2020
Public Services Hub
at the **RSA**

LSIS LEARNING AND SKILLS IMPROVEMENT SERVICE

The further education and skills sector in 2020:
a social productivity approach

About the RSA

The RSA has been a source of ideas, innovation and civic enterprise for over 250 years. In the light of new challenges and opportunities for the human race our purpose is to encourage the development of a principled, prosperous society by identifying and releasing human potential. This is reflected in the organisation's recent commitment to the pursuit of what it calls 21st century enlightenment.

Through lectures, events, pamphlets and commissions, the RSA provides a flow of rich ideas and inspiration for what might be realised in a more enlightened world; essential to progress but insufficient without action. RSA Projects aim to bridge this gap between thinking and action. We put our ideas to work for the common good. By researching, designing and testing new ways of living, we hope to foster a more inventive, resourceful and fulfilled society. Through our Fellowship of 27,000 people and through the partnerships we forge, the RSA aims to be a source of capacity, commitment and innovation in communities from the global to the local. Fellows are actively encouraged to engage and to develop local and issue-based initiatives.

About 2020 Public Services Hub

The 2020PSH is a research and policy development hub created from the legacy of the 2020 Public Services Trust, specialising in developing practice-based research on social productivity in public services. Based at the RSA, the Hub works collaboratively with local public service organisations, national sector leaders and other national partners to develop social value and social productivity thinking into local and national practice. The pressures on public services are many and varied – spending cuts, future demands, and the challenge of engaging more effectively and creatively with citizens and communities. Within this context, the 2020PSH seeks to apply a long-term, strategic perspective and develop socially productive responses in collaboration with its partners.

About the Authors

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About LSIS

The Learning and Skills Improvement Service (LSIS) is a sector-owned and sector-led body driving the development of excellent and sustainable provision in learning and teaching through further education and skills providers.

Working alongside its educational partners, LSIS devises new approaches to improvement which build upon the sector's own capacity and innovation to design, commission and deliver quality services and strategic change.

LSIS also initiates research, disseminates policy information, organises seminars and conferences and provides dedicated online teaching and learning resources, in order to inform institutional improvement through the sharing of information and best practice.

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Foreword

The further education and skills sector is facing an extraordinary level of change – as are all public services. It is a period for the sector to rethink its role and purposes taking account in particular, of the greater freedoms and flexibilities and of the new expectations about the roles of citizens and their relationship with society. Ministers are indeed urging the sector to do so.

More than ever, as budget reductions take effect, it is vital that our sector, with its role in building the capacity of individuals within their communities and in the economy, develops its forward strategy based on analysis and intelligence which captures leading thinking from across the public sphere.

With this in mind, LSIS approached the 2020 Public Services Hub at the RSA to carry out research to help us make sense of the potential role of our sector for the longer term in what they describe as the new public services ecosystem.

Sir Andrew Foster and Hilary Cottam, Chair and commissioner respectively of the cross-party Commission on 2020 Public Services, made presentations to LSIS policy seminars in the summer of 2010. These stimulated debate and challenged our thinking about the opportunities and scale of changes ahead. Following the publication of the Commission's final report, we therefore approached the Hub which is building on its work to carry out research to scope the implications, challenges and potential of their analysis for our sector.

We believe that at this time, an independent and critical perspective from experts in public services, who have an interest in, but are not deeply embedded in our sector, will be particularly beneficial. The Hub's report therefore locates further education within a wider narrative about public service reform and the longer-term changes ahead and it challenges LSIS and the sector to step up with the best of the public sphere to create our own future within the emerging new parameters.

Our hope is that this report will foster debate and ambition to support the sector in envisioning and determining its own future. While the report was clearly commissioned to support the further education and skills sector, we are nonetheless aware that it also has profound implications for LSIS and how we perceive and deliver our role. In LSIS we therefore look forward to engaging in discussions, receiving comments and feedback on this report and understanding what it means for both those leading organisations in the sector and for us in supporting your continuing development.

Caroline Mager

LSIS
Executive Director, Policy, Research and Communications

Executive summary

Big changes are happening across the spectrum of public services. The Coalition Government, driven by a determination to reform within the context of massive spending cuts, is reshaping the way public services are designed, delivered and accounted for.

All parts of the further education sector, from colleges of further education and sixth form colleges, to adult community learning services and work based learning providers, will be affected by these transformational changes.

Economic downturn has put a new premium on skills and growth policy. Youth unemployment remains at near-record levels. Spending pressures are driving cost reductions and new coping strategies. And as the sector is liberalised, colleges and other providers are being asked to become more effective advocates for their own value beyond the narrow boundaries of 'plan and provide'.

In early 2011 we began talking to those responsible for making, delivering and coping with these changes. We found trepidation at the further encroachment of market mechanisms into further education:

> **"People are in denial. They don't actually believe [the Coalition's reforms] are going to happen…"**

But we also discovered a sense of liberation at a new culture of flexibility, entrepreneurialism and open practice:

> **"A college should not just be a purveyor of courses. It should be a key agent of social mobility."**

What is clear is that further education is at a critical point: the new challenges and opportunities for the sector are huge.

A changing landscape

Further education and skills providers have become adept at reacting to change over an eventful decade. Central government has driven reform and expansion, using the sector as one of the principal 'levers' on which it can pull in order to raise the UK's skills levels. Now, however, central government is loosening its grip on the levers, promising providers more freedom to make more of their own decisions.

The promise is not yet fully reflected in operational arrangements – funding and performance management systems lag behind the rhetoric – but the direction of change at least seems clear. The sector is being invited to map a new path.

But it is being asked to do so at a time of severe fiscal tightening and at the same time as the landscape within which it has become used to operating is being radically changed by fundamental public service reforms. Learning and skills policy nationally, regionally and locally is becoming more complex and uncertain – the product of new agreements, understandings, partnerships, voluntary undertakings and entrepreneurial joint ventures between a wider range of stakeholders.

Local decision making

The change is most dramatic at local level. The role of local authorities as public service providers and place shapers is being transformed. In some respects their authority to make decisions, merge budgets and identify local priorities is being enhanced; while in other respects, authority is being withdrawn, as local public service institutions become more accountable to their service users, and report directly to Whitehall. Localism is being challenged by 'hyper localism'. In particular, local authorities are losing a number of their powers and responsibilities over skills and learning, so, for example, collaborative arrangements previously given shape by statute are now in flux. Directly elected mayors, where they become established parts of the new landscape, may disrupt arrangements further, or may bring fresh opportunities to press the case for learning and skills.

Regional and sub-regional strategy

Regional skills policy grew up over the last ten years as a response to pronounced inequalities and imbalances in the UK economy. As the country faces a long and uncertain climb out of recession, questions of balanced growth are more important than ever, but the regional and sub-regional architecture of the previous administration has been dismantled. This leaves further education providers uncertain about where leadership or resources now lie. The departure of Regional Development Agencies (RDAs) and the Skills Funding Agency's reduced role in regional development relative to its predecessor leave intelligence and leadership gaps.

Where regional partnerships and their Employment and Skills Boards have been attempting – with varying degrees of success – to establish strategic direction and marshal resources, these partnerships are now transitioning to, or aligning themselves with new Local Enterprise Partnerships. (Our report includes case studies from Bristol, Nottingham and Manchester.) LEPs are non-statutory bodies with considerable freedom over how they define their mission, but face challenges in accessing or linking sufficient resources to realise their ambitions.

National skills policy

The Government remains committed – as an aspiration – to the 2020 skills targets established as a result of the Leitch Review, but recognises that previous models of leadership and accountability were inefficient and sometimes counter-productive. The days of 'plan and provide' are over. Yet it is clear that skills needs and organisational forms in at least one major part of the UK economy are set to change fundamentally, and that these will make new demands on the further education and skills sector. The part of the economy changing most quickly and profoundly is the public sector.

Two futures for further education?

Amidst the myriad directions policy could take, we believe that further education providers sit tantalisingly between two long-term futures.

- One future in which liberalisation and spending cuts create a culture of retrenchment and policy incoherence; where market mechanisms create winners and losers without engaging citizens; where further education remains a 'Cinderella' service pushed and pulled by more powerful local players.

- Another future that is fundamentally more collaborative, networked, and socially productive; where colleges are incubators of social value and hubs for service integration; where further education serves the needs of learners through being a creative partner in local growth and service reform agendas.

We believe that the idea of social productivity is the key to achieving this second future. Social productivity is a fresh approach to policy and practice that can give practitioners and policymakers the means to make sense of the change around them, and begin shaping new realities on the ground.

A social productivity approach

The idea of social productivity represents a long-term culture change in public services – shifting from a culture of top-down, silo-based delivery of services, to a culture that recognises that social value is co-created between the service and user. It is an approach that puts engagement, co-production and civic responsibility at the heart of public services – creating sustainable systems that build social capacity, foster community resilience, and work with the grain of people's lives.

The idea of social productivity was developed by the Commission on 2020 Public Services. At root, it is the idea that 'public services should explicitly be judged by the extent to which they help citizens, families and communities to achieve the social outcomes they desire'.[1]

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1   Commission on 2020 Public Services (2010) 'From Social Security to Social Productivity: a vision for 2020 public services', London: 2020 Public Services Trust.

This means focusing less on the particular services that are being – or have always been – delivered, and more on how the confluence of citizen agency, civil society and the state can collaboratively create the right conditions to improve social and economic outcomes. What would such an approach mean for the further education sector?

Sleepwalking into a dangerous future?	A social productivity alternative
Spending cuts and state retrenchment slowly lead to residualisation, lack of early investment and unsustainable further education services.	Spending cuts create incentives for citizen entrepreneurialism, participation and engagement – with further education as the local hubs.
Consolidation and mergers lead to less locally-embedded further education provision – losing the voice of citizens and communities.	Consolidation leads to bottom-up collaboration and integration around the needs of citizens and communities.
Demise of regional planning and local authority oversight leads to incoherent growth strategies without a strong further education presence.	LEPs allow more locally-responsive growth strategies, with the potential for local further education providers to co-create and incubate.
Competitive pressure results in weak, incoherent and unsustainable networks between further education, business and government.	Competition, transparency and market forces provide new incentives for further education providers to understand the needs of citizens.
Removal of central strings alongside weak local government and lack of place-based accountability creates fragmented accountability and patchy outcomes.	Outcome commissioning and fewer central strings enable further education to take a more active role in providing space for local entrepreneurialism and integration. Elected mayors begin to create bottom-up policy coherence.
Fragmented policy across all-age education undermines emerging integration across childcare, schools, further education and higher education.	Changes in education policy incentivise flexible learning, integrated provision and new forms of collaboration between local institutions.

Our research tells us that emerging, on-the-ground best practice and innovation is already pointing the way to this socially productive future for further education. But without colleges and the range of independent providers taking a lead and actively pulling innovation into the mainstream, the sector risks sleepwalking into a dangerous future.

For 2020, the sector must broaden its approach. The route to long-term growth and sustainability is not only qualifications, but broader social value, and a real stake in local growth and development.

Recognising that operating systems do not, as yet, reflect fully the rhetoric of greater freedoms, what are the policy foundations on which policymakers and practitioners can begin building? How can a shifting set of policies and practices be brought together to generate social value for citizens, learners and their communities? What actions can be taken today to achieve social productivity in 2020? Most crucially, further education providers must become the incubators of social value and the centre of new networks for local growth. We argue that five directions are key.

Five directions for socially productive further education

Incubate social value

Network local growth

A social productivity approach to further education

Create platforms for open learning

Drive public service integration

Re-set citizen engagement
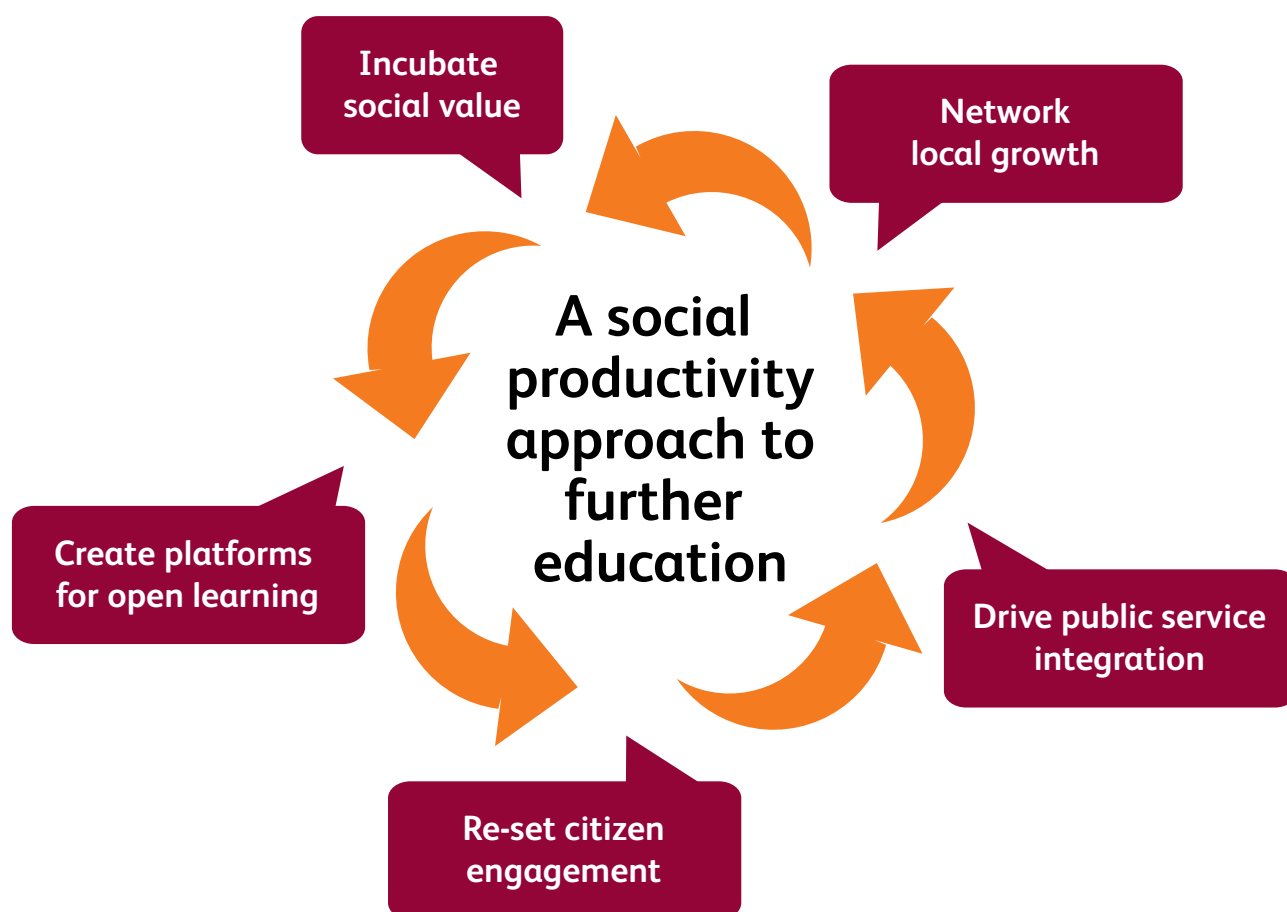
1. Incubate social value

An instrumentalist and qualifications-driven culture has narrowed understanding of further education's broader social value. But what matters in public services is the social value that they help create, and this is produced through the interaction between services, citizens, communities and staff.

At best, the further education sector can be life transforming. At worst it can be a production line, obsessed with qualifications and narrowly instrumental in outlook. For further education to be transformative in 2020, it must broaden its outlook and become the incubator of social value within communities.

- Return adult education to the centre of further education's mission – promoting lifelong skills and learning.

- Become the 'skills for society' incubators – providing the skills to create the Big Society.

- Be the local social enterprise hubs – offering skills and training for social entrepreneurship.

2. Network local growth

Now more than ever the sector's economic role is critical. But its economic potential can no longer be fulfilled through a top-down, delivery mindset. For 2020, we must see a culture shift towards networked local growth where the sector co-creates value, future jobs and economic growth through better relationships across the spectrum from learners to employers, to public authorities and civil society.

- Become the research and development centres for Local Enterprise Partnerships – providing the raw material for local growth.

- Catalyse local small and medium enterprise (SME) networks – becoming a local business hub.

- Establish area-based curricula – more in tune with the needs of local enterprise.

3. Drive public service integration

The further education sector can be more flexible than most silo-structured services, sitting within a spectrum of interactions between citizens and public services. The sector has always had to look outwards for its funding and relationships. So at a time of intense pressure to generate efficiencies and get 'more for less', further education must become a lead integrator of local services and interactions.

- Become case managers for young adults – managing transition for those at risk.

- Build capacity for community commissioning – driving local integrated public service models.

- Become integrated service hubs – sharing functions, expertise and generating efficiencies.

4. Re-set citizen engagement

The further education sector can be an exemplar for citizen engagement across public services – combining efficient market mechanisms with outreach, citizen empowerment and social value. Its ability to co-create learning opportunities and offer civic spaces puts it at the centre of powerful networks of active citizens. For 2020, mobilising these networks will be essential to creating the spaces for democratic engagement and co-production that are vital to a 'big' or 'good' society.

- Personalise across the range of further education services – through better market segmentation;
- Make space for civic association – helping to catalyse local democratic activity; and
- Become an education bank for the community – offering resources for citizen engagement.

5. Create platforms for open learning

Our research repeatedly brought home the view that "further education is far more flexible than the rest of the education landscape". Its history of innovation and flexibility around citizens' needs is already an established part of its social value. But for 2020, this innovation and flexibility must sit at the very centre of a culture that creates platforms for open and networked learning throughout people's lives.

- Invest in digital learning – to develop remote, personalised learning pathways.
- Develop 'mix and match' learning modules – tailored to diverse needs.
- Offer peer-to-peer learning and entrepreneurial training provision – opening up formal structures.

Part 1 – Making sense of a changing public services landscape

The landscape of public services is in flux. The Coalition Government has wasted little time enacting a programme of reform across key areas of public spending and service provision.

Some of this reform, such as the academies programme, or exploring new civil society delivery models, builds upon themes established during the Blair and Brown years. Other elements are new: a fresh approach to public service governance and tightened fiscal policy in the wake of the biggest economic crisis since the 1930s.

This changing landscape may have profound impacts on the lives of citizens, and will certainly change the working lives and professional roles of many people working in public services. The future of the further education and skills sector is intrinsically bound up with these changes. Colleges and independent providers will feel the pinch of funding cuts as well as the potential liberation of greater freedoms and less top-down pressure. Many of the challenges they will face in future will come from reforms enacted outside of their purview. For example:

- spending cuts will change the shape of demand for learning and skills services;
- new economic policies and trends will alter the skills needs of local and national businesses; and
- changing public service delivery models will demand new skills sets.

This is why making sense of the new public services ecosystem – a complex, interdependent set of social and economic activities – should be the first step in our analysis.

The long-term drivers of reform

The Commission on 2020 Public Services' call for a 'new Beveridge' reflected the growing consensus across political lines that public services are ripe for substantial change. Why? Because despite sustained spending and an increase in the breadth and range of public services the state provides, huge demand, behavioural and supply-side challenges remain.

> **'There can be no doubt that the UK faces an immediate budgetary crisis...
> But even when the consequences of the immediate crisis have been dealt
> with, and that has not yet been done, another larger one looms...'**
>
> **Professor Howard Glennerster, 2010.**[2]

To get serious about the challenges of the future, the Commission argued that we must revisit the fundamentals upon which our public services are built. Our public services blueprint was designed in the 1940s to reflect the needs of the British population at that time. The way we live, work and communicate has changed beyond recognition since; yet the public services we rely on have not been able to keep pace.

The long-term crisis for public services has been the elephant in the room for policy-makers and politicians. But the fiscal crisis has brought these debates to centre stage. An ageing population brings with it enormous cost implications across health, social care and other services. The IMF predicts that between now and 2050, 'for advanced countries, the fiscal burden [of the crisis] will be about 10% of the ageing-related costs. The other 90% will be extra spending on pensions, health and long-term care'.[3]

The global economic balance is shifting, creating new constraints on spending and changing patterns of employment and migration for an increasingly diverse citizenry. The impacts of globalisation have been 'spiky'[4] and unequal-Britain is affluent, yet this affluence is distributed in deeply unequal ways.[5] Also the balance of skills and networks that citizens need to stay afloat in the labour market are becoming increasingly difficult to 'plan and provide'.[6]

2   Commission on 2020 Public Services (2010), ibid.

3   'A Slow Burning Fuse' in The Economist, 25.06.09 online at http://www.economist.com/node/13888045

4   Florida, R. (2008) 'Who's Your City? How the creative economy is making where to live the most important decision of your life', New York: Basic Books.

5   Hills, J., Sefton, T. and K. Stewart, (eds.) (2009) 'Towards a More Equal Society?: poverty, inequality and policy since 1997'. Bristol, Policy Press; Dorling, D. (2011) 'Injustice: Why social inequality persists', Bristol, Policy Press

6   Coyle, D. (2011) 'The Economics of Enough: How to run the economy as if the future matters', Princeton: Princeton University Press; Wolf, A. (2009) 'An Adult Approach to Further Education', London: Institute of Economic Affairs; Wilkinson, R. & Pickett, K. (2009)The Spirit Level: Why equality is better for everyone', London: Penguin.

As authors such as Peter Taylor-Gooby have shown, the type of risks and demands – the 'contemporary social evils'[7] – that welfare states face have changed fundamentally since Beveridge's original recommendations were implemented.

At the same time that social needs and demands are changing, so is awareness of the tools we can use to deal with them. Many studies tell us that the model of rational economic man, upon which much recent public policy has been built, is deeply flawed. This has created pressure for policymakers to get beyond the New Public Management paradigm introduced in the 1980s, and to create policy models built on the 'predictable irrationality'[8] of human behaviour.

Reports tell us that citizens are more assertive than ever[9], but the way we express our demands is diversifying – face-to-face, over the phone, online and via collaborative social networks. These and other technological developments are the catalyst for a new phase of the modernisation of public services.[10]

'We have relied on the Beveridge settlement for sixty years. It has served us well. But society is changing.'

Sir Andrew Foster, Chair, Commission on 2020 Public Services[11]

How is the Coalition reshaping public services?

'These reforms aren't about theory or ideology - they are about people's lives. Your lives, the lives of people you and I most care about: our children, our families and our friends. So I have to say to people: if not now, then when?'

David Cameron, January 2011[12]

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7   Taylor-Gooby, P. (2004) 'New Risks, New Welfare', Oxford: Oxford University Press; Joseph Rowntree Foundation (2009) 'Contemporary Social Evils', Bristol: Policy Press.
8   Ariely, D. (2008) 'Predictably Irrational', London: HarperCollins; Thayler, R.H. and Cass, T.S. (2008) Nudge: improving decisions about health, wealth, and happiness', New Haven: Yale University Press.
9   Griffiths, S. Foley, B. and J. Prendergrast (2009) 'Assertive Citizens: New relationships in the public services', London: Social Market Foundation; Taylor-Gooby, P. (2008) 'Reframing Social Citizenship', Oxford: Oxford University Press..
10   Dunleavy, P. Margetts, H. Bastow, S. and J. Tinkler (2006), 'Digital Era Governance: IT corporations, the State, and e-Government', Oxford: Oxford University Press.
11 Commission on 2020 Public Services (2010) 'Beyond Beveridge: Principles for 2020 Public Services' London: 2020 Public Services Trust
12 'David Cameron defends NHS reform plans' in The Telegraph, 17.01.11

The Coalition is beginning to reshape the public service landscape radically. Across health, education, welfare and criminal justice, shifts in policy – often in parallel with spending reductions – are changing the governance, delivery and distribution of services. The consequences will be variable across service sectors and geographies, but some common policy threads can be traced across the board.

Liberalisation, markets and greater institutional freedom

A strong current of liberalisation and a renewed emphasis on market mechanisms underpins some of the Coalition's key reforms. Plans to 'liberate' the NHS are, for instance, founded on a strengthening of competition within the purchaser-provider-citizen nexus. They rely on the power of open data and armchair accountability to drive bottom-up choice, re-shaping the system and controlling costs. In school-age education, we can see both free schools and academies promoting 'hyper-local' accountability – diluting the governing role of local authorities, and strengthening the role of the citizen and professionals in driving productivity and performance. Advocates of greater liberalisation and market reform emphasise professional autonomy, citizen choice and the performance gains that can be precipitated by competition. But the effects of this approach on policy coherence, democratic accountability and service integration are less clear – not least at local level.

Localism - but what kind?

The Coalition has committed to a radical form of localism that is a 'fundamental shift of power away from Whitehall to councils, communities and homes… decentralising central government and giving power to the people.'[13] Reforms in housing, education and health policy show how this approach is being put into practice. Councils have been given a new power of general competence, central audit and inspection has been reduced and they have been handed the responsibility of making the toughest expenditure cuts. But local councils have been given no new powers over public services, even though local service institutions have been given greater autonomy. So there is a missing middle in terms of local strategic governance. Various models are in development to fill this gap: Lambeth's co-op council; Suffolk's enabling council; Westminster, Kensington and Chelsea, and Hammersmith and Fulham's collaborative council; and Manchester's single strategic authority for the sub-region. All of these will have implications for commissioning, and the citizen-service relationship but it is far too soon to know which one, or combination, of these, will become the new norm, or indeed whether far greater national variation is inevitable.

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13 https://www.communities.gov.uk/corporate/about/

Spending cuts

The spectre of deficit reduction and spending cuts is a challenge across the public services. In the best circumstances, the threat of cuts can be a 'burning platform' for innovation and reform. Yet with £80 billion of cuts to public services it is far from obvious that such positive outcomes will flourish as the state pulls back. The politics of spending cuts could change public service provision in myriad and uncertain ways. Reducing entitlements such as housing benefit could positively change the behaviour of public and private service providers, or inadvertently create pockets of need that entrench existing disadvantage. Front-loading cuts in local government spending could create the conditions for new providers and community-driven solutions to emerge, or cutting back on 'peripheral' services could increase the burden on already high-spending areas such as health, welfare and criminal justice. Spending cuts are a reality for public services. But the potential impacts are still unclear.

Big Society

In parallel to its deficit reduction strategy, the Coalition is promoting the Big Society. A broad narrative rather than a coherent policy, the Big Society is, as Jesse Norman has argued, 'not reducible to a single soundbite'.[14] At best the notion is transformative – rejecting the top-down, Whitehall delivery model and the notion of rational economic decision-making that underpins it. It promotes collective action, reciprocity and a new, more engaged relationship between citizens and local public services. Those opposing the Big Society deride it as a cloak for cuts. The reality is less binary. There is much that can be done to rebuild public services around the resources and social capacities of citizens; and much that can be gained from an approach built around co-production and risk-sharing. But it is less obvious that the state should pull back to allow this; and unclear how different localities will interpret, encourage and account for the variety of Big Society initiatives that may appear.

Long-term cost sharing – extending co-payment

A key plank of the Coalition's public service reform strategy has been the promotion (or at least exploration) of cost-sharing as a means to address questions of long-term fiscal sustainability and rising demand. Higher education is the obvious example. Following Lord Browne's review, English universities will, from September 2012, be allowed to charge up to £9,000 in annual tuition fees. Cost-sharing is also on the table for the long-term funding of social care.

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14 Norman, J. (2010) 'The Big Society: the anatomy of the new politics', Buckingham: University of Buckingham Press, p.4.

Following the Wanless review and government green paper in 2009, Professor Andrew Dilnot is being asked to explore the alternatives to a current system that is widely seen to be unfair and regressive. These are major policy shifts, and the potential is there for cost-sharing in other ways. Barnet Council famously proposed an EasyJet model of user charging for non-core services. And the 2010 NHS white paper leaves an open question about the potential of GP user-charging for certain services.

Targeted spending and welfare reform

A shift away from what the Brown administration termed 'progressive universalism' is marked across a number of coalition policies – driven partly by the knowledge that a one-size-fits-all approach to delivery has failed to resolve damaging outcome inequalities. Citing the 'deadweight' cost of providing a universal entitlement, the family element of the child tax credit has been targeted at individuals earning under £50,000. Educational Maintenance Allowance (EMA) has been scrapped, replaced instead with a new, tighter means-tested bursary scheme. This trend in focusing entitlements is mirrored by a parallel trend in loosening central targets – including the removal of some place-based surveying carried out by local authorities. Yet the kind of reforms mentioned above potentially increase government's role in allocation. One spin-off is a shifting of the government's approach to dealing with inequality, which increasingly is concerned with targeting poverty and marginalisation, alongside fostering greater social mobility. It is unclear what impact other, potentially destabilising, reforms in public services could have on these goals.

Supply-side reform

The means to deliver several of the policy agendas above is a more diverse service supply-side. The Coalition has strongly advocated 'opening up' the provision of public services to a broader range of private and third-sector providers, as well as encouraging new entry – via free schools, for example. As Cabinet Office Minister Francis Maude MP has argued, 'there are literally thousands of front line employees who can see how things can be done better but at the moment, with the existing constraints, they just can't get it done. Now this is going to change'.[15] This more diverse supply side will partly be marshalled by a focus on outcome-payment models where possible – like those now adopted in the Work Programme. The model has the potential to stimulate innovation, increase accountability and foster co-production[16] as well as force some existing providers out of the market. A space is being created for a quite different provider landscape in the future.

15 www.cabinetoffice.gov.uk/news/francis-maude-launches-pathfindermutuals
16 See for example Sturgess, G. and Cumming, L. (2011) 'Payment by Outcome: a commissioners' toolkit', London: 2020 PST.

Local growth

A key theme of the Coalition Government's overall strategy is a rebalancing of the economy – away from perceived dependence on the public sector (particularly outside of the South-East), and away from a top-down, central or regional planning approaches. The result is a series of proposals emphasising a new geography of economic growth: a more bottom-up, locally determined and locally-focused approach to stimulating enterprise. Local Economic Partnerships (LEPs) are a key element of this. LEPs are self-determined local partnerships designed to promote collaborative growth strategies led by local authorities, business and other stakeholders (including further education providers) within a functional economic area – although most are inheriting existing political areas. They have no statutory power or government funding (though can apply for 'growth and innovation' funding from a nationwide pot of £50 million), but it is hoped that they will 'provide the vision, knowledge and strategic leadership needed to drive sustainable private sector growth and job creation in their area'.[17] In his March 2011 Budget, Chancellor George Osborne MP proposed 21 new local authority-led Enterprise Zones, which will combine investment and tax incentives in a more concerted attempt to reinvigorate some of the areas ripe for 'rebalancing' away from public sector dominance.[18]

How is the landscape changing?	What kind of policies is the Coalition enacting?	The key questions for further education
Liberalisation	A strong current of liberalisation and marketisation runs through the Coalition's agenda - proposed NHS reforms, academies and free schools are examples.	How will further education providers deal with less central strings and more downwards-facing accountability?
Localism	Localism has been varied, with councils given some new freedoms, but reduced purview over some key public services and severe constraints over spending in the short-term.	What will be the new relationships between councils and learning and skills providers particularly further education colleges?

17 http://www.bis.gov.uk/policies/economic-development/leps
18 'Budget 2011: selected enterprise zones designed to encourage new investment' in The Guardian, 23. 03. 2011

How is the landscape changing?	What kind of policies is the Coalition enacting?	The key questions for further education
Spending cuts	Deficit reduction underpins the whole Coalition narrative. 73% of deficit reduction is planned through spending cuts. This reduces funding across the whole range of services in real terms.	How will the pressure of spending cuts reshape the further education provider market?
Big Society	The Big Society or 'post-bureaucratic state' narrative promotes voluntary action, citizen-driven delivery models and a reduced role for the state in public service delivery.	Will efforts to mobilise the up-tapped energy of citizens change the way further education is provided?
Long-term cost sharing	Higher education (known) and long-term social care (likely) will be subject to new cost-sharing arrangements between citizens and the state. Proposed pension reforms increase the retirement age to reduce direct state liability for old age care.	What will be the impact of the rebalancing of further education funding responsibility between individuals, employers and the state? How will increased cost-sharing in higher education change demand and provision in further education?
Targeted spending	Several Coalition reforms signal a move away from universal access/provision, to a culture of targeted welfare. Replacement of Education Maintenance Allowance and pupil premiums are examples here.	How will changes to welfare spending reshape the learning choices citizens make?

How is the landscape changing?	What kind of policies is the Coalition enacting?	The key questions for further education
Supply-side reform	Open data and supply-side diversity are a key feature of coalition proposals - encouraging new private and civil society providers, and extending the 'right to request' employee take overs across the public sector.	Will a more open supply -side change the skills needed by public service workers, managers and citizens? What might be the implications for further education?
Local growth	Regional Development Agencies have been scrapped and are being replaced by Local Enterprise Partnerships. 21 Enterprise Zones are designed to encourage new investment through tax and regulatory incentives in several areas of the country.	How will new local growth agendas reshape the skills agenda within different areas?

The impact of spending cuts, the success of key planks of government reform, and the UK's economic growth trajectory are all still uncertain. Yet it is already clear that the public services landscape is changing. Decision-makers across the whole public services ecosystem are beginning to deal with a shifting set of demands, and a different culture of working and accountability. This changing landscape poses challenges and opportunities for those working in further education. It shakes up the delivery and accountability system in multiple ways. It creates new imperatives and a different way of thinking about the learning pathways of people within the further education and skills sector.

During early 2011 we asked a range of college leaders, local leaders and sector decision-makers for their opinions on these changes. How are they and their colleagues making sense of what is happening? How will their day-to-day roles be altered? What are the medium and long-term implications of today's policy agendas? What opportunities can they identify for shaping the emerging context? Their responses suggest a route through the changing landscape of further education and skills provision.

Part 2 – Further education within a changing landscape

How does the further education sector's experience of change – the skills developed by change and the culture fostered by change – equip it for the scale of the reforms beginning to reshape public services?

Continuity in change

Many further education professionals take pride in their sector's flexibility. Coping with changing demands from learners, communities, businesses and local and central government is seen as part of further education's core business, and one of its exemplary skills. As one interviewee put it:

> **"I think that as a sector we're characterised by being flexible, inventive and progressive. We're probably the most flexible part of public services."**

Yet as this same interviewee noted, "there are limits to what we can do". Other interviewees spoke of "exhausted" staff and governors, and the "relentlessness" of the changes being demanded by central government now and over recent years.

> **"Further education has had to cope with a lot of change and conflict over the past few years. It's been challenging to simply keep up, let alone plan. It's getting worse."**

The Coalition has acknowledged that change itself has become a problem for the sector. Fifteen years of unremitting reform have brought stresses and difficulties. So when government assures stakeholders that this time will be different – 'we will not chop and change our strategy every five minutes creating confusion in the sector and demoralising its workforce'[19] – practitioners are listening with some caution.

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19 BIS (2010) 'Skills for Sustainable Growth', London: Department for Business, Innovation and Skills.

Further education professionals who are weary of 'policy hurry'[20] point out that centrally driven reform has too often been bureaucratic and counterproductive. Experts like Professor Alison Wolf have criticised central government's 'addiction to continual, and ever more complex, institutional reorganisation'. Changing remits and titles have often proved less than transformative - more a case of 'institutional musical chairs'.[21] Critics argue that despite the sector's considerable achievements, the sheer number of changes has been out of proportion to the outcomes attained – a view echoed by interviewees for this report:

> **"Far too much time has been wasted on structures and grand schemes which have never come to fruition, when what we should have had was more rationalisation."**

Changes have often sown confusion. The skills system has been described as 'drowning in alphabet soup'[22], and 'so maddeningly confusing that there are new bodies set up, and publications produced merely to explain [its] complexities'.[23] Problems have stemmed from what Sir Andrew Foster's 2005 review identified as a chronic habit of accumulation – 'simply layer[ing] …new arrangements on top of old systems. A typical feature of further education is the accretion of new ideas on top, rather than in replacement, of old'.[24]

In place of strategy

Piling reform on reform at speed has had a number of unwelcome consequences. The Foster Review, and more recently the Nuffield Review, identify clarity of purpose and the ability to communicate it – internally and externally – as critically important for further education's effectiveness. Both describe recent waves of reform as unhelpful in this respect.

Iterative change has added complication without clarity, damaging the ability of further education to communicate and operate as 'a purposive system', with a distinctive 'brand'.[25]

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20 Patel. R, et al (2011) 'Raising Standards in Further Education and Skills', London: LSN.
21 Wolf, A. (2009) op cit
22 Coats, D., Williams, L. and Jones, A., 'Drowning in alphabet soup: Is there a case for simplifying skills policy?' in Diamond, P. (2007) 'Public Matters: the renewal of the public realm', London: Politicos.
23 Fazackerley, A. ed. (2009) 'Simply Learning: improving the skills system in England', London: Policy Exchange.
24 Foster, A. (2005) 'Realising the Potential: a review of the future role of Further Education Colleges', London: Department for Education and Skills
25 Foster, A (2005) ibid

Research has demonstrated that the consequences are negative for the sector and its partners. Anne Green[26] notes how 'institutional proliferation and multiple initiatives have at times threatened to swamp local economic development and skills policy within a web of organisational complexity.' Our interviewees cited positive examples of where their organisations have successfully broken free of the web to establish productive partnerships. But some also reported that the 'brand' continues to be confused and misunderstood.

> **"The politicians and planners think they understand further education. And they're getting better. But often they don't."**

Such misunderstandings are symptomatic of a more fundamental problem fed by restless reform – the problem of market immaturity. A succession of reforms, new programmes and changing payment structures has reduced incentives and opportunities for business to develop a long-term approach to learning and skills:

> **"Another ESF programme will come along in a few months."**

In other words, instead of intervening in ways that correct market failure – shortcomings in the ability of business to support its own training needs – government's restless interventions have actually encouraged failure. On the supply-side, such short-term attitudes and behaviours have encouraged quick-footed adaptability over strategic ambition. 'Gameplayers' have been rewarded. One principal described this in terms of risk management, arguing that the sector has become adept in taking half a dozen small risks, rather than identifying and taking the one big, transformational risk. The sector has been "governed to avoid catastrophes".

Is what we value from further education too narrow?

As the further education and skills sector has expanded, its social value has been simplified. Its role in a time of growth has been to increase the level and distribution of economically valuable skills, and its currency has been qualifications.

26 Green, A.E. (2009) 'Geography matters: the importance of subnational perspectives on employment and skills', Praxis, 2, UKCES.

Other types of skills and other ways to generate value have been regarded as secondary, or at worst, peripheral. The rationale for this tightened focus and heightened ambition was put most powerfully in the Leitch Review, which argued that the UK's comparatively low skill levels will place it at an increasing competitive disadvantage as globalization gathers pace. Those who will suffer most will be citizens with low skills, disproportionately drawn from, and locked into, the lower socio-economic groups. Upskilling the workforce was therefore identified as a priority not only because it was critical for economic growth, but also because it was the only way to a fair future:

> **'Where skills were once a key lever for prosperity and fairness, they are now increasingly '*the*' key lever. The UK can only achieve world class prosperity and fairness if it achieves world class skills.'**[27]

This narrow focus has contributed to the inflexibility of a system that has fallen short of its 'demand led' aspirations. Professor Alison Wolf's review of vocational learning highlighted the problem of young people being encouraged to accumulate qualifications to the benefit only of the institutions paid to deliver them.[28] 60% of employers feel that government investment in education and skills is not well targeted at the needs of their sector.[29] Interviewees for this report acknowledged that funding and accountability regimes have indeed encouraged an inflexible learning offer, one which has too often failed to provide personalised value to learners, and has set up unnecessary barriers between the sector and business:

> **"It's too locked up in qualifications, classrooms and term times. We didn't even consider that it could meet our needs."**

Further education institutions have found themselves pushed into what the 2020 Commission described as a 'delivery mindset'.[30] This is a mindset which sees public services as value-embedded 'goods' that can be distributed, rather than value propositions to be realised in the interaction between citizens and services. Experienced further education practitioners are keenly aware that the connections between qualifications, valued skills and improved labour market outcomes for learners are highly complex. Many have been frustrated at aspects of funding and accountability that have neglected this complexity and rewarded crude productivity:

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27 Leitch, S (2006) 'Prosperity for All in the Global Economy: World Class Skills', London: HMT.

28 Wolf, A., (2011) 'Review of Vocational Education', London: Department for Education.

29 Alliance of Sector Skills Councils (2010) 'Alliance Skills Monitor UK Report: Results of Wave 3, April 2010', London: ASSC.

30 Commission on 2020 Public Services (2010) op cit

> **"We're not delivery machines for qualifications. The LSC set people facing in the wrong direction when it called colleges 'providers'."**

> **"A college should not just be a purveyor of courses. It should be a key agent of social mobility."**

The further education sector – the home of vocational and technical education – can point to significant achievements in support of the national skills agenda. The focus on 'economic mission' has driven substantial increases to the UK's overall level of accredited skills.

- Numbers achieving high level qualifications have risen by 44% over the decade, while numbers without any qualifications have declined by 26%.
- On current trends, the UK appears to be on target to meet its ambitions for high level skills qualifications by 2020.[31]

In carrying out its 'economic mission', the sector has provided opportunities to the most socially excluded members of our communities, and begun to narrow some attainment gaps.

- 29% of learners in general further education colleges are from disadvantaged postcodes, compared to 25% of the population as a whole;
- 56% of 17-year olds in full time education in further education colleges are from the bottom three socio-economic groups, compared with 22% in maintained school sixth forms;
- The achievement gap between the poorest learners at 19 and their better off peers has narrowed at Level 2 and Level 3;[32]
- BME learners are nearly twice as likely to be enrolled in further education institutions as their peers in the general population;
- Further education is the main provider of post 16 provision for learners with learning difficulties and/or disabilities;[33]
- The percentage of learners with learning difficulties and / or disabilities participating in further education has been steadily rising in recent years, from 10.5% of all learners in 2005-06 to 11.9% in 2007-08.[34]

31 UKCES (2009) 'Towards Ambition 2020: Skills, jobs, growth', London: UKCES.
32 Department for Education (March 2011) 'SFR: Level 2 and 3 attainment by young people in England'.
33 Foster, A. (2006) op cit.; ; Milburn, A. (2009) 'Unleashing Aspiration: the final report of the Panel on Fair Access to the Professions ', London: The Cabinet Office; BIS (2010), Skills for Sustainable Growth and Investing in Skills for Sustainable Growth: Equality Impact Assessment', London: BIS.
34 Office for Disability Issues, 'Roadmap 2025' (http://odi.dwp.gov.uk/roadmap-to-disability-equality/post19.php).

The impact on people and places

Further education policy designed in a period of plenty may not be sustainable during leaner times. But even in benign conditions there would be a strong case for change in further education. Most stakeholders interviewed for this report agreed that the old ways of pulling the skills 'lever' were clumsy or counterproductive. Notwithstanding progress on higher level skills, the UK looks likely still to be in the bottom half of OECD countries in terms of low and intermediate level skills qualifications by 2020 – the skill levels for which the further education sector is principally responsible.[35]

The national headlines obscure a more complex picture of success and failure at local level. Despite policymaking that has been framed in terms of national targets (now downgraded to aspirations by the Coalition) and centralised 'deliverology',[36] the reality for citizens has remained strongly determined by place and social class.

Skills profiles across the UK vary greatly by region, locality and community. For example, '13.3% of 16-24 year olds in the West Midlands have no qualifications, while the proportion in the South West is 7.4%'.[37] Small geographical distances can mark huge differences in skills levels. So whilst we know that there is no severe shortage of skills across the labour force as a whole (Wolf, 2011), the local picture can be very different. For example, 11.4% of the working age population in Leeds had no qualifications in 2009, while the level in neighbouring Bradford was 16.4%.[38] One consequence of such a highly localised distribution is that unless opportunities for improving skills are tailored tightly to local demographics – the 'social geography', not the 'political geography'[39] – those in greatest need are likely to miss out. Some of the challenges of aligning policy, governance and place are explored in following sections.

If geography has been problematic for strategic skills policy, age-related policy has at least been clearer. Activity and investment have moved down the age range, keeping young people in learning for longer to encourage later labour market entry with higher level skills. Youth employment has shrunk rapidly.

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35 UKCES (2009) 'Ambition 2020: World Class Skills and Jobs for the UK', London: UKCES.
36 Barber, M. Moffit, A. and P. Kihn, (2011) 'Deliverology 101: a Field Guide for Educational Leaders', London: Sage Publishing.
37 Prince's Trust (2010) 'The Cost of Exclusion: counting the cost of youth disadvantage in the UK', London: The Prince's Trust.
38 (http://www.yorkshirefutures.com/PiRLive/LeedsCityRegion/atlas.html).
39 Gates, P. Byrom, T. and Wheeler, A. (2007) 'The Location of Further Education and Young People's Participation in Nottingham North', Nottingham: CREDE, University of Nottingham.

Policy has only been partly successful in accommodating this change and disappointing outcomes are worrying in light of looming problems post-recession. Though young people's qualification levels have risen and overall employment has increased generally, the rate of youth unemployment in the UK actually rose by 6.4% over the decade to 2009. Many of the interviewees for this report were deeply concerned that their young learners were facing bleak prospects. Any policy to improve them must go beyond technical and vocational competences. One principal argued, for instance, that the economic value of his learners' vocational skills was being limited by a culture of adult suspicion towards young people:

> **"It's hard to get employers interested in apprenticeships for our young people. As a country, we just don't like kids."**

Looking at age, skills and employment more widely, the sector's move towards youth – which has put pressure on its traditional commitment to lifelong learning – sits uncomfortably with longer term trends. The number of young learners is falling: there will be 90,000 fewer 16-18 year olds by 2015[40] and the workforce is ageing, leading to what has been described as a 'demographic crisis' in which under-skilled baby-boomers struggle to keep their skills updated until they reach the new retirement age.[41] While the total number of learners in the further education sector has risen over the decade, the number of over 25s has fallen by 1.5 million. The Government expects a further 6% reduction in the learner share made up of the 25+ age group between now and 2014/15. Some of the reduction seen up to this point can be accounted for by a welcome expansion of voluntary and private provision of non-vocational learning opportunities through organisations such as the University of the Third Age – but the trend positions the sector awkwardly to face looming demographic challenges. Offering increasingly smart, accessible, and flexible ways for citizens at all ages to develop economically valuable skills will be a key priority for the further education sector in future.

A changing market for learning and skills

The Coalition believes that a cluster of reforms will address the key problems the sector faces. These are centred on:

- greater supply-side freedoms;
- better information for skills customers; and
- the expansion of employment related outcome payments.

40 Young People's Learning Agency (2010), 16-19 Funding Statement. Coventry: YPLA.
41 157 Group (2011) 'Doing More for Less: an international dialogue about the challenges facing vocational and community colleges', London: 157 Group.

What are the implications of these policy directions? A recent UKCES report emphasises the detailed local work that must now take place to increase customer involvement in the design, delivery and evaluation of skills services.[42] Market relationships will need to be reconstituted and revitalised. This goes beyond prudent interagency planning, and points to a co-production model for skills and employment.

Defining further education's 'customer' is crucial, and this demands a clear understanding of how public and private sector employers have traditionally taken a different approach to learning and skills and the further education sector. The public sector has historically had a more profound impact on education, skills and training than the private sector. It financially supports training to a higher level than any other sector, enables a more diverse group to acquire new skills, and builds up technical and vocational skills in parts of the country that would otherwise have low levels of skills. Of the £55bn spent on adult skills in 2007/08, almost half (47%) was spent by the public sector, with individuals contributing 17% and third sector groups 7%. Private sector contributions stood at 30%, and actually fell by 5% between 2007 and 2009.[43] 75% of those working in the public sector are offered training, while the figure for private sector employees is 52.5%.[44]

Research by City & Guilds suggests that the reason for this different level of support could be the greater desire of public sector employers to demonstrate their public value – by investing in their staff for the benefit of their communities.[45] These staff are more likely to be diverse than their private sector equivalents (for example, employment of people with disabilities has risen most quickly in the public sector), and are more likely to be in communities where levels of income are relatively low and other employment opportunities relatively sparse.

Outside of the South of England, economic growth has relied heavily on public sector employment. Cities such as Birmingham, Burnley and Stoke have actually lost private sector jobs over the last decade.[46] Bradford saw a 22% rise in public sector employment alongside an 8% reduction in employment by the private sector.[47] Public sector job losses will bite deeply in such areas.

42 UKCES (2011) 'Review of Employment and Skills', London: UKCES.
43 UKCES (2010) The 2010 Report - Ambition 2020: World class skills and jobs for the UK key findings and implications for action', London: UKCES.
44 Wright, J., Brinkley, I. and N. Clayton (2010) Employability and Skills in the UK: Redefining the debate - a report prepared for the London Chamber of Commerce and Industry Commercial Education Trust', London: The Work Foundation.
45 Gosling, M. (2009) 'Who Trains? a picture of companies' training practices across the UK', London: City & Guilds.
46 Webber, C. and Swinney, S. (2010)'Private sector cities: A new geography of opportunity', London: Centre for Cities.
47 See http://www.investinbradford.com/bradford-economy/ Economic+Intelligence

An entrepreneurial reaction to a changing market?

Government's push for supplier dynamism and 'social entrepreneurialism' from colleges is throwing up mixed responses. Our research uncovered a great deal of forward thinking and entrepreneurial behaviour, but also perhaps revealed the 'culture of compliance'[48] that some observers have lamented:

> "We've been infantilised, institutionalised."

> "It's as if the prison door has been opened, but the prisoners are still standing inside, not sure whether it's safe to go out."

> "People are in denial. They don't actually believe they [the Coalition Government reforms] are going to happen."

Few interviewees took issue with the policy direction – on the contrary, less top-down prescription was welcomed as "excellent". But many colleges were intensely concerned that new institutional and financial freedoms could prove to be severely limited in practice. In the short term at least, central decisions to reduce and refocus public funding are narrowing the sector's parameters. For example, a substantial restriction in ESOL (English for Speakers of Other Languages) support is set to radically reshape many institutions' customer base. In the words of one principal, "I've never felt more constrained."

From the perspective of some learning and skills organisations, a further education landscape that continues to be dominated by further education colleges will never be a comfortable place for entrepreneurialism. In this view, "further education is the last bastion of non-competition", and the financial tightening being brought in by Coalition reforms is in some ways accentuating this situation, as colleges act defensively together: "Colleges are circling the wagons."

Whether in colleges or within other types of learning provider, the new economic situation will demand new business development strategies. The organisational skills needed to succeed when financial headroom is so limited will be rather different from those that have supported the sector's expansion over the last decade. From one perspective, this points to a need for greater managerial professionalism, not least in further education colleges.

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48 Collinson, D. (2009)'Researching Self-Regulation in FE Colleges: LSIS research Programme 2008-09', London: LSIS

> **"The good colleges are run by business management experts – who can combine some knowledge of the sector with a common sense management approach."**

Others disagree arguing for a focus on the diversity and social value of the sector's key institutions, including colleges:

> **"We need to support colleges to do what they have always done stunningly well – managing the tension between the needs of learners, communities, businesses and the balance sheet."**

Dealing with the impact of spending cuts

Getting more for less is the new reality across public services at a time of cuts. Quite simply, this means that jobs and learning and skills budgets in public sector organisations will be severely squeezed. How can further education respond to the contraction of its most important employer partner? Our research indicates the following strategies will be important (all of which could also help private businesses to make the most of their skills investment in difficult economic times):

- switching more learning online;
- easing back on some forms of accreditation to make learning more affordable; and
- helping communities, public and private sector organisations and businesses to mobilise and utilise existing skills resource – through networking, peer support, mentoring, shadowing, learning sets and communities of practice.[49]

As we discuss below, a 'socially productive' further education and skills sector must be built on shared mission and value, not just its delivery mode. Interviewees for this report noted some of the barriers that stand in the way of innovation, and some struck a cautious note:

> **"College corporations need to think very carefully about taking on new activity at a time of austerity when core business needs to be protected. So yes, colleges can and should start taking on new types of work in new relationships, but it can't all happen in a rush; and there are financial realities."**

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49   KPMG (2009) 'Rising to the challenge? The impact of global demographic change on the public sector'. KPMG International.

Nevertheless, most were positive, speaking of "massive potential" for better outcomes, and greater efficiency through deepened strategic and operational cooperation with the public sector:

> **"When public spending's being squeezed so tightly, there's an absolute imperative on all public service leaders to work together to get the most from every pound."**

One of the imperatives is integration. This could mean greater shared use of existing or planned physical estate across services including libraries, leisure and health services. It could see further education as a key partner – not just an occasional one – in multi-agency support programmes designed around individual citizens or families with complex needs.

Such a development would, of course, require reconfiguring funding around the outcomes achieved, the costs incurred and the costs saved through prevention. For example, work with young NEETs in Coventry, Warwickshire and Solihull has established direct and indirect costs of NEETs to local agencies. Local colleges are now detailing their spending on young people at highest risk of falling out of education and training. Credible budget lines may allow local agencies to move spending more productively around the system. Certainly, some of the Whitehall-imposed ring fencing that has obstructed this outcome focussed approach in the past is being dismantled, and may be reduced further in the future.

The further education sector can reduce cost pressures on its key employer partners in the public sector by offering shared efficiency savings and engaging with citizens coherently in order to achieve better long-term outcomes. But the challenge of austerity is not only about consolidation or integration of existing provision; new types of skills will be needed as the public service landscape changes:

- a more flexible workforce, as professional silos blur into more flexible teams,
- a need for skills in multi-agency co-ordination, communication and negotiation,
- business ownership, commissioning and planning skills for the new public service mutuals, and
- mentoring, advisory and coaching skills for community advisors, and social entrepreneurs.

The role of citizens within this landscape is also changing.

- Wider user of personal budgets in health and social care will depend on sound planning, budgeting and employment skills.
- Citizens' new rights to initiate Neighbourhood Plans and Neighbourhood Development Plans require them to make sense of economic and environmental outcomes.
- The Coalition's 'army of armchair auditors' will need skills to analyse financial reports with some rigour.
- Free Schools require parents to have strong negotiation and project management skills, and will need robust training and support.
- A Big Society needs the active involvement of many more of its citizens in agreeing public service priorities, offering feedback, taking responsibility and participating in governance.

In the light of these shifts, the Coalition has invited further education to rethink modern skills for new aspirations. In the words of the Minister for Further Education, John Hayes MP: "We must re-evaluate the way that skills are seen and the value they add to individual employment prospects, life experience, the character of a civil society and to the capacity to stimulate economic growth."[50]

Further education providers often have the reach and credibility to support the most disadvantaged and marginalised groups in society in having their voices heard and their talents realised. In developing these skills for citizenship, the sector will have to expand its 'economic mission' to explicitly include the 'social mission' that many organisations have strived – and struggled – to keep at the centre of what they do. Our interviewees welcome the invitation to take up their 'social mission' more vigorously. But they are concerned that unless funding relationships are adjusted to recognise how they currently support social inclusion and active citizenship, these are just the types of activities that are most likely to be cut.

"The Big Society? You mean all those things we do but don't get paid for."

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50 Hayes, J. (December 2010) 'Adults Learning', Leicester: NIACE.

Part 3 – Further education within a changing local ecosystem

We can see that the operational context for further education is changing – both as a result of direct policy initiatives from the Coalition Government, but also as a result of shifts in practice already underway within the system. Many are enthusiastic about the potential of new freedoms and this latest round of structural changes. Yet we know that the impact of national policy can be highly unequal beyond the Whitehall bubble. As former Speaker of the US House of Representatives Tip O'Neill famously said, 'all politics is local'. So it is the locality to which we now turn.

Changing structures of local leadership

The Coalition is committed to localism. But its version of localism does not mean substantially greater power over public services for democratically accountable local authorities. Instead, the Coalition favours greater service provider autonomy and diversity at local level. Accountability points downwards to consumers through choice and market exit. As regards further education providers, and by implication skills and employment policy more generally, central government is telling local government that it should look forward to playing a facilitative rather than authoritative role.

Local authorities have lost control of the 16-19 funding briefly channelled through them by the Young People's Learning Agency (YPLA).[51] The YPLA is to be replaced by the Education Funding Agency – a body which seems likely to be more Whitehall facing than townhall facing (though the duty to secure sufficient education and training for young people residing in their area, including those in custody, remains).

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51 Local authorities were not due to take full control of the end-to-end funding and commissioning process until the financial year 2011/12; see Roberts, N. (May 2010), 'Changes to 16-19 education funding'. London: House of Commons Library. The proportion of public expenditure on postsecondary, non-tertiary education met by local authorities, rather than central government, peaked at less than 5 % in 2008-09; see Education and Training Statistics for the United Kingdom: 2009 (Internet only)Department for Education Annexe A.

The statutory basis of local authority led education and training partnerships – such as 14-19 partnerships – is to be removed.

Local authorities will also lose the power to direct college or sixth form governing bodies to consider taking disciplinary action against senior post holders, as well as their power to appoint up to two members of their governing bodies. Sixth form college corporations will be able to apply directly to the Secretary of State to instigate dissolution, with the application no longer requiring the sponsorship of the local authority.

The clear message to key further education providers is that they have the freedom to identify more of their own priorities, make more of their own decisions, and form whatever partnerships help them in achieving their aims. The message to local authorities is to tread more gently, taking care to identify where they can realistically add value. Statutory guidance on funding arrangements for 16-19 education and training issued in December 2010 emphasises this switch: from prescription to permission and encouragement.

'Local authorities working with their partners *may* shape provision in their area by identifying gaps, enabling new provision and developing the market. They *may* wish to set this out formally in a strategic overview of provision and needs in their area. This is part of their wider leadership of education up to the age of 19 and their place-shaping and economic development roles beyond 19.'[52]

This change of approach is significant, is likely to increase national variation, and is likely to require a period of difficult readjustment. However, research suggests that stripping away statutory obligations may actually make relatively little difference to what is ultimately achieved. Why?

From formal to informal?

Firstly, relationships and structures already vary hugely from one part of the country to another, and exist at a number of levels. While these include formal strategic alliances, they also include joint ventures, contracting arrangements, learning networks and advisory groups. Secondly, the strength or weakness of these relationships depends largely on success factors common in many types of partnerships, such as joined-up structure, formal and informal communication, shared vision and mutual understanding and respect between partners.[53]

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52   YPLA (2010), 'Statutory Guidance: funding arrangements for 16-19 education and training', Coventry: YPLA (emphasis added).

53   McCrone, T., Southcott, C., and Evans, K (2009) 'Collaborative Good Practice between Local Authorities and the Further Education Sector', Slough: NFER; McCrone, T., Featherstone, G., and Chamberlain, T. (2009) 'Mapping the Terrain: 16-19 Funding Transfer', Slough: NFER; Local Government Association (2010) 'Local Learning and Skills Conversations: New Responses to Local

In other words, there is no strong evidence that collaboration around learning and skills has been either homogenised or energised by local authorities' statutory roles.

This chimes with the views of interviewees, whose experience of local authority led partnership and planning varied hugely. For some practitioners, local authorities and the partnership bodies they convene have been good sources of information and good networking opportunities, out of which some new partnerships have flowed. Where further education institutions have embedded themselves deeply within local authority decision making, provision has sometimes been reshaped and new strategic goals have been established and achieved – such as the creation of new centres of excellence.

For others in the further education and skills sector, local authorities have been simply "a pain in the backside", obstructing innovation and jostling for profile. (Seen from the other perspective, some colleges have been guilty of "empire building".) Many interviewees observed that for good or ill, the capacity of local authorities to engage with the sector is shrinking as cuts begin to bite:

> **"I've been to more leaving parties in the past sixth months than in the last five years."**

Despite what seems likely to be a lighter-touch and less assertive relationship with the further education system in the future, local authorities will retain a strong, legitimate interest in how it performs and will remain politically accountable. The bigger colleges, in particular, often carry the name of their locality, bear a history of service, and embody civic confidence. They are anchor institutions, the 'sticky capital' around which growth strategies can… be built.'[54] In some cases, small private and voluntary sector training providers have developed in response to the experiences of disadvantaged local citizens, and these may also have become landmark services which councils cannot afford to ignore.

Furthermore, local authorities are still major providers and commissioners of community learning services. One hundred and fifty local authorities receive funding from the SFA via the Adult Safeguarded Learning Budget, and of these, 100 provide their own services.

Needs' London: LGA; LSC (2007) 'Collaborations and Mergers: Rapid Review of Research on Collaborations and Mergers between Further Education Providers', London: Learning and Skills Council.
54 Work Foundation (2010), Anchoring Growth: The role of 'Anchor Institutions' in the regeneration of UK cities', London: The Work Foundation.

The Department for Work and Pensions has announced that it will be commissioning employment focussed provision for families with multiple problems from European monies. The department sees local authorities as being the primary referral agencies and strong partners in the programme.

More generally, local authorities may be keen to maintain a critical overview of the sector's performance, particularly in terms of its support of inclusion and equality. As one local authority officer told us:

> **"Absolutely, we respect institutional independence – just as we do with academies. But we want to maintain an overview, and be willing to act as an advocate where groups of learners are not fulfilling their potential."**

If key local stakeholders do not believe that the further education services are meeting the needs of their communities, they will ultimately be able to appeal to the Skills Funding Agency to remove their funding. In these circumstances, it seems likely that elected mayors would play a key role in advocating for improvement, particularly if, as envisaged, they chair the Local Enterprise Partnership (LEP).

Further education and changing structures of local governance – elected mayors

Government expects new city mayors to provide visible and accountable leadership to drive economic growth. But it is difficult to predict how the different mayors might want to establish their influence, and how disruptive their arrival might prove. Experience of elected mayors in England to date suggests that a variety of leadership styles evolve. These are largely related to the political conditions out of which the office holders have emerged: some have developed collegiate styles, working collaboratively with former colleagues; while others have sought to define themselves more distinctively as independent community advocates.[55]

Powers may also evolve differently across the twelve cities (Birmingham, Bradford, Bristol, Coventry, Leeds, Leicester, Liverpool, Manchester, Newcastle, Nottingham, Sheffield and Wakefield). The Localism Bill provides for the Secretary of State to confer new local public service functions on the post holder.

55 Greasley, S. and Stoker, G. (2005) 'The Introduction of Mayors in English Urban Government: institutionalising leadership?' Manchester: University of Manchester IPEG

Though there would seem to be very little appetite at the Department for Business, Innovation and Skills for granting mayors powers over employment and skills (when these have so recently been pulled away from the local authorities they lead), mayors can set their own agendas and make their own requests, providing their case for new powers has been part of their electoral platform. Given that economic growth and regeneration will be massively important for administrations in all the mayoral cities at a time of recovery, it seems inevitable that mayors will at a minimum seek to identify themselves with regeneration and skills initiatives.

Changes at regional level

Structural and policy change at the regional and sub-regional levels has been even more rapid than at the local level. Here, the Coalition's aversion to statutory prescription and planning is even more marked.

- English regional government has been abolished.

- The existing network of organisations, offices and policy making bodies has been swept away.

- Local Authority Leader Boards (successor bodies to Regional Assemblies), have gone, as have the regional spatial strategies for which they were responsible.

- Government Offices in the regions have closed and Regional Development Agencies (RDAs) have been woundup.

- Multi-Area Agreements are still in place, but no longer have official recognition. Their future appears to be to act as the ready-made foundations for the Local Economic Partnerships (LEPs) now being introduced by the Coalition.

- A similar transformation is currently underway for England's two designated 'City Regions' – Manchester and Leeds.

Behind the often bureaucratic and confusing reality of regional government[56] lay the ambition to support more effective economic planning, not least through the establishment of regional employment and skills policies. These, it was hoped, would bring about more balanced growth which would tackle inequalities. The aims remain important. So what learning can be taken forward from this brief experiment in strategic organisation? Is it possible for the further education sector to benefit from and bring value to regional and sub-regional collaborations?

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56 Bewick, T. (October 2008) Sector Skills Councils and the regional skills agenda, Speech to the Skills and employment for the regions conference, Tuesday 21st October 2008; accessed online at http://www.ccskills.org. uk/LinkClick.aspx?fileticket=FfqRvgB%2BEhY%3D&tabid=138&mid=554

Further education in the post Regional Development Agency world

Of the bodies that have been scrapped, it is Regional Development Agencies (RDAs) whose role was most directly related to the further education and skills sector. They were established with five statutory purposes, two of which – furthering economic development and regeneration, and enhancing the development and application of skills – were clearly relevant to further education's economic mission. By channelling European funding into educational infrastructure, they helped in the improvement of the sector's estate in many areas of the country. Often, RDAs made such new investment possible by brokering deals between stakeholders. In this respect RDAs would sometimes act as regional intermediaries, in much the same way as LSC regional offices.

The demise of RDAs (and the SFA's much less interventionist remit) means that the sector must look more to its own resources in forging regional relationships. As the SFA's Chief Executive has put it, planning solutions should now be through 'direct conversations between the sector and its markets – with Whitehall not in the room.'[57] The passing of RDAs may also leave a gap in economic intelligence and, to a lesser extent, labour market intelligence. They provided co-ordination and research support to the various demand-led employment and skills partnerships that operate regionally or sub-regionally, particularly Employment and Skills Boards.[58] Nevertheless, despite their resources and their potentially important strategic role, RDAs never won the further education sector's confidence. For the Association of Colleges:

> **'RDAs never properly developed their understanding of and insight into the education and training system…. In a number of RDAs there was an unfortunate tendency to concentrate on higher level skills and only involve universities in various initiatives but not Further Education Colleges despite their involvement in the development of regional employability skills.'[59]**

Recent attempts to establish effective regional and sub-regional skills and employment strategies have proved difficult, and at times controversial. For a further education sector facing highly centralised accountability and urgent market pressures, engagement with these regional and sub-regional aspirations has been particularly problematic. One interviewee for this report described the sector as highly flexible, but inherently unwieldy, so unlikely to respond well to detailed external planning, either from the centre, the locality or the city-region.

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57 FE News, 28.11.10.

58 Croden, N. and Simmonds, L. (2008) 'Employment and Skills Boards: current and potential role', Leicester: CFE.

59 House of Commons Business, Innovation and Skills Committee (2010), 'The New Local Enterprise Partnerships: an initial assessment', Volume II. London: House of Commons.

"**Further education is such a big, complicated and diverse system that you can't manage it in detail from the outside. The way to steer it is through nudges and incentives.**"

Re-forging regional relationships – the case of Manchester

Political leadership in Manchester around skills policy has been particularly strong, and the journey particularly eventful. In 2007-08, the ten local authorities making up the city region of Greater Manchester came together to commission a series of studies that became the Manchester Independent Economic Review (MIER). This was a highly influential document exploring how the sub-regional economy functioned, and the role of skills in boosting productivity. It provided the Association of Greater Manchester Authorities (AGMA) with substantial evidence of the need for greater policy influence and autonomy. In April 2009 Greater Manchester was designated (with Leeds) a Statutory City Region with devolved powers over the economy and adult skills.

The Greater Manchester Strategy subsequently approved by AGMA indicated how these new powers would be used. Two of its main strategic priorities related directly to skills: investing in lifelong skills development in the most deprived areas; and increasing the proportion of highly skilled people in the city region.

In Manchester, AGMA set up a number of 'Commissions' to take forward its strategy. For economic development, including skills, the Commission for the New Economy was established. It was this body which central government designated as a statutory Employment and Skills Board with a remit to develop a skills strategy with local employers. (The Employment and Skills Boards recommended by the Core Cities and the Leitch Review had been envisaged as employer led).

The Skills Funding Agency was required to ensure that its local funding allocations were in line with the priorities and decisions of the Commission, its Employment and Skills Board and its various sub groups. Despite the aspiration to be employer led, it appeared to some observers that the board was principally accountable to political leadership through AGMA, and formed part of a wider AGMA ambition to control public funding and performance manage service delivery across the city.

Colleges acknowledged the importance of much of the economic research underpinning the Commission, and were generally convinced of the potential advantages of working together across the city region, particularly as so many of their learners are out of area – "It's a no-brainer" – but for the most part, they felt harried by a political bureaucracy.

"We are innovative organisations playing a dynamic role in our communities. We understand our communities. If you try to 'performance manage' us, you lose all that value. You suffocate us."

" Yes, you do need to plan, but you can't hand down ambitions, they have to be grown over time."

For its part, the Commission acknowledged that it was picking up a municipal relationship with colleges that had been problematic locally for a number of years.[60] Nevertheless, it was disappointed that competitive pressures between institutions made it difficult to raise their strategic ambitions for the city region as a whole.

Events have moved on. The Coalition has withdrawn Manchester's statutory powers in line with its policy of reducing 'intermediary' bodies from the skills landscape. Now, in the transition to an LEP, language has softened. There is a growing consensus that "the language of skills commissioning is no longer striking a chord". The Commission is approaching colleges to contribute as partners to a new skills research development body in support of the LEP.

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60 LSIS (2009) 'The Learning and Skills Sector and the Economic Crisis: stepping up the mark', Coventry: LSIS.

Nottingham and Bristol

Where Employment and Skills Boards (ESBs) were established elsewhere as part of Multi-Area Agreements (MAAs), change has generally been more incremental than that experienced in Manchester. A few of the same tensions have, however, been generated as those experienced in Manchester.

Nottinghamshire City and County Employment and Skills Board has been clear about its independence, while being equally clear of its important role in supporting implementation of the strategic plans of the area's two Local Strategic Partnerships. Its approach has been facilitative. Its role is:

'to provide a forum whereby partners meet to discuss issues in order to: inform each other's strategies and plans, develop a collective understanding and seek to ensure that funding is targeted to meet identified priorities… The ESB develops its priorities by having a balanced representation from employers, funders of employment and skills services, and providers of those services.'[61]

Interviews for this report suggest that colleges have felt comfortable with this way of operating, but that some local authority stakeholders have been uneasy, having hoped that more could be done to encourage or incentivise strategic behaviour. In their view, some colleges still focus too much on getting paying learners through their doors, and not enough on the region's longer term needs.

In the Bristol area, a Skills and Competitiveness Board prepares and oversees implementation of an employment and skills strategy for the West of England Partnership – an MAA made up of four unitary authorities. The Board believes that its work has been greatly helped by the fact that colleges in its area have been developing strong relationships with each other for several years through the College Principals Network. Within this forum, principals have been able to work through some of the tensions arising out of competition, and become comfortable with joint ventures and partnerships. As a result, they have been able as a group to enter into dialogue – and recently a joint skills and training agreement – with the Board.

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61 Nottinghamshire: Working and Skilled Strategy: The Strategic Plan for the Nottinghamshire: City and County Employment and Skills Board 2010-2015.

Interviewees suggest that one of the reasons why the Board has been able to move forward consensually is a shared understanding of the area's needs and potential. Independent skills providers have been outside of this relationship, however, not least because of their sheer number and lack of a locally organised voice – there are 60-70 private and voluntary providers in the Partnership area – so the Board is reaching out to it through a series of conversations. It is not expected that the West of England Partnership's transition to an LEP will radically disrupt the Board's business model.

The changing role of the local college

Further education colleges often take pride in their status as local institutions, going so far as to see themselves as "localism personified". Schools, they argue, foster a similar sense of community, but only a further education college is likely to have the scale to take this shared experience of aspiration and use it to make real changes in the broader community.

Leaders interviewed for this report argued that their colleges were wired in to the complexity of their localities, and quick to pick up on any changes: "If it's happening in [our borough], we know about it first." Others went further, describing colleges as spaces that bring together diverse elements of local life in ways that create fresh civic possibilities.

"Colleges are catalytic spaces."

"Colleges are special. They make sense of the myriad of organisations and communities that exist in their localities. They bring it all together within a single organisation."

Interviewees emphasised colleges' unique value as public institutions. It was why they invested considerable resources in outreach to the different communities within their locality, often quite literally going out to deliver learning support in alternative venues, closer to where citizens live or work. For these college leaders, being a local hub did not imply being stationary, or expecting citizens, businesses and public servants to come to them. On the contrary, they argued:

- college leaders should act as entrepreneurial civic leaders, prepared to move into the gaps left by other services or sectors; and

- colleges can literally bring services together at the local level, in order to offer citizens better pathways to inclusion and prosperity.

This expansion, horizontally as well as vertically, has already begun. Colleges are sponsoring academies, and some are planning to set up University Technology Colleges (UTCs). Beyond educational settings, some are looking at ways of expanding yet further, perhaps by taking over council youth services, or setting up trading arms in which learners can work and train – running restaurants and hotels, for example.

We may be seeing the emergence of further education colleges as dynamic public institutions that simultaneously encapsulate and unfold the life of their locality. But this picture of further education colleges as current or future champions of their localities has its critics. For other parts of the further education and skills sector, colleges loom uncomfortably large. Though smaller and specialist skills providers often have very constructive relationships with colleges, there are cases in which they feel marginalised by their larger relatives. Small, voluntary sector providers make strong claims to being authentically embedded in their communities, and evidence suggests that they are actually more successful in engaging disadvantaged groups than other parts of the sector.[62]

The introduction of Minimum Contract Levels has forced some smaller providers into relationships with colleges and other larger organisations whose commitment to inclusion and community accountability is weaker than their own. The behaviour of their larger partners has, in some cases, appeared "somewhat rapacious". If providing greater public value is a genuine reason for colleges' widening ambitions, so too is economic advantage and market positioning: "The only way to survive is to grow."

A number of further education colleges will face extreme financial difficulty, with some becoming unviable. Our evidence suggests it is inevitable that more colleges will merge in order to maximise income and reduce costs. Bigger institutions with much wider geographical footprints will change the type of localism that they can express, as well as requiring them to form relationships with a broader set of partners. Many colleges are already based in one local authority area, operate campuses or outreach projects in adjacent areas, and take in learners from an even wider region. So while colleges have become used to seeing themselves as "localism personified", the emerging reality is that they are occupying a larger-than-local space. An interviewee likened this evolution to the shifts from small community hospitals to large general hospitals in the healthcare sector. It is just as controversial.

62 Reisenberger, A. et al. (2010) 'Engaging Homeless people, Black and Minority and other priority groups in Skills for Life', London: NRDC; Tissot, C. et al. (2007), 'Through Inclusion to Excellence', Coventry: LSC.

Changing roles for college governance?

With this expansion, questions of governance become more problematic. As one principal put it:

> **"Whose institutions are they?"**

The role of governing bodies has always been somewhat ambivalent, being recruited to take account of the range of interests and identities in the local area, while also being asked to carry out their strategic oversight and stewardship responsibilities as independent guardians of the institutional interest. Governance for representation and democracy is only one of three primary purposes in further education governance, running alongside governance for accountability and compliance, and governance for maximising institutional performance and success. The interactions, balances and differences between the three purposes have implications for the institution's public value.[63] The Coalition's reforms raise the stakes. With more freedom, questions of how it is exercised inevitably become more significant:

> **"Governance is the missing piece of the picture. Up until now, mission has been easy because the mission's been given from the centre. That's changed, and that leaves a gap which we need to fill."**

Colleges are starting to tackle this in a number of ways, and point out that as the 'communities' to which they wish to be accountable are multiple – business, services, citizens and learners – the solutions need to be multi-faceted. Some larger institutions have concluded that their size weighs against agility and responsiveness in some aspects of their community facing work – "A further education college is always a bureaucracy". They have attempted to show 'generous leadership'[64] in sub-contracting parts of this work to community organisations, and have even leased parts of their estate to local organisations where they are better placed to deliver on the college's mission.

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63 AoC and LSIS (2009) 'A Review of Governance and Strategic Leadership in English FE', Coventry: LSIS.

64 The term comes out of work looking at stakeholder relationships in the Total Place pilots. It is offered as one of three possible leadership approaches, each sharing or pooling more institutional authority: generous leadership, shared leadership and collaborative leadership: LSIS (2010)'The involvement of colleges in the Total Place pilots', Coventry: LSIS.

Other colleges have organised themselves into semi-autonomous faculties, each with advisory boards drawn from relevant stakeholder groups.

One interviewee for this report suspected that this 'federated' approach was the most likely business model for big further education colleges in the future – the 'larger-than-local brands' drawing together clusters of semi-autonomous business units, each with their own capacity to listen and respond to their particular group of stakeholders. Whatever forms the new institutions take, better, more accessible information will be invaluable in improving their scrutiny, accountability and customer choice. The governance gap is not only problematic for the further education sector. Dame Ruth Silver has referred to it as the missing 'mezzanine' in the new public services architecture. It will be important for the sector to consider how it can support, and learn together with, health, policing, social care and other service areas as they too undergo change.

Part 4 - Social productivity and the further education and skills sector: towards a new approach

This report has shown how the further education system is changing alongside broader shifts in the public services landscape. We can see that new patterns of governance are shifting accountability mechanisms. Colleges are being asked to become more effective advocates for their own value beyond the strictures of 'plan and provide'.

A broad liberalisation and 'opening up' of public services has the potential to change the skills needs of public and private employers. And the acute need to stimulate growth at a time of fiscal austerity is driving localised and collaborative economic strategies that are trying to find a new language for their ambitions, and employ a more persuasive set of incentives. These are just headlines from a whole raft of changes taking place across the public services ecosystem. Our research has shown a variety of perspectives on these changes from the further education practitioner and policy community – from trepidation at the further encroachment of market mechanisms, to liberation at a new culture of flexible and open practice. Once again change is the constant for further education. Yet this time especially, short-term policy change could shift the long-term picture fundamentally. Amidst the myriad directions policy could take, we believe that further education providers sit tantalisingly between two long-term futures.

- One future in which liberalisation and spending cuts create retrenchment and policy incoherence; where market mechanisms create winners and losers without engaging citizens; where further education remains a 'Cinderella' service pushed and pulled by more powerful local players.

- Another future that is fundamentally more collaborative, networked, and socially productive; where colleges are incubators of social value and hubs for service integration; where further education serves the needs of learners through being fundamentally tapped into local growth and service reform agendas.

We believe that the idea of social productivity is the key to achieving this second future. Social productivity is a fresh approach to policy and practice that can give practitioners and policymakers the means to make sense of the change around them, and begin shaping new realities on the ground. It is:

- an analytical framework for making sense of profound change over the long-term;

- a set of analytical and strategic tools to begin reshaping realities on the ground; and

- a coherent means to reshape further education's role within the changing ecosystem of public services.

What is social productivity?

The idea of social productivity represents a long-term culture change in public services – shifting from a culture of top-down, silo-based delivery of services, to a culture that recognises that social value is co-created between the service and user. It is an approach that puts engagement, co-production and civic responsibility at the heart of public services – creating sustainable systems that build social capacity, foster community resilience, and work with the grain of people's lives.

The idea of social productivity was developed by the Commission on 2020 Public Services. At root, it is the idea that 'public services should explicitly be judged by the extent to which they help citizens, families and communities to achieve the social outcomes they desire'.[65] This means focusing less on the particular services that are being – or have always been – delivered, and more on how the confluence of citizen agency, civil society and the state can collaboratively create the right conditions to improve social outcomes.

The long-term basis of a 2020 approach

The long-term social, economic and behavioural trends facing public services cannot be addressed through a system that values service delivery and top-down functionality above all else. Fragmented service patterns cannot address the holistic needs of people, or the complex patterns of need within families, neighbourhoods and localities. Increasingly, policymakers are realising that to make public services work most efficiently and effectively they must improve incentives for citizens to engage; be involved in their own remote care; hold the commissioning of services to account; take responsibility for spending an individual budget for social care or lifelong learning.

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65 Commission on 2020 Public Services (2010), op cit.

We have already seen how, at the coalface of service delivery, the limits of strictly controlled and centralised accountability are clear. It may be that to move from 'good to great' performance, teachers, tutors, nurses, care workers and service managers must be allowed freedom to use professional discretion to meet the needs of citizens most effectively. The way we view accountability mechanisms is also changing. Decentralisation, localism, marketisation and service devolution are all, to varying degrees, being applied across the Coalition's programme for public service reform. Under scrutiny, too, is the funding model for some public services, with transparency increasingly on the agenda, and higher education and social care in particular likely to work according to 'partnership funding' principles over the long-term.

The 2020 Commission made sense of these trends through recognising them as part of three broad shifts that should underpin the future of public services.

- A shift in culture – from social security to social productivity.
- A shift in power – from the centre to citizens.
- A shift in finance – reconnecting it with the purpose of public services.

Social productivity is the 'glue' that holds this thinking together, and is a way of thinking about public services enabled by the three broad policy shifts above. It begins with the capabilities of citizens, and rejects the notion that these capabilities can be improved and developed in a top-down, delivery focused system. It focuses on the relationships between citizens and services, rejecting the idea that embedded value can simply be delivered to people. In place of traditional sectoral and service boundaries, social productivity seeks to strengthen the contribution that multiple stakeholders in society can make to achieve social value.[66] This makes social productivity less ideologically about the role of the state than politics might dictate, focusing instead on how citizens can be engaged, and how state, market and society can work together to solve public problems.

Social productivity in 2011

Social productivity taps into a broad consensus of opinion behind the need for a more citizen-centred, co-productive approach to public services. Across the parties, this is being recognised and built into public service plans. For instance, before the 2010 election, the Cabinet Office published 'Power in People's Hands', which scoped the potential for public service innovation based on some locally and internationally sourced case studies.

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66 Kippin, H. & Lucas, B. (2011) 'From Big Society to Social Productivity',
London: RSA, 2020 Public Services Hub and Citizen Power: Peterborough.

Since May 2010, the Coalition Government has emphasised the need to tap into latent citizen energy as part of its Big Society narrative. And although Big Society approaches tend to underplay the role of the state in its reform plans for public services, the implication of both Labour and Coalition approaches is a fundamentally different set of relationship between citizens, public services, civil society and the state.

Advocates of the Big Society trace its lineage between the two poles of free market fundamentalism and the overbearing, 'big' state.[67] The solution they propose is bottom up, beginning with the potential of citizens, and creating space for people to deliver social change together. For those in opposition, the question is often one of capacity: can citizens and civil society cope with the weight they would be expected to carry as services are peeled back? Between the two extremes of debate (and across the political spectrum) is a shared space, characterised by an understanding that we are moving from an era of top-down service delivery, to one in which value from public services is increasingly co-created and co-produced.[68]

> **'As we move into a period during which budget constraint and policy flux will create real, on the ground change, is it possible to recognize insights into the limitations of top-down service delivery and the 'hidden wealth' of citizens, whilst at the same time thinking more seriously about the role of the state?'[69]**

Against some of the major concerns for learning and skills policy, a social productivity approach can help articulate this nascent consensus.

- The need to rebalance economic growth – social productivity begins with the conviction that the relationship between citizens, state and society should be rebalanced. This means a larger share of growth must come from SMEs, social enterprise and new businesses embedded within local communities. As we suggest in this report, the further education sector can be a vital catalyst for this rebalanced economic model.

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67 See Norman, J. (2010) op cit; and Blond, P. (2010) 'Red Tory: How left and right have broken Britain and how we can fix it', London: Faber

68 See for example Bason, C. (2010) 'Leading Public Sector Innovation: co-creating for a better society', Bristol: Policy Press; Boyle, D. & Harris, M. (2009) 'The Challenge of Co-Production', London: NESTA.

69 Kippin, H. & Lucas, B. (2011), op cit

- The need to tap into the 'hidden wealth'[70] of citizens – social productivity is about further education services that are explicitly built around the capabilities citizens have, and the outcomes they want. This means holistic approaches that hold commissioning to account for the needs of the learner, family or community, not only the particular service being delivered.

- The need to get 'more with less' from further education services – social productivity embeds the principle of co-production, which recognises that better value can be generated more efficiently from an explicitly cooperative and collaborative relationship between the service being delivered, and the learners consuming it.

- The potential for further education to generate community coherence and civic responsibility – social productivity recognises that people and places will have very different starting points in terms of their learning resources and capabilities. In certain places, the state and public services (local colleges, for example) will need to play a strong role in building capacity and supporting collective capacity and social cohesion.

- The need to create sustainable ways of dealing with future demands – social productivity rejects the idea that new social and economic demands such as population ageing or climate change can be met through a top-down delivery model. This is why further education and skills providers must be much more effective at unlocking resources and building community resilience over the long-term, and why central funding and accountability should support this long-term approach.

- The need for public services to reflect changing citizen behaviours – patterns of living, learning and working are changing. A social productivity approach advocates that, for demographic change and other demands to become opportunities, the further education and skills sector must get better at working with the grain of people's lives, utilising the whole range of public, private and social resources available, and deploying them more intelligently over the whole life cycle of learners.

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70 Halpern, D. (2009) 'The Hidden Wealth of Nations', Cambridge:
Polity Press.

How can social productivity help transform further education?

Addressing the issues posed above will inevitably lead to different types of solution within different contexts – and we have seen this across a range of public service innovations. For families with complex needs, for example, unlocking 'hidden wealth' can mean building integrated, personalised service plans around needs that family members themselves have articulated. Organisations such as the UK's Turning Point and Australia's Centre for Social Innovation are finding that such processes can potentially improve the social outcomes and life chances of these families, while also building the motivation and satisfaction of professionals, and saving money in service provision over the long-term.

Generating community coherence and civic responsibility can also take different forms according to the patterns of life, work and resources of a community. The RSA's Connected Communities project shows, for example, the potential of community hubs and key 'networked' individuals such as a postman to provide a link between people. As they argue, 'those who are unemployed, retired or who live in areas that have thinner social networks overall, all tend to have fewer local connections. These groups, who are at risk of isolation, need to be a particular focus in efforts to build more empowered communities.'[71]

Perhaps most importantly, social productivity offers an alternative perspective to policymakers at a time of extreme budget pressure, through focusing on the citizen-service interface and the creation of social value. France's Siel Bleu and the UK's Participle are examples of organisations that are embedding this approach in initiatives to improve the health and wellbeing of elderly members of the community.

In developing new directions for the further education sector, we have drawn on many of these insights from innovative policy and practice across public services. For many we have spoken to through this research, the choice is stark: proactively embrace the potential of innovation, co-production, integration and shared value, or be passive recipients of an uncertain future likely to be determined by the twin policy narratives of extended market mechanisms and budget cuts. So what does this mean for the further education sector? What would these two futures look like from today's vantage point?

71 Rowson, J., Broome, S. & Jones, A. (2010) 'Connected Communities:
how social networks power and sustain the big society', London: RSA.

Sleepwalking into a dangerous future?	A social productivity alternative
Spending cuts and state retrenchment slowly lead to residualisation, lack of early investment and unsustainable further education services.	Spending cuts create incentives for citizen entrepreneurialism, participation and engagement – with further education as the local hubs.
Consolidation and mergers lead to less locally-embedded further education provision – losing the voice of citizens and communities.	Consolidation leads to bottom-up collaboration and integration around the needs of citizens and communities.
Demise of regional planning and local authority oversight leads to incoherent growth strategies without a strong further education presence.	LEPs allow more locally-responsive growth strategies, with the potential for local further education providers to co-create and incubate.
Competitive pressure results in weak, incoherent and unsustainable networks between further education, business and government.	Competition, transparency and market forces provide new incentives for further education providers to understand the needs of citizens.
Removal of central strings alongside weak local government and lack of place-based accountability creates fragmented accountability and patchy outcomes.	Outcome commissioning and fewer central strings enable further education to take a more active role in providing space for local entrepreneurialism and integration. Elected mayors begin to create bottom-up policy coherence.
Fragmented policy across all-age education undermines emerging integration across childcare, schools, further education and higher education.	Changes in education policy incentivise flexible learning, integrated provision and new forms of collaboration between local institutions.

A radical and positive future for further education is possible, but is far from inevitable. To get there, the whole range of stakeholders must grasp the nettle and begin thinking creatively about the immediate steps that can form a new direction for the sector. Through this report we have shown that many are already doing this. But the challenge is not to create more pockets of good practice or innovation, but to pull the cutting edge into the mainstream. In the following pages we suggest how to begin this process.

Part 5 - Five directions for socially productive further education

As the UK struggles to emerge from recession and a period of huge fiscal cutbacks, the role of learning and skills in catalysing economic growth could not be more vital.

Our research has told us that today's model has narrowed the ambitions and functions of the sector, often reducing the value of further education provision in a narrowly economic and instrumental way.

For 2020, the sector must broaden its approach. The route to long-term growth and sustainability is not only qualifications, but broader social value, and a real stake in local growth and development. As national policy strictures give way to more liberalised and localised plans for employment and growth, further education and skills providers must ask themselves: how can we be at the centre of these developments? How can we provide a citizen-centric service in this changing context? What would it take for us to be at the centre of the integration, collaboration and flexible skills development that will be vital to the future of public services?

In answer to this question, our social productivity approach leads us to five directions for the sector. Most crucially, further education and skills providers must become the incubators of social value, and the centre of new networks for local growth. But what shifts in behaviour and practice would this take? We suggest some answers below. All of these draw on aspects of innovative good practice our research has found taking place within today's further education and skills sector. Drawn together and taken into the mainstream of further education planning and provision, these changes are the basis of a stronger future for the sector.
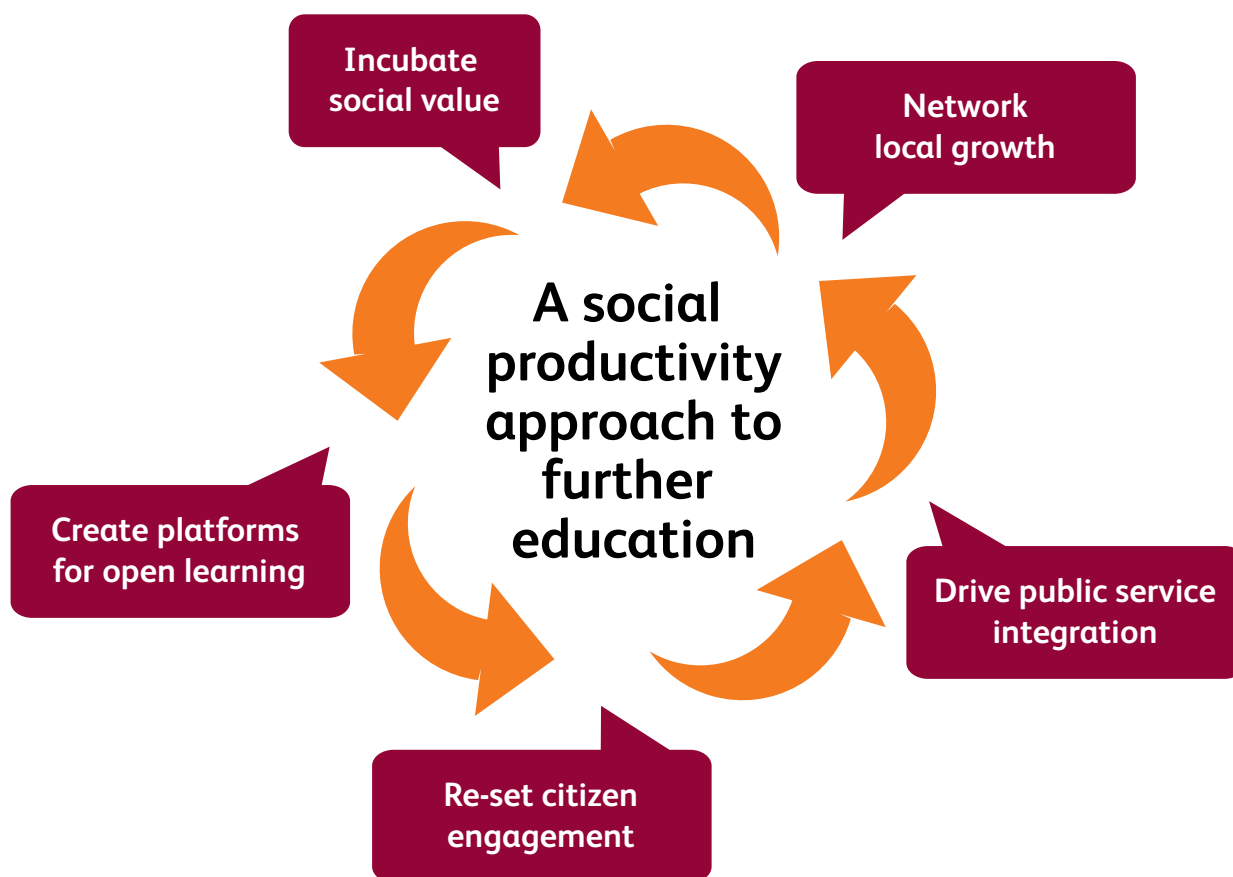
1. Incubate social value

What matters in public services is the social value that they help create, and this is produced through the interaction between services, citizens, communities and staff. At best, the further education sector can be life transforming. At worst it can be a production line, obsessed with qualifications and narrowly instrumental in outlook. Further education can be transformative where it is able to engage, excite and liberate. But this is a sector dealing with young people and adults, who, by definition, must be at least willing learners. For 2020, they must become co-producers of their own education.

Beyond instrumentalism

Public policy increasingly recognises that social progress is more than just a function of economic development. It is about the health, happiness and wellbeing of society. One attendant result is that, for the first time, government is taking seriously the idea of measuring happiness and wellbeing. The Office for National Statistics is developing a wellbeing survey to determine broader social measures of progress alongside the narrower economic measure of Gross Domestic Product.

This is particularly significant for further education because it can enable a partial return to the roots of adult education, which was always concerned with the marriage of skills for life with skills for human fulfilment.

This latter element of adult education, which has been embodied by the Workers Educational Association (WEA), has largely been overshadowed in recent years by an instrumentalist view of further education's economic role. This new emphasis on wellbeing, social activism, the Big Society and the creation of new social institutions creates new opportunities for further education providers. They must play a vital role as catalysts for social value in communities, demonstrating the value of association and diversity.

Adult education

The coming years will see a resurgence in adult education in a variety of forms. People will need to acquire new skills continually throughout their longer working lives. In addition, there will be a particular priority on young adult learning for people who slipped through the education and skills net between 16 and 18. But the further education and skills sector as a whole will also need to ensure that a growing demand for broader, non-vocational adult education is met. There is clearly a market for education in which some people (those with the means to do so) are willing to pay high fees for non-vocational education. At the same time, much of further education will find itself unable, because funding has been withdrawn, to provide many of these courses on the basis of the current subsidised fees. So a key challenge for further education will be to enable viable and affordable adult education to flourish on a financially sustainable basis.

This will require a different funding and pricing model. If further education providers are to meet this demand without receiving increasing levels of government funding, then they can only do so through a partnership funding model involving a higher proportion of co-payment.

Skills for society

Growing emphasis on the importance of strengthening the social institutions of civil society and enabling more resilient communities will require a new range of social skills. As distinct from 'skills for life', these might be characterised as 'skills for society or community'. Local community colleges will be the obvious place to facilitate and provide training to develop these skills. The focus should be on a range of locally relevant skills from community organising, to understanding theories of behaviour change, to offering the skills needed to provide effective community governance and scrutiny. This will require further education practitioners to work in a much more collaborative way with the community organisations and citizens groups who are currently providing some of this skills training.

Social entrepreneurship hubs

A key part of developing social value with and for communities involves developing new social enterprise forms for local public services. The future promises both a push from central and local government, and a demand from local communities and employees to establish new vehicles for running public services. In part this will be about new forms of ownership and motivation. But even more fundamentally, it will be about how to create social value in new ways – such as through the productive relations that more entrepreneurial services can create with users. This will require a new knowledge and skills base amongst those staff and citizens – many of whom will be involved in establishing and running new social enterprises for the first time.

The local further education and skills sector should be the knowledge and skills hub for local social enterprise. This could involve both tailored and specialised courses to develop skills, alongside co-ordinating the provision of end-to-end expert support for new social enterprises. Again, this will hinge upon how effectively diverse further education providers can work in partnership with specialist organisations such as the Co-operative College, the Transition Institute and the School for Social Entrepreneurs. There must be close alignment between this function and strategies for stimulating local growth, because creating new forms of social value through social productivity and community enterprise will be increasingly vital to economic development.

Be the entrepreneurship further education preaches

Further education cannot be at the centre of local entrepreneurship unless it practices what it preaches in its own organisation. The greater freedoms further education colleges now enjoy could, in time, enable them to develop innovative models of governance and collaboration. Further education colleges should ask if they, themselves, could become more dynamic social enterprises, perhaps jointly run by staff and their local communities. This would mean establishing genuinely accountable community and staff boards, elected from a combination of staff and the local community. It would mean more flexible trading and partnering arrangements so that they could, for example, federate smaller learning specialisms under a bigger city or sub-regional social brand.

2. Network local growth

Now – more than ever – further education's economic role is absolutely critical. But the economic potential of further education can no longer be fulfilled through a top-down, delivery mindset. For 2020, we must see a culture shift towards networked local growth – where the sector co-creates value through engaging across the spectrum – from learners to employers, to public authorities and civil society.

The further education and skills sector in 2020 will have higher aspirations around economic growth. Most sector leaders are already well connected to local business, economic and community development services, sitting on key cross sector planning bodies. But it is less common for the further education sector to be leading such bodies. Rather, "we go along. They're useful for information sharing." The move to bigger further education institutions is already freeing up the managerial resources necessary to raise ambitions and secure local leadership.

Further education providers as local growth leaders

The public facing role of further education sector leaders will become increasingly important, ensuring that they can listen to what their local communities want and value, but also so they can offer analysis, direction and ambition. In other words, further education leaders must be local champions for skills and learning. They must be high profile individuals who make the case for a learning culture, leading campaigns and local research to highlight unmet needs and new opportunities.

Many of the bigger further education institutions will establish themselves as research and development centres for their areas. These could provide LEPs with advice and intelligence around skills, fill some of the gaps left by the demise of RDAs, and provide development functions previously addressed by the LSC at regional level, including encouraging businesses to raise their skills ambitions. Such partnerships need resources, so that the sector will need to learn how to tap into charitable, philanthropic and corporate funding – as well as that from government – more effectively.

Building new networks

The expansion of apprenticeships, together with a renewed focus on supporting small and medium-sized enterprises (SMEs), will require new levels of outreach and co-ordination.

Though the balance of different providers will inevitably change,[72] the main challenge for the sector as a whole will be supporting the demand side to take advantage of opportunities for growth. As well as offering more comprehensive liaison to local SMEs, the sector must establish innovative, flexible employment models. For example, the London Apprenticeship Company is a community investment company, whose shareholders include two colleges, a social enterprise and a regeneration agency. It acts as the employer for apprentices with small employers who are unwilling to take on the burden or commitment of directly employing the apprentices in their own right.[73]

The sector must also become more proactive in creating employment and enterprise opportunities. Large further education institutions may offer back office support services to learners setting up their own businesses, or provide transitional, start-up workspaces. They may offer business advice, mentorship or brokerage during the early phases of business start-up– perhaps tapping into groups of experienced professionals who wish to share their knowledge while out of the labour market – so-called 'executive redundancies.' To network local growth in this way means overcoming some practical barriers - such as potential market distortion, unfair competition or dependency.

Area-based curricula

By 2020, the further education and skills sector will have greater control of qualification and curriculum frameworks, relating them more strongly to local and regional need. At one level, this will address anomalies identified by the Wolf Review, which finds that funding for some employer-valued qualifications has sometimes not been available because they have not been approved by the relevant Sector Skills Council. Some of the larger further education institutions – those with a clear understanding of their areas of specialism – may actually seek to become awarding bodies. This could add welcome flexibility to the further education system overall. Looked at more broadly, shifting towards a more valued qualifications and curriculum framework should be part of a wider conversation between further education organisations and the communities whose growth they seek to support.

72 FE colleges have recently made up around 25 % of provider organisations: LSC (2009), 'Apprenticeships: understanding the provider base', Coventry: LSC.
73 National Apprenticeship Service (2009), 'Testing alternative models: group training agencies and apprenticeship training agencies', London: National Apprenticeship Service.

Learning and locality must be brought together to create better outcomes, through collaboration between learning institutions, learners, businesses and civil society partners. Combining existing economic assessments and labour market intelligence with new insights into social networks and local assets will be crucial.

Work by the RSA has shown how this can be done as part of an 'area-based curriculum' that maps the resources, opportunities and expertise that already exists in an area, and looks at these alongside the 'lived worlds' of learners.[74]

For the further education sector to lead these discussions locally and regionally, and adapt qualifications and curricula accordingly, central government, in the form of its funding and inspection agencies, must signal a willingness to be more flexible in the way it scrutinises performance. The development of stronger accountability through (primarily employment) outcomes should open the door to change.

3. Drive public service integration

Further education at local and city level is in prime position to help drive public service integration. It can be more flexible than most silo-structured services about the organisation and location of its service provision, because it is less defined by statute in terms of what it can and cannot do. At the same time, further education often sits within a spectrum of interactions between citizens and public services, and could use this position to become more of an holistic gateway for learners. Further education has always had to look outwards for its funding and relationships more than many other services. At a time of intense pressure to generate efficiencies through eradicating service and institutional overlaps, further education can choose to be a lead integrator of local services and interactions.

Community budgets and local growth hubs

The future of many core local public services will be determined by how effectively policymakers and service managers can pool budgets, resources and knowledge. Government wants to see 'more for less', and a more effective interrelationship between key interventions and relationships, and the priorities of local communities. The further education and skills sector can provide the bridging bodies that help to pull this together.

This will mean helping to develop behaviour-change strategies for local communities. Further education should embrace and support the specialist and intensive training and mentoring that already occurs in local communities – such as helping to develop practical alternatives to re-offending for at risk young adults.

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74 RSA (2010), 'The RSA area based curriculum: engaging the local', London: RSA

Supporting this could involve augmenting the existing skills of community activists, and blending these informal life-skills with formal pathways to further training or employment. This should be seen as one element of the spectrum of youth and adult education that further education should provide, rather than a small and specialist alternative. Further education should also be at the heart of the inter-agency, cross-sector local commissioning boards for skills which may develop over the coming years.

Case management for young people in transition

There is growing recognition that the transition to adulthood – especially, but not exclusively, for young men – has been far too neglected as a social policy priority. Evidence from social science, cognitive research and criminology suggests that adulthood can develop later than has been commonly assumed. There is little targeted support for this age group and few services specifically for them, yet they are statistically at greater risk of harm and economic disadvantage than most other age cohorts.[75]

This age group is the 'bread and butter' of further education. In the future the sector will need to develop its role as the key social institution in the lives of at-risk young adults. This means that developing integrated 'case management' approaches for 18-24 year olds as part of a straight-through service - in contrast to the seemingly arbitrary and fragmented breaks between services that characterise much of the service provision for this cohort today.

Public service hubs, co-location and integration

Further education and skills will increasingly be defined as a range of development and entrepreneurial services and experiences - not just a local institution based in a college or other learning provider. This will give further education providers the opportunity either to be part of community service hubs, or for colleges themselves to become these hubs. It seems unlikely that, over the long-term, public services will still be provided to passive citizens, primarily through a range of formal institutions such as libraries, community centres and colleges. Instead, these services are likely to be more interactive, more socially (co-)produced, and to exist across multiple channels – online and in mixed hub/community environments.

75 For a range of evidence and practice examples, see the Transition to Adulthood (T2A), a partnership coalition convened by the Barrow Cadbury Trust: http://www.bctrust.org.uk/?page_id=755 .

Applied methodologies such as social network analysis will increasingly reveal which social institutions are the most connected to local community life, and these will form the basis of the new public service hubs. The further education sector's range of colleges, independent and specialist providers should be in the vanguard of a process that can help create adult education without walls.

4. Re-set citizen engagement

Further education can be an exemplar for the value of citizen engagement across public services – combining market mechanisms with outreach, citizen empowerment and social value.

Lifelong Learning Accounts and the extension of co-investment will make the sector more immediately responsive to adult learners with higher expectations and a wider set of provider choices. (For young people too, choices will expand considerably as academies grow, university technical colleges spread and further education colleges admit more pre-16s.) Like any organisations competitively marketing their services – one principal characterised today's colleges as "skills retailers" – providers will need to develop a detailed picture of their customers' needs, individually and in aggregate.

Just as large businesses use surveys, focus groups and public data to shape and market their products, so further education in 2020 will have become much sharper in its customer profiling. It will have developed a more detailed knowledge of how its target customers behave – where they shop, what they read, who influences them, what groups they are members of – and what their learning aspirations are.

Personalisation and information exchange

Much of this customer information will be drawn from existing data or harvested from current or past learners, but some will be gathered through fresh research ranging from traditional needs assessments, to more deliberative, co-productive techniques such as community profiling. To make the best possible use of resources and avoid the risks of 'consultation fatigue', integration across public services will be vital.[76]

Personalisation will demand more data sharing and collaboration. Manchester City Council has, for example, been working with central government departments to enhance the flow of data across its services so that (with appropriate safeguards), relevant agencies have clearer and more up to date information about service use and benefits receipts on an area level, as well as at the level of families and individuals.[77]

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76 Hudson, C. (2010), 'Citizen Engagement', Coventry: LSIS.
77 Alldritt, C. et al (2010). 'Online or In-line: the future of information and communication technology in public services', London: 2020 Public Services Trust.

In 2020, the further education sector will need to be an active partner within these information exchanges. At the moment, colleges do not even have information on eligibility for free school meals.

Clearer accountability to citizens through a well working market, in which both suppliers and customers have access to better information, is one way in which the sector will re-set citizen engagement. But by itself it will not be sufficient to meet the challenges of inequality and social exclusion that are critical parts of its 'social mission'.

Building on social value

Further education providers already have strong bonds with disadvantaged groups and communities. These bonds must be seen as assets; trust is a precious public value. Colleges and other further education institutions have invested in some of the most varied and accessible service interfaces to be found in public services. Most colleges have a large number of outreach centres that are small enough, and well enough nested in other public and voluntary services – such as libraries and community centres – to offer walk-in learning advice services to those who find engaging with large institutions intimidating.

Through its outreach with community groups and associations, further education providers are already identifying diverse learning needs and aspirations, working together with groups to access funding, and agreeing suitable formats for courses or sessions. In some cases, the best way of proceeding will simply be for the further education provider to make space available to groups of citizens to deliver their own, peer led sessions. In others, learning is delivered in the workplaces or meeting spaces of the groups themselves. The experience of the Young Foundation's Citizens' University programme is that small group learning can even be delivered in people's homes.

Networking participation

The sector's ability and willingness to co-create learning opportunities and civic spaces has put it at the centre of loose but powerful networks of active citizens who are already taking action to enlarge their lives, socially or economically. In 2020 these networks will be essential democratic resources and mechanisms supporting the expansion of the Big Society. Local authorities and other public sector bodies are being 'freed' from some of their statutory duties to consult, and the national community surveys framed by central government are being discontinued. The new public services will need to find new ways of securing their legitimacy with citizens and shaping their interactions with service users.

The further education sector can plug these services into socially diverse groups of citizens for whom action learning projects, impact assessments, participatory budgeting, citizens' juries or deliberative forums could be valuable experiences, or even accredited learning opportunities. By ensuring that participation in public service consultation activities earns credits in citizens' Lifelong Learning Accounts, the process can become even more mutually reinforcing. 'Student Hubs' in HE vividly demonstrate that even with minimal guidance or inducement, groups of learners can form themselves into social activists, willing and able to challenge and support public services.[78]

5. Create platforms for open learning

Our research repeatedly brought home the view that "further education is far more flexible than the rest of the education landscape". Its history of innovation and flexibility around citizens' needs is already an established part of its social value. In 2020, further education services will have taken forward this tradition of innovation, using changes in technology and social networking to create platforms for open learning.

Colleges must change how they work and who they work with. They must begin mobilising a broader range of citizen ideas and resources, and open themselves up to new market activities and a more diverse range of functions. They must become more porous institutions – community hubs in which traditional distinctions between citizens, professionals, sectors and qualifications are broken down.

Digital platforms

New technologies are already driving this shift. They are profoundly affecting the way we learn and our experience of learning environments. Nearly all secondary schools have a virtual learning environment. The young people of 2020 will have been brought up in environments that are strongly participative, where information can be accessed, shared and personalised, including through broadcast and distribution channels such as iTunes U, Youtube and Wikipedia.

Knowledge is becoming more collaborative, less contained by old institutional forms, or even international boundaries. For example, the Khan Academy[79] is a US based online maths and science learning space created in 2006 that today supports over 1,000,000 learners per month, through online content and online volunteer coaches. In this country, the Open University's Cloudworks,[80] is beginning to provide a recognised sharing space for learners and those who support them to sit above the myriad of educational wikis and blogs that have grown up for learners of all kinds.

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78 http://thebigsociety.co.uk/big-society-in-action/student-hubs/
79 www.khanacademy.org
80 www.cloudworks.ac.uk

Further education providers will need to invest smartly, not only in systems and content, but in supporting staff to make best use of these new possibilities. In the short term, the 'more for less' drivers are strong. Digital platforms can enable greater use of virtual environments instead of expensive bricks and mortar; support larger learner numbers; and extend geographical reach through distance learning. They offer the potential for providers to knit learning more tightly into workplace tasks and environments.

Many learners already see the upsides of greater convenience, greater choice and potentially lower costs. But to realise these benefits, further education providers will need to invest in versatile systems and staff groups, ensuring that they have the 'in-house' capability to deliver strong services in a quickly moving environment. A collaborative balance must be struck between institutional working and open educational resources.[81]

Flexible and networked learning

The potential of flexible, open learning only highlights the restrictions of straight-through, full-length courses. A 2020 vision is of personalised learning, supported by more comprehensive information from an all-age career service. This will enable learners to draw together different elements from the providers that best suit their needs.

Support and resources must be targeted at those most distant from or disaffected by learning, to ensure that their pathways to jobs and qualifications do not become fractured by this new diversity. Most studies suggest that diversity could actually suit these citizens' need for 'bite sized' provision.[82] Whether independently, or with intensive guidance, learners will need to blend their studies in more varied combinations, bringing together different types of learning environment – home, work, workshop, classroom – and different modes of learning: online, small group, one-to-one, project-based.

Where learning does take place in institutions, the learning resources must be broadened, so that former students, local employers and local citizens have stronger advisory and guidance roles. Online learning will by no means have superseded the need for learners of all ages and levels of confidence to be supported and encouraged by people who can relate to them as individuals.

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81 Online Learning Taskforce (2011), 'Collaborate to compete: seizing the opportunity of online learning for UK Higher Education', London: HEFCE.
82 Reisenberger, A. and Dadzie, S. (2002), 'Equality and diversity in adult and community learning', London: Learning and Skills Development Agency.

Big institutions, colleges in particular, will be sites for learning, rather than default providers of the learning experience itself. A wide variety of businesses, interest groups, citizen groups or public services will be using college infrastructure – including online networks – to reach out and deliver learning for interest, profit and social benefit.

Mobilising civic capacity

Mobilising the potential of the college community – staff and learners, as well as potential volunteers and mentors – to offer skills, time, networks and connections – drawing on Big Society activism – will help ensure that institutions are drawing on and woven into their environment. Developing cogent strategies to do this will be vital, especially in the light of evidence that mentoring of learners by staff has been declining as a result of workload pressures.[83]

The successful introduction of 'Learning Champions' by the WEA has shown the potential benefits of breaking down barriers between further education providers and excluded citizens, by training citizens themselves to act as ambassadors. By 2020, it will be normal for provision – particularly provision of community learning to include incentives for learners to take their achievements back out into the community and encourage others to improve their skills. The service industry has perfected a range of offers and encouragements for customers to do this, through offering discounts or prizes. And although the further education sector must avoid the trap of simply chasing numbers at the expense of social value, these types of incentives could draw in citizens who have previously felt distant from learning.

Over the long-term, further education must use its influence to nourish the growth in informal learning – whether accessed through commercial providers, museums or art galleries, or set up by citizens themselves. Through sharing information or facilities, the sector can help catalyse these opportunities, while central and local government could continue to provide small amounts of seed corn funding. The surge of interest in reading groups suggests potential for expansion, as citizens interested in sustainability or healthy eating (for example) look to each other as sources of information and social support.

Learning groups established by a diverse range of professionals do not need to be regularised or subsumed by the further education sector, but could be offered platforms – physical space, virtual space – from which to expand.

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83 Oti, J. (2009), 'Mentoring in FE: staff perceptions'. Paper for BERRA Conference, Manchester University. For fresh approaches to mentoring in FE, see http://www.thersa.org/projects/education/social-justice/programme-strand .

Where group learning with companies (public or private) takes the form of 'learning sets' or 'communities of practice', the role of further education organisations may be to offer expert facilitation, advice on learning styles, or coaching to key individuals. Groups for professionals and others looking for re-employment after redundancy can be supported by the sector through its links to employers or to training opportunities in alternative areas. Further education would be in a good position to develop skills swap schemes by grafting them onto these citizen-initiated learning support groups.

What next?

Turning these five directions into reality is the long-term challenge for the further education and skills sector. The extent to which it can create a socially productive model in future will depend on the energy and creativity of practitioners, and the extent to which it can embrace and animate the insights of citizens, businesses and partners in government and beyond. But what are the short-term actions that can further make the case for change? We believe that next steps lie along the following lines:

Assessing the appetite for change

Our research uncovered a variety of perspectives on change and visions of the future. Our five directions for further education reflect this evidence, and we believe there is real potential to build a social productivity approach into the way that further education understands its value and goes about its business. But to develop these directions, the net must be widened. Deeper qualitative and quantitative research with both citizens and practitioners could assess long-term wants, needs and aspirations, and measure the real, on-the-ground demand for change.

Sizing up the barriers to social productivity

For further education to incubate social value and network local growth, tangible changes in provision, regulation and accountability are implied. But what are the barriers to making these changes? What are the risks of transition for citizens and practitioners? And how can the sector begin developing strategic tools to overcome these administrative, legal and governance hurdles? This is a vital next step in establishing social productivity as a realistic operating framework for the sector.

Accounting for social value

Creating an applied methodology to determine and measure social value would unlock the potential of new accountability structures and governance frameworks for the sector. Research by NIACE and others has begun to develop ways of measuring the value of lifelong learning and skills; and a burgeoning (but nascent) literature exists around the idea of social value, community wellness and measures of progress that go beyond GDP. Developing these approaches into tangible, workable methodologies is a big challenge and urgent opportunity for the sector.

Modelling social productivity in practice

Through our work in collaboration with local authorities and other partners such as the Transition Institute, the 2020 Hub is developing applied approaches that model the impact of social productivity thinking on public service organisations. How would social network analysis change the way policymakers think about resources and community assets? How would engaging citizens more effectively help reshape courses and learning pathways? How would a fundamentally more collaborative relationship between colleges, citizens, businesses and other public services play out within different geographical and socio-economic contexts? Understanding these dynamics will be key to assessing the real potential for change across the system.

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