

Paper CO31
The world we're in

The world we're In – autumn 2010

Agenda item 8

LSIS Council – 7 October 2010

For discussion

Confidential – until disclosure status confirmed

Introduction

1. This paper updates and seeks views from LSIS Council members on a forthcoming LSIS publication with the working title, *The world we're in: autumn 2010*. Specifically the paper seeks views on:
 - the broad cultural shifts identified and the key opportunities and challenges they present;
 - how members can support the development and dissemination of the new publication.

Background

2. In September 2009, LSIS published *The world we're in – a stock-take of the policy context for the learning and skills sector*. Its purpose was to review the policy environment and stimulate discussion about the developing context in which the learning and skills sector and LSIS were operating and to draw out the implications for LSIS's services.
3. With the establishment of a new coalition government, with radical new policies and priorities, a new analysis is needed. Council members discussed the proposed purpose, form and content of *The world we're in: autumn 2010* at their meeting in July (attached at Annex B).
4. Pending detail on the outcome of the spending review and departmental settlements, we are focusing on the broad cultural shifts that have been signalled in the first 5 months of the new government and identifying the key opportunities and challenges they present. The intention is to publish the document as a web-based resource which can be updated as the context develops. (Annex C provides the first phase of such a website).
5. Council members were invited to comment on our initial analysis in July. This paper updates that analysis and we are seeking Council comments and critiques on our latest analysis to make sure that it is properly informed by your understanding and experience as leaders in the sector.
6. During October and early November, we are holding five regional seminars to consult more widely on our initial analysis and to inform our analysis of implications for different groups of providers in the sector and for our services. We are grateful to LSIS Council members who have agreed to play a part in these seminars.
7. In order to provide background materials for these seminars and as the basis for a new interactive website, we have developed on-line material which includes summary analysis,

clips from speakers and sector leaders at national policy seminars as well as relevant reports and materials. The current material is provided at Annex C for information and comment.

Recommendation

8. Members of the Council are invited to comment on the proposals. In particular, we would welcome your help in:
- providing comments on the analysis in Annex A to ensure the analysis is properly informed by your understanding and experience as leaders in the sector;
 - advising us on how to ensure that *The world we're in – autumn 2010* will be useful to colleagues across the sector as the basis for strategic discussions with senior teams and trustees;
 - promoting discussion of the publication among your constituencies to help maximise their engagement and contributions;
 - lending your voice to the publication, through providing short paragraphs on issues you believe are particularly important; and
 - commenting on the approach to a web-based resource set out in Annex C.

Disclosure Recommendation

9. It is recommended that this paper be published after the Council meeting.

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The world we're in: autumn 2010

Introduction

1. This paper builds on the first attempt to pull together a high-level analysis of how the policy narrative is shifting which was presented to the Council in July. Pending the outcomes of the spending review on 20 October and the departmental settlements that will follow, it focuses on describing the broad cultural shifts and the initial opportunities and issues they present for the sector.
2. It is informed by, and seeks to take account, of:
 - recent discussions with Council members and sector association CEOs;
 - outcomes from the summer policy seminar series on *Changing public services – changing professional practices*;
 - current BIS consultations on *Skills for Sustainable Growth* and *A Simplified Further Education and Skills Funding System and Methodology*.
3. Our analysis will evolve through dialogue and consultation. We will need to take soundings about areas where the sector feels confident or needs to develop capacity in order to meet new challenges. The LSIS regional seminars in October/November will be one opportunity to do this. These will be supported by opportunities to engage in web-based debate¹.
4. Our analysis will also need to be reviewed in the light of the spending review and the outcomes of the Browne Review on HE fees (both in October), the departmental settlements that follow the spending review, the planned Skills Strategy White Paper, and the emerging conclusions from Alison Wolf's review (her interim report is due to be published by the end of this year).
5. A new section of this year's *The world we're in* will be an overview of the performance of the sector in relation to the new priorities – to identify where substantial shifts or changes will be required, with links to LSIS services where appropriate. This will take account of recently published outturn data for 2008/09 and interim data on 2009/10, but will also need to be informed by the publication of the Framework for Excellence later this autumn.
6. Therefore this paper is a second step in a process of analysis and dialogue during a period of significant cultural and strategic change. Despite the flurry of consultations announced since the Council meeting in July, much of the analysis we presented then remains the same, albeit refined through opportunities for reflection, dialogue and further insights into the shape of a future skills strategy and funding methodology for the

¹ See Annex C for details

sector. We envisage a phased on-line publication of *The world we're in – autumn 2010* over the next two months to allow for updating and nuancing as government strategy unfolds.

The emerging story - broad cultural shifts and initial opportunities and challenges

7. This section examines the emerging context under the following headings:

- The Big Society – freedom, fairness and responsibility
- Public investment and efficiency
- Economy and growth
- Funding and administrative changes
- Curriculum changes.

The Big Society - freedom, fairness, and responsibility

8. The new coalition government has set out its outline programme for a fixed term of 5 years, based on the high-level principles of freedom, fairness, and responsibility. How these translate into policy is still unfolding against a backdrop of significant public spending cuts with more to come in the spending review later this month.

9. However, the concept of the Big Society can be seen to provide an overarching framework for these principles. It aims to '*create a climate that empowers local people and communities*'. The goal is to give citizens, communities and local government (to an as yet uncertain degree) the power and information they need to come together to solve the problems they face.

Freedom

10. The coalition has already demonstrated a strong commitment to reducing regulation and increasing operational freedoms for the public sector. Layers of government – including advisory bodies and guidance to and protection of citizens – are already being removed, giving greater responsibility to citizens individually and collectively to find their own solutions and take greater responsibility for their own destiny.

11. Greater freedoms have already been announced for our sector, for example in changes to enable virement of adult funding, the removal of the regulatory requirement for principals to undertake the PQP, reduction of reporting requirements and reduction in inspection. Ministers are urging the sector to identify where greater freedoms should be granted and there is a clear opportunity for the sector to take greater control over its oversight and regulatory arrangements, and create space for innovation and enterprise, albeit with less public investment.

12. Greater freedoms should equip the sector more effectively to respond innovatively to its customers and to the challenges of budget cuts. However, research² indicates that leaders operating in highly regulated environments may lose the capacity for ethical decision-making since abiding by rules is the predominant culture. Equally they may have a very limited appetite for risk, having been accustomed to a compliance culture. This would suggest that there may be a danger both that some providers in the sector will not have the experience and confidence to take full advantage of the new freedoms; and equally that others may not be practised in managing the levels of responsibility devolved or the associated levels of risk. This suggests that there may be a range of different support needs necessary to enable the sector to operate to greatest benefit in a less regulated environment.
13. One of the key challenges for sector leaders of this new environment will be how to secure legitimacy with, and accountability to, citizens. As government reduces centrally-determined targets, providers will need to reconsider how they secure legitimacy and authority for their strategic planning decisions and for their services. There will still be a need to take account of signals from the centre, but also for providers to reflect active engagement with the communities they serve.
14. This could include engagement with direct customers such as employers and learners, with strategic partners including local authorities and other public and civic services, and with their wider citizenry who will have a view about the role and contribution of the college or provider to the locality. Freedom may be exposing as well as liberating, and in an environment of uncertain accountability, providers may find cover in approaches that empower local citizens to influence their plans and provision, thereby strengthening accountability to local communities.
15. The role of governance takes on a new significance in this context. The space created by the new freedoms will be re-shaped by a different balance of market, state and society-led approaches to public services. The LSIS summer policy series on *Changing public services, changing professional practices* highlighted the challenges for leadership and governance to steer a course between various potentially conflicting demands; democratically elected governments, the needs of local markets and the long-term public good of the community. There are key challenges for sector governance, and more broadly LSIS chair, Dame Ruth Silver DBE has written powerfully about the need for a commission of inquiry into standards for our changing public life³.
16. Furthermore, behavioural economics – a means of devolving responsibility and shaping behaviour without regulatory intervention – is being adopted by the coalition government as part of an overall strategy for reducing regulation while achieving better outcomes for citizens, complementing more established policy tools and suggesting more innovative interventions. Consideration needs to be given to how behavioural economics might

² See *Business ethics – the law of rules* by Michael L Michael, March 2006 http://www.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper_19_michael.pdf

³ See here <http://www.guardian.co.uk/education/2010/sep/21/further-education-governance>

apply in our sector – as a way of influencing both learners’ and sector professionals’ behaviour.

17. One potential area of exploration relates to the reaction to and value placed on information, dependent upon the source of that information. For example, information delivered by a perceived expert will be more highly valued, as will information from a source with similar demographic and behavioural similarities to the recipient. Applying such knowledge could help to ensure that approaches to empowering learners through data and information are effective.
18. The most recent national policy seminar also began to consider how an environment where learners are expected to take responsibility for behaviour with less prescriptions and regulations, might lead to new approaches to behaviour management and security based on greater focus on shared responsibilities and benefits.

Key opportunities and challenges

- *How to exploit the additional freedoms fully in the interests of learners? Are there opportunities, for example, to design new pathways that enable young people to dip in and out of learning as they progress through young adulthood to age 25?*
- *How to move from a culture of compliance to a culture of enterprise and innovation*
- *How to extend, safely, the freedoms afforded the sector so that public confidence and legitimacy is enhanced, not jeopardised?*
- *How to build legitimacy/accountability outside government and with local communities?*
- *What support is needed to develop approaches to leadership and governance that encourage ‘the Big Society’?*
- *What different approaches to risk management might the sector need in a more de-regulated environment?*
- *How could behavioural economics be applied within our sector?*

Implications for LSIS

- How might our programmes best support the sector to respond effectively to the strategic change signalled by the concept of ‘the Big Society?’
- How should our programmes of support for leadership and governance be developed to reflect the opportunities and challenges presented to providers of operating in a less regulated environment?

Fairness

19. In one of his first speeches⁴ David Cameron spoke of a ‘*society, [in which]... those who can, should, and those who can’t, we will always help – I want to make sure that my government always looks after the elderly, the frail, the poorest in our country*’. More recently, Nick Clegg has raised the profile of social mobility and announced⁵ that Alan Milburn will undertake independent, annual reviews of progress towards a more socially

⁴ <http://www.timesonline.co.uk/tol/news/politics/article7123417.ece>

⁵ <http://download.cabinetoffice.gov.uk/milburn/milburn-clegg-letter.pdf>

mobile society.

20. This principle of fairness is also reflected in stated intentions on a number of topics to ensure that changes and cuts in funding do not have a disproportionate impact on people who are already disadvantaged. Stated priorities for this sector of apprenticeships, young people not in education, employment or training, and worklessness point to a determination to address elements of the equalities agenda. The promise of a pupil premium and extension of the Teach First programme also signal some concrete proposals designed to address educational inequality.
21. There has been strong political support for adult community learning, but it is not yet backed with a funding commitment, and it is not yet known whether the adult safeguarded learning (£210 million) will be extended beyond the planned end date of 2010-11. Given the history of adult learning, the focus on self-help may be seen as particularly relevant to adults other than those who meet particular policy priorities.
22. A particular spotlight has been focused on the lack of progress in changing the social profile of higher education entrants which offers particular opportunities for the college sector. In an early speech⁶, David Willetts suggested that students might, for example, study at a local further education college for an external degree from a university *'in order to broaden access'* while enabling them to achieve a *'prestigious degree'*. As in other policy areas, details are uncertain, and the funding and awarding arrangements will in this case be critical. Responses to the Browne Review of HE funding and the Banks Review of FE fees are awaited with interest. However, there are encouraging signals for potential growth in this area for our sector.
23. Another important dimension of the fairness agenda for the learning and skills sector is beginning to be elaborated through proposals for welfare reform described as an *'opportunity to tackle poverty and long-term worklessness.'* The announcements to date emphasise that the system will reward outcomes rather than inputs and the key outcome is described as *'getting people off benefits and into sustainable work. ... we care as much about your record of keeping people in work as we do your record of getting them there in the first place'*. Providers will be expected to support clients in their *journey into work and the early stages within a new job.'*
24. Government (DWP in this instance) will not interfere in how providers decide to achieve the outcome but will set out a pricing structure that reflects the cost of supporting different types of jobseekers. Delivery will build on the existing consortia approach, with encouragement to extend their scope and scale. Thus the approach will, as in other areas, devolve freedoms to frontline delivery partners, undoubtedly within very tight funding arrangements.
25. The coalition's support for vocational education and the establishment of the Wolf Review could also be described as an element of a fairness agenda concerned to

⁶ On 10th June 2010 - <http://www.berr.gov.uk/news/speeches/david-willetts-oxford-brookes-university-challenge>

ensure that practical and technical aptitude is fairly valued alongside academic ability⁷.

26. While these strands do not as yet add up to a comprehensive strategy, recent reports⁸ from the coalition have highlighted how social inequality persists and suggest that this is an area where the sector could be developing a more systematic approach to addressing inequalities and improving social mobility. There is also an emerging concern that simplicity may be the enemy of fairness – simplified funding and monitoring arrangements could make it more difficult to sustain the levels of careful intervention needed to safeguard the interests of the most vulnerable or reluctant learners.

Key issues and opportunities

- *How to demonstrate/quantify the sector's actual and potential contribution to equality and mobility?*
- *How to develop systematic approaches to addressing educational inequality and promoting social mobility?*
- *What preparation can colleges make to exploit the potential opportunity of increasing local HE delivery?*
- *What vocational pathways need to be further developed, including from apprenticeships?*
- *What further work is needed in relation to the priority of NEETs in particular?*
- *How to ensure simple systems don't obscure fairness?*

Implications for LSIS

- How might our support for providers' approaches to equality and diversity and community development be further developed in response to the emerging fairness agenda?
- How might our research on the experiences of people who are NEET best inform programmes designed to support providers working with vulnerable learners?
- What support might be needed to help providers develop their own approaches to ensuring fairness in a simplified funding and regulatory system?

Responsibility

27. The notion of restoring greater individual responsibility implies an intention to re-orientate the accountability of public services away from government and towards customers and citizens – from Whitehall to civil society. This adds urgency and a new rationale to the existing imperative on providers of public services to develop approaches to empowering their customers and citizens. For our sector this implies a stronger focus on enabling customers to shape their local learning offer, and on articulating and securing legitimacy for their services with local people and partners.

28. These moves towards greater empowerment and responsibility are to be underpinned by the provision of more and improved information on public services, making increasing

⁷ This is discussed further below in relation to the curriculum see paragraphs 39-41

⁸ [State of the nation report: poverty, worklessness and welfare dependency in the UK](#) June 2010. The LSIS Brief Guide can be found here <http://www.lsis.org.uk/Services/Policy/Pages/Brief-Guides.aspx>

use of technology to enable greater transparency. Providers will need to review and develop the information they provide to learners, employers and their local communities⁹. Learner accounts, by placing purchasing power in the hands of individuals, can also be understood as an element of the responsibility agenda. Increased responsibility is also likely to be reflected in future fees policy.

29. For the learning and skills sector there is a specific issue around ensuring that learners have the information advice and guidance (IAG) needed to use their increased responsibility and empowerment to best effect. The coalition government has not yet pronounced on policy regarding IAG, although the Conservative Party pledged to *'create a new all-age careers service so that everyone can access the advice they need'*.
30. New notions of responsibility are also likely to be reflected in new forms of performance and financial management. The abolition of PSA targets has been announced and a much simpler regime for the measurement of results is in prospect¹⁰, though detail is awaited of how accountability to Treasury will be managed in future. Thus while the additional flexibilities will be welcome, it is as yet uncertain how accountability will evolve. However, in a period of policy flux, there is an opportunity for the sector to use its enhanced autonomy to develop its own proposals for effective performance measurement and accountability frameworks. At the same time, there is an important question about the responsibilities that should rightfully remain with central government and how these will be exercised.
31. The promise of greater devolution from the centre is that public services will be more accountable to their localities and communities. Devolution of performance management has been a recurrent theme in LSIS policy seminars – characterised as the need for less vertical and greater horizontal accountability¹¹. Removing the 'stovepipe' accountability arrangements of PSAs to Whitehall offers public services more flexibility and headroom to work together more collaboratively in their locality.
32. Yet, the severe cuts in public services create a complex backcloth to this agenda of devolving responsibility. At a recent LSIS policy seminar, sector leaders identified the risk of government *'devolving the axe'*. Public sector providers themselves will be in part responsible for determining how cuts are executed and will therefore be in the firing line for public controversy. In our sector, providers will need to consider how they manage public relations, and how to conduct honest discussion in determining cost-cutting strategies which command as far as possible the support of local communities and partners.

⁹ The strands of work being overseen by the NIPB looking at what types of public information on learning and skills would be most useful, and including the community scorecard work that LSIS is developing, speak to this agenda of new accountability.

¹⁰ BIS: *A Simplified Further Education and Skills Funding System and Methodology Consultation Document*

¹¹ See LSIS seminar papers on *The importance of being local* here – <http://www.lsis.org.uk/Services/Policy/Policy-Seminars/Pages/Policy-seminars-autumn-2009.aspx> Vertical and silo-driven accountability to Whitehall was also identified through the Total Place experience as a brake on efficient delivery of services in the locality and there is a strong consensus that systems need to change.

33. LGA has put forward proposals for place-based budgeting as a route to greater efficiency¹². They propose that commissioning responsibility for a set of local services would pass to ‘a locally accountable governance body.’ This would be a radical approach to reforming accountability arrangements, and although LGA is dominated by conservative-led local authorities, the potential for the proposal to be adopted is uncertain. However, such developments would have fundamental implications for our sector, and highlight the continuing imperative for providers to secure strategic relationships with their local authorities and other public services in their locality.

Key issues and opportunities

- *How to develop increasingly customer and citizen facing services?*
- *Should the sector be engaged in prototyping learner accounts and modelling implications?*
- *What are the implications for curriculum design and development of more empowered learners?*
- *Should the sector be developing its own approach to performance measurement and accountability frameworks?*
- *How much responsibility should providers/the sector be prepared to shoulder within a de-regulated environment?*
- *What balance of national vs local influence should the sector be seeking to secure?*

Implications for LSIS

- What further support might LSIS provide to enable providers to strengthen their information advice and guidance services?
- In what ways could LSIS support the sector to explore new forms of accountability and their implications for leadership and professional practice?
- What support might providers need to develop approaches to strengthening their credibility and legitimacy with local partners?

Public investment and efficiency

34. The scale of public sector cuts is likely to have a profound impact on the landscape of the sector with mergers, federations¹³, and new forms of ownership – including co-operative and mutual models – advanced variously as means of securing economies of scale, creating a stronger market and bringing into greater play the contribution and capacity of the third sector. Everything is now in scope for sharing – services, chief executives, accounting officers, and strategies.

35. Public sector productivity is of paramount importance, requiring leadership with the high-levels of financial literacy necessary to carry through innovative approaches to service

¹² <http://www.lga.gov.uk/lga/aio/12294113>

¹³ It is interesting to note the increasing numbers of local authorities combining both internal and external services.

delivery with less resource. Whether the move to minimum contract levels will reduce administration and bureaucracy overall, or just at the centre, remains to be seen.

36. The capacity of leaders in our sector to play their part within multi-agency and public service coalitions in their localities will continue to be a major priority, in order to '*deliver a genuinely joined up approach to multiple challenges*¹⁴'. The new freedoms from prescribed leadership qualifications open up opportunities for greater cross-public sector development to position the sector as a key strategic partner in local public service coalitions and multi-agency partnerships.
37. Financial austerity together with the coalition's focus on restoring individual responsibility is leading to fundamental reconsideration of what should be funded at public expense. There is a clear indication that self-help and volunteering are seen as a manifestation of the principle of a more responsible and empowered society. This may have substantial implications for the delivery of learning not deemed to be of highest public priority. We await the outcome of the review of fees in HE to set alongside the FE fees review, but greater individual and employer contributions would appear to be inevitable.
38. Another signal from the coalition is that they favour increasing marketisation of public services – an increasing role for the third (social enterprise and voluntary) and private sectors. An additional challenge will be to provide a coherent offer to a community in the context of increased competition and reduced resource, including appropriate mobilisation of voluntary capacity.

Key opportunities and challenges

- *How to manage severe cuts while maintaining credibility with citizens and partners?*
- *How to operate within a stronger market with less resource and greater demand for services?*
- *How to manage the transition to a culture of greater private (both employer and individual) investment in learning, with the new ways of doing business that this culture change will entail?*
- *What are the implications of the apparent expectation that an increasing volume of provision should be delivered through sub-contracting arrangements?*
- *Is more work needed to consider the management implications of new organisational forms and new models of governance?*
- *What scope is there for greater use of volunteers to share expertise and skills?*

Implications for LSIS

- What further support might providers need to develop leading-edge practice on all aspects of resource utilisation?
- How might LSIS support leaders to develop strategic financial literacy capability to influence approaches to efficient place-based budgeting?

¹⁴ Francis Maud MP, minister for the Cabinet Office 'Leading your charity through a time of change' - 9 June 2010 <http://www.cabinetoffice.gov.uk/media/414453/charities-through-change.pdf>

Economy and growth

39. Learning and skills are essential to the coalition government's plans for sustainable growth and in the first round of cuts were privileged to some protection, though at the time of writing the extent of the spending review cuts remains a matter of debate between BIS and HMT¹⁵. In addition, ministers¹⁶ have made extremely positive comments on the importance of vocational and craft skills and their place alongside more academic study. In parts of government, our sector is clearly recognised as having a major contribution in developing the skills and expertise needed to support economic recovery and address social challenges. In the rush to establish new academies, free schools, university technical colleges and studio schools, the challenge remains to secure comparable recognition for the efficient role our sector plays in providing alternative practical and vocational pathways for young people.
40. The strategy for economic growth under the coalition is described as re-balancing the economy towards private sector-led growth – not public sector-led growth. This is likely to reinforce the importance for the sector of focussing on relationships with employers, especially in an environment where customers will be expected to pay for provision. In addition it is clear that technician-level and apprenticeship training is seen as critical to this mission.
41. There is a strong emphasis on business working in equal partnership with civic leaders via Local Enterprise Partnerships (LEPs). Early signs from this new development suggest many partnerships have identified skills as a key priority, but few have highlighted further education providers as key partners. The challenge of building strategic relationships with civic and private sector partners continues – our sector is the custodian of a precious resource for learning and skills which needs to be invested wisely alongside other resources to ensure it can make the most effective contribution to stimulating local economic growth.

Key opportunities and challenges

- *How can the sector demonstrate its critical contribution to 14-19 vocational education within the local education landscape?*
- *How can the sector step up to the challenge to deliver significantly more apprenticeships for young people up to age 25? How can the impact of a likely rise in*

¹⁵ 'Cable fights 40% skills spending cuts', FT, 28 September 2010

¹⁶ 'There is another trap I wish to avoid as well – privileging theoretical over applied, cerebral over manual. Rigour and excellence are not confined to intellectual pursuits. They're just as evident and necessary in craftsmanship, in technical spheres, in manufacturing'. David Willetts MP, 20th May 2010 -

<http://www.bis.gov.uk/news/speeches/david-willetts-keynote-speech>

Speaking at the launch of the review of 14-19 vocational education on 9 September, Michael Gove said that the education system had failed to value practical education properly, placing a greater emphasis on purely academic achievements. He said that this has 'left a gap in the country's skills base and, as a result, a shortage of appropriately trained and educated young people to fulfill the needs of our employers. To boost vocational education, the government would focus on the 'quality of qualifications and courses as well as quantity and the prioritisation of clear progression routes to further education or employment'.

unemployment be countered?

- *Are providers sufficiently employer-facing in the context of the new market and need to increase fee income?*
- *Providers alone cannot be responsible for stimulating demand for training for employers. Who are the key partners? And how might providers help?*
- *What might be the implications for the sector of a loss of labour market and skills information, should the capacity of sector skills councils be reduced?*
- *How can the sector articulate its strategic value to Local Enterprise Partnerships? What support might be needed with this?*

Implications for LSIS

- How can LSIS support providers to develop a broader range of employer engagement strategies?
- What support might sector providers need to manage the cultural shifts implied by the proposal for public funding to match private investment for adult learning in future? Are there implications for providers' business models? What support might be required to enable these to be re-configured for a new co-funding environment?
- Should LSIS be monitoring the development of LEPS?

Funding and administrative changes

42. The coalition government continues to be silent on possible changes to the planning and funding infrastructure – neither the conservative party commitment to a single post-16 funding body nor the Lib Dem proposal for a single FE-HE funding body appear to have been ruled in or out, so policy remains unclear on this matter. However indications are that both SFA and YPLA will be much less interventionist than the LSC, and that they will not have a planning role.

43. For 14-19 delivery the changes already signalled are profound. The provider partnership arrangements that were constructed around the diploma entitlement are now effectively voluntary. Whereas the Gateway process made it a requirement to deliver in partnership, this appears to fall under current proposals. Therefore it will be within the power of local providers to determine whether they wish to collaborate to provide a comprehensive and coherent offer to their communities.

44. The reduction in central support for the diplomas also signals the desire for the market to determine whether they have a robust future. With the announcement of the Wolf Review of 14-19 vocational education and a National Audit Office review of the 16-18 education system expected, more change is likely in this area. In the short term however, it appears that funding from the YPLA for 16-19 learning in general FE colleges will be routed via SFA.

45. As well as the funding arrangements, the policy drivers for learning and skills also remain dispersed across several government departments – BIS, DfE, DWP and DCLG (although there is continued determination for BIS and DWP to increasingly work

together to address unemployment, for example related to NEETs). The need for cross-departmental agreements on policy that crosses boundaries may slow the pace of policy development and the dangers of conflicting approaches remain under the new coalition, and the need for providers to make sense of policy at organisational level will remain a necessity.

46. In addition, the need to engage with and respond to policy emanating from multiple departments places significant demands on the sector, especially during a period of intense policy formation. Capacity to effectively shape and influence its policy environment will be critical to exploiting the promise of greater freedoms and flexibility.
47. Whatever organisational forms emerge, for adult learners learner accounts will be a key mechanism for funding learning and securing co-contributions. Alongside a business model that requires greater income-generation, all providers will need to re-orientate their services more clearly towards learners and employers as customers.
48. The principle that public money for adult learning might follow private investment has significant implications for providers' business models. Public funding will come via fewer funding streams, with an emphasis on funding outcomes rather than outputs. Furthermore, the principle that customers who can should pay, raises significant questions about rebalancing responsibilities for fairness and the approaches that providers might take to securing equality and promoting social mobility in future.
49. The corollary of the 'Big Society' is smaller government, both nationally and locally. The logic of smaller government and reduced intervention has already resulted in a short-lived role for local authorities in commissioning 14-19 provision. Local, sub-regional and regional arrangements will also be re-shaped as, for example, Regional Development Agencies give way to Local Enterprise Partnerships. Providers will need to review how to engage effectively with new strategic and operational arrangements.
50. There is a commitment in government to devolve power to the very local/neighbourhood level, with an enhanced role for the third sector and social enterprises. Learning and skills providers will need to consider how to engage with third sector and community groups in their areas, perhaps to explore opportunities for new forms of delivery partnership between professional teachers and members of the community.

Key opportunities and challenges

- *How should providers behave in response to the removal of both planning and co-ordination functions? Should providers be seeking to collaborate to ensure coherent and comprehensive provision is available, for example for young people?*
- *What level of collaboration is needed to secure efficiency of offer in a locality or should this be left to the market?*
- *How can providers rise to the challenge to influence government policy while developing their own purpose, governance and contribution to the Big Society within this period of profound cultural change?*

Implications for LSIS

- What can we learn from the sector and public services generally about the management implications of introducing new forms of organisation and governance?
- How can LSIS support and transfer best practice about how sector providers might engage effectively as strategic and delivery partners in the new Local Enterprise Partnerships?

Curriculum changes

51. Ultimately, there is a range of curriculum implications stemming from these changes. Greater freedom and flexibility to respond to learners' and employers' needs – particularly if they are paying – suggests the need for a stronger emphasis on curriculum design and development than has been the case in the last few years where providers have been focused on delivering programmes developed elsewhere. This may be assisted with the implementation of the QCF which offers the prospects of (a) being able to swiftly add modules, and (b) unit accreditation.
52. A key dimension of the fairness agenda will be the extent to which the current range of entitlements to learning continues or is adjusted in the light of reduced public funding. Given the evidence from the Transformation Fund projects, it seems likely that there will be a stronger focus on self-help learning for adults who do not fall into priority groups. A continued emphasis on literacy and numeracy may be secured at the expense of 100% public investment in full level 2 programmes for adults – a key part of the Train to Gain programme.
53. The planned growth in apprenticeships has significant implications for the sector, in terms of working with employers, and developing new programmes in areas of economic growth – for example advanced engineering and manufacturing, low carbon and wind technology - which are expensive to run, in terms of equipment and in time spent in learning. With 75% of apprenticeships delivered by work-based learning providers and employers, there is scope for developing further the capacity of colleges, linked also to the development of pathways to higher level skills.
54. Growth in apprenticeships is likely to be at the expense of other types of work-based learning. Providers may want to review their capacity in this area and consider to what extent there is a business opportunity to sell programmes to the local employer community. Again, the new freedoms and flexibilities may offer an opportunity for providers to be more responsive, offering different patterns of part-time, bite size learning, through a mix of online, distance, and tutor-based provision.

Key opportunities and challenges

- *How to refresh and develop curriculum design capacity within providers?*
- *How to prepare for the shifts in priority provision and priority groups of learners?*

- *What are the implications of a shift towards ‘affordable learning’: bite size learning, unit accreditation, and part time?*
- *What are the implications of involving volunteers as partners in the delivery of an increasing volume of provision?*

Implications for LSIS

- What support might providers need to re-kindle/develop curriculum design and development capacity?
- In what areas of the curriculum might LSIS focus its support programmes in the next year?

The World we're In

Proposed purpose, form and content

1. The purpose of *The world we're in: autumn 2010* will be to analyse the new context in order to:
 - enable the sector and LSIS to make sense of changing policies and priorities;
 - empower the sector in reviewing future strategic directions, understanding the leadership and governance challenges of the new environment, and building capacity to both respond to and shape the future; and
 - ensure that LSIS services are shaped to provide maximum support to the sector in stepping up to new challenges and opportunities.
2. The report will be designed for the website, providing access to linked documents and source materials, and seeking to promote dialogue and web-based debate. This will also allow for updating and nuancing as government strategy unfolds.
3. Our initial thoughts are that the new publication will include 5 sections:
 - broad systems changes and shifts in the context and environment – ie structural changes, new approaches to performance management, new themes of public sector reform, etc;
 - policy priorities and developments facing providers – changing areas, organisational changes, funding priorities, etc;
 - current performance of the sector in relation to the new priorities – ie identifying where substantial shifts or changes will be required, with links to LSIS services where appropriate;
 - implications for the sector – ie what are the major challenges from this new environment;
 - how LSIS services will support the sector – what we are already doing, where we are making changes, scaling up or down; implications for research priorities.
4. In addition we will aim to:
 - draw out messages, implications for different audiences (governors, SMTs, curriculum teams, HR managers, etc), and appropriate stimulus questions to encourage debate;
 - use the report as the basis for discussion at the 7 regional policy seminars planned for the autumn – running up to the AoC conference;
 - ensure that LSIS colleagues contribute to the report, drawing on their learning from delivering LSIS services, and that it shapes LSIS services;
 - plan press items related to themes and priorities identified in the report to promote understanding and dialogue;
 - launch further research activity identified through the analysis process, working with key partners; and
 - gather systematic feedback from discussions to provide updates on the website as policy and its implications become clearer.

Website material to support discussion and consultation

The following material is available on the LSIS website to support the regional seminars. This forms the first phase of the development of *The world we're in: autumn 2010* as a web-based publication that can be easily updated, uses rich media material and invites discussion and comment from the sector.

LSIS policy seminars – Exploring the new world we're in...

Welcome

Thank you for your interest in the LSIS regional policy seminars. The aim of these events is to involve a wide audience from the learning and skills sector in discussions of the changing policy environment and emerging government priorities.

The outcomes of these seminars will feed into our planning and a new website on "The world we're in". Last year we produced a printed document which can be viewed online here http://www.lsis.org.uk/Documents/Publications/World_were_in_Report.pdf but such a format is too static for the changing world of today.

In advance of the seminars here is a selection of material you might find interesting. This includes a number of articles, reports and LSIS publications, plus audio and video drawn from LSIS national policy events including the reflections of sector leaders.

There's no requirement to access any/all of this before the regional event, but it might help you focus on strategic challenges.

I would welcome feedback on these resources – for example whether you found them useful and how we might improve them – particularly the video and audio which was recorded for us by students from Westminster Kingsway College.

I look forward to your comments.

Caroline Mager
Executive Director, Policy, Research and Communications
Caroline.mager@lsis.org.uk

If you only have ten minutes...

If you're short on time, then:

- Listen to David Collins, chief executive of LSIS, introduce the first and third national policy seminars where he talks about the some of the wider policy issues that have relevance to the learning and skills sector
 - <http://www.excellencegateway.org.uk/page.aspx?o=301161>
 - <http://www.excellencegateway.org.uk/page.aspx?o=301164>

- Read the thoughts of Dame Ruth Silver DBE, chair of LSIS, on governance in learning and skills:
 - <http://www.guardian.co.uk/education/2010/sep/21/further-education-governance>
- Read this piece by Lord Michael Bichard on FE cuts:
 - <http://www.guardian.co.uk/education/2010/jun/22/further-education-cuts>
- Watch some of your colleagues in the sector talk about their thoughts in the video clips linked under each section below.
- Look at the BBC report on the likely affect of the cuts on different areas of the country:
 - <http://www.bbc.co.uk/news/uk-england-11141264>

Big Society: Freedom, fairness and responsibility

There are three main themes of the new government that underpin a whole range of policies in different areas – freedom, fairness and responsibility - making up the Big Society. The Big Society is the flagship programme for the coalition and aims to “to create a climate that empowers local people and communities, building a big society that will 'take power away from politicians and give it to people'.”

(<http://www.cabinetoffice.gov.uk/media/407789/building-big-society.pdf>)

Against each one of these themes we have drawn together challenges, issues, and ideas for reading and video comments from the national policy seminars.

You can listen to some of the keynote presentations from the recent LSIS national policy seminar series to learn more about the current political environment and the context for change:

- Lord Michael Bichard, then director of the Institute for Government, talks about the Total Place pilots
 - <http://www.excellencegateway.org.uk/page.aspx?o=301135> (MP3, 20min, 9.5MB)
- Sir Andrew Foster, commission chair, talks about the 2020 Public Services Commission
 - <http://www.excellencegateway.org.uk/page.aspx?o=301144> (MP3, 19min, 9MB)
- Rob Whiteman, managing director of the Improvement and Development Agency (IDeA) (now Local Government Improvement and Development) talks about innovation, empowerment and responsibility
 - <http://www.excellencegateway.org.uk/page.aspx?o=301150> (MP3, 20min, 9.5MB)
- Hilary Cottam, principal partner of Participle, talks about new service design - working with and for the public
 - <http://www.excellencegateway.org.uk/page.aspx?o=301157> (MP3, 21min, 10MB)

Freedom

Professionals in the public sector, as well as citizens and businesses, are promised more freedom. This will be achieved by cutting back on central rules and regulation, and by encouraging communities to set out what they want from public services, including education and skills training.

Three key issues against this theme are:

- Performance management will be less about complicated national targets and more about outcomes for consumers
- Policy makers in central government will be looking for leadership in this area from professionals on the front-line
- Accountability and legitimacy within local communities will increasingly be an important measure of success

The summer 2010 seminar series was entitled “Changing public services - changing professional practices”. Three of the four seminar reports are currently online. This seminar series brought together a range of speakers and sector representatives to discuss the impact of the changing environment on their practice. The second seminar, held in June, discussed how the whole public sector is facing similar challenges and was entitled “creating a new relationship with customers and citizens”, and drew in perspectives from the police and NHS.

<http://www.lsis.org.uk/Services/Policy/Policy-Seminars/Pages/Changingpublicservices-changingprofessionalpractices.aspx>

Also, you can watch a number of comments from attendees at the national policy seminars on these themes:

- Mike Smith, managing director, Nucleus Training Limited & LSIS Council Member
 - <http://www.excellencegateway.org.uk/page.aspx?o=301293>
 - <http://www.excellencegateway.org.uk/page.aspx?o=301296>
- Ray Faulkner, chair of governors, South Staffordshire College
 - <http://www.excellencegateway.org.uk/page.aspx?o=301299>
- Jane Williams, executive director for FE, skills & regeneration, Becta
 - <http://www.excellencegateway.org.uk/page.aspx?o=301302>
- Karen Murray, head of framework (quality assurance & intervention), YPLA
 - <http://www.excellencegateway.org.uk/page.aspx?o=301305>
- Lynne Sedgmore OBE, executive director, 157 Group
 - <http://www.excellencegateway.org.uk/page.aspx?o=301314>
- Tony Alderman, chair of governors, Barnet College
 - <http://www.excellencegateway.org.uk/page.aspx?o=301311>

From autumn 2008 to spring 2009 LSIS ran a series of policy seminars entitled “A self-regulating learning and skills sector: shifting the paradigm”. A final report and information on the seminars is linked below. The full report includes the key outcomes, background, the ambition, seven areas for action, supporting information and the main report from the

seminars' discussions. Whilst the context of these seminars was quite different to the current political environment, the report still makes interesting reading.

<http://www.lsis.org.uk/Services/Policy/Policy-Seminars/Pages/A-self-regulating-learning-and-skills-sector.aspx>

Fairness

The chancellor described his budget as “fair” and “progressive”, thus demonstrating how fairness and equality of opportunity are fundamental to the society the government wants to build. There is a clear commitment to ensuring that the interests of the most vulnerable citizens are safeguarded.

Three key issues against this theme are:

- How colleges and providers can work more effectively as part of a whole-system approach to developing and delivering public welfare strategy
- Promoting and enhancing the contribution of learning and skills to social mobility, including widening access to HE
- Safeguarding fairness and equality in the face of the drive for simplification and reduction in bureaucracy

The book “The Spirit Level” looks at wider issues of equality. There is also a short film looking at the topics covered by the book.

<http://www.equalitytrust.org.uk/resource/the-spirit-level>

The TUC and Unison have released research called “Where The Money Goes” that argues that spending cuts will hit the poorest 13 times harder than the richest in society. You can read their press release and download the research.

<http://www.tuc.org.uk/economy/tuc-18463-f0.cfm>

Government ministers have spoken about the role of FE and HE. Key speeches include:

- David Willetts to the annual conference of Universities UK -
<http://www.bis.gov.uk/news/speeches/david-willetts-uuk-conference>
- John Hayes at City and Islington College -
<http://www.bis.gov.uk/news/speeches/john-hayes-city-and-islington-college>
- John Hayes speaking at a NIACE conference held at the British Library -
<http://www.bis.gov.uk/news/speeches/john-hayes-launch-of-niace>

Also, you can watch a number of comments from attendees at the recent national policy seminars on Changing public services – changing professional practices on these themes:

- Alan Tuckett OBE, director, NIACE
 - <http://www.excellencegateway.org.uk/page.aspx?o=301323>
- Gary Jones, deputy principal, Highlands College
 - <http://www.excellencegateway.org.uk/page.aspx?o=301326>

- <http://www.excellencegateway.org.uk/page.aspx?o=301329>
- Beth Maloney, assistant principal, Oaklands College
 - <http://www.excellencegateway.org.uk/page.aspx?o=301332>

Responsibility

In a speech to the people of Liverpool to launch the Big Society, the prime minister set out a bold vision where individuals took responsibility for more of their own lives, and government stepped back from micromanagement. He argued passionately that his aspiration is for this government to be remembered as “they did something really exciting in their society” (<http://www.number10.gov.uk/news/speeches-and-transcripts/2010/07/big-society-speech-53572>). This means that public services have to engage with citizens directly, as they have are making choices about their own priorities and future.

The three key issues around this theme are:

- Building and sustaining legitimacy and credibility with local citizens and employers, as well as individual learners, about the contributions the learning and skills sector makes
- Working more effectively across discrete public sector services at the local level
- Taking a greater responsibility for organisational mission and strategy and managing the risk associated with enterprise and innovation

In autumn 2009 LSIS ran a policy seminar series on “The importance of being local”. This examined the role of learning and skills in meeting the needs of local communities. This included debate, foreshadowing the priorities that emerged with a new government, around central versus local decision-making and distribution of power.

<http://www.lsis.org.uk/Services/Policy/Policy-Seminars/Pages/Policy-seminars-autumn-2009.aspx>

Also, you can watch a number of comments from attendees at the recent national policy seminars on *Changing public services – changing professional practices* on these themes:

- Matt Atkinson, principal and chief executive, City of Bath College
 - <http://www.excellencegateway.org.uk/page.aspx?o=301337>
- Alan Tuckett OBE, director, NIACE
 - <http://www.excellencegateway.org.uk/page.aspx?o=301340>
- Gary Jones, deputy principal, Highlands College
 - <http://www.excellencegateway.org.uk/page.aspx?o=301343>
 - <http://www.excellencegateway.org.uk/page.aspx?o=301347>
- Karen Murray, head of framework (quality assurance & intervention), YPLA
 - <http://www.excellencegateway.org.uk/page.aspx?o=301353>
- Nick Brown OBE, chair, Oldham Strategic Partnership
 - <http://www.excellencegateway.org.uk/page.aspx?o=301356>
- Tony Alderman, chair of governors, Barnet College
 - <http://www.excellencegateway.org.uk/page.aspx?o=301359>
- Martin Penny, principal & chief executive, Stratford-upon-Avon College

- <http://www.excellencegateway.org.uk/page.aspx?o=301362>
- Dame Ruth Silver DBE, chair, LSIS
 - <http://www.excellencegateway.org.uk/page.aspx?o=301365>
- Asha Khemka OBE, principal & CEO, West Nottinghamshire College & LSIS Board Member
 - <http://www.excellencegateway.org.uk/page.aspx?o=301368>

Additional background material

Other useful background documents are:

- Read the BBC summary of coalition policies – to get an idea of the context of the new political world: <http://news.bbc.co.uk/1/hi/8677088.stm>
- BIS consultations on further education and skills strategy and funding - <http://www.bis.gov.uk/Consultations>
- Coalition programme for government - <http://programmeforgovernment.hmg.gov.uk/>
- NIACE hosted Inquiry into the future of lifelong learning - <http://www.niace.org.uk/lifelonglearninginquiry/default.htm>
- 2010 budget - http://www.direct.gov.uk/en/NI1/Newsroom/Budget/Budget2010/DG_186500
- A range of insights from the Ipsos MORI Social Research Institute - <http://www.ipsos-mori.com/researchspecialisms/socialresearch.aspx> including:
 - Employment, welfare, skills and the economy: public perceptions and expectations: http://www.ipsos-mori.com/emails/sri/latestthinking/aug2010/content/3_employment-welfare-skills-economy.pdf
 - The future of local government: http://www.ipsos-mori.com/emails/sri/latestthinking/aug2010/content/8_the-future-of-local-government.pdf
 - Our evolving civil society: http://www.ipsos-mori.com/emails/sri/latestthinking/aug2010/content/11_our-evolving-civil-society.pdf
 - Public service reform: Taking the public with you: http://www.ipsos-mori.com/emails/sri/latestthinking/aug2010/content/10_public-service-reform.pdf