

Education and Lifelong Learning Committee

NATIONAL COUNCIL – ELWa PERFORMANCE REVIEW AND DEVELOPMENT AGENDA

1 Introduction

1.1 This paper provides the Committee with an overview of the National Council – ELWa's:

- progress on the implementation of its financial and management improvement Action Plan and Organisational Development;
- performance during the 2002-03 operational year when more than 300,000 learners were supported;
- key objectives for the current financial year and performance to date;
- planning and budgetary environment; and
- plans for the delivery of more effective and efficient learning provision.

2 National Council – ELWa Action Plan

2.1 It would be inappropriate to appear before the Education and Lifelong Learning Committee without acknowledging the difficulties that ELWa has experienced during its first 24 months. Two reports have been published by the Auditor General for Wales on the organisation. The Assembly's Audit Committee is considering its response to the second report which focuses on the financial management of innovation and development projects.

2.2 ELWa acknowledges that there have been serious failings in the operation of its financial and management controls. In response an Action Plan to address these weaknesses was prepared by the Interim Chief Executive in April 2003.

2.3 The Minister for Education and Lifelong Learning reported on the Action Plan during an earlier meeting of this Committee and announced that it would be subject to an independent review. PricewaterhouseCoopers (PWC) was commissioned by the Welsh Assembly Government to do this work.

2.4 The Minister has published the progress review of work underway at the end of August. The PWC report recognises that the action plan addresses all the issues raised by the Auditor General for Wales and the Assembly's Accounting Officer. It identifies that the risk management process now employed by ELWa means that effective policies and procedures are in place to help ensure risk management is embedded across the organisation.

- 2.5 The review concludes that the majority of actions due to be undertaken by the end of August have been achieved including, revised Standing Orders and Financial Regulations and key management and financial processes.
- 2.6 A copy of the PWC interim report is at Annex A.

3 Organisational Development

- 3.1 ELWa has commenced a major reorganisation from the top down as part of the Action Plan, to realise efficiencies and to increase effectiveness. In broad terms it represents almost a one-third reduction in staff levels since April 2001.
- 3.2 A new senior management team is being recruited. A permanent appointment to the post of Chief Executive will be made this Autumn. Recruitment to three Director level posts (which are currently filled on a temporary basis) and the post of Secretary will be completed by the turn of the year. A new Chairman has been appointed with effect from 1st November. All of this adds up to a significant change within ELWa.
- 3.3 Over the next 6 - 12 months there is an absolute commitment to build on the progress reported by PWC to ensure that our financial and project management control framework, processes and procedures are securely embedded. A Management Plan is in place to help achieve this. This will help us to re-build confidence in ELWa and put us in a better position to drive forward the change agenda described later in this paper.

4 Performance Review 2002-03

- 4.1 For its first two years, ELWa has met or exceeded most of its targets.
- 4.2 ELWa's performance during 2002-2003 can be summarised as follows:
- 328,000 learners supported, a 4% increase on 2001. This represents 17.5% of the Welsh population of working age pursuing learning opportunities in further education, work-based learning, school sixth forms or community learning compared with the target of 17%; and
 - the majority of key statistical performance measures were met or exceeded.

2002-2003 Operational Plan Target	Actual Performance
• 25,000 learners in Sixth Forms.	24,284
• 275,000 learners in further education and work-based learning.	294,168
• 220,000 qualifications in further education and work-based learning provision.	261,813
• 31,000 people to start work-based learning with - 62% of young people and - 35.5% of adults to achieve full national vocational qualifications.	30,185 46.5% 31.1%
• 8,230 young people, a 5% increase on 2001-02 and, 2,200 adults, a 16% increase on 2001-02, joining programmes designed to prepare learners to move into full vocational learning.	9,442 1,933
• 60,500 learners in further education and work-based learning who live in the poorest wards of Wales, a 5% increase on 2000-01.	68,686
• 17,500 learners on Welsh for Adults courses.	18,584
• 8,000 learners following courses through the medium of Welsh, a 9% increase on 2000-01.	9,380
• 5,000 speakers of other languages learning English.	7,407
• 54,000 enrolments in further education on business related courses.	62,177
• 1,000 learners in further education and work based learning likely to achieve NVQ 4 or equivalent, a 30% increase.	915
• 5,000 projects with employers to improve skills in business, a 22% increase on 2001-02.	6641
• 5,900 entrants to Modern Apprenticeships, a 14% increase on 2001-02.	6,368
• 770 Modern Skills Diploma for Adults recruits.	831
• 3220 teachers involved in industry/commerce placements, a 13% increase on 2001-02.	2,660

- **990** businesses supporting curriculum development initiative. **766**
- **278** organisations achieving liP recognition. **333**

4.3 A detailed account of progress against key deliverables set out in the 2002-03 Remit Letter is included at Annex B.

5 Performance this financial year

5.1 As set out in ELWa's Operational Plan, 2003-2004, the aim is to provide learning opportunities for an increasing number of individuals, businesses and communities.

5.2 Performance so far this year has, on the whole, been positive.

- Number of working age adults in education and training – **up 20%**;
- Number of learners funded through FE Colleges – **up 3% to 246,582**;
- Number of learners on work based learning who will achieve functional basic skills in i) literacy, ii) numeracy – **up 86% and 77%** respectively;
- Number of learners from the poorest Welsh wards funded on work based learning – **up 17%**;
- Number of learners on Welsh for Adults courses – **up 5% to 18,823**; and
- Number of teacher/lecturer placements funded – **up 54%**.

5.3 New developments include:

- Individual Learning Accounts (Wales) – 10,000 people in 2003-2004 on low incomes and with little prior learning will benefit, thereby supporting economic activity and social inclusion;
- Learning Worker Pilot project in Llanelli – provides free training up to NVQ Level 3 for people in work. This helps to increase productivity. So far a great success with employers and employees;
- Plan for reshaping agricultural and land-based learning provision;
- Redundancy Action Fund expanded to help get people back into work very quickly;

- Major review of CCETs will lead to strengthened local planning arrangements;
- E-learning Action Plan – led by ELWa under the Cymru Ar-Lein banner;
- Credit and Qualifications Framework for Wales implementation commenced;
- Future Skills Wales – the second most comprehensive survey of individual and business attitudes to generic skills will be published in October; and
- Sector Skills Councils – a new network of employer-led groups are identifying skill needs which will aid ELWa’s interventions.

6 The context for post-16 learning

Demographic trends

- 6.1 Over the period 2004-07 the number of 16-18 year olds in Wales will increase from 119,000 to 120,000, or 0.84 per cent. The size of this age group, for which ELWa has a statutory obligation to ensure “proper” provision, is now stabilising following a number of years of sustained growth.
- 6.2 The adult population of Wales is expanding at a faster rate. Between 2004 and 2007 there is predicted to be a 1.2 per cent increase in the number of people aged 19-64, from 1.717 million to 1.738 million. ELWa has a statutory duty to ensure “reasonable” provision for learners drawn from this age group.
- 6.3 These population increases will place greater pressure upon the infrastructure and resources for learning.

Key issues for learning

- 6.4 The Assembly Government has committed itself to the goal of making Wales a learning country, where high quality lifelong learning provides the skills people need to prosper, liberates talent, extends opportunities and empowers communities.
- 6.5 Fewer people in Wales have formal qualifications than the average for the UK as a whole. Twenty eight per cent of Welsh adults have low literacy levels and 32 per cent have poor numeracy skills. People who lack basic skills face limited employment opportunities, and a poorly skilled workforce can inhibit productivity. Improving skills is thus a major priority for economic regeneration and social justice. In addition, Welsh business reports growing skill gaps and shortages at all levels.

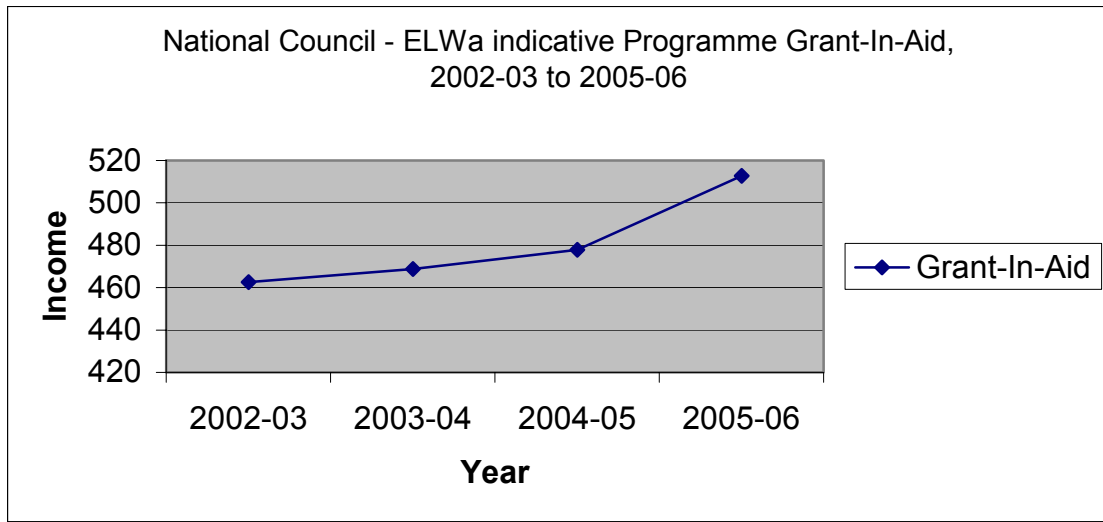
- 6.6 Although the gap is narrowing, participation in learning in Wales lags behind the rest of the UK. Moreover, patterns of participation reveal substantial inequalities, with younger people, skilled employees and people with a record of success in compulsory education most likely to engage in post-16 learning, while older people, the unemployed and people without qualifications are least likely to participate.
- 6.7 Research has demonstrated a clear correlation between participation in learning and success at work and in life generally. People with poor levels of educational attainment and low skills are disadvantaged socially and increasingly vulnerable to the pressures of economic change. The policy imperative therefore is to increase participation rates in learning.
- 6.8 ELWa's response to these twin pressures of an increasing population and the need to accelerate participation rates in learning is to develop provision that is learner-focused, accessible, flexible and responsive to the requirements of individuals, businesses, communities, and the wider social and economic needs of Wales. Success will look like:
- DEMAND – growing levels of interest in learning
 - PARTICIPATION – translating demand into higher levels of active involvement in learning
 - DELIVERY – a wider range of flexible and high quality learning routes benchmarked against the best in the world
 - PROGRESSION – individuals, businesses and communities extending and continuing their involvement in learning
 - ACHIEVEMENT – raised levels of learner attainment and achievement

7 Budgetary environment

- 7.1 ELWa's Operational Plan 2003-04 shows an additional £6.18m in programme Grant-In-Aid received from the Assembly Government compared to 2002-03. Requirements to remedy the relatively low historic pay levels in further education, to support increased pension and National Insurance contributions in both further education and schools, and to support increased costs in work based learning, placed considerable pressure on the budget. In response, ELWa committed £33m more to 'learning delivery' than in 2002-03 and made corresponding spending reductions in other programme areas to

compensate. In addition to the programme Grant-in-Aid this year ELWa will receive finance for running costs (£25.4m) and ring-fenced project finance (£10.4m), such as the 'Corus' redundancies. In 2003-04 an estimated £10m of European funds will be used for additional programme activity.

- 7.2 The Welsh Assembly Government has indicated that ELWa's programme Grant-In-Aid allocation will increase by approximately £9m or 2 per cent between 2003-04 and 2004-05. Between 2004-05 and 2005-06 the indicative increase is approximately £35m or 7 per cent.



Source: Operational Plan 2003-04

- 7.3 ELWa acknowledges that many learning providers are under substantial pressure to meet increasing growth and cost pressures. Within the resources available to it, ELWa has demonstrably made every effort to help providers absorb these costs, without compromising the quantity and quality of learning opportunities. However, whilst the budgetary horizon for 2005-06 might be a little less restrictive, the 2004-05 settlement is likely to mean that the challenge of demographics, rising levels of participation, pay, National Insurance and Pensions in FEIs and schools, and harmonised rates and technical certificates in private training provision remain. In the coming year ELWa faces a considerable task in reconciling competing claims upon its resources.
- 7.4 In the light of continuing budgetary pressures the inevitable conclusion is that the current arrangements for funding and delivering post-16 learning are unsustainable. There is a need to drive efficiencies in the learning network, for example by eradicating nugatory competition and duplication.
- 7.5 ELWa must work therefore with all learning providers to achieve efficiencies so that its investment is maximised and concentrated upon meeting the needs of learners, and to deliver a wider choice of high

quality learning opportunities for individuals, businesses and communities. To this end ELWa is developing proposals on a number of fronts to achieve a more interconnected and collaborative structure for the provision of high quality learning.

8 Key policy developments

Learning Networks

- 8.1 ELWa envisages that the Learning Networks of the future will be new arrangements of post-16 providers co-ordinated on a locality or specialist or other basis, which will enable seamless transition and progression through high quality learning routes. A discussion paper that explores these issues in more detail will be published later this year.

National Planning and Funding System

- 8.2 The Learning Network of the Future will be fully integrated with the new National Planning Framework and Funding System. This will move the emphasis from funding institutions to funding learners and outcomes, balancing demand from individuals and economic factors. The funding system will value academic and applied learning equally. By integrating planning and funding, ELWa will ensure that learning is provided in line with its strategic objectives. This subject will be considered by the Committee in December. The Committee will be asked to consider the implications of the new system for learners and its impact on the different parts of the learning network.
- 8.3 The timetable for implementation of the National Planning and Funding System has been revised to incorporate a dual running year from August 2004. This will have many benefits, not least providing a longer lead in time for providers and stakeholders, thereby minimising the impact of change throughout the network and providing a valuable safeguard for all concerned.

Work Based Learning

- 8.4 ELWa is currently reviewing its tendering processes for Work Based Learning provision in order to factor in the operational changes and timetable requirements of the National Planning Framework and Funding System. The review also takes into account European funding regulations, the level of Grant-in-Aid available to ELWa, and the need to allow sufficient flexibility for future development. The changes will result in a significant increase in the number of learners supported. However, it is recognised that some training providers may have difficulties adjusting to the new regime.

Business Services Review

- 8.5 ELWa has carried out a major review of its services to business. It identified that the biggest impact on the Welsh economy will be achieved through focusing attention on growth and potential growth companies with a simplified range of products. ELWa therefore, will be refining the number of products currently offered, and the way in which these products are delivered, in line with this revised focus. The new approach to service delivery to business will be piloted later this year.

Quality

- 8.6 It is vital that learning provision is of high quality as well as being accessible. ELWa is developing a rigorous Quality Framework as part of its strategy to:

- maintain quality;
- raise standards; and,
- ensure continuous improvement.

- 8.7 ELWa recognises that it can only raise standards in association with learning providers and other key partners who work in the field.

- 8.8 The approach to quality assurance is based on openness, transparency, accountability, customer focus, and flexibility. The aim is to build on existing best practice and minimise bureaucracy, making sure that providers carry out their quality control and assurance effectively. ELWa provides support to learning providers in quality management and development.

- 8.9 In autumn 2004, structured reviews of providers' performance will be introduced, informed by pilots undertaken in 2003-04. These will enable ELWa to draw together a range of existing activity and evidence to come to an overall view of each provider's performance. Interaction with providers will be based on the outcomes of these reviews, enabling targeted support for under-performing providers and the dissemination of best practice.

9 Conclusion

- 9.1 We have taken action to improve operation and management controls. PricewaterhouseCoopers' independent findings confirm progress is being made. In addition, we are undertaking organisational change to improve effectiveness and efficiency.
- 9.2 Since its inception ELWa has focused on the delivery of learning. Performance against targets is positive. ELWa looks forward to driving forward an ambitious agenda to make learning work even better for Wales.

ANNEX A

Report on the Review of National Council – ELWa Action Plan August 2003,
PricewaterhouseCoopers

ANNEX B

Remit Letter: Review of Performance 2002-2003