondents wanted assurance that there would be no additional burden on providers to collect data. Some suggested that there were opportunities to reduce burdens on the sector if local and regional-level data requests and measures could be joined up, and/or if the current burden on providers of collecting post-qualification destination from learners could be reduced.

On individual measures, many respondents saw the learner measure as key to the success of the dashboard, noting the current lack of national data on FE learner experiences and opportunities to use this data in other evaluations to reduce burdens. There was a strong preference for measuring outcomes from learners' starting points, and support for tracking outcomes for adult learners, with acknowledgement of the data challenge that this presents. Measuring transferable skills was seen as important to reflect their importance to employers and in creating an agile workforce. There were questions about how outcomes could be captured for FE learners who are already employed or retired and therefore not looking for employment.

## Question 20

**Looking at the dashboard measures, are there any unintended consequences or behaviours that you think the dashboard will have?**

There were 143 responses to this question, which was a free-text question.

Many respondents used this opportunity to support comments in the previous question, asking for measures of wider outcomes of learning, and benchmarking and appropriate contextualisation of data to mitigate any unintended consequences or behaviours.

Some respondents were concerned that, to achieve good outcomes on the measures, providers may prioritise learners and/or courses with higher achievement rates,

deprioritising learners furthest from the labour market or longer/higher value courses; or put learners on courses which were not right for them. Another concern was that if the dashboard did not capture outcomes for all types of learners and provision, some learners could be excluded from FE provision, or some types of provision may be unable to continue. This was especially a concern for some types of community learning and vulnerable adults undertaking courses where the primary aim is not employment.

It was also suggested that providers' outcome measures could be negatively impacted if regional or local priorities are different to the industry sector priorities specified by the department, or if providers feel obliged to focus on skills priorities in the dashboard that do not reflect their area of expertise or are not economical to deliver.

Other respondents felt that the dashboard could disadvantage providers focusing on SEND learners, as barriers to employment for learners with Education, Health and Care Plans (EHCPs) are often higher and not always in a provider's control. Alternatively, there was a view that if outcomes for SEND learners were given sufficient prominence in the dashboard, this could incentivise providers to address the backlog of young people with an EHCP waiting to receive provision specified in their plan.

## **Government response to questions 19 and 20**

We agree that it is important to track wider outcomes of FE learning where they increase learners' ability to get a good job, for example wellbeing, social inclusion, and transferable skills. Our new 'learner employability' measure will aim to track these. We are designing a new annual data collection to gather this information directly from learners. This will plug the current gap in data which captures wider benefits of FE learning and provide a new source of evidence to show how the FE sector is helping learners develop transferable and other employability skills, including those already employed and vulnerable adults or older learners undertaking courses where the primary aim is not employment. We will also look for opportunities to use this data in other evaluations to reduce burdens.

We will capture outcomes for all types of learners and provision to recognise and encourage all FE provision that achieves positive outcomes for learners, where this data is available. We will also include data breakdowns for each measure to show how well providers are supporting particular groups of learners to achieve these outcomes, for example those with self-declared learning difficulties and disabilities. We will also make it clear in the dashboard that meeting national skills priorities should complement, and not replace, meeting local and regional skills needs in a provider's geographical area.

We will consider learners' starting points, where this data is available. For example, the Skills Measure will show whether a provider is at/below/above expected performance in supporting their learners into sustained employment (i.e., for a period of six months or more), and/or higher-level learning. We will do this by taking into account learner factors

such as prior attainment and contextual factors such as local unemployment and deprivation indicators.

We are taking consultation responses into account in our dashboard design and user testing, which we have started with a range of colleges and local authority FE providers and will continue throughout 2023. In our consultation we set out an aim to roll out the FE Performance Dashboard during academic year 2023 to 2024. This will take place for FE providers by end July 2024, via the department's 'View Your Education Data' (VYED) platform. The dashboard will contain six of the eight measures proposed and enable the sector to start using the data and make any final changes before a wider launch of the full dashboard on GOV.UK by end July 2025.

## Data reporting

We set out our proposal to create an online ILR collection approach where data is stored within DfE data storage systems. This approach will supply high quality, timely data and reduce the administrative burdens on providers. We will continue to work with the sector to create a user-friendly system that minimises burdens and overcomes some of the data and reporting challenges in the FE sector.

### Question 21

#### **How can we best streamline information requests from DfE and MCAs to keep burdens on colleges to a minimum?**

There were 127 responses to this question, which was a free-text question.

Respondents were supportive of the principle of updating the ILR and creating a transparent and accessible system that provides real time data. Many highlighted that it would reduce the administrative burdens for providers, facilitating an 'ask once, use multiple times' structure and moving away from monthly data returns. As with our first consultation, many respondents noted that whilst the ILR is a valuable collection tool, it is expensive to run and does not fully meet the requirements of the sector. Many welcomed an update on the system but noted that this is a challenging landscape, and that software providers and users should be involved in the testing of any new system. Some suggested that the scope of the data reporting should be expanded beyond quantitative data and link to cross-government databases.

When asked about how to streamline requests, most of the respondents highlighted the need for DfE, authorities with devolution deals and other organisations to co-create a single approach to data collection and use, where data is readily shared with all relevant organisations. Some highlighted the challenges of creating a national ILR data collection that is also tailored to local needs and can represent different types and lengths of courses.

Respondents commented that many organisations rely on the ILR data for their own reporting and management, which should be taken into account when updating the ILR. In particular, respondents felt that sufficiently long lead-in times are required to introduce any changes and give organisations time to adapt.

## Government response

We have taken on board feedback from the consultation and are working with providers and MCAs to explore what action we can take to minimise burdens on the sector and reduce the need for additional local data requirements on providers.

The ILR will continue to play an important role in the future. We are aiming to simplify and streamline the ways in which data is inputted into the system, ensuring that the process is as straightforward as possible for all stakeholders. This will reduce burdens on individuals and on the system, freeing up time and money to focus on other aspects of teaching and learning.

In addition, we are exploring how to minimise the audit and assurance burdens on providers, which often drive significant data requests. Further details on our next steps can be found in response to question 23.

## Single Improvement Plans

The consultation outlined our plans to introduce Single Improvement Plans (SIPs) and enhance the FE Commissioner’s role in leading support for providers who are in intervention. The consultation outlined how the FE Commissioner will work with providers to create a plan for the provider to improve, and coordinate the interests of other parties. The intention is to minimise the number of information requests that providers receive from multiple interested parties when they are in intervention and create time and space for providers to improve. As well as feedback from this consultation, we will also consider feedback from the pilots of the plans, which we ran throughout the academic year 2021 to 2022.

### Question 22

**Do you agree with our proposed approach to Single Improvement Plans?**

Answer	Total	Percent
Yes	108	62%
No	22	13%
Not Sure	44	25%



62% of respondents who answered agreed with the proposal to introduce the Single Improvement Plan, with many saying it was a pragmatic and collaborative solution that would simplify intervention and free up time and resource for organisations to spend on improvements.

Many of those who were supportive highlighted the importance of meaningful contribution from appropriate organisations and a truly collaborative approach that benefited all. Many stated that authorities with devolution deals should have a greater role for providers in devolved areas, where they can add significant value and local context; without this MCAs may still request additional information. Many MCAs also felt the proposal could go further in strengthening the relationship between authorities with devolution deals, the FE Commissioner and Ofsted and that MCAs should maintain their autonomy of decision making. Some questioned how this would work for providers that work across multiple authorities, with and without devolution deals, who may still need to meet multiple different requirements.

Many wanted additional information on how the proposal would work in practice and the timelines and approval processes of the SIPs. Numerous respondents felt the FE Commissioner was well positioned to provide the support needed but some asked for clarity on how the FE Commissioner would coordinate the interest of other organisations.

Respondents who were not sure or did not agree with the proposal often questioned the scope of the reform, suggesting that more providers should be included, such as Independent Training Providers (ITPs) and Special Post-16 Institutions (SPIs). Furthermore, it was felt by some respondents that current financial pressures are increasing the likelihood of providers needing intervention and that a key issue is whether and how DfE will financially contribute to implementation.

## **Government response**

Based on the feedback received through our consultations, and insights from the SIP pilots, we have introduced SIPs. This will minimise the time colleges in intervention spend responding to requests from interested bodies and free up time for those colleges to spend on implementing improvements. The FE Commissioner will have the lead role for supporting colleges who are in intervention to improve and will work with the college to plan a path to improvement while coordinating the interests of other parties, such as Ofsted and MCAs.

We published an updated guidance on 'College oversight: support and intervention' in December 2022, where we set out more of the specifics on how SIPs will work in

practice, to ensure we are supporting the sector as soon as possible.<sup>53</sup> The key points of this update, in relation to SIPs, are as follows:

- 1) Where a college triggers intervention, the FE Commissioner will lead an intervention assessment culminating in a report with recommendations. The college’s leadership team and Governors will subsequently agree priorities, actions, and milestones to be included within the SIP. We believe that buy-in is critical to success and therefore the college will both own and write the plan. The SIP will not be published.
- 2) Where appropriate, the recommendations identified in the FE Commissioner’s intervention assessment will be included in a published Notice to Improve on GOV.UK.<sup>54</sup> Completing these recommendations will be a condition of funding attached to the college’s Accountability Agreement. This provides public accountability for the college and transparency relating to the work of the FE Commissioner and their recommendations for improvement.
- 3) The FE Commissioner will provide guidance and support throughout this process and will meet regularly with the college to review progress jointly.
- 4) The college will move into a short period of Post-Intervention Monitoring and Support (PIMS) at the end of intervention. Further information about PIMS is provided in the oversight guidance.

## Audit and assurance

The consultation outlined our plans to review the audit and assurance processes for the ESFA and providers. We want to simplify the system and minimise the administrative burdens whilst maintaining confidence and ensuring public funds are used for the purposes intended.

### Question 23

**Do you agree with our approach to reviewing the assurance process for the ESFA and providers?**

Answer	Total	Percent
Yes	60	37%
No	31	19%

<sup>53</sup> ['College oversight: support and intervention'](#), Guidance (Department for Education April 2019, updated December 2022)

<sup>54</sup> ['Colleges and higher education institutions notices to improve'](#), Collection (Department for Education, November 2017)

Answer	Total	Percent
Not Sure	73	45%

37% of the respondents agreed with the principle of reviewing the assurance process for the ESFA and providers, with many advocating a simpler and less frequent audit and assurance. There was also agreement that sufficient rigour is required to ensure appropriate use of taxpayers' money.

Nonetheless, 45% of respondents were not sure if they agreed with the proposed approach, with many respondents requesting additional information or saying that the proposed reforms do not go far enough in reducing the audit and assurance burdens.

Respondents who said the proposals did not go far enough to simplify the system felt that DfE should work with the sector, the FE Commissioner, the National Audit Office (NAO), and the Office for Students (OfS) to create a consistent assurance framework for all funding streams, in both authorities with and without devolution deals. Respondents believed this would particularly benefit providers who work across multiple areas by reducing the number of audits.

Many respondents requested additional detail on how the audit and assurance framework would be improved. This includes how we will deliver on the ambition to simplify the system in the long term, as previous evidence suggests that systems often increase in complexity over time.

Some respondents raised concerns over any potential costs of improving the system and how these would be funded. In addition, some organisations did not want to move away from their own audit regimes as they felt they are well suited to their organisation and inherently linked to other parts of the FE sector.

## Government response

We recognise that the sector views the financial oversight framework for providers as burdensome. This is attributable in part to the number of grant funding streams received from different central and local government bodies, which each have separate reporting requirements and funding rules, some of which are complex.

An effective financial oversight and assurance system for the post-16 landscape needs to be appropriate and proportionate, satisfying NAO and Parliament's that taxpayers' money is being used for the purposes intended. Following the feedback, we have heard, both in this consultation and more widely through our conversations with the sector, we know we need to look to reduce the burdens placed on providers by funding bodies.

We have recently begun a programme of work to review the post-16 financial oversight system, including all public sources of funding for FE providers, and consider what a different operating model could look like. We are aiming to identify how the system can be improved, to free up time for the sector to focus on the important work of training learners whilst still safeguarding taxpayers' money. We have identified the following actions that could help us to achieve the above:

- 1) Looking at the number, complexity and timeliness of both financial and non-financial returns, exploring whether there are ways to improve efficiency of collection and minimise duplication.
- 2) Considering opportunities for moving towards a more co-ordinated approach to financial oversight and assurance for all DfE and ESFA grants and exploring whether we can join up with other public funding bodies, such as MCAs and OfS, to simplify and streamline existing arrangements.
- 3) Taking a proportionate approach when considering errors and potential clawbacks, where we have the power to do so. We will need to explore what we can do in this space, but if genuine errors occur, we want to exercise more discretion on how we clawback, which might mean limited actions in respect to small amounts of money.
- 4) Focusing on more effective communications and transparency with the sector on how our approach to financial oversight and assurance works, clarifying the purpose of our returns and building more trust into the system.

A number of our financial oversight simplification proposals, such as those relating to clawbacks, are subject to rules set by Parliament, NAO and other government departments. In these instances, we will need to explore with these bodies how we can rationalise our oversight system, whilst still maintaining their confidence and complying with wider rules.

## Providers in scope

We proposed that statutory FE providers (General Further Education Colleges, Sixth Form Colleges and Designated Institutions) should be in scope for all aspects of our accountability reforms; and that some reforms could apply in a proportionate way to other grant funded providers<sup>55</sup> where they receive significant levels of FE grant funding.

We proposed that Special Post-16 Institutions (SPIs) would not be in scope, as their learners typically have high needs and different learning aims compared with mainstream FE providers. We will consider whether inclusion of SPIs in the Performance Dashboard

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<sup>55</sup> By 'other grant funded providers' we mean providers funded through a 'conditions of funding' agreement to deliver post-16 education and training.

and enhanced inspections would be helpful in the longer term. In addition, we proposed that Higher Education Institutions (HEIs) offering FE provision should be out of scope, as they are held to account through separate arrangements with the OfS. We also proposed that ITPs be out of scope as they are held to account via separate contractual arrangements.

## Question 24

**Do you agree with our proposals for which providers should be in scope for our accountability reforms?**

Answer	Total	Percent
Yes	28	17%
No	78	48%
Not Sure	56	35%

Many respondents who disagreed with the proposal felt that a focus on colleges was too narrow and wanted a broader range of providers included or placed on similar accountability arrangements. Many respondents wanted all grant-funded FE providers to be included. Others called for our accountability reforms to apply to all FE providers. Many respondents commented that it was not clear why colleges could access additional support from the Further Education Commissioner to help with self-improvement, but other FE providers could not.

Of the respondents who agreed with the proposals, some agreed that certain providers operating with significantly different learner types and aims should be out of scope.

## Government response

We can confirm that all statutory FE providers are in scope for our accountability reforms. Local authority FE providers will be in scope for some elements on a proportionate basis. The table below shows the confirmed position for providers in scope for the different aspects of our accountability reforms.

For statutory FE providers, we have made recent announcements on the introduction of Accountability Agreements<sup>56</sup> and Single Improvement Plans.<sup>57</sup> We have also involved statutory FE providers in our first phase of user testing of the FE Performance

<sup>56</sup> ['ESFA college and local authority accountability agreements'](#), Guidance (Department for Education, December 2022)

<sup>57</sup> ['College oversight: support and intervention'](#), Guidance (Department for Education April 2019, updated December 2022)

Dashboard, which will continue during 2023 as we develop this further. Ofsted also introduced enhanced inspections in September 2022 for all statutory FE providers.

For local authority FE providers, we have run successful pilots involving Holes, their sector representative body, to test how we best bring them in scope for FE Commissioner Active Support and Accountability Agreements. Consequently, we will bring all local authority FE providers into scope for Active Support to enable them to receive support to improve where they need it. In March this year we published details of the support on offer from the FE Commission to local authority FE providers.<sup>58</sup>

Our Accountability Agreement pilots demonstrated that local authority FE providers would be suitable to bring into scope, and we have introduced this for those in annual receipt of £1 million or more of FE funding from the ESFA.<sup>59</sup> For consistency, the FE Performance Dashboard and Single Improvement Plans will also apply to these providers. We will keep this proportionality threshold under review as our reforms bed in. We will also review with Ofsted whether local authority FE providers should be brought into scope for enhanced inspections in future inspection cycles.

We will continue to review whether other FE providers should be brought into scope for our accountability reforms over the longer term. In the short and medium term, we are looking at how we can align our accountability reform principles with existing accountability arrangements for ITPs, and other FE providers not currently in scope.

	<b>Statutory FE providers</b>	<b>Local Authorities (as FE providers)</b>	<b>Special Post-16 Institutions</b>
<b>Accountability Agreements</b>	Yes	Yes*	No
<b>Performance Dashboard</b>	Yes	Yes*	To consider in future
<b>Enhanced Ofsted Inspections</b>	Yes	To consider in future	To consider in future
<b>FEC Active Support</b>	Yes	Yes	No
<b>FEC Single Improvement Plan</b>	Yes	Yes	No
<b>Secretary of State Intervention Powers</b>	Yes	No	No

\* for local authority FE providers in receipt of at least £1 million per annum of FE funding from the ESFA

<sup>58</sup> ['Getting help and support for local authorities delivering post-16 further education'](#), Guidance, (ESFA and FEC, March 2023)

<sup>59</sup> ['ESFA college and local authority accountability agreements'](#), Guidance (Department for Education, December 2022)

## Question analysis – Equality Impact Assessment

This section includes a summary of the responses received for questions 25 and 26 from the consultation, which looks at how the proposals might impact individuals on the basis of their protected characteristics.

### Question 25

**Do you have any comments about the potential impact, both positive and negative, of our proposals on individuals on the basis of their protected characteristics?**

There were 162 responses to this question, which was a free-text question.

The main concern raised in response to this question was regarding potential negative impacts of the focus on employability in our reforms, particularly for community learning. Many felt that focusing on economic and employability outcomes would limit the FE provision available to learners, which would negatively impact individuals with protected characteristics who more commonly access this type of provision. Many noted that outcomes such as improved confidence and wellbeing, socialising, and a stepping stone to higher education are being overlooked. Specific groups that respondents raised as potentially being affected included: women, minority ethnic groups, older adults and learners with disabilities, including mental health issues. Some respondents called for an Equality Impact Assessment to be carried out prior to the implementation of any reforms.

Many respondents also raised the concern that the reforms could reduce the accessibility of provision for learners who are disadvantaged for reasons other than sharing a protected characteristic. For instance, respondents noted that the reforms may make it harder to reach people rehabilitating from drug/alcohol dependency; people struggling with confidence/self-esteem; and people with experience of the criminal justice system.

### Question 26

**Where any negative impacts have been identified, how might these be mitigated?**

There were 127 responses to this question, which was a free-text question.

Many respondents raised that broadening the outcomes of our reforms beyond employability, to include wellbeing and other social benefits, would mitigate any potential negative impacts for individuals with protected characteristics. Others felt that further engagement with the sector and data analysis on the impact of the reforms was needed. Again, some respondents noted that it would be useful to carry out an Equality Impact Assessment prior to the implementation of any reforms.

## **Government response to questions 25 and 26**

We expect our reforms to have an overall positive impact on the FE sector and have addressed the points made in the consultation from questions 25 and 26 in our final policy decisions. We have published an Equality Impact Assessment alongside this consultation response.



## Annex A: List of organisations that responded to this consultation

This annex sets out the organisations that responded to the consultation. It does not include individuals who responded in a personal capacity, responses where an organisation was not clearly identified, or organisations that requested their responses remain confidential. Duplicate organisations have also been removed from the list. As such, the number of organisations listed below does not equal the total number of respondents.

- 3 Counties Accounts Training Service Ltd
- Academy Transformation Trust Further Education (ATTFE)
- Access Skills
- Activate Learning
- Adult College for Rural East Sussex (ACRES)
- Adult Ed Service
- Adult Education, Derbyshire County Council
- Adult Learning Lewisham, Lewisham Council
- Adult Learning, Cumbria County Council
- Ashby Hub Community Learning
- Association of Colleges
- Association of Employment and Learning Providers (AELP)
- Barnsley Adult Skills and Community Learning Service
- Birmingham Metropolitan College
- Bournemouth Christchurch and Poole Council, Skills and Learning Adult Community Education
- Bournemouth, Christchurch and Poole Council
- Bracknell Forest Council
- Bristol City Council
- Bromley London Borough Council, Bromley Adult Education College
- Cambridgeshire and Peterborough Combined Authority
- Camden Council
- Campaign for Learning (part of the NCFE Group of Companies)
- Capital City College Group

- City College Peterborough
- City of Wolverhampton Council
- City of York Adult Learning, York Learning
- City of York Council
- Clay Cross Adult Education Centre, Chesterfield, Derbyshire
- Cornwall Council, Adult Education
- Coventry University Group
- Croydon Adult Learning and Training, Croydon Council
- Derby Adult Learning Service
- Derbyshire Adult and Community Learning Service
- Derbyshire Adult Community Education Service
- Derbyshire Adult Education Service (DACES)
- Derbyshire County Council
- Derbyshire County Council, Adult Community Education
- DurhamLearn (formerly Adult Learning and Skills Service), Durham County Council
- East Sussex College Group
- East Sussex County Council
- Essex County Council
- Families Learning
- Fircroft College
- Gateshead Council
- Glossop Adult Education Centre
- Gloucestershire County Council
- Greater London Authority
- Greater Manchester Colleges Group
- Hartlepool Borough Council
- Havering London Borough
- HOLEX
- Hunloke Centre
- Inspire Culture, Learning, Libraries

- Isle of Wight Council
- Kent Community Learning and Skills
- Kingston Adult Education (part of Royal Borough of Kingston)
- Kirklees Local Authority
- Lancashire Skills Hub
- Learning and Work Institute
- Leeds City Council
- Leicestershire Adult Learning Service
- Lewisham Adult Education
- Lewisham Adult Learning
- Lifelong Learning and Skills, Sheffield City Council
- Lincolnshire Action Trust
- Lincolnshire County Council
- Liverpool City Region Combined Authority
- Local Government Association (LGA)
- London Borough of Hackney
- London Borough of Hounslow
- London Borough of Lambeth
- Manchester City Council
- Mary Ward Settlement
- Merton Adult Learning
- Morley College London
- National Citizen Service Trust
- Natspec
- NCG
- Nelson and Colne College
- New College Durham
- Newcastle City Learning
- Nisai Virtual Academy
- Norfolk County Council
- North-East and Cumbria Workers Educational Association

- North Lincolnshire Council, Adult Education and Community Learning
- North Northamptonshire, Adult Learning Service
- North of Tyne Combined Authority
- North Yorkshire County Council, City of York authority
- Northern College
- Norwich City Council
- ODILS Learning Foundation
- Oldham Council, Lifelong Learning Service
- Plymouth City Council
- Richmond and Hillcroft Adult and Community College
- RSM UK Risk Assurance Services LLP
- Skills and Learning Adult Community Education
- Slough Borough Council
- Smart Training and Recruitment Limited
- Southampton City Council
- Southend Adult Community College
- Staffordshire County Council
- Step2Skills, Hertfordshire County Council
- SunnyBude
- Sutton College, London Borough of Sutton
- Tees Valley Combined Authority
- The Adult College of Barking and Dagenham
- The City Literary Institute
- The Education Training Collective
- The LTE Group
- The Manchester College
- The Number4 Group
- The Quality Assurance Agency for Higher Education
- The Royal British Legion
- The St Martin's Group
- Thurrock Adult Community College

- Trevi, Plymouth
- UCAS
- United Colleges Group
- Wakefield Council Adult Education Service
- Wandsworth Council Lifelong Learning
- Warwickshire County Council Adult and Community Learning Service
- Workers Educational Association
- West Berkshire Council
- West of England Combined Authority
- West Sussex County Council
- West Yorkshire Combined Authority
- Westminster Adult Education Service, Westminster City Council
- Working Men's College
- Yeovil College
- York College
- York Learning, City of York Council

## Annex B: Funding Bands for Sector Subject Areas

Adult Skills funding band: Base		
Administration	Anthropology	Economics
Foundations for Learning and Life (excluding Functional Skills)	History	Languages, Literature and Culture of the British Isles
Law and Legal Services	Linguistics	Marketing and Sales
Other Languages, Literature and Culture	Philosophy	Politics
Preparation for Work	Sociology and Social Policy	Theology and Religious Studies
Travel and Tourism		

Adult Skills funding band: Low		
Accounting and Finance	Archaeology and Archaeological Sciences	Business Management
Child Development and Well Being	Direct Learning Support	Geography
Mathematics and Statistics	Media and Communication	Performing Arts
Public Services	Publishing and Information Services	Retailing and Wholesaling
Service Enterprises	Sport, Leisure and Recreation	Teaching and Lecturing
Warehousing and Distribution		

<b>Adult Skills funding band: Medium</b>		
Architecture	Crafts, Creative Arts and Design	Environmental Conservation
Health and Social Care	Hospitality and Catering	ICT for Users
ICT Practitioners	Medicine and Dentistry	Nursing and Subjects and Vocations Allied to Medicine
Science	Urban, Rural and Regional Planning	

<b>Adult Skills funding band: High</b>		
Building and Construction	Engineering	Manufacturing Technologies
Transportation Operations and Maintenance		

<b>Adult Skills funding band: Specialist</b>		
Agriculture*	Animal Care and Veterinary Science*	Horticulture and Forestry*
*Non-specialist qualifications in these SSAs will be funded on the high funding band.		

## Annex C: Glossary

**Adult Education Budget (AEB):** Funding targeted at engaging adults and providing the necessary skills and learning for work, an apprenticeship or other learning. The national AEB is used to support statutory entitlements to full funding for eligible adults (aged 19 and above). The statutory responsibility for certain adult education functions, including for funding the statutory free entitlements, has been transferred to certain Mayoral Combined Authorities (and delegated to the Mayor of London) in relation to their areas, together with an associated portion of the AEB.

**Advanced Learner Loan (ALL):** An Advanced Learner Loan helps eligible adults (aged 19 and above) with the costs of a course at a college or training provider in England. Further information can be found on GOV.UK. Qualifications for which an individual can take a loan out are known as “qualifications approved for ALL”.<sup>60</sup>

**Apprenticeship:** A job that combines practical training with study. These can be provided from intermediate level (level 2) to professional level (levels 6 and 7).

**Awarding organisations:** Individual organisations recognised by Ofqual that design, develop, and certificate qualifications but are not themselves education providers.

**Colleges:** Providers that are within the statutory further education sector, as defined in section 91(3) of the Further and Higher Education Act (FHEA) 1992:

- Further education colleges (although they are not referred to as colleges in legislation, but rather institutions conducted by FE corporations) – section 91(6) FHEA 1992.
- Sixth form colleges (institutions conducted by sixth form college corporations) – section 91(3A) FHEA 1992.
- Designated institutions (an institution designated by order under section 28(4) FHEA 1992. Some of these call themselves “colleges”).

**Community Learning:** Helps people of different ages and backgrounds gain a new skill, reconnect with learning, pursue an interest, and learn how to support their children better, or prepare for progression to more formal courses/employment.

**Education and Skills Funding Agency (ESFA):** An executive agency sponsored by the DfE, responsible for funding education and skills for children, young people, and adults.<sup>61</sup>

**Employer-led standards:** These set out the knowledge, skills and behaviours (KSBs) required for an occupation (also known as occupational standards). Employer-led standards enable assessment of whether an individual has achieved the KSBs needed to

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<sup>60</sup> <https://www.qualifications.education.gov.uk>

<sup>61</sup> [Education and Skills Funding Agency - GOV.UK \(www.gov.uk\)](https://www.gov.uk)



be competent in an occupation. They are developed by groups of employers and approved by the Institute for Apprenticeships and Technical Education. They currently form the basis of the T Level technical qualification and apprenticeships (see also Apprenticeship Standards).

**Employer Representative Body (ERB):** A business membership organisation that is independent of government, and whose primary purpose is to lead on the development and review of local skills improvement plans in each area of the country.

**Free Courses for Jobs - Level 3 Offer:** Eligible adults aged 19+ can access a free level 3 qualification with strong wage outcomes and the ability to meet key skills priorities via Free Courses for Jobs. Adults can access these qualifications if they do not already hold a full Level 3 qualification. Any adult in England who is unemployed or earning under the National Living Wage annually (£20,319 from April 2023) can also access these qualifications for free, even if they already have a Level 3 qualification or higher.

**Further Education College (FEC):** Institutions conducted by further education corporations. Further education colleges offer a variety of courses from entry level through to higher level qualifications.

**Higher Education Providers (HEPs):** Providers of higher education courses and/or qualifications.

**Higher level:** Any qualification at levels 4 and 5. Apprenticeships can also be at higher level.

**Higher Technical Education (HTE):** Technical education provided at levels 4 and 5.

**Higher Technical Qualification (HTQ):** A level 4 to 5 Higher Technical Qualification that gains approval from the Institute, where its content aligns with the Institute's employer-led standards.

**Institute for Apprenticeships and Technical Education (The Institute):** An executive non-departmental public body, sponsored by the DfE. It approves and publishes the employer-led standards for occupations (and their associated apprenticeship assessment plans), approves technical education qualifications, and advises government on funding for each standard. See the Institute website for more information.

**Institutes of Technology (IoT):** Collaborations between further education colleges, universities, and employers, focused on providing higher-level technical STEM education.

**Individualised Learner Record (ILR):** The ILR is an ongoing collection of data about learners from training providers in the Further Education and Skills sector in England.

**Knowledge, Skills, and Behaviours (KSBs):** The outcomes set out in employer-led standards which demonstrate competence in an occupation. For an approved Higher

Technical Qualification, and the T Level qualifications, an individual will attain as many of the outcomes as may be reasonably expected from a course of education.

**Level (L):** Refers to the nine qualification levels in England, Wales and Northern Ireland.<sup>62</sup>

**Level 2:** Also known as Intermediate level. Level 2 qualifications include GCSEs (Grades A\*- C/9 - 4) and Level 2 Technical Award. Apprenticeships can also be delivered at Intermediate level.

**Level 3:** Also known as Advanced level. Level 3 qualifications include A Levels, T Levels, Pearson BTECs, and Cambridge Technicals. Apprenticeships can also be delivered at Advanced level.

**Levels 4 and 5:** Also known as Higher level. Level 4 includes Certificate of higher education, level 4 diploma, and higher national certificate. Level 5 includes diploma of higher education, foundation degree, and higher national diploma. Apprenticeships can also be delivered at Higher level.

**Levels 6 and 7:** Also known as Degree level. Level 6 includes a full undergraduate degree (may be degree with honours/bachelor's degree), and a graduate diploma. Level 7 includes a master's degree, postgraduate diploma, and a level 7 diploma. Apprenticeships can also be delivered at Degree level.

**Lifelong Loan Entitlement (LLE):** From 2025, the LLE will provide individuals with a loan entitlement to the equivalent of four years of post-18 education to use over their lifetime.

**Local Authority Adult Education Services/Adult Community Education providers:** Adult community education providers include local authorities and institutes for adult learning. The provider-type institute for adult learning was previously known as Specialist Designated Institution. The DfE grant funds a small set of designated institutions (designated under s28 of the Further Education Act 1992).<sup>63</sup>

**Local Skills Improvement Fund (LSIF):** A fund which will support investment in new facilities, provision, and teaching expertise to deliver on priorities identified in Local Skills Improvement Plans.

**Local Skills Improvement Plans (LSIPs):** Local Skills Improvement Plans will set out the key changes required to skills provision in a local area to make provision more responsive to labour market skills needs.

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<sup>62</sup> [What qualification levels mean: England, Wales and Northern Ireland - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

<sup>63</sup> [Further and Higher Education Act 1992 \(legislation.gov.uk\)](https://legislation.gov.uk)

**Mayoral Combined Authority (MCA):** A combined authority is a legal structure that may be set up by local authorities in England, with or without a directly elected mayor. Specified adult education statutory functions of the Secretary of State have been transferred to certain MCAs by way of affirmative orders under the Local Democracy, Economic Development and Construction Act 2009. In addition, a delegation of those functions has been made by the Secretary of State in relation to London (which is not a combined authority) under section 39A of the Greater London Authority (GLA) Act 1999. We refer to MCAs and GLA as ‘authorities with devolution deals’ throughout the document. Where we use the term ‘authorities with devolution deals’ we mean those areas where there is a combined authority to whom adult education functions have been transferred/delegated.

**National Audit Office (NAO):** The UK’s independent public spending watchdog. The NAO support Parliament in holding government to account and help to improve public services through high-quality audits.

**Non-regulated learning:** Learning which is not subject to awarding organisation external accreditation in the form of a regulated qualification.

**Occupation:** A set of jobs whose main tasks and duties are characterised by a high degree of similarity. It is also an all-encompassing term for individuals’ employment and is not restricted to a particular workplace. The term ‘occupation’ (for example in ‘occupational standards’) is a more general and all-encompassing term for ‘employment in which individuals are engaged’ and is not restricted to a particular workplace. It also points towards opportunities for progression, both within an occupation but importantly also to related occupations with a similar skill requirement.

**Office for Students (OfS):** A non-departmental public body and the independent regulator of higher education in England. See the OfS website for more information.

**Office of Qualifications and Examinations Regulation (Ofqual):** Regulates qualifications, examinations, and assessments in England. Ofqual is an independent non-ministerial department with jurisdiction in England. See the Ofqual website for more information.

**Office for Standards in Education, Children’s Services and Skills (Ofsted):** Inspects services providing education and skills for learners of all ages. Ofsted also inspects and regulates services that care for children and young people. Ofsted’s role is to make sure that organisations providing education, training and care services in England do so to a high standard. Ofsted reports directly to Parliament and is an independent non-ministerial department and impartial.

**Provider:** An education or training organisation that is approved to deliver education to learners.

**Public Sector Equalities Duty (PSED):** came into force in April 2011 (s.149 of the Equality Act 2010). Public authorities are now required, in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

**Skills for Jobs White Paper:** Government White Paper titled 'Skills for Jobs: Lifelong Learning for Opportunity and Growth', published January 2021 by the DfE. It sets out reforms to post-16 technical education and training to support people to develop the skills needed to get good jobs and improve national productivity.

**Skills Bootcamps:** Free, flexible courses of up to 16 weeks for in-demand skills in priority sectors, and lead to a guaranteed job interview. They are open to adults aged 19 and over who are either in work, self-employed, unemployed, or returning to work after a break. Skills Bootcamps are also open to serving prisoners due to be released within 6 months of completing a Skills Bootcamp and those on temporary release. Some Skills Bootcamps may have additional eligibility criteria.

**Sector Subject Areas (SSAs):** A classification of qualifications into business sectors or subject areas, owned and maintained by Ofqual. Also used to support funding of provision and in monitoring and reporting of provision. There are 15 broad 'tier 1' subject areas and 50 more detailed 'tier 2' sub-sector subject areas.

**T Level:** A rigorous, stretching programme of study at level 3 containing a qualification which is based on employer-led standards, as well as a significant industry placement and other components. T Levels offer a high-quality, prestigious technical alternative to A Levels and are aligned with work-based technical education also provided at level 3 through apprenticeships. T Levels are being introduced in phases from September 2020.

**Tailored learning:** Since the second consultation, and in response to feedback, we have decided to rename non-qualification provision as tailored learning. As part of the new Adult Skills Fund, the term tailored learning will include what is currently Community Learning, formula-funded AEB non-regulated learning, and any new employer-facing innovative provision.

**Technical education:** Encompasses any education or training, such as qualifications and apprenticeships, which focuses on progression into skilled employment and requires the acquisition of both a substantial body of technical knowledge and a set of practical skills valued by industry. Technical education covers provision from level 2 (the equivalent of GCSEs at A\* to C or 9 to 4) to higher education (level 6), but it differs from A Levels and other academic options in that it draws its purpose from the workplace rather than an academic discipline.

**Traineeships:** A skills development programme that includes a work placement. Traineeships help 16-24 year-olds or 25 year-olds with an education, health, and care (EHC) plan get ready for an apprenticeship or job if they don't have the appropriate skills or experience. It can last from six weeks up to one year.

**Unit for Future Skills (UFS):** Announced in February 2022 by the Secretary of State for Education to better understand the skills gaps. The UFS will look at the data and evidence of where skills gaps exist and in what industries.



Department  
for Education

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