

Focus on results

How a greater focus on outcomes could
contribute to England's learning and skills
systems

Stephen Evans

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Executive summary

Learning and skills are vital to economic prosperity and social justice, securing the post-pandemic recovery, and ensuring fair opportunity across the country. Excellent learning is delivered by many colleges and providers each year, benefiting millions of people. However, to promote opportunity and economic growth, we need to reverse falls in participation in learning by adults over the last decade.

The Government argues that an increased focus on the outcomes of learning can help improve impact. It proposes a performance dashboard including a new Skills Measure looking at things like progression to high value jobs, and Accountability Agreements with providers showing how they will meet local and national economic need. This report explores the case for this, other countries' experiences, and makes proposals for England.

Why a focus on outcomes?

Learning has many potential outcomes and benefits. These include helping people find a job, progress in their career and boost their earnings, increasing employers' productivity, improving health and wellbeing, and promoting active citizenship.

A greater focus on these outcomes could have a range of benefits. Learning and skills policy has too often been locked in a destructive cycle. Concern in government about whether increased investment will deliver economic benefits leads to short-term funds with a range of strings attached. That can make it more difficult to deliver provision in a way that meets people's and employer's needs and is integrated with other public services. Data on outcomes is limited in its use and collection as the focus is more on participation and compliance with the rules. In turn, that means officials and ministers are uncertain about the impact of investment and so the cycle starts again.

Focusing more on outcomes and reducing the primacy of the link between funding and qualifications delivery could create a more constructive cycle. Measuring key economic and social outcomes from public investment, in addition to the educational outcomes that have immense value in their own right, builds the evidence for increased and sustained investment and case for greater flexibility in delivery. However, this must be a holistic approach: focusing on outcomes provides accountability for delivery and should enable and be linked to greater freedom from some of the current strictures, reducing burdens and allowing colleges and providers to focus on improved outcomes. A focus on outcomes and simplification and flexibility in funding are dependent on each other.

But there is no magic answer. Any measure of outcomes – whether used in commissioning, for payment, or simply for measurement or accountability – brings the risk of unintended consequences, such as focusing more on those who are job ready. These risks apply to any performance management approach. The challenge is to minimise the risks in design, and be alive to them in delivery by, for example, having measures of 'added value' and inequalities in outcomes between groups.

The experience of other countries

In **Australia**, with a working-age population of around 17 million, the National Agreement for Skills and Workforce Development (NASWD) guides national and local investment of £3.3 billion per year, for which states have responsibility. It focuses on outcomes (aiming to halve the proportion of 20-64 year olds without a level 3), skills (increasing the proportion with higher level skills and employer satisfaction), opportunity (the proportion of those without one who are working toward a non-school qualification), and training results (improved employment outcomes). Data on progress on these outcomes overall and by state is published on an online dashboard. *Key lesson: a national framework has guided co-investment underpinned by outcomes.*

In **Canada**, with a working-age population of around 24.5 million, the federal government provides funding for workforce development and support for Employment Insurance claimants to provinces and territories via Workforce Development Agreements (£420 million per year) and Labour Market Development Agreements (£1.17 billion per year). Each includes clear plans for activity based on analysis of need, evaluation plans, and performance measures including participation levels; employer satisfaction; sustained employment; and increased earnings. Evaluation shows significant increases in employment and earnings compared to non-participants. *Key lesson: funding devolution is enabled by clear outcome measures and evaluation.*

In **Ireland**, with a working-age population of around 3.3 million, a government agency (SOLAS) provides £690 million per year in line with its 2020-24 Further Education and Training Strategy. This identifies six outcome measures: finding work after a course; progressing to other learning; certification at levels 1-3; learners aged 25-64; key skills qualifications; and new apprenticeship and traineeships. SOLAS agrees Strategic Performance Agreements with 16 local Education and Training Boards who have responsibility for delivery and must set out how they will contribute to these national outcomes and priorities. *Key lesson: a national strategy has informed development of outcome measures and locally-led delivery plans.*

In the **US**, with a working-age population of 205 million, employer-led Workforce Development Boards in each state and at local level have responsibility for investing federal funds. They are required to publish data on: employment rates post-exit; youth education and employment rate post-exit; media earnings post-exit; credential attainment; effectiveness with employers (pilot measures). Provider-level data is also available on trainingproviderresults.gov. *Key lesson: outcome data helps measure effectiveness of public investment and also to inform learner choice.*

A framework for England: five recommendations

- 1. Focus on core economic and social outcomes, including narrowing inequalities in participation and outcomes.**

We recommend four outcome measures, based on US Workforce Development Board measures: employment six months after completion; median earnings six months after completion; progression to further learning six months after completion; social outcomes; and meeting employer need. This is a broader set of measures than the Government propose. Each would be measured at provider or local area level for all participants and for priority groups (such as people who are long-term workless and those living in deprived areas), and compared to the national average. Added value measures (such as comparisons with outcomes in areas with a similar economy) should be developed.

2. Ambitious Labour Market and Skills Agreements, devolving greater responsibility to local government based on outcomes

We recommend Labour Market and Skills Agreements (LMSA) between national and local government, identifying national and local priorities, budgets to be devolved, types of provision eligible for funding, analysis of target groups, outcome measures (as above), and a strategy for evaluation of impact. A data dashboard, following the Australian model, should show performance against the four outcome measures. The extent of devolution would vary across the country, and reflect the complex and differing geographies of different policy areas, and should start with five trailblazer agreements.

3. Introduce outcome agreements for colleges and providers, with scorecards showing delivery of economic and social outcomes

Each college and large provider should have an outcome agreement, building on the model in Ireland. Broader than the proposed Accountability Agreements, they would cover include funding for three years, detail expectations against the four outcome measures, identify how delivery by each provider across key funding streams will contribute toward these outcomes, and the approach to review and evaluation. This could start with up to ten trailblazers, rolling out to all colleges and large providers by 2025.

4. Take an open data approach, including developing a Skills and Employment data lab and a public-facing outcomes website

To help people make informed choices about their learning, the Government should publish a searchable **data dashboard** by provider, similar to trainingproviderresults.gov in the US. The Departments for Education and Work and Pensions should develop an **employment and skills data lab** by 2023 based on the Justice Data Lab, which shows the reoffending and employment rates of participants compared to a control group.

5. Be ambitious in simplifying funding and maximising freedoms and flexibilities, to ensure colleges and providers have the tools to deliver improved outcomes

A greater focus on outcomes will only deliver its potential benefits if it is linked to sustained, increased, multi-year and simplified funding, greater freedoms and flexibilities, and joined-up policymaking. In turn these measures would support colleges and providers to deliver increased economic and social outcomes. This should be a coherent package.

Introduction

Improving learning, skills and work are key priorities for both recovery from the pandemic and for building a prosperous future. They have the potential to widen opportunity and reduce geographical and demographic inequalities.

Employment has fallen during the pandemic, though measures like the furlough scheme have limited the impact, and there were significant inequalities in employment rates by group and area before the crisis. Learning and skills are crucial for life, work and communities, but England has long lagged other countries and participation in learning has fallen in the last decade as government and employer investment have fallen.

The Government has announced some increases in funding, although not yet sufficient to reverse the cuts seen since 2010. In particular, the National Skills Fund will provide £3 billion over five years in England. It has also published a Skills for Jobs White Paper, which proposes to give the Secretary of State powers to intervene if colleges do not pay due regard to new Local Skills Improvement Plans drawn up by employer representative bodies. The White Paper also signals other changes such as a Lifetime Skills Guarantee giving adults in England an entitlement to a first level 3 qualification from a list of qualifications chosen by the Department for Education.

These plans are set in the context of complex learning, skills and employment systems. A range of government departments fund an array of bodies to run a raft of initiatives. Much of the system is driven by the UK government, but local government also has important roles, including (in some parts of England) for the adult education budget and some employment programmes.

Focus on outcomes

The Skills for Jobs White Paper also proposes a much greater focus on outcomes, with greater autonomy for providers in how to deliver those outcomes, saying:

“We will reform the accountability system to focus less on process and more on the effectiveness of provider performance and the outcomes they achieve ... such as how well provision supports individuals to progress in their learning and secure good labour market outcomes.”

Skills for Jobs White Paper, page 51¹

The Government is now consulting on how to implement this approach, including:²

- Creating a **Skills Fund**, merging the Adult Education Budget and recently-created National Skills Fund

¹ Skills for jobs: lifelong learning for opportunity and growth, Department for Education, 2021.

² Skills for jobs: a new further education funding and accountability system – government consultation, Department for Education, 2021.

- Allocating funding across England based on an **assessment of need**, rather than historic spend patterns
- **Simplifying** the funding system and moving to multi-year funding for colleges
- Introducing **Accountability Agreements** for colleges, setting out how their delivery will meet national and local need
- Publishing a new **performance dashboard** with measures of quality (Ofsted rating), financial health (ESFA measure), and a new skills measure. The **skills measure** could look at the proportion of students moving into a ‘high level’ job or one related to their studies, and would need to take account of local demography and labour markets. Other performance measures (such as meeting employer need) would underpin these top level indicators.

The White Paper and the consultation focus most on labour market outcomes, such as finding work, contextualised for local labour markets and demographics. But learning can also have a wide range of other benefits, including health and wellbeing and active citizenship.³ Learning and Work Institute research has shown how this can deliver savings for a range of public services by encouraging engagement and building confidence.⁴

The Government is looking to measure these outcomes for individual colleges and for Ofsted and others to take this into account. But should it also look at the local employment and skills system as a whole to encourage a joined-up approach? Should outcome measures be used, for example, for payment by results, to determine future funding, or inform choices by people and employers about where to study?

Ultimately any system of funding or accountability risks unintended consequences that must be anticipated in advance and mitigated as far as possible. And no system can be a substitute for adequate and sustained funding, and effective and stable policy.

However, the principle of a greater focus on outcomes has a number of potential strengths. These include: **helping to better align** provision with local economic and social need; **supporting providers to maximise their impact** by enabling greater freedom in what learning is delivered and how, with a reduction in other requirements; **demonstrating the impact** of public investment in learning and skills, helping to make the case for increased and sustained investment; and **supporting more joined-up provision** by a focus on outcomes allowing greater freedom in *how* those outcomes are delivered.

This report looks at the experience of a focus on outcomes in Australia, Canada, Ireland and the US, drawing out lessons for England to consider. It then makes proposals for how a greater focus on outcomes could be implemented in England, underpinned by longer-term, simplified funding and a more systems-based approach.

³ Time for action: learning and skills for economic growth and social justice, L&W, 2019.

⁴ Citizens’ Curriculum follow up evaluation report, L&W, 2017.

How could a greater focus on outcomes help?

Learning is central to so many public policy objectives and should be a golden thread running through our approach to, among other things:⁵

- **Employment and progression**, helping those who lost their jobs in the pandemic back to work, widening employment opportunity more broadly, and supporting retraining, upskilling, careers and progression
- **Productivity and business**, helping to increase prosperity and supporting businesses to succeed in the global marketplace including by ensuring skills meet business opportunities
- **Levelling up**, helping to spread opportunity across the country so that everyone has a fair chance in life
- **Net zero**, helping our economy make the transition to net zero by developing green skills and industries
- **Community**, supporting active citizenship as well as health and wellbeing.

There is much to be proud of in England's learning, skills and employment systems. Excellent colleges and providers deliver high quality learning for millions of young people and adults each year. However, to harness the opportunities ahead we need to think differently about learning, skills and employment policy, funding and delivery.

Key challenges

Over the last decade, participation in learning by adults has fallen significantly and young people remain on average lower qualified than in many other countries. This is in part the product of sharp cuts in funding and a system often seen to be overly centralised, with funding that is short-term and scarce, and policy and funding that are measured more by participation than outcomes and subject to almost constant chop and change.

These challenges are well-rehearsed in a range of other reports but include:

Funding. *Participation in learning will only increase if there is additional funding and if people are supported and encouraged into learning and feel it will meet their needs. And sufficient funding per person is a necessary (though not sufficient) condition for learning to be high quality and contribute to delivery of economic and social outcomes.*

Spending on adult skills has been cut by 40% since 2010, though there are now increases planned including the new National Skills Fund which will partially reverse this cut. In addition, per person funding for young people only covers a reduced number of hours teaching per week compared to many comparator countries. Even more clearly demonstrating the impact of learning could help make the case for increased investment.

⁵ Time for action: skills for economic growth and social justice, L&W, 2019.

Complexity and short-termism. *A simpler range of multi-year funding streams could allow colleges and providers to better support people, including by reducing the time spent bidding for small and short-term pots of money and better enabling a focus on impact.*

The key funding streams are the Adult Education Budget (£1.5 billion per year, England only), new National Skills Fund (£3 billion for the UK over five years, consisting of multiple initiatives and England only), 16-19 funding (c£5.5 billion per year, England only), European Social Fund (c£500 million per year, UK wide) soon to be replaced by the UK Shared Prosperity Fund (unknown value), and apprenticeships (c£2.6 billion per year, UK).

In recent years there has also been a proliferation of small and short-term pots of money in England. These include the £65 million Strategic Development Fund (six months delivery), £4 million for employer-led Local Skills Improvement Plan trailblazers (six months delivery, and different to existing Skills Advisory Panels), £220 million Community Renewal Fund (nine months delivery). This is in addition to the Towns Fund, Levelling Up Fund and High Streets Fund, all of which can contain elements of skills and employment support, and the National Careers Service and Careers and Enterprise Company.

The result is a significant amount of time spent bidding as well as a greater volume of contracts for colleges, providers and the government to manage.

A greater focus on outcomes would not necessarily mean fewer new initiatives. But it could allow the Government to introduce these in a way that supports greater flexibility in delivery (e.g. top up funding to support training for high street retail staff that leads to them gaining increased earnings, rather than a tendered fund for a very specific and limited set of qualifications with exclusionary eligibility criteria).

Performance measurement. *In any system there will be a need to assess the quality of learning and provision. However, a greater focus on outcomes has the potential to help individuals to make informed choices about where and what to learn, and provide better additional measures for the Government to assess the performance of learning, skills and employment policy, investment and providers.*

At present, the quality of provision is largely assessed through Ofsted, with the ESFA also looking at the overall performance and financial viability of colleges and providers. Perhaps the central measure of performance is the number of people participating in and completing particular qualifications or programmes.

This then can lead to often unfair concern from the Government and others that colleges and providers are more focused on filling courses than meeting employer need or whether that course will benefit an individual. That then leads to the introduction of limits on eligibility to courses, control and reform of qualification content, and the announcement of multiple, specific funding streams.

Greater focus on outcomes would mean colleges and providers were better able to demonstrate the impact that their provision was having and could help to break this cycle.

Centralisation. *In our view, a system of clear national entitlements, greater local and provider flexibility in delivery, and empowerment of people and employers would be better placed to deliver successful economic and social outcomes.*

At present, most policy, funding, rules, eligibility and accountability measures are driven by and to central government.

A number of entitlements to free learning (for example, for those without basic skills qualifications, without a level 2 if they aged 23 or below, or without a level 3 under the new Lifetime Skills Guarantee) are set in legislation. This gives people some clarity and certainty about their entitlements, as long as they are aware of them and understand the often complex differences between levels, ages, employment status etc.

However, the Lifetime Skills Guarantee (to a first level 3 qualification) is only applicable to a subset of approved qualifications, determined by the Department for Education. They exclude significant areas of the economy as well as retraining (e.g. a second level 3 for a career change). This limits local flexibility and people's choice. In addition, the Skills Bill proposes that the Secretary of State have powers to intervene where colleges do not pay 'due regard' to Local Skills Improvement Plans, with no planned role for local government.

All of these strictures and rules has been introduced for a purpose and with concerns about ensuring value for money and impact. But the cumulative impact risks curtailing the ability of colleges, providers and local areas to tailor support to individuals, employers and local economies.

A greater focus on outcomes could increase local and provider flexibility for delivery, by providing a more effective accountability measure. Rather than being so reliant on plans, limits and process, the Government would be able to see the difference in economic and social outcomes which could only be achieved (assuming the measures are robust, see below for further discussion) if employer and individual needs were met.

Joined-up support. *People and employers are better able to get what they need if support is joined up around them and focused on their needs and outcomes.*

At present, too much learning, skills and employment policy is designed, commissioned and managed in isolation. For example, there is little focus on apprenticeships as a key outcome in DWP employment programmes and each employment and skills service, policy and contract is measured differently (see above). These disjoints in policy and measures make it more challenging for services and support to be joined up in practice.

A greater focus on outcomes across learning, skills and employment support could help to enable more joined-up support by ensuring providers and services are working toward common goals and by allowing the relaxation of rules on *how* services are delivered, although within a framework of clear entitlements and service standards.

The cumulative impact. Importantly, each of these challenges is interlinked – changing one element will have knock-on consequences and so systems-based thinking will be needed to deliver a lasting step change.

A central challenge is the number of targeted, limited and short-term funding streams. Each comes bound in reams of red tape with multiple strings attached and complex rules. But very few even measure the outcomes the Government says it wants and evaluation and learning from past initiatives is too often limited. All of this then limits and affects delivery such that the Government doesn't feel confident to provide sustained flexible funding and so the cycle repeats.

There is no magic answer to ending this cycle. However, an increased focus on outcomes could provide the evidence base and accountability measures to unlock greater freedoms and flexibilities in *how* these outcomes are achieved. It could allow a reduced focus on measuring and regulating inputs and processes. In turn, improved outcomes will only be unlocked by allowing greater freedom in delivery. The two must go hand in hand.

Toward a focus on outcomes

Defining outcomes. A first step in focusing more on outcomes is defining those outcomes. The Skills for Jobs White Paper and consultation focus on labour market outcomes such as finding employment or progressing in learning. However, learning has wider outcomes and focuses, including health, wellbeing and active citizenship. Different forms of provision will have different focuses, and each individual learner will have a particular goal in mind. So it is important to use the right measures for the right provision.

Assessing added value and contextualising outcomes. We want more people to gain positive outcomes (whether economic or social) than they would otherwise get and at better value for money than other ways to deliver similar outcomes. So wherever possible we need to assess the impact of provision relative to a counterfactual or benchmark.

One way to do this is through evaluation of programmes. For example, an evaluation of traineeships showed participants were more likely to be in a positive destination 12 months after completing their traineeships, though there was significant uncertainty over the size of the impact.⁶ There is a clear case for greater evaluation of DfE programmes but this will always come with a time delay so more timely data would be of value too.

Another way is by comparing relative outcomes. For example, were those who completed a plumbing course at provider X more or less likely to be in work 12 months later than those completing a plumbing course at provider Y? This gives an indication of relative impact, but is not perfect – for example, there may be a difference in learner demographics between the two providers, and a focus on the outcome measure may lead them to only enrol the most work-ready.

⁶ Estimating the impact of traineeships – final report, NIESR, IES and University of Westminster, 2019.

A further approach could be measuring outcomes by demographic group. For example, post-learning employment rates for people living in deprived areas, or who are disabled or lone parents, or who were previously qualified below level 2. Perhaps the main risks of this more granular approach are complexity (increasing the range of measures) and whether it will be sufficient to drive focus.

For example, DWP's Work Programme was largely driven by payment-by-results for employment outcomes. It included higher payments for employment outcomes for disabled people in receipt of Employment and Support Allowance than for young people on Jobseeker's Allowance, intended to reflect an expectation that some groups would likely need greater support and take longer to find work than others. However, rather than stimulating investment to test new approaches, investment and support was often cut to reflect the lower guaranteed attachment and service fees.

Importantly, this sort of unintended consequence is not limited to payment by results or outcome measures – it is a risk in any system (see below). The design of any system needs to try to anticipate this, and management needs to spot and tackle it when it occurs.

Other approaches to contextualising outcomes could be comparing labour market outcomes (where this is the key measure) to those of colleges and providers in similar labour markets. Or looking at changes in outcomes over time at the same provider.

Using outcome measures. Potential uses of outcome measures include:

- to help inform people's choices of institution through people's own research or their use by careers advisors and services
- by commissioners and policymakers to identify best practice and work with colleges and providers to make improvements where results are lower than expected
- by commissioners as part of their decision-making processes about future funding, for example as a scoring element in tendering processes or through mechanisms that increase funding to providers exceeding certain outcome levels and / or reduce funding for those below a particular threshold
- as part of quality measures and assurance, such as Ofsted inspections
- as part of a payment-by-results approach that attaches an element of payment to the delivery of a certain level of outcomes.

Avoiding unintended consequences. Any use of outcome measures that could affect enrolments, funding or Ofsted gradings brings the risk of perverse incentives – for example, that colleges and providers focus more on the work-ready if they are measured on employment outcome of learners, or end some provision of focus on lower paying sectors like social care if the focus is on earnings outcomes.

Of course this is equally true of any approach to funding or accountability – all potential approaches (including the current one) risk creating perverse incentives, and so the focus

should be on minimising these incentives in design, anticipating them in advance, and managing them through ongoing performance management.

There are a range of ways that a greater focus on outcomes (whatever the use of this outcomes data) can limit the risk of perverse incentives. That includes effective evaluation of programmes (though with the inevitable time lag), looking at added value measures and contextualisation (as above) and considering measurement by different groups (though with the risk that this adds complexity) as well as perhaps by type of provision.

However, whatever the mitigations, there will be unintended consequences. That is why a 'test and learn' approach will be needed, along with effective monitoring and systems management by national and local policymakers and commissioners, as well as continuing to learn from the experiences of similar approaches in other countries.

Measuring outcomes. We need robust measures that minimise data collection burdens. HMRC data on employment and earnings is already in use by DWP in their employment programmes, and the Longitudinal Education Outcomes (LEO) dataset already links Individual Learner Record details with HMRC data on employment and earnings. The current outcome-based success measures, based partly on this, include data on sustained employment and learning rates six months after learning, though the latest published data covers the outcomes in 2018/19 of learning who completed their studies in 2017/18.⁷

Wider outcomes of learning, such as health and wellbeing, would require additional data collection. Learning and Work Institute worked with adult community learning providers to test how to implement social metrics, such as for health and wellbeing, social capital, and family relationships.⁸ This showed that it is possible to introduce such measures. However, providers would require support and long-term commitment to the measures to enable them to be implemented in a user-friendly way and that builds on existing data systems.

Of course, colleges and providers are not in full control of the delivery of these outcomes. For example, whether someone finds a job also depends on the support they get elsewhere (e.g. Jobcentre Plus) and local labour markets. However, this is an argument for contextualising outcomes, measuring added value (see below) and being careful in their use, rather than simply not measuring outcomes at all.

A systems approach. Lastly, an increased focus on outcomes can be an important component of a 21st century learning, skills and employment system. But it viewed in conjunction with increased funding, changes in policy, and a more joined-up approach nationally and locally. A focus on outcomes requires, but could also underpin, a vision, long-term strategy, collaborative approaches, and evidence-based policy making.

⁷ Further education: outcome based success measures, DfE, 2020.

⁸ Social metrics: measuring the outcomes of non-accredited training, L&W, 2019.

Focusing on outcomes: case studies

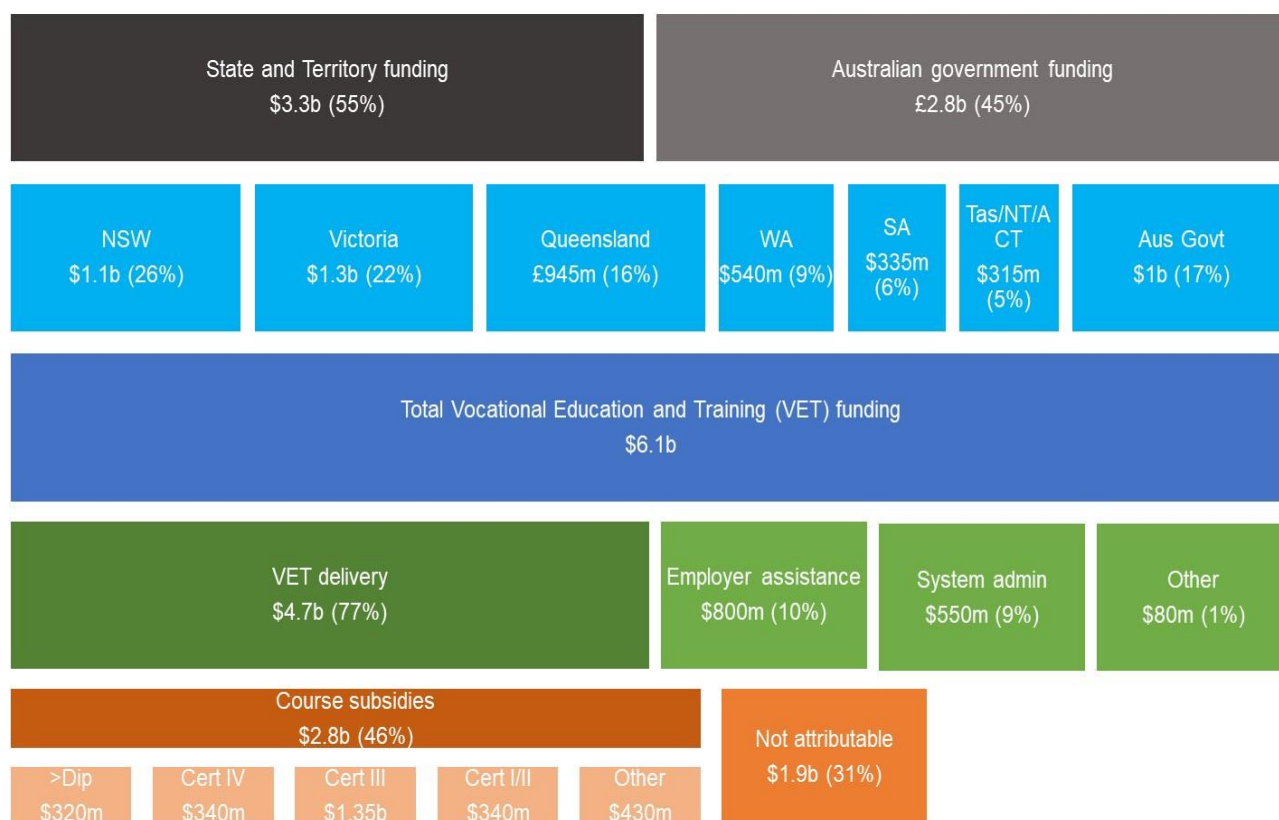
A range of countries have elements of a focus on outcomes in further education and their wider learning, skills and employment systems. This chapter highlights four examples and identifies lessons for the potential approach in England.

Australia

There are 17 million people of working-age in Australia. Around four million students study each year at 3,800 registered training organisations (75% of them private sector) offering around 1,400 qualifications. The National Agreement for Skills and Workforce Development (NASWD) provides a regularly-reviewed investment framework.⁹ This is a high level agreement setting out the objectives for skills and workforce development, approaches to delivering these, and measures of success.

The current agreement was developed in 2012 and sets priorities for investment of A\$6.1 billion per year (around £3.3 billion), of which A\$2.8 billion is contributed by the Australian government and the rest by the states and territories. The states and territories are responsible for the allocation of funds and day-to-day delivery. Since the 1990s there has been a growth in contestable funding and more learning is delivered by private providers.

Figure 1: The Australian VET system



⁹ National agreement for skills and workforce development review: Productivity Commission interim report, 2020.

The NASWD sets a range of measures of success:

- **Outcomes.** Halve the proportion of 20-64 year olds without a level 3 qualification or above to 24% by 2020, and double attainment of higher level qualifications to 108,000
- **Skills.** Proportion of the working-age population with higher level qualifications, and proportion of employers satisfied that training meets their needs
- **Opportunity.** Proportion of the working-age population with adequate foundation skills (literacy level 3 or above), and with or working towards a non-school qualification
- **Training results.** Proportion of VET graduates with improved employment status and education/training status after graduating, measured by a National Student Outcomes Survey.

The NASWD set out ten reform directions needed to deliver these outcomes, including streamlining apprenticeships, data transparency, greater competition, and a national training entitlement. In practice, there are concerns that increased competition and use of loans has not succeeded, with reforms aimed to underpin quality underway.

Progress against the key measures is tracked on an interactive online dashboard, and monitored and analysed by an independent Productivity Commission created by Act of Parliament.

The National Council for Vocational Education Research, funded by the Australian Government, collates data and provides a tool for people to disaggregate this to show results by state/territory, provider type, student demographic etc.¹⁰

Key lessons:

- **The NASWD set out a long-term strategy with a range of quantitative measures of success and meant the Australian and state and territory governments had agreed priorities for reform**
- **It is focused on agreements between different levels of government, rather than with individual providers, and highlights the significance of partnership and coherence in wider policy making and building a shared policy agenda**
- **Transparency of effective information, such as through the performance dashboard, on learning, economic and social outcomes then helps policymakers and individuals see how performance and outcomes vary**
- **Having an independent review of progress and assessment of options can be helpful, but it needs buy-in from a wide range of stakeholders and to remain in place for a reasonable period of time to gain traction with its ideas**

¹⁰ [DataBuilder \(ncver.edu.au\)](https://databuilder.ncver.edu.au)

Canada

There are around 24.5 million working-age people in Canada. The Canadian government provides funding to provinces and territories to help people find work through **Labour Market Development Agreements** and **Workforce Development Agreements (WDAs)**.

Workforce Development Agreements (WDAs) provide C\$722 million (£420 million) annually to fund training for those out of work, underemployed, or looking to upskill or retrain. They set out principles to underpin support (such as innovation and outcome focus) and activities that can be funded (e.g. literacy and on-the-job training).

They also include an accountability framework, including: an annual plan that sets out labour market challenges and plans for investment; regular financial reporting; performance measurement; and evaluation plans.¹¹

Performance measures include: participation levels; employer satisfaction; sustained employment and increased earnings. However, often these measures are self-reported through participant surveys, rather than measured in administrative data or compared to a control group.

Labour Market Development Agreements (LMDAs) invest C\$2 billion (£1.17 billion) each year to provide training and employment support to unemployed Canadians in receipt of Employment Insurance (EI). Budget 2017 invested an additional C\$1.8 billion (£1 billion) over six years through these agreements. The provinces and territories then have freedom to provide services with this funding, tailored to their local labour markets. As at May 2021, there were 2.2 million EI recipients, a sharp rise on pre-pandemic levels.

The LMDAs set out the measures that provinces and territories may fund such as wage subsidies, training, employment support, and earnings supplements for people who find low paid work. They include the delegation of National Employment Service functions. The use of funding varies between provinces and states, but overall in 2014-15 51% (C\$7,150 per participant) was spent on skills development, 35% (C\$700 per person) on employment assistance services, 6% (C\$4,700) on targeted wage subsidies, 6% (C\$11,100) on self-employment, and 2% (C\$8,400) on job creation partnerships.

LMDAs also include reporting measures including the number of active EI claimants accessing support, the numbers returning to employment, and savings to the Employment Insurance Account.¹² LMDAs and the services funded through them are also evaluated. For example Ontario's showed a significant increase in employment outcomes and

¹¹ See, for example, British Columbia's WDA: [WorkBC - Labour Market and Industry](#)

¹² See, for example, Quebec's LMDA: [Canada-Québec Labour Market Agreement \(in Principle\) - Canada.ca](#)

earnings for participants¹³ as did Manitoba's, while evaluations also look at process and implementation challenges.¹⁴

Key lessons:

- **WDAs and LMDAs set out a long-term partnership between the federal and provincial and territorial governments**
- **They include devolution of funding but also transfers of federal staff and institutions, with local freedom to tailor support and a defined list of eligible people and services**
- **LMDAs and WDAs also include a clear but limited set of outcomes that can be measured and benchmarked, and plans for evaluation**
- **The agreements provide a framework that can be built on with additional funding or services as new priorities emerge.**

Ireland

There are around 3.3 million people of working-age in Ireland. SOLAS, an agency of the Department of further and higher education, research, innovation and science, was established in 2013 by the Further Education and Training Act. Its role is to fund, coordinate and monitor further education and training provision in Ireland.

Each year its €800 million (£690 million) funding supports 200,000 learners to undertake 25,000 further education and training courses, working with 16 education and training boards. There are 64 Further Education and Training (FET) centres focused primarily on level 5-6 provision, and a wider network of 293 community-based facilities offering learning primarily at levels 1-4.

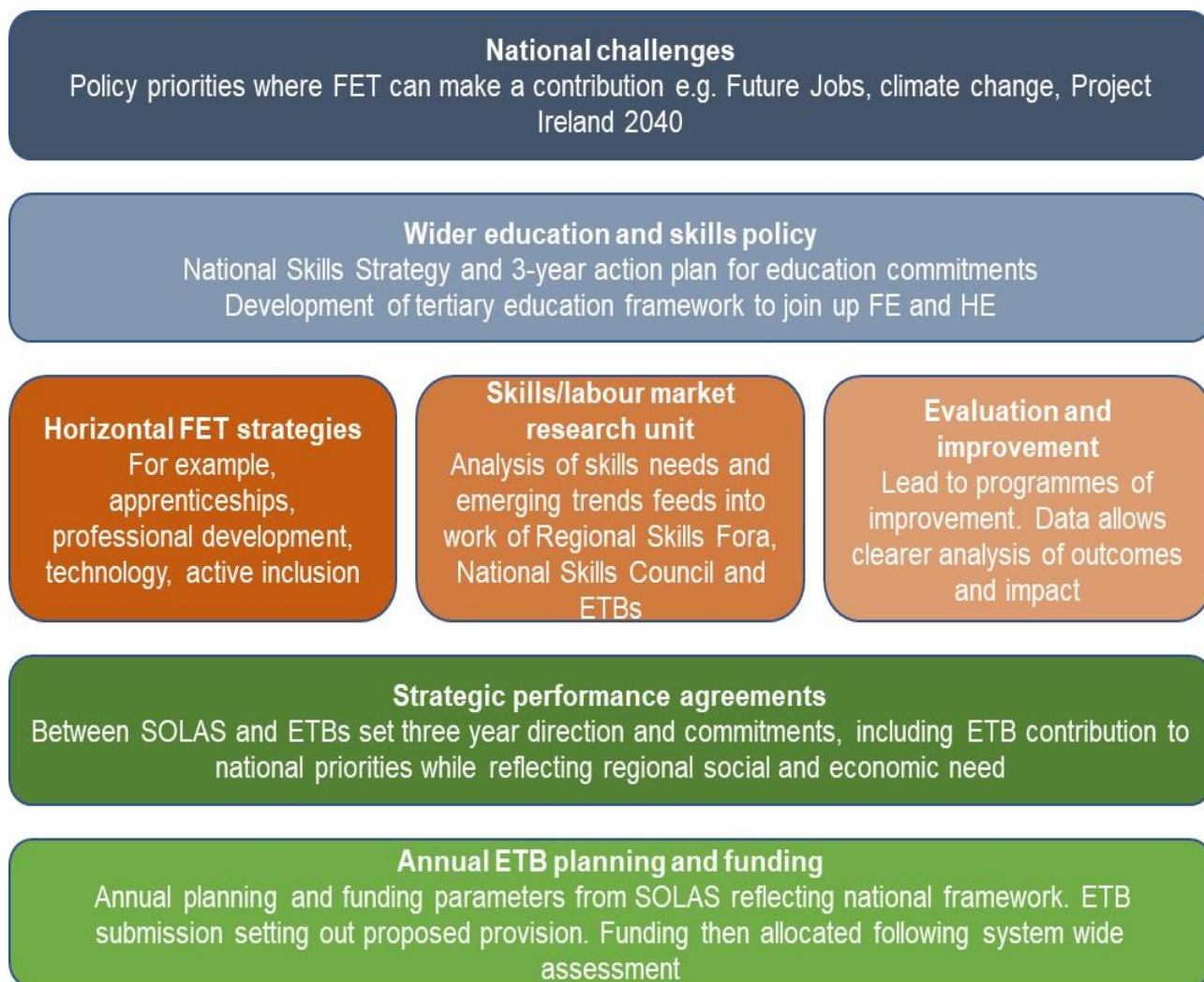
SOLAS' framework for investment is its Further Education and Training Strategy 2020-24.¹⁵

¹³ [Evaluation of the Canada-Ontario Labour Market Development Agreement](#), Employment and Social Development Canada, 2017.

¹⁴ [Evaluation of the Canada-Manitoba Labour Market Development Agreement](#), Employment and Social Development Canada, 2018.

¹⁵ [Future FET: transforming learning – the national further education and training strategy](#), SOLAS, 2020.

Figure 2: Strategic framework for Further Education and Training (FET) in Ireland



The national strategy sets a framework and priorities, as well as six outcome measures:

1. **Generating jobs.** Numbers getting jobs after completing a course
2. **Learning pathways.** Numbers progressing within VET or to HE after provision
3. **Active inclusion.** Numbers receiving certification for level 1-3 skills
4. **Lifelong learning.** Number of VET learners aged 25-64
5. **Meeting key skills gaps.** Additional qualifications in key skills
6. **New models of delivery.** New apprenticeships and traineeships.

Education and training boards (ETBs) then have local responsibility for provision, to try and ensure it is tailored to local labour markets. This is set out in strategic performance agreements, introduced in 2018, between SOLAS and the 16 ETBs. These agreements:

- describe the local labour market and local resources available, including the baseline for existing provision
- identify strategic priorities for the next three years

- set out the contribution this will make to national VET targets.

For example, the City of Dublin ETB's Strategic Performance Agreement 2018-20 includes an analysis of **learner groups**, map of **existing provision** (by geography and sector), identification of **priorities** (including progression, employer engagement, and expansion of work-based learning), and numerical **performance targets** matching to national performance measures (including a 69% increase in learners studying in priority areas and a 10% increase in learners finding work after labour-market focused provision).¹⁶ This provides the framework for investing money from SOLAS, which totaled €79 million in 2017 and supported over 75,000 beneficiaries.

Key lessons:

- **A national strategy sets out a limited (six) number of key priorities with a simple, quantifiable measure for each. This can make it clearer to translate the national priorities into local plans and to measure progress**
- **Three year plans then give Education and Training Boards a longer period of time to deliver against these and local priorities.**
- **There is always a risk that any performance targets create perverse incentives e.g. to pick the most work-ready learners and this needs to be avoided in target setting (e.g. through the analysis of learner groups) and performance management.**

United States of America

There are around 205 million people of working-age in the US. This case study considers features arising from the 1998 Workforce Investment Act (WIA) and 2014 Workforce Innovation and Opportunity Act (WIOA).

Workforce Development Boards

The 1998 and 2014 Acts allocate investment for workforce development from the federal government to employer-led Workforce Development Boards in each state and at local level. These boards are then responsible for ensuring publicly-funded workforce development and job training programmes are effective and work together.

The legislation requires states and grantees to collect information on the following measures:¹⁷

- **Employment rate** second quarter and fourth quarter after exit from programme
- **Youth education and employment** rate second quarter and fourth quarter after exiting programme
- **Median earnings** second quarter after exit from programme

¹⁶ Strategic performance agreement 2018-20, City of Dublin Education and Training Board, 2018.

¹⁷ [WIOA performance measures](#), Department of Labor, 2021.

- **Credential attainment and measurable skills gains** (ie qualification completion)
- **Effectiveness in serving employers**, with pilot measures including employee retention, repeat use of the training provider by the employer, and employer penetration rate.

This data is then published in annual reports for each main programme funded under the WIOA.¹⁸

Open data on outcomes

The WIOA requires state and local Workforce Development Boards to identify eligible training providers who can receive funding.

The federal government publishes data on the outcomes achieved by each eligible training provider on [trainingproviderresults.gov](https://www.trainingproviderresults.gov) so that individuals can make informed choices about where to undertake training and commissioners can benchmark performance.

This allows people to search by programme (e.g. accountancy) and geography (e.g. New Jersey). Data is available on course completion rates, employment rates (second quarter after exiting the programme), and median earnings (second quarter after exiting the programme). These measures are shown compared to the national average and can also be compared to a shortlist of other providers selected by the user.

Similarly, the federal government also publishes a searchable site for college and community college outcomes collegescorecard.ed.gov giving graduation rates, cost and average earnings after graduating.

Key lessons:

- **The outcomes used are a limited set of metrics that are directly relevant to the type of learning funded – the focus is on workforce development, and hence employment rates and earnings are central measures**
- **Responsibility for investment and delivery is devolved to employer-led boards chosen by the states and local areas, and these outcome measures underpin accountability for this investment**
- **Outcome data is also seen to be an important tool for individuals to make informed choices about which training provider to use. All the data is openly and transparently available, although it is for individuals, employers and careers advisers to contextualise this based on their knowledge of each institution's student intake and local labour market.**

¹⁸ See, for example, [PY 2019 WIOA Performance Summary 2021.2.25.xlsx \(dol.gov\)](#)

A framework for England

Our overall vision is for a much greater focus on the economic and social outcomes of learning, skills and employment programmes. This should underpin both greater devolution to local areas and assessing and informing delivery by colleges and providers, underpinned by multi-year funding and greater freedom in *how* to deliver.

A number of core principles have underpinned our work in translating that vision into practical recommendations:

- **Breadth.** Our approach should value *all* the benefits and outcomes of learning, and recognise that different types of provision have different focuses and aims
- **Simplicity.** Our approach should be as simple as possible so measures are easily understood, can be more effectively used, and do not significantly increase the burdens of data collection
- **Focus.** Our approach should ensure everyone has fair access to support and tackle inequalities in participation and outcomes
- **Evidence.** Our approach should increase the evidence base over time and help to spread best practice.
- **Collaboration.** Our approach should be based on national and local government, employers, colleges and providers working together, and evolve over time
- **Performance.** Our approach should be used as a tool to aid improvement over time and a focus on support needed to do this, rather than simply for accountability
- **Coherence.** Our approach to outcomes should go hand in hand with other reforms such as simplification of funding and increasing flexibility in delivery.

In practice, there are additional considerations to bear in mind in developing proposals and of course there is also a balance to be struck between some of the principles too (e.g. having a greater focus on ensuring equality in participation between groups is likely to require at least some additional complexity in measures).

Taken together, we make five key recommendations for focusing on outcomes in learning, skills and employment support in England.

1. Focus on core economic and social outcomes, including narrowing inequalities in participation and outcomes

A relatively limited set of outcome measures is more likely to focus attention and limit reporting burdens, though it is important to recognise that no set of measures will ever capture the full impact of learning and skills support.

It is right to focus on quality, including through Ofsted reports, and participation in and completion of programmes. On top of this we **propose four outcome measures**, building on the measures required of US Workforce Development Boards:

- **Employment** rates six months after completing provision
- **Median earnings** six months after completing provision
- **Progression to further learning** at a higher level six months after completing provision
- **Social** outcomes (picking one from either health and wellbeing or social capital)¹⁹

These measures could form the basis for the Government's proposed Skills Measure, though data for each measure should be available individually too. The Government should also look to develop a measure of **meeting employer need**. This could include the proportion of employers reporting increased productivity six months after training or the proportion of employers in priority areas engaging in the provider's or area's employment and skills services.

This would not preclude national or local government agreeing additional outcome measures, though balancing the benefit this could bring from the additional burden of measurement. However, having a core, limited and common set of outcomes would have the benefits of simplicity and comparability.

Headline measures are of limited value without context that helps to assess **added value**. One assessment of added value comes from evaluation and a data lab approach (see recommendation 4). The Government should also work with the sector to develop added value and contextualised measures of the above outcomes such as benchmarking outcomes against providers operating in similar labour markets or with similar demographics. The need to avoid perverse incentives is a further reason to proceed in a collaborative way in developing and testing measures.

To help focus on tackling inequalities and adding value, data for each outcome measure would be gathered for **priority groups**. These priority groups should be set nationally, but with some local flexibility to tailor according to local need. They would include groups historically under-represented in provision or outcomes, and aim to give a focus on and measure for efforts to tackle inequalities. Priority groups would likely include: people living in deprived areas; lone parents; people from BAME backgrounds; and people out of work for 12 months or more.

This means that three figures would be measured and published for each outcome metric for each provider or local area or 'in scope' provision: headline outcome for all participants; outcome levels for priority groups (amalgamated as a whole, but with breakdowns for each group within this available separately); and national average outcomes from all providers.

In terms of **coverage**, outcomes would be measured and published for the totality of funding devolved under devolution agreements (see recommendation 2) as well as for

¹⁹ As per L&W's previous work with adult community learning providers, there are established metrics for these outcomes which can be used. See: Social metrics: measuring the outcomes of non-accredited training, L&W, 2019.

adult skills provisions funded through the Skills Fund for individual colleges and providers (see recommendation 3). For colleges and providers, the Government should work with the sector to explore whether to extend this approach to: provision for 16-19 year olds; apprenticeships; and European Social Fund and UK Shared Prosperity Fund.

Lastly, the burden of **data collection** on individuals, employers and providers must be minimised. That should mean using HMRC (or LEO) data for economic outcomes (earning and employment), particularly given these measures would be required six months after provision has been completed which may make it challenging for colleges and providers to collect otherwise. The Government would need to explore whether further data sharing agreements or up front consent from participants is needed for their anonymised data to be used in this way. For wider and social outcomes, some increased data collection would be inevitable. However, the Government should work with providers to assess how best to do this and whether other data collection can be reduced to compensate – a sort of ‘one in, one out’ approach to reporting requirements.

2. Ambitious Labour Market and Skills Agreements, devolving greater responsibility to local government based on outcomes

Based on the Canadian model of Labour Market Development Agreements, the Government should agree deals with local government to devolve more learning, skills and employment funding and give greater freedom in *how* this is invested. These would be articulated in Labour Market and Skills Agreements (LMSA) setting out the approach local areas will take, the outcomes that will be delivered, and the approach to evaluation and evidence.

This would be along the lines proposed in Learning and Work Institute’s work for the Local Government Association (LGA).²⁰ Those proposals identified different aspects to devolution: service design and delivery; budgets and financing; determining policy; objective setting; and governance and partnerships.

The scope is potentially large, with the LGA estimating an annual employment and skills spend before the pandemic of around £10 billion in 2016 across 17 funding streams and programmes.²¹ Note that some of these funding streams will have since changed in value and 16-19 funding is a large proportion. Funding in scope could include: Jobcentre Plus delivery; contracted employment programmes; National Careers Service; Careers and Enterprise Company; Adult Education Budget; National Skills Fund; and ESF/UKSPF.

The amount, scope and type of devolution would vary depending on local areas experience, economy and priorities. This could mean greater devolution initially to London and some Mayoral Combined Authorities (many of whom already have devolved

²⁰ Work local: report to the Local Government Association on developing a modern, local, public employment and skills service.

²¹ Is the grass greener...? Fragmented Funding for Growth 2016/17 – An independent report for the LGA, Shared Intelligence, Local Government Association, 2016.

responsibilities for the adult education budget), but there should be an ambition for devolution to more areas over time where the evidence supports this.

The differing geographical boundaries used by different Government departments present a challenge, and a Levelling Up White Paper is planned. However, one way forward would be to ask local areas to put forward proposals for the most appropriate geography for LMSAs (which would vary across the country). The Government should also give greater consideration to aligning the geography of future policy initiatives to these boundaries and other policy areas. Lastly, while some providers operate nationally it would be their delivery in an LMSA area that would form part of the overall dashboard and agreement, while the overall performance of the provider across the areas it operates could be considered under a provider-wide outcome agreement (recommendation 3) if needed.

Each LMSA would, as in the Canadian model, set out an analysis of key national and local labour market and learning priorities, the budgets to be devolved, the types of interventions and provisions eligible for funding (based on the evidence of what works), analysis of target groups, outcome measures and benchmarks (the four identified in recommendation 1), and a strategy for evaluation of impact.

Ongoing data on performance against the four outcome measures should be published in one place, along the lines of the online scorecard from Australia's Productivity Commission. As in recommendation one, it would be important to develop contextualised measures including of added value to allow these measures to be used to identify best practice and target support where it is needed.

The Government should commit to at least four trailblazer LMSAs, working in partnership with local government to agree which areas they will operate in and what they will cover, agreeing this in the forthcoming Spending Review. It should then set out a timetable and framework for expanding the number of LMSA areas over time, as evidence allows.

3. Introduce outcome agreements for colleges and providers, with scorecards showing delivery of economic and social outcomes

The Government should work with the sector to develop outcome agreements for each college and large provider,²² similar to the model in Ireland. This could start with a small number, perhaps ten, of trailblazers before being expanded to all colleges and large providers by 2025.

It should be clear about the purpose of these outcome agreements: their focus should be on demonstrating the impact of learning and skills, supporting collaborative working with other services, and being clear about how colleges and providers delivery will contribute to

²² It would be sensible to have some kind of materiality threshold, whether that's a certain total amount of public funding or particular volume of learners, below which outcome agreements would not be required.

national and local goals and priorities. This is much broader than a sole or primary focus on providing an additional accountability mechanism.

Each outcome agreement should cover at least three years (see below for recommendation on longer-term funding) and could have four core elements:

1. **Funding.** *What funding streams and amounts are included?*

This could include: 16-18 funding (if judged appropriate to include in these agreements, and with a particular focus on further learning and employment outcomes); apprenticeship funding; adult provision, in particular National Skills Fund, Adult Education Budget and European Social Fund and its successor UKSPF.

2. **Delivery priorities.** *How will colleges or local areas deliver services?*

This could include common service standards, entitlements, or services that the Government wants to ensure are in place everywhere, and other national priorities such as the transition to net zero plus local economic priorities.

The agreement should also demonstrate how employers' needs including as articulated through Local Skills Improvement Plans and Local Enterprise Partnerships, will be met and how provision will be tailored to reflect local economic development priorities.

3. **Outcomes.** *What outcomes will be delivered?*

This would include annual profiles for each of the four outcome measures set out in recommendation 1, as well as articulating expected contribution to other national or local priorities (e.g. supporting the transition to net zero, or local economic development).

4. **Review.** *How will success be measured?*

This includes delivery of outcome measures, but also plans to evaluate provision to see what makes the most difference and inform future plans. This should also include how feedback from people and employers will be gathered and used to inform provision.

In this case, it is likely that outcome agreements would want to differentiate between support for 16-18 year olds (or potentially exclude that provision from this initial phase) and those 19+, given the different policy objectives, support etc available for each. The outcome agreement framework and four outcome measures are flexible to allow this to happen. For example, it is likely that progression to a higher level of participation learning would be more important for 16-18 year olds and that employment rates would be more important for other age groups (though people of any age can progress to higher learning and 16-18 year olds can be in work with training, as well as full-time education or training).

The Government's proposed Accountability Agreements offer a potential basis to work from. Our proposed Accountability Agreements would be wider (covering all funded provision, not just that from the Skills Fund) and have clear evaluation plans.

We do not recommend that these outcome measures are used for a payment-by-results approach, at least initially. Instead they should be a tool to measure the impact of provision and identify areas of success and areas where extra support to improve results is needed.

4. Take an open data approach, including developing a Skills and Employment data lab and a public-facing outcomes website

An open approach to sharing data, while respecting people's privacy, is essential to gaining the benefits of a more joined-up approach. That includes sharing, as appropriate and with their agreement, data on individuals between providers to provide for a smoother and better service for them. So effective **data sharing agreements** would be needed to underpin an increased focus on outcomes.

An open data approach also requires a step change in availability and use of data on the performance of programmes. The Government should publish a **data dashboard** on delivery of outcomes compared to profile by provider, along the lines of the US [trainingproviderresults.gov](https://www.trainingproviderresults.gov), so people are better able to make informed choices and to allow tracking against national ambitions and local delivery. Not all potential learners would use this tool and people make decisions about whether, what and where to learn on the basis of a range of factors that varies by demographic, type of learning and over time. However, some would undoubtedly find it useful and it may attract people not currently considering participating in learning to consider doing so.

In addition, the Department for Education and Department for Work and Pensions should work together to develop an **employment and skills data lab** by 2023. This would be modelled on the Justice Data Lab, which allows providers to submit details of offenders with whom they have worked. The Ministry of Justice then assesses reoffending and employment rates of participants compared to a control group. All results are published.²³

The employment and skills data lab would take a similar approach. Providers would be able to submit data (such as National Insurance numbers) of their participants, and the Government would then compare employment and earnings outcomes for participants against a matched sample. For a relatively small investment, this could revolutionise our understanding of what works. The DWP has been working on an employment data lab for a number of years.²⁴ It should now accelerate progress to rollout (previously planned for summer 2020) and work with the Department for Education to broaden its scope.

5. Be ambitious in simplifying funding streams and introducing greater freedoms and flexibilities, to ensure colleges and providers have the tools to deliver improved outcomes

A greater focus on data regarding economic and social outcomes should both enable and be underpinned by ensuring colleges, providers and devolved areas have the tools they

²³ [Justice data lab statistics](#), Ministry of Justice, 2021.

²⁴ [The DWP employment data lab](#), DWP, 2019.

need to deliver. That means tackling the other challenges detailed earlier in this report at the same time, with the greater focus on outcomes giving the Government sufficient confidence to do this as well as ongoing data on the impact being delivered in practice.

In particular, it would require a focus on:

- **Clear lifelong learning strategy.** Demonstrating clear national priorities and objectives through a ten year strategy for lifelong learning in England.
- **Increased and sustained funding.** There is a clear case for longer-term funding for colleges and providers. We would suggest a three year funding envelope to match the expected spending review period.
- **Fewer funding streams.** The National Skills Fund and Adult Education Budget should be merged, as the Government proposes, and the Department for Education should limit the number of additional funds they create. Elements of the UK Shared Prosperity Fund could also be merged into the new single adult skills budget.
- **Greater freedoms and flexibilities.** For example, all approved level 3 qualifications should be eligible for the Lifetime Skills Guarantee (rather than the current subset chosen by the Department for Education). It should be extended to level 2 and those retraining at level 3, as well as modules of qualifications (rather than just full qualifications) particularly where these are linked to specific career pathways and jobs. A greater focus on outcomes should allow this by giving a clear measure of impact on employment and earnings (concerns about which appear to be driving the current complex and limiting set of rules).
- **Better integrated work and skills support.** For example, there is currently not enough support for people who need to retrain for a different job or sector. Skills funding is focused on those without a qualification at a particular level and mostly on young people, while the employment system is focused on finding a job as quickly as possible. To reflect the reality of longer working lives and a changing economy, we need a much more ambitious offer for people needing to retrain, building on proposals we set out for people on furlough earlier in the pandemic.²⁵

There will always be a balance between national priorities, rules to ensure effective value for money, clear entitlements and service standards for people, and greater flexibility for colleges and providers. An increased focus on outcomes could both allow a move to greater freedoms and flexibilities as well as being necessary for maximising outcomes and increasing investment. The Government's proposals take us mostly in the right direction, but we need to go further. We should grasp the opportunity to make this a tool for demonstrating impact and supporting collaborative working.

²⁵ When furlough has to stop: next steps to avert long-term unemployment, L&W and Reform, 2020.