



WMCA is committed to increasing the proportion of its residents who are qualified to level 3. Expanding and improving our level 3 training offer for adults is critical to achieving this. We are seeking your views on our proposals.

This consultation is predominantly for individual Local Authorities, colleges and training providers who are delivering – or would like to deliver – level 3 training provision in the West Midlands Combined Authority area. However, we would also welcome responses from wider stakeholders with an interest in adult learning and training.

The consultation was issued on 16th March 2023.

To help us analyse the responses, please complete the consultation using our online survey at Survey Monkey: <https://www.surveymonkey.co.uk/r/6V63Q89>.

You can save your responses on each page of the consultation by clicking the **Next** button. Your progress will be saved, and you can then leave and return to the questionnaire at another time.

If you are experience any issues with the survey or have specific queries on the policy content of the consultation fiona.aldridge@wmca.org.uk.

The consultation closes at 10:00am on 24th April 2023. The results of the consultation will inform the development of our 2023/4 funding guidance.

Respondent Details

To help us better understand and respond to the feedback you give us we ask that you provide us with some limited personal information.

Questions:

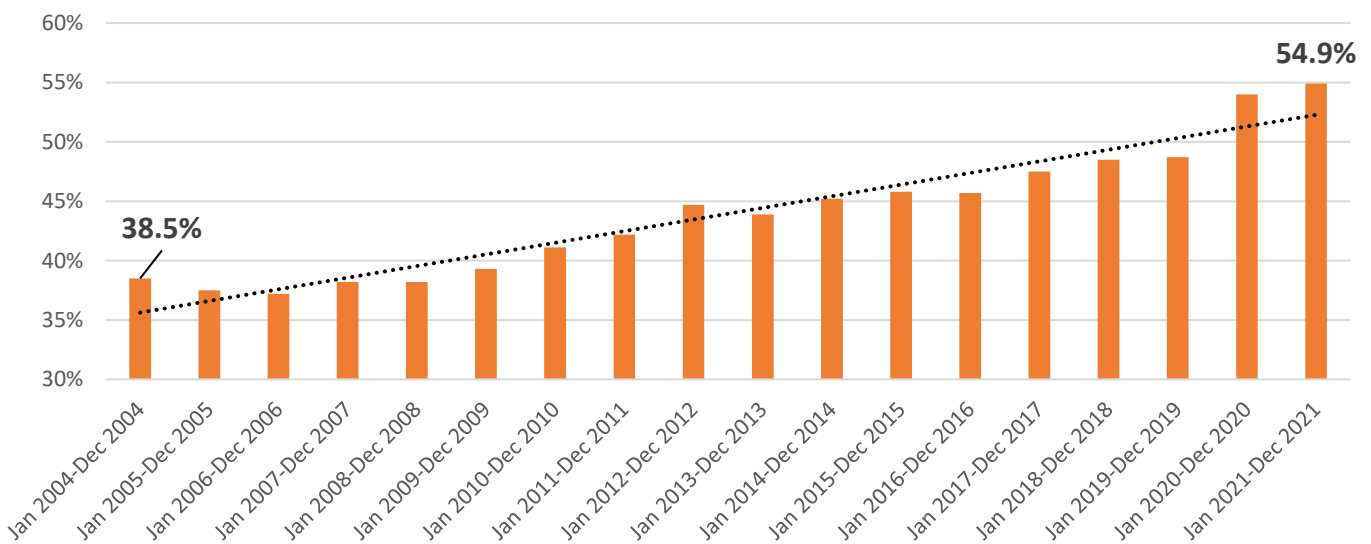
1. What is your name?
2. What is your email address
3. Are you responding as an individual or on behalf of an organisation?
4. What is the name of your organisation?
5. What type of organisation is this?

Introduction: The case for level 3

The West Midlands region has enormous economic potential. Prior to the pandemic, we experienced unprecedented growth exceeding the rest of the UK, with rising productivity, jobs and employment. But this potential is also accompanied by a number of long-standing challenges, including around low pay, skills shortages and limited social mobility.

Although qualification levels are improving, they remain lower than the national average. Around 1 in 10 adults in the WMCA area have no formal qualifications. Just over half (54.9%) are qualified at level 3 or above, compared with 61.5% nationally. As a result, employers face persistent skills shortages, with around 1 in 4 vacancies classed as 'hard to fill', particularly in roles that require advanced and/or higher skills.

Percentage of the WMCA population with NVQ 3+



This qualifications gap is important for individuals. Research shows that people with a level 3 qualification are more likely to be employed, earn more when employed and less likely to claim out of work benefits than those qualified at level 2 or below. On average, level 3 qualifications result in a 16% earnings return and a 4% increase in the likelihood of being employed. People with higher level qualifications and who develop higher level skills throughout their working lives are more resilient to labour market change. An analysis of WMCA job postings over the past 12 months shows that, on average, vacancies requiring a level 3 qualification have an advertised salary nearly £4k higher than those requiring a level 2 qualification.

It is important for businesses and the wider economy too. There is a positive link between the number of high skilled workers in an area and both the generation of new ideas and the ability of firms to convert new ideas into higher output and productivity. There are similar links between a firm's absorptive capacity to make the most of innovations and the workforce's overall skills levels. Improving the region's economic growth and tackling poor levels of productivity, relies in part on boosting the skills of the workforce.

Taken together, this evidence points to the value of strengthening our support for adults to achieve either a first level 3 qualification and/or to engage in training that further develops their skills at this level – for the purposes of developing new skills, improving performance in their current role, supporting progression at work, increasing income, changing career, meeting employers' skills needs etc.

And the benefits are not all economic. Research shows that engaging in adult learning or training and improving qualifications is associated with improvements to physical and mental health, improved educational achievement and health of children, higher levels of social connection and community engagement, and greater tolerance of diversity and higher levels of trust.

Questions:

6. What should our collective ambition be for the proportion of residents qualified to Level 3 by 2030?
7. Who needs to be convinced of the case for L3 – and how should we work together to make this case?

WMCA Adult Education Budget Strategy: Improving the offer at level 3

The WMCA Adult Education Budget (AEB) Strategy 2022-2025 sets out our vision for a responsive and flexible adult skills offer that will support our people-centred approach to ensure the skills needs of businesses are met and everybody can benefit from economic growth. Over the next three years we want to ensure that we are:

- getting our residents into employment
- upskilling and reskilling to respond to the regional economy and to net zero
- providing a good basic education up to Level 2 for those who need it, and
- supporting our communities to be stronger and to benefit from inclusive growth.

As part of a wider skills offer, this will require an increase in the amount and range of higher-level technical provision – at levels 3-5 – in skills gaps areas, to ensure we are responding to the labour market growth in higher skilled occupations. We also need a more accessible offer, with more part-time, evening, weekend and hybrid delivery, to fit around the work and wider commitments of adult learners. We will continue to work with our colleges and training providers to further develop and deliver a broad, accessible higher-level offer and improve job outcomes.

Case Study

Through Level 3+ flexibilities, colleges have been able to offer a wide range of fully funded higher level provision to learners. In collaboration with Colleges West Midlands a list of fully funded Level 3 provision was agreed, and additional higher-level qualifications have been approved where aligned with sector skills needs and priority areas.

Solihull College has been able to support learners with their journey towards employment by providing a comprehensive Level 3 offer. The college has been offering a wide range of level 3 and higher provision through using the level 3 flexibilities. Learners have been able to benefit from courses such as AAT, HR or Hairdressing.

One learner for who the opportunity to enrol on a level 3 qualification has been great for is Lisa, a stay at home mum, for who WMCA funding meant that she could continue her level 3 studies free of charge. Once she has completed level 3, she intends to become a licensed bookkeeper and realise her objective of running a bookkeeping business from home.

Since devolution of the Adult Education Budget in 2019, we have already made progress. Responding to the demand for higher level technical skills, a range of flexibilities have been introduced for providers to deliver more training at higher levels, in response to local skills needs. We have also seen increased investment through the Free Courses for Jobs offer that we commission on behalf of DfE for the WMCA area. As a result, our investment in level 3 provision has tripled from £6.8m in 2019/20 to £20.6m in 2021/22. Similarly, enrolments have increased from 2,620 in 2019/20 to 9,330 in 2021/22.

But we need to go further and faster if we are to achieve our ambitions for residents and businesses within our region. As set out in our AEB Strategy, we expect higher level provision to be better aligned with occupationally specific progression pathways and with market demand. We need a clearer offer for those in work, which includes flexible and diverse delivery modes and aligns with the skills and development needs of employed learners. Over the next 3 years we expect to see a minimum of 20% of provision for grant providers delivered at level 3 and above, we are shifting the balance of provision to ensure the right balance in the adult education offer. Through a procurement exercise the WMCA will invest in additional higher-level provision, focusing on current gaps in higher level provision and specialist delivery.

As we expand and strength our level 3 offer, we also need to ensure that it is accessible and attractive to a wide range of adults across the region. In 21-22, 53% of level 3 learners were male and 47% were female. Around one quarter (26%) were aged 19-23, 64% were aged 24-49, while one in ten were aged 50+. 25% of level 3 learners were Asian/British Asian background, 20% were Black or Black British, while 43% identified as White. Just over one half (54%) were in work, with the remainder unemployed or inactive. In Sandwell, Solihull and Walsall, the proportion of level 3 learners is lower than expected given the qualifications profiles of each area.

	Proportion of WMCA residents without a level 3 qualification	Proportion of WMCA-funded level 3 learners in 21/22
Birmingham	37.6%	46.4%
Coventry	9.3%	9.3%
Dudley	11.4%	11.2%
Sandwell	15.8%	12.5%
Solihull	6.2%	3.9%
Walsall	10.8%	7.5%
Wolverhampton	9.0%	9.1%

Questions:

8. What collective action do we need to take to deliver a minimum of 20% of provision for grant providers at level 3 and above?
9. Which sectors/places/residents should WMCA particularly focus on over the next 12 months, to make most impact for the region? Please explain why and what impact this would have.
10. How is your organisation planning to develop your level 3 offer over this period? What will your focus be and which groups of residents will you target?
11. How will you widen access to your level 3 offer to include more people who are currently under-served by this – including those already in employment?
12. How are you working with employers in the development of your level 3 offer?

Making Level 3 study affordable: reviewing the low wage threshold

The WMCA Skills Programmes Funding Rules include a low wage threshold which allows flexibility to fully-fund employed residents who would normally be co-funded, for study at level 3. At present, residents must earn less than £19,350 (£9.90 per hour) to meet the threshold. This is based on the current real living wage rate for those aged 23 or over, though this has been applied to learners of all ages.

This is broadly comparable with other Combined Authorities, where the low wage threshold is currently set around £18-21k. The exception is Tees Valley who have recently set their threshold at £27k – reflecting the median full-time salary in the area – in an effort to raise skills levels, stimulate demand for training and meet employer skills needs at a local level.

Since devolution, WMCA have increased the low wage threshold annually in line with increases in the real living wage. In September 2022, the Living Wage Foundation announced a 10% increase in the real living wage to £10.90 per hour, prompting a further review of our low wage threshold.

Feedback from providers has also indicated that the current threshold is not fit for purpose in the current economic climate and is limiting potential demand for level 3 provision among residents:

- a. In the context of rising cost of living pressures, residents who earn above the real living wage but are still on relatively low incomes are increasingly unable to afford to invest in training that will help them to improve their earnings. Faced with greater job insecurity, they can also be reluctant to take out an adult learner loan to finance their training.
- b. High levels of labour market demand in some of the region's key sectors – such as construction - has resulted in pay increases for semi-skilled workers that take them above the real living wage. While this is of immediate financial benefit, it means they are no longer able to access fully-funded training courses to develop the skills needed for further progression.
- c. The West Midlands economy has changed significantly in recent years and will continue to do so as advances in technology, automation, the move to net zero, and wider economic challenges reshape employer demand for skills. A key area of focus of our AEB Strategy is to support adults who are already in work to reskill in response to these changes. However, the current low wage threshold is deterring some residents who would otherwise be keen to fill skills and labour shortages, by pricing them out of retraining.
- d. Over the past year, WMCA have sought to develop a leadership and management offer to support in-work progression for residents and improve productivity within small and medium sized businesses. Many of those most likely to benefit from this offer are on below average wages but earning above the real living wage. The current threshold limits opportunity for these residents and reduces the financial viability of the provision that we are seeking to build.

Adjusting our low wage threshold in line with the updated real living wage of £10.90 per hour, would increase the threshold to £21,255 per annum. However, we do not think this scale of increase would address the challenges outlined above, nor would it deliver the step change needed to deliver on our ambitions for the region.

We are therefore proposing to set our low wage threshold at £30k, just below the median pay for full-time jobs across the WMCA area (£30,634). We believe this would reflect a bold commitment to tackling low pay and supporting in-work progression across the region. It would ensure that residents on lower-than-average incomes are not priced out of opportunities to upskill or retrain. It would raise the profile of the region and would signal to central government, to businesses and to residents our commitment to developing a high-skill, high-wage economy.

Furthermore, because median pay varies by local authority, setting the low wage threshold around the WMCA median would serve to focus skills investment in those authorities and wards with a greater prevalence of low pay. It would also focus investment on groups who are more likely to be low paid – including women, ethnic minorities, people with disabilities and health conditions, carers, care leavers, ex-offenders etc. The majority of UC in-work claimants would also be eligible for fee remission, supporting them to increase their income and move off benefits.

Median full-time pay by Local Authority						
Birmingham	Coventry	Dudley	Sandwell	Solihull	Walsall	Wolverhampton
£30,744	£33,887	£30,417	£27,471	£37,042	£28,373	£29,855

Median annual pay for full-time employees for the tax year ending on 5 April 2022, as measured by ASHE.

We propose trialling the £30k low wage threshold for an initial two-year period, during which we would evaluate its impact on learners, on providers and on our wider adult skills offer.

As an alternative to our current proposal, we also considered a more targeted increase in the low-wage threshold – for certain groups of people, places, qualifications or sectors etc. However, while we recognise that this could reduce the risk of ‘deadweight’ and provide greater focus additional investment, we also believe it would make messaging more complex and would likely reduce overall impact. We therefore decided against a more targeted proposal.

Questions:

13. Do you agree with our proposal to set the low wage threshold at £30k? Please outline your reasons for this.
14. What impact would you expect this increase to have on the range and volume of your provision? Please explain how and why.
15. What impact would you expect this to have on the number and profile of your enrolments?
16. To what extent do you think this additional investment would attract new learners or simply reduce costs for those who would otherwise have funded their own learning?

Supporting Level 3 study accessible: proposals for learner support

Course fees are just one element of the cost of studying at level 3. Feedback from providers and stakeholders suggests that adults experience a range of additional cost-related barriers to learning that could be overcome through the effective use of learner support funds.

This feedback is confirmed by research indicating that adults with limited access to transport, childcare, data and/or a digital device can also find it difficult to participate in training that will improve their skills, and thereby their earnings and employment potential. However, there is also evidence that support via the

Discretionary Learner Support Fund (DLSF) can have a positive impact on both retention and progression into employment.

Across the Combined Authority area, Discretionary Learner Support Funds are used in a wide variety of ways. We are committed to ensuring that DLSF continues to be used flexibly and responsively to meet learner needs – whilst also developing our understanding of what works in supporting different types of learners on different types of provision.

We recognise that, since devolution, WMCA have not increased spend on DLSF, in the same way that it has reviewed and increased other comparative benchmarks. We therefore intend to review the aims, focus and flexibility of the Discretionary Learner Support Fund, through a better understanding of its use and the emerging needs within the region, including how it can effectively support learners on level 3 provision who are currently earning below average wages. Alongside feedback from providers, we will also benchmark our spend against other parts of the country and consider best practice in how to maximise the impact of DLSF funded activities.

Questions:

17. What is your current eligibility criteria for access to DLSF – e.g., income threshold, course level, type of course? Do you have any plans to review/adjust this?
18. What types of support do you currently provide through DLSF, e.g., transport, childcare, digital devices? A full breakdown along with its value as a % will help us identify the support most commonly used across the region.
19. Where do you think more flexible use of DLSF would support better the engagement, retention and progression of learners studying at level 3?

Improving and expanding the Level 3 offer: working with providers

While the costs associated with level 3 study can be prohibitive for some learners, we know that adults also face a wider set of challenges and barriers to engaging with training at this level – some of which are associated with the duration, location, timing and mode of learning, as well with the relevance of training to local employment opportunities. Alongside our proposals for additional financial investment set out above, we are keen to work with providers to develop new and innovative approaches to delivering level 3 training to adults, with an ambition of widening and strengthening of the level 3 adult offer across the region.

Questions:

20. What are the wider challenges that adults face in engaging in Level 3 study? How can we work with your institution to address these?
21. How can we work together to improve the provision of timely and high quality IAG services for adults without a level 3 qualification?

Our case for increasing investment in our level 3 offer, as set out above, is predominantly based on the employment and earnings outcomes from achieving qualifications at this level. Nonetheless, outcomes data from our existing level 3 provision is poor – outcomes are unknown for more than two-thirds of learners, with significant variation by provider. We need to find more effective, efficient and sustainable

ways to improve on this if we are to make the case for further investment, and to develop our understanding of what works.

Questions:

22. What are the challenges you face in providing timely and accurate outcomes data for your level 3 adult learners? What examples of good practice can you share about where this is done well?
23. What should our minimum expectations be of providers in relation to outcomes data related to level 3 adult learners? How should we support providers to meet these expectations?

The overall value of the WMCA Adult Education Budget has been fixed for a number of years at around £130m. In recent years, this has been supplemented by additional Free Courses for Jobs funding. Nonetheless, it remains true that any decision to prioritise funding for level 3 provision, inevitably limits the funds that can be spent on provision at other levels. It is also true that a significant proportion of adults in the WMCA are not currently ready to undertake level 3 study – and therefore would not benefit in the short-term from this increase in investment at this level.

It is imperative therefore that as well as expanding the offer at level 3, we must also improve the pathways to level 3, particularly in those sectors where there are good well-paid jobs available to people qualified at this level. Alongside our proposed additional investment at level 3, we are keen to work with employers and providers to develop new progression pathways in key sectors. Our current investment on Level 2 provision to secure this pathway amounts to £29.18m – equivalent to 37% of our budget.

Questions:

24. Where are the gaps in provision pathways that prevent adult learners from progressing to level 3?
25. Where and how would you be interested in working with us to develop stronger pathways to level 3 provision?

Delivering our ambition of ensuring that the skills needs of businesses are met and everybody can benefit from economic growth, requires a strong and well-trained FE workforce. We recognise that while Colleges and training providers have access to support for their own staff development, this is limited and does not usually extend beyond level 3. We regularly receive feedback about recruitment challenges across the sector, including for qualified managers, for IAG practitioners and for teaching assistants and higher-level teaching assistants. We would like to support the sector to ‘grow their own’ and to develop talent in the region, for the region.

We are exploring how we might fully fund a suite of qualifications to support delivery capacity, which could include:

- Level 3 Teaching/Higher Level Teaching Assistant
- Level 4 Diploma in Advice and Guidance
- Level 5 - Certificate in Teaching English to Speakers of Other Languages
- Level 5 – Aspiring Leaders (to be developed with university partners with an aligned focus on curriculum innovation/skills)
- Leadership and management – adoption of technology

Questions:

26. Is this the right approach to supporting FE workforce development? What impact do you expect this would have?
27. Which qualifications do you think should be included in a fully-funded offer?

And finally...

28. Is there anything else we should be thinking about to realise our ambition of engaging more adults in level 3 learning and to increase the proportion of residents qualified to this level?