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Innovation & Skills

A Simplified Further Education and Skills
Funding System and Methodology

Consultation Response Form

July 2010

Simplified Further Education and Skills Funding System and Methodology Consultation Response Form

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual responses.

The closing date for this consultation is 14/10/2010

Please return completed forms to:
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email: fe.fundingreview@bis.gsi.gov.uk

Please can you tick a box from a list of options that best describes you as a respondent. This allows views to be presented by group type.

<input type="checkbox"/>	General Further Education College
<input type="checkbox"/>	Sixth Form College
<input checked="" type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Training Organisation
<input type="checkbox"/>	Local Government
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Local Government
<input type="checkbox"/>	Large employer (250+)
<input type="checkbox"/>	Medium employer (50 to 250 staff)
<input type="checkbox"/>	Small employer (10 to 49 staff)
<input type="checkbox"/>	Micro employer (up to 9 staff)
<input type="checkbox"/>	Trade union or staff association
<input type="checkbox"/>	Other (please describe):

Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.



Jessica Ward
Further Education and Skills Directorate
Department for Business, Innovation and Skills
1 Victoria Street
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RESPONSE TO THE 'A SIMPLIFIED FURTHER EDUCATION AND SKILLS FUNDING SYSTEM AND METHODOLOGY' CONSULTATION October 2010

Dear Jessica

Homeless Link is the national umbrella organisation for frontline homelessness charities in England. Currently we have more than 470 member organisations. Our members include hostels, day centres, outreach and resettlement agencies, housing advice centres, youth projects, health projects, welfare rights groups, regional homelessness networks, refuges, drug and alcohol services and faith run voluntary services. As the collaborative hub for information and debate on homelessness, we seek to improve services for homeless people and to advocate for policy change. Through this work, we aim to end homelessness in England.

We welcome this opportunity to respond to the Skills Funding Consultation and have provided comment below on the core principles of the document. Homeless Link represents the perspective of homelessness service providers and homeless people.

Background

The large numbers of homeless people with low or no qualifications is of real concern, with many also lacking the skills to maintain employment. Many report bad experiences in education and find they do not fit in mainstream educational environments as their specific needs are not catered for. This leads to a loss of self confidence and motivation for moving forward to improve their skills.¹

A Crisis study found:

- 60% of homeless people have low or no qualifications, putting over 80% of job vacancies beyond reach
- 37% of homeless people have no qualifications at all²

Even when people have attained qualifications prior to becoming homeless, the experience of homelessness can erode skills and destroy confidence, self esteem and social ties.³

Homelessness is rarely a housing-only need, and many homeless people also struggle with mental health issues, substance misuse or offending behaviours which further alienate them from society. Engaging with adult learning and skills training is an invaluable part of the

process of recovery from homelessness and (re)gaining the ability to live independently.⁴

The homelessness sector makes a substantial contribution to the development and delivery of skills training to homeless people, as well as the development of cross sector partnerships. As many homeless people have had difficult experiences with formal education many prefer learning in the more personalised environments of third sector settings, such as in the services provided by our members.⁵

We ask that:

- Skills funding for homeless people, and those furthest from the labour market (particularly people with multiple needs), be protected; ring-fencing this budget allows for a strategic focus on outcomes for these learners
- The recognition of the social and cultural benefits of training is embedded in the skills funding strategy as important an outcome as employment
- Social enterprises in the homelessness sector be identified as priorities for building cross-sector collaboration and partnerships
- Vulnerable and disadvantaged people not be allowed to fall into gaps between the provisions of the Work Programme and skills policy and funding

We welcome views on whether these are the right principles for a streamlined FE and Skills system - are there any others?

Funding and eligibility policy

We ask that the Skills funding system and methodology values in principle the contribution to the bigger social picture that is made by skills funding, so that savings made across different departmental outcomes (e.g. Justice, Health and Housing outcomes) as a result of appropriate education and training are valued as much as if they were savings direct to the BIS budget. For example, social return on investment studies with homeless people have shown that meaningful occupation, education and training contribute to measurable reduced reoffending, improved social and family relationships, reduced substance misuse and reduced use of acute health services, as well as the direct gain in skills and contribution to the workforce. Please see Homeless Link's website for an overview of the costs of homelessness and related cost benefit analyses.⁶

In the context of the current fiscal environment it is extremely important to ensure the training and skills needs of the most vulnerable are not overlooked because of upfront costs. Such planning needs to take into account the social benefits and social return on investment created by the provision of good quality and appropriate training for those furthest from education and the labour market.

Private investment is a useful tool where clear benefit is established in the short term for employers. However, in the case of homeless people, for example, the timeframes may be longer and the outcomes softer and thus private investment may not be adequately incentivised. In terms of the 'payment by outcomes' direction of travel we would be concerned that the private sector will be seeking different opportunities. In this context we ask that government protects funding for training for vulnerable groups and does not risk this important work in relying too heavily upon private investment.

In the context of homeless people, training is an important support route providing tangible

recovery from homelessness and other support needs (such as substance misuse, mental health problems and offending behaviours).

Setting funding rates and the funding methodology

We suggest a rate-setting model that takes a 'fund the learner' approach. We feel this approach provides the best way possible to create a flexible and personalised offer that is responsive to the needs of the individual learner and takes into account their particular journey. We ask that the funding methodology retains the provider factor input into funding calculations and develops a 'learner factor' for individuals so that funding is able to follow those most in need. For example, a 'learner factor' calculation could be based on original level of education received and current housing status (e.g. living in a hostel) and duration of this status which would create a weighting that attracts more funding to the learner and thus incentivises providers to work with them.

Homeless people often experience long-term unemployment and worklessness as well as significant disengagement from education, making the process of entering or returning to the workforce more complex and requiring more support than for non-homeless people. We suggest 'premiums' be paid to colleges and training organisations for working with people who have been identified as having multiple barriers in engaging with education and training. These premiums could be linked with the Lifelong Learning Accounts as discussed in Skills for Sustainable Growth so that colleges and training organisations are incentivised.

It is important to strike a balance between meeting the needs of employers and the needs of learners. A lifelong learning account which is attached to the learner could address some of these challenges. If incentives follow learners rather than courses then colleges and employers are incentivised to work with those who may need longer investment to show positive outcomes. A St Mungo's report in 2010 was critical of 'Train To Gain' programmes as they were very focussed on employers and therefore not flexible or able to respond to learner needs.⁷ Any training and employment scheme that adheres too tightly to a set of inflexible outcomes creates an environment where those most in need may be left out.

Allocations, procurements and contracts

We suggest that many of the 778 providers currently with allocations of less than £1m are community based providers creating real opportunities for those most in need. By setting minimum contract levels and leaving smaller contracts to a sub-contracting system there is a risk that the needs of the most excluded and vulnerable, such as homeless people, are overlooked.

Keeping the funding at a level where a good overall picture can be had allows for a more strategic focus on outcomes. At the same time, these smaller allocations make it possible to guarantee the role of the Big Society in working with those who require additional support to fulfill productive roles in society.

The homelessness sector already plays a vital role in the development and delivery of skills training to homeless people and in developing partnerships across the public and private sector. In addition to providing a wide range of 'meaningful activities' like gardening, arts, and music, many services now provide volunteering, training, pre-employment support and employment opportunities.

In the sector as a whole there has been a 44% increase in the accessibility of training on accredited courses such as NVQs. There is the growing development of homelessness

services providing successful work programmes and employment schemes and of hostel residents moving into employment. Our own research suggests that 98% of frontline homelessness services provide such opportunities, both internally and in partnership with the statutory sector, a growth of 32% in two years.⁸ Such programmes could be improved and built on by better access to funding. We suggest that the burden of administrating a large number of small allocations could be achieved through simplification of application and monitoring processes.

Performance management, payment, data collection and audit

We ask that the Skills Funding System supports principles which value the 'softer' outcomes which are not so easily measured, particularly the distance travelled by those who have the furthest to go in their engagement with education and training and entering the labour market.

Success indicators need to be relevant to the learner as much as the trainer or employer. In terms of the learner there needs to be more than simple tick-boxing of hard outcomes, but a way to show distance travelled via softer outcomes. When only 'hard' outcomes are given credence then those most in need of training are most excluded due to the amount of time and investment needed achieve to these kinds of targets.

A good model for monitoring 'softer' processes and outcomes is the Outcomes Star, a comprehensive tool for exploring and measuring a wide variety of outcomes in the homelessness service setting.⁹ This model could be adapted to suit the needs of a skills training environment whilst retaining the elements that allow both the participant and the organisation to monitor and measure progress.

Thank you for considering our submission and we would welcome any opportunities to further advise or assist.

Yours sincerely

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¹ <http://www.crisis.org.uk/pages/causes-consequences.html> Retrieved 4 October 2010

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ <http://www.homeless.org.uk/costs-homelessness>

⁷ St Mungo's 'Work Matters' June 2010

⁸ Homeless Link 'Survey of Need and Provision 2010 (SNAP)' <http://www.homeless.org.uk/snap-2010>

⁹ www.homeless.org.uk/outcomes-star Originally developed by Triangle Consulting for St Mungo's, the Outcomes Star has been subsequently widely tested and revised for the London Housing Foundation. The Outcomes Star has ten "ladders" which cover an individual's journey along motivation and taking responsibility, self-care and living skills, managing money and personal administration, social networks and relationships, drug and alcohol misuse, physical health, emotional and mental health, meaningful use of time, managing tenancy and accommodation, and offending.