

FE AND SKILLS SYSTEM REFORMS

AN UPDATE

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FE AND SKILLS SYSTEM REFORMS: AN UPDATE

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EXECUTIVE SUMMARY

In June 2007 the Government announced radical changes to the way young people and adults were to be funded in the future. In *Raising Expectations: enabling the system to deliver* the Government published in March 2008 we set out proposals for transforming the post-19 skills system and creating a new Skills Funding Agency (SFA). Since then, DIUS has been working closely with DCSF, DWP, colleges and providers to develop the new system.

In this document we summarise our progress towards developing a demand-led system. We describe the roles and responsibilities of the Skills Funding Agency and how it will be structured around four customer facing gateways, the roles of other parts of the system including colleges and providers and the timescale for transition.

We have already made great progress towards achieving our targets for raising participation and skills but need to do more to achieve the Leitch ambition. The changes we are introducing will enhance current arrangements and refine and simplify existing processes to ensure they respond even more flexibly to learner and employer need.

The expansion of Train to Gain has been impressive with over 101,000 employers and 570,000 learners involved since autumn 2006. We want even more employers to use the service to improve the productivity of their business. We've listened to employer demands, and introduced additional flexibilities over the summer and will increase funding to over £1 billion by 2010-11.

And the £350 million package of support for Small Mediums Enterprises will offer significant flexibilities to help them survive the economic downturn, and emerge stronger to take advantage of new opportunities. Our new investment strategy published on the 20 November 08 indicates future direction and this document demonstrates how that new direction will be implemented.

For learners and potential learners the new single service we are introducing through Skills Accounts and the new adult advancement and careers service will ensure they have the best possible information about their choices and are empowered to follow the options they choose. Informal Adult Learning, Offender Learning and English for Speakers of Other Languages (ESOL) all play an important role in reaching out to the more disadvantaged in our society and we are refocusing these services to ensure they do this in the most effective way.

The SFA will pass post-19 funding to colleges and providers in direct response to customer choice and ensure that funding follows the learner. It will set skills funding priorities and rates, manage provider accreditation arrangements and run the allocation and settlement, performance management and intervention systems. The SFA will drive up employer demand, take the lead in ensuring skills needs are assessed and will act as the catalyst in areas to bring partners together to be responsive to local need.

Funding decisions will be driven by a national skills strategy informed by the UK Commission for Employment and Skills' (UKCES) analysis of future skills needs.

Employers will have a greater influence on qualifications through re-licensed Sector Skills Councils (SSCs).

This document also sets out how we want college to self organise. We want colleges and providers, both individually and collectively, to reflect employer and individual demand locally and sub-regionally and deliver what is appropriate in their area. We expect greater efficiencies through, for example shared services and propose to legislate to introduce a formal duty to co-operate.

Finally the document sets out the timeline for action. By April 2009 we will have our fully functioning National Apprenticeship Service providing a comprehensive service for employers and apprentices. By 2010 we will have a new Skills Funding Agency which will provide the underpinning infrastructure to support all our employer led work through Train To Gain, we will have created our gateway for advice and guidance through establishing our New Advancement Agency Careers Service, which will be the first port of call for those who need support and we will have in place a streamlined responsive mechanism that supports learners who enrol in colleges and providers directly. In doing so we will ensure all our clients including those who are unemployed have a personalised learning experience which allows them to continue in education and or employment or both.

CHAPTER 1: TRANSFORMING FE AND SKILLS

A strong demand-led FE and skills system which focuses on developing the skills of our people to the fullest possible extent and ensures employers and individuals are easily able to access skills support through a single customer interface and a strong network of independent world-class colleges and providers.

Clear emphasis on responsiveness both to employers through Train to Gain and the Apprenticeship Service, and individuals through an adult advancement and careers service, which is integrated with Jobcentre Plus, and colleges and learning providers.

A new system, through Skills Accounts, to allow students and prospective students clear gateways, provide simple uncluttered access routes into education and learning and provide appropriate support whatever route they take, whether they are employed or unemployed.

Greater integration between employment and skills services, reduced regulation and streamlined transparent systems that allow providers to be responsive to need.

Flexible and responsive vocational qualifications.

1.1 Ambition for the FE and skills system

For 2010 and beyond we need an FE and skills system that is flexible, responsive and able to adapt to changing needs and circumstances. We need a system capable of responding quickly to the immediate and future needs of employers and individuals. A system that allows colleges and providers to be innovative and entrepreneurial in how and what they deliver.

We have a strong foundation on which to build. The FE service, and colleges and providers in particular, have already achieved so much for both young people and adults with more young people staying on in post-compulsory learning, more adults in the workforce achieving qualifications and more apprentices completing their frameworks. Success rates in FE continue to increase (up to 78% in 2006/07 from 74% 2 years earlier for LSC funded learning) and good progress is being made against our skills targets (see section 1.2)

This excellent progress demonstrates how well placed we are to meet our ambitions for learners and employers, at the same time as we respond to current and future social and economic challenges. But, as ever, we need to do more – for employers, for individuals, and for communities. As we face new economic and social challenges we need system that allows colleges and providers to be innovative and entrepreneurial in what and how they deliver.

That is why the Government is continuing to increase investment in the FE service. Already up by 53% in real terms between 1997 and 2008, around £12.4 billion a year will be invested in developing the skills of young people and adults by 2010-11

including an increase in investment for adult skills – up by 7% in real terms - from £4.6 billion in 2007/08 to £5.3 billion in 2010.

We need the FE and skills system to engage and support those who are most excluded from education, the labour market and society and, increasingly, to support those who are newly unemployed and who may be struggling to update their skills and navigate their way through a changed labour market.

At the same time, it will continue to have a crucial role in working with employers to deliver the skills they need now and in the future. Even during an economic downturn our focus must remain on helping businesses to get the skills they need to improve their competitiveness and compete globally. This includes training local people who are out of work, and giving them the skills employers want. It also includes providing higher level skills, supporting innovation, and encouraging knowledge transfer.

We will expect colleges and providers to cooperate in meeting strategic skills needs where this will deliver the best outcomes for learners and employers.

In *Raising Expectations: enabling the system to deliver* we set out our proposals for transforming the post-19 skills system. In this document we describe our strategy for delivering our skills ambitions and the contribution we expect from all parts of the FE and skills system.

1.2 The importance of skills

Skills are key to the country's economic success.

For adults: better skills are a route to achieving better jobs, career progression and higher incomes to support their families. They are the key to greater social mobility, enabling individuals to get on because of their talent and hard work, and not just because of their background.

For employers: a more highly-skilled workforce is a route to achieving higher productivity and, in the private sector, greater competitiveness and profitability, and an ability to compete in emerging markets.

For communities: better skills can create an escape route from generations of low ambition and low achievement.

We set out our 2020 ambition for skills and the supporting policy programme in [World Class Skills](#).

2020 ambition in *World Class Skills*:

- 95 % of adults functionally literate and numerate (up from 85% literacy and 79% numeracy in 2005);
- Over 90% of adults qualified to at least 5 GCSEs at A*-C grade or equivalent (level 2) (up from 69% in 2005);
- 1.9 million more people qualified to A level grade E or above or equivalent

(level 3) by 2020 (4 million total);

- 500,000 apprentices a year across the UK; and
- More than 40% of adults to have a higher education qualification (level 4 and above) up from 29% in 2005.

We will know we are making progress if, by 2011:

- 597,000 people of working age have achieved a first Level 1 or above literacy qualification;
- 390,000 people of working age have achieved a first, entry level 3 or above numeracy qualification;
- 79% working age adults are qualified to at least full level 2
- 56% of working age adults are qualified to at least full level 3
- 130,000 apprentices complete the full apprenticeship framework in 2010/11

and by 2014:

- 36% of working age adults are qualified to level 4 and above (34% by 2011)
- Participation in HE (18-30 year old) increased towards 50% with a growth of at least 1% every 2 years to 2010-11.

We have already made very good progress:

- 74.4% of economically active adults in England are now qualified to at least level 2 – an increase of 1.7million adults since 2002.
- There are 2.2 million more adults in the workforce in England with level 3 and above qualifications now, compared to 2001
- 184,000 apprenticeship starts in England – up from 65,000 in 1997 – framework completion is now 63% up from 40% in 2004/05
- Since 2001, 2.276 learners have achieved their first Skills for Life (literacy and numeracy) qualification – meeting the 2010 target of 2.25 million two years early.

Achieving this ambition will require new approaches to delivering skills training: an efficient system that responds to market need supported by more investment in skills from Government, employers and individuals.

1.3 The Principles

In *Raising Expectations: enabling the system to deliver*, we set out our proposals for reconfiguring skills delivery mechanisms: a new adult skills funding mechanism driven by employer and learner choice and the infrastructure needed to support a truly responsive system. Following the formal consultation and in continuing extensive discussions with our key partners and stakeholders we are developing the detail of the new system. Our aim is a system, overseen by a new SFA that:

- is driven by learners and employers, provides choice and is accessible and coherent at every level;
- implements set of public entitlements/rights to learning
- facilitates progression and advancement at all levels from basic skills to higher level skills and into Higher Education and sustainable work
- encourages co-investment in skills and workforce development
- is simple, transparent, national and equitable
- is less bureaucratic and reduces regulation
- is accessible by the third sector

In the rest of this chapter we summarise the co-ordinated package of policies we have introduced and continue to develop to ensure an employer and learner driven service, including the reform of vocational qualifications.

1.4 Train to Gain - the employer responsive service

Employers can access the skills training they need through Train to Gain, high quality, specialist providers and academies and apprenticeships.

Employers can influence delivery through the UK CES , Regional Development Agencies, SSCs and Sector Compacts.

Employers' interaction with the system will be simple and transparent.

We are continuing to put in place a co-ordinated package of policies to help employers upskill their workforces and ensure they are able to access the training they need when and where they need it.

Since it was launched in 2006, [Train to Gain](#) has engaged over 101,000 employers and supported over 570,000 learners to begin their learning programmes. Over 291,000 learners have achieved a qualification of which over 254,000 are full level 2 and almost 16,000 full level 3 achievements.

By encouraging and supporting employers to train their entire workforce and providing training which fits in with business need Train to Gain is improving access to training and progression for all adults in the workforce.

We are increasing funding for Train to Gain from £520 million in 2007-08 to over £1 billion by 2010-11 making a significant contribution towards the Government commitment to increasing the proportion of adult skills funding that is delivered through demand-led routes. But Train to Gain is a developing service and we think

it's especially important to listen and respond to employer demand in the current economic climate.

As part of the wider Government action to help businesses weather the current economic conditions we are providing £350m and new **flexibilities for small and medium sized businesses** to help them train their staff. Training for small and medium sized businesses (SMEs) in England is now a priority in Train to Gain and training at level 2 will be free for all SME employees regardless of whether they already have qualifications at that level. From January 2009, free bite-size courses in business-critical areas, including business improvement techniques, IT and customer service, will be available to SMEs to raise productivity. In addition, businesses with less than 50 employees can still receive a contribution to wage costs to cover the cost of time off to train. Management and leadership training has been opened up to the smallest employers and is now available to employers with 5 to 250 employees.

The integration of Train to Gain brokerage with Business Link from 1 April 2009 will further strengthen and simplify the service to employers giving them a single access point for the range of skills and other business support they need to underpin the success of their business. Our aim is that every broker who is in contact with an employer will have a discussion about the skills needs of the business.

To help ensure that the Train to Gain offer meets the needs of every sector, we have already agreed 10 '**sector compacts**' with employers in key sectors of our economy. Worth over £630 million over three years, these work in partnership with SSCs to tailor the Train to Gain offer to respond to the strategic challenges of each sector. They offer a range of benefits including:

- tailored, sector-specific advice from skills brokers;
- joint Sector Skills Council-LSC marketing about the specific skills offer to employers in specific sectors, with information about qualification routes to meet industry standards;
- for businesses with more than 250 employees, a full subsidy is available echoing the offer to smaller, private sector businesses at Level 2 and 3 for people who are already skilled at that level for qualifications that SSCs say are the most important to the sector.

These three-way agreements between DIUS, the Learning and Skills Councils and SSCs/other sector bodies set out the specific offer to employers in the sector within Train to Gain. Sector compacts have so far been agreed with 10 SSCs and sector bodies and together these are worth some £630m over three years. We are negotiating further sector compacts and will be looking to ensure that each sector offer responds to the impact of the current economic downturn.

The **London 2012 Olympic Games and Paralympic Games** provide an incredible opportunity to generate new investment in skills as well as transport and redevelopment not just for London but the whole of the UK. To take advantage of the opportunities, both in the run-up to 2012 and through its legacy of investment, businesses must ensure they have the skills and talent they need to expand into new markets, fulfil supply contracts and sustain growth. Working closely with DWP we

intend to use the 2012 Games to stimulate the number of people entering work and increasing their skills across the UK. The 2012 Games will offer more than 7,000 direct contracts valued at over £6 billion. It will require thousands of construction workers at the Olympic Park and to stage the Games there will be some 16,000 additional staff in and around the different venues.

In June 2007 we launched the [Skills Pledge](#), a voluntary commitment by employers to support all their employees to improve their skills and qualifications to at least a level 2. To date over 6,800 employers have committed to the Skills Pledge covering over 4.9 million people. We will continue to promote the benefits of skills development to employers and aim to encourage ever increasing numbers of employers to commit to the Skills Pledge.

The [UK CES](#) was established in 2008 to advise Government on employment and skills strategy. The Commission will play a key role in the new FE and skills system and this is described in more detail in chapter 2.

An important area of the Commission's work will be to advise the Government on **simplifying the services for employers** and on 23 October 2008 it published [Simplification of Skills in England](#). We are already introducing more streamlined arrangements, for example, through integrating skills brokerage and new arrangements for SMEs (see above) and with help from the Commission will continue to identify further opportunities for simplification.

The UKCES is overseeing the **re-licensing of SSCs**. It issued a [prospectus](#) on 14 July 2008 setting out a refocused remit and the challenges SSCs will have to meet to be re-licensed and will make recommendations to Government on which SSCs should receive a new licence. We expect all new licences to be issued by the end of 2009.

The Government believes that a sectoral approach is the best way to reach employers, and SSCs enable employers to have their collective voice heard. Through the relicensing process, the SSC remit is being refocused around three strategic objectives: raising employer ambition and investment in skills; articulating the future skills needs of their sector; and ensuring that the supply of skills and qualifications is driven by employers.

All SSCs have now completed their first full **Sector Skills Agreements (SSAs)** which provide the framework for SSCs to work with employers, key delivery agencies and Government to address priority skills issues in their sectors.

Based on their SSAs and labour market intelligence, all SSCs have completed **Sector Qualifications Strategies**. Eighteen standard setting bodies are also developing qualifications strategies. Using these strategies, SSCs are now leading the process of ensuring that Vocational Qualifications (VQs) fully meet the needs of their sector and are consistent in terms of standards and transferability. They have been piloting a process of 'approving' VQs prior to accreditation and a final approval process will be in place by early 2009. Further information on SSCs is available at www.sscalliance.org.

We are continuing to expand the network of employer led [NSAs](#) which are becoming increasingly popular with employers. Their role is to transform the supply of skills, working through specialist networks of top FE colleges and training providers, some including HE partners. There are 10 NSAs in operation, 2 in development and a further 4 entered their business planning stage in October 2008. Our ambition is still to have at least 1 NSA in every major sector of the economy, resources permitting. We expect the first sixteen NSAs to have offered learning opportunities to approximately 880,000 learners during their first five years of operation.

We expect NSAs to play a lead role in the collaborative cross sector effort that is needed to deliver the generic skills, specialist skills and FE knowledge transfer services needed if the UK is to seize the market opportunities arising from the transition to a low carbon economy.

Building on the success of CoVEs, we have developed and introduced a new two part [Training Quality Standard](#) (TQS) to replace the CoVE programme and the LSC Quality Mark. This new, higher standard has been designed by employers and SSCs to improve the responsiveness of all the employer-facing services offered by FE colleges and training providers, as well as to recognise their specialist vocational excellence in skills delivery. TQS accreditation is now a requirement for LSC capital funding and for membership of NSA-led specialist networks.

Over 200 colleges and training providers have registered for TQS accreditation and over a third of those have so far secured accreditation, many for their specialist vocational excellence as well as their general employer responsiveness. In addition, four major employers have also secured elements of accreditation, including BMW and Scania. This opens for the first time the possibility of major employers joining National Skills Academy led specialist networks, and/or becoming eligible to apply for LSC capital funding to invest in training infrastructure. Over time we expect the TQS to be owned and assessed by an independent organisation. CoVE status will not exist beyond Summer 2010.

The LSC's **National Employer Service** (NES) focuses on large employers in England with over 5000 employees who operate across many regions. The core remit of NES is to be a catalyst for large employers to invest in the skills of their workforce. Their account managers help employers establish relationships with both FE and HE sectors and to extend learning into all parts of their workforce especially those without qualifications. NES encourages large employers to make the Skills Pledge and to use Train to Gain and Apprenticeship routes to meet their commitment to workforce development. NES has recently expanded to position it to deliver its target of engaging 200 of the FTSE 500 companies by 2009 and 300 by 2011.

From 2010, the NES will be based in the SFA.

The new **National Apprenticeship Service** (NAS) will have end-to-end responsibility for the Apprenticeship programme, including ultimate accountability for the national delivery of targets. In the immediate future the NAS will be formed as a separate and distinct service within the LSC. The NAS will operate both at national and sub-regional level and will:

- deliver the Government’s policy on apprenticeships, including achievement of the targets set by Government;
- establish and maintain a national matching service for employers and would-be Apprentices;
- assess potential providers for quality and value for money;
- lead a national information and marketing service;
- promote Apprenticeships to employers, providers and potential learners; and
- work with the Connexions service to promote apprenticeships as a positive career option for young people.

The NAS will be fully operational from April 2009 and housed in the SFA from 2010.

1.5 A service for the individual learner

Individuals will have knowledge and resources to make informed choices and access the right learning opportunities through the adult advancement and careers service, Skills Health Checks and Skills Accounts

Greater Integration of Employment and Skills services

A wide range of provision including ESOL, Informal Adult Learning and offender learning

A right to request time to train

A simple and transparent individual customer journey

The FE service already provides an extensive range of learning opportunities and caters for a wide and diverse range of learners. But if we are to achieve our skills ambitions and help individuals achieve their full potential we need to ensure all learners and potential learners have access to the right learning opportunities for them, have the best possible information about their options and are empowered to follow their options of choice.

By developing an **adult advancement and careers service** and rolling out **Skills Accounts**, our aim is to create a seamless service which people can use to help them get on in their career, and to manage challenges in their lives. This is particularly important in the current economic climate, where having the right and timely information about opportunities and making the right decisions will be critical. The service will be operational from autumn 2010.

Skills Accounts will put people in control of the public funding available to support their learning, by giving them an upfront sense of how much they could be entitled to, a “virtual voucher” which they can redeem at a college or provider, a record of their skills and qualifications that they can take with them through life, and an “account statement” showing how much the state, employers and individuals have invested in

their training. Skills Accounts trials began in September 2008 in the South East and East Midlands.

The adult advancement and careers service is the future evolution of our current careers advice services, to draw together wider sources of advice on handling the full range of barriers individuals may face in accessing training and employment (eg. childcare, employment rights, personal finance), delivered as one seamless source of advice for the individual. [Shaping the Future - A New Advancement Service for England](#) published on 29 October 2008 sets out the vision for the service and the timetable for implementation.

The new service will be for everyone – whether seeking work, looking to return to work or change career, wanting to improve their prospects by moving up in their chosen career, or simply learning for enjoyment. It will operate in close partnership with Jobcentre Plus to ensure that those seeking work receive a seamless offer of support to help them into sustainable employment, and with Train to Gain skills brokers to help employers and employees work together on skills development. It will link up with Connexions services and with all sources of advice on HE, so that young people and adults can find out about all their options in one place. It will operate alongside key advice services such as those delivered directly by colleges and training providers.

Whilst the acquisition of skills for employment are crucial to the future economic prosperity of all our people we also recognise the enormous contribution **Informal Adult Learning** makes to the quality of life, health and well-being of individuals, neighbourhoods and wider society. It also plays an important role in reaching out to disadvantaged groups, including families, older people and adults who have had least access to learning in the past.

We are developing an informal adult learning strategy for the 21st century that makes the best use of available public funding and secures flourishing, innovative informal adult learning opportunities across the public, private, voluntary and self-organised sectors. We want strong local partnerships to shape the local offer and secure join-up with other strategies such as community participation, cohesion and well-being.

The report of the recent [informal adult learning consultation](#) and DIUS' response, published on 9th October, set out a broad policy direction. We are now working with partners, stakeholders and other Government departments to explore and develop proposals in preparation for publication of the informal adult learning strategy in early 2009.

We set out our strategy for **Offender Learning** in [Reducing Re-offending Through Skills and Employment: Next Steps](#) published jointly with the Ministry of Justice and Department for Work and Pensions. It provides offenders in both custody and the community with the skills that will help them secure and retain employment and reduce their re-offending.

We are trialling the programme of activity described in the strategy in the West Midlands and the East of England and contracts for the refreshed offender learning and skills delivery arrangements in prisons will be let by the LSC from August 2009. The refreshed service will include a core curriculum, a virtual campus for delivering

e-learning and other sources of advice and guidance on a range of issues. It will be underpinned by a new data exchange system that will, for the first time, ensure data on offender learners' ambitions and achievements are available immediately to the receiving establishment on transfer.

We also believe that English language skills are vital to integration and cohesion. The ability to communicate effectively in English is instrumental to enabling every individual to play a full part in their community and contribute to the wider economy. **ESOL provision** plays an important role in supporting adults to gain these skills.

Following the ESOL consultation earlier this year we are developing a new approach to planning ESOL provision, driven by locally identified priorities to support community cohesion. Under the proposed model, a sub group under the Local Strategic Partnership umbrella will consider the mix of provision and services required to meet ESOL needs and priorities in the context of local demographics and the basket of national indicators which measure aspects of community cohesion. The LSC and, in due course, the SFA will retain overall responsibility for procuring provision in response to these plans. The model will be in line with the principles for the SFA business model – light touch, focused on outcomes and non-bureaucratic.

We will publish our proposals and next step early in 2009 and detailed guidance for local partnerships in Summer 2009.

The **Foundation Learning Tier (FLT)** www.flt.excellence.qia.org.uk will create a more coherent system of units and qualifications drawn from the new Qualifications and Credit Framework (QCF). It will replace and rationalise the current complex range of provision and qualifications below Level 2 for young people and adults.

Progression Pathways are a key feature of the FLT and consist of a mix of functional, personal and social development, and vocational skills dependent upon the need of the individual. Learners will progress onto a full Level 2 qualification, skilled work or an apprenticeship, a Foundation Diploma or GCSE, or independent living and supported employment.

FLT Progression Pathways are being piloted in approximately 300 centres in 2008/09. We anticipate a significant increase in the number of providers delivering Progression Pathways in 2009/10 in preparation for full implementation in 2010/11. We would also expect to see a corresponding reduction in current arrangements for learners at entry and level 1 in terms of the Key Stage 4 Engagement Programme, Entry to Employment, Foundation Learning in Further Education and some aspects of First Steps learning (specifically that provision which can be accredited into the QCF).

Following our consultation on the **right to request Time to Train**, we are planning legislation. For the first time, employees will be given a statutory right to request from their employer time away from their core duties to undertake relevant training. The new right will closely follow the legal model of the current right to request flexible working, making it easier for employers to work with the new right using the procedures they already have in place to manage flexible working requests.

Employers will be under no obligation to grant requests and could refuse them where a good business reason exists.

Giving employees a right to a serious conversation with their employer about their skills development will help encourage and support adults to develop their skills and rise as far as their talent will take them. This new legislation will be a key component in ensuring that employees and employers increase their investment in skills training.

The Time to Train provisions will be included in a fourth session Education and Skills Bill planned for introduction in mid-January 2009 and we expect the right to request Time to Train to come into force by Regulations in 2010.

We have been enjoying high levels of employment in recent years. Currently there are 3.1 million more people now in work compared to 1997 and 1 million fewer people on out of work benefits. Even without the current economic circumstances we must provide the best possible advice and support for those who are not in work. As set out in "Work Skills", <http://publications.dius.gov.uk/workskills/> published on 12 June we are working with DWP and Jobcentre Plus to develop fully **Integrated Employment and Skills (IES)** – bringing together the employment and skills systems to provide a seamless service that will increase people's chances of getting into sustained employment with skills progression. The offer to workless individuals comprises seven core elements, with additional complementary local activity:

- An enhanced skills screening process
- Referral processes
- Skills Health Checks
- An enhanced Nextstep careers advice service
- Skills Accounts
- Flexible and responsive provision
- Support to access appropriate job opportunities

Trials of elements of the new service started in the West Midlands on 29 September, and will be followed in 9 other areas from November 2008. We will test mandating of Jobseekers Allowance customers to skills provision where a skills need has been identified and suitable provision is available. These trials will inform national roll-out of the full service by 2010-11. By 2010-11 over 100,000 people will have been helped to get into work and achieve a recognised qualification.

On 15 October we announced a £100m package over the next 3 years building on IES trials to **support newly redundant workers** facing the greatest barriers, eg, older workers and the low skilled. The extra funding will be available for people who are currently facing redundancy and those looking for work to help them retrain and develop their skills so that they can quickly move back into sustainable employment, either in their existing sector or a brand new one.

This money will enable people to choose exactly what they need from a range of approved training providers. It's about making sure everyone gets the personal support they need to give them that crucial edge in getting their next job. The money will be used to pay for anything from new skills or qualifications to get people ready for work, to on-the-job training in an entirely different field.

1.6 Reforming Vocational Qualifications

The UK Vocational Qualification Reform Programme will give employers greater confidence in the value of vocational qualifications in enhancing their competitiveness, and help make learners' achievements more highly respected and valued by employers.

The changes aim to create a system:

- based on learner and employer needs;
- with greater clarity and more flexibility and choice;
- encouraging a more skilled and productive workforce;
- allowing individuals to fulfil their potential; and
- supporting greater social justice and opportunity.

A key part of these reforms is the new **Qualifications and Credit Framework (QCF)**, being developed to hold unit- and credit-based vocational qualifications in England, Wales and Northern Ireland (Scotland already has an established credit framework - the Scottish Credit and Qualifications Framework). Vocational Qualifications with units - or components - allow greater flexibility in the structure of qualifications, such as optional and employer-specific units. Units can also be completed at learners' and employers' convenience. Each unit is worth a number of credit points, based on learning hours. Credit points are awarded after each unit is successfully completed, and learners' achievements are captured on a learner record.

Following two years of test and trails, Ministers announced final decision about the roll-out of the QCF in October 2008. In England, the LSC will start switching funding to QCF qualifications and away from National Qualifications Framework (NQF) qualifications from August 2009 and by the end of 2010 all vocational qualifications will comply with the regulatory arrangements set out for the QCF.

CHAPTER 2: MAKING IT HAPPEN - REFORMING THE DELIVERY CHAIN

2.1 A responsive FE and skills landscape

Raising expectations: enabling the system to deliver emphasised the need for the post -19 landscape to be responsive both to employers through Train to Gain and the Apprenticeship service, and individuals through an adult advancement and careers service integrated with Jobcentre Plus, and colleges and learning providers. The objectives of a demand-led market are set out in Diagram A.

In this chapter we describe the new delivery arrangements to support a truly demand-led system, including the roles and responsibilities of the new SFA and other key organisations in the FE and skills system.

Diagram A: objectives for a demand-led market

Objectives for a 'demand-led' market

The Machinery of Government (MOG) changes created the opportunity to accelerate the introduction of a demand-led system- as outlined in *World Class Skills* and *Further Education: Raising Skills, Improving Life Chances*.

A radical vision for a 'demand-led' FE market where we establish a new Skills Funding Agency which acts as the regulator, funder and commissioner for a much more active and transparent market. The challenge is to translate words into practical, agreed solutions.

Target outcomes for the FE market include:

- Economic growth through global competitiveness
- Reduced unemployment/unemployability
- Social inclusion and cohesion
- Culture of life-long learning
- Efficient use of public funds

Objectives for the supply side include:

- Demand-led, responsive provision
- More innovation and diversity of provision
- More self-direction and support
- Higher quality and stronger reputation
- Integrated, simpler interface with Government regardless of funding source



Market management objectives include:

- 'Light touch' regulation - risk based, low burden, limited intervention
- Demand-led, real-time funding
- Greater self-regulation
- Support focused on Government priorities
- Aggregation/co-ordination of mechanisms and interventions across Government and by target segments

Objectives for demand side include:

- Informed customer choice
- Increase in employer-led demand
- Greater alignment between individual and employer demand
- Increased and more effective take up by disenfranchised and disadvantaged groups
- Increase % of population with Leitch Level 2 & 3 qualifications and apprenticeships

For learners, the new system will respond directly to their needs. It will provide clear uncluttered access routes into education and learning and provide appropriate support whatever route they take, whether they are employed or unemployed. Skills Accounts will encourage participation and empower prospective learners to choose what's best for them.

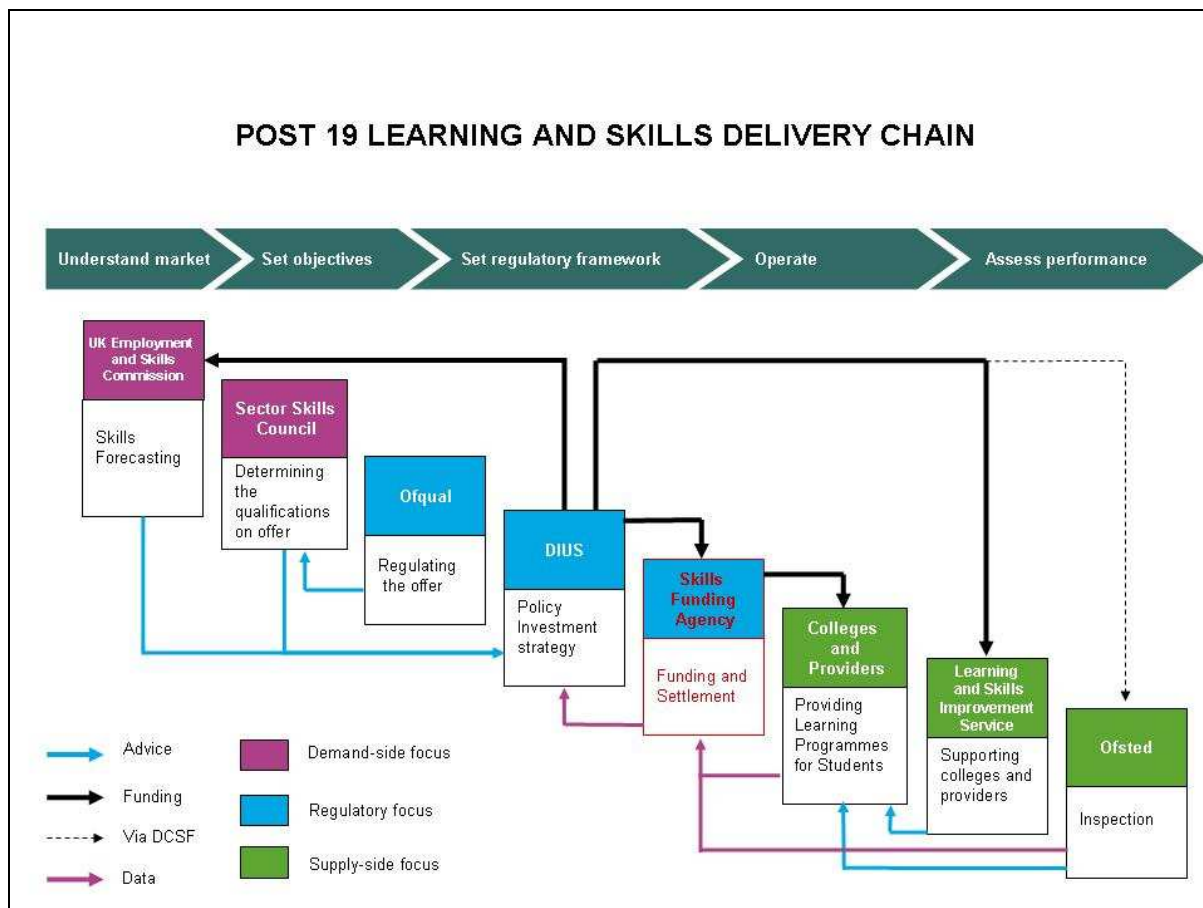
Employers will have a much greater influence on how skills funding is used and on qualifications. They will be able to access the skills training they need quickly and easily through effective brokerage services without the regulation inherent in the current system.

The new structures will further support the integration between employment and skills services, reduce regulation and have streamlined transparent systems that allow colleges and providers to be responsive to need. Evolution to and beyond 2010 will involve significant changes as colleges and providers extend their range and scope but in doing so it is important to recognise and support the role publicly funded colleges, together with many independent providers, both private and third sector, have in their community.

2.2 The new FE and skills landscape: roles and responsibilities

The post-19 landscape must be capable of supporting the demand-led system of funding that we are putting in place. In developing the business model for the SFA we have considered its role within the wider post-19 landscape and set out below the respective roles and responsibilities of those in the delivery chain, including the critical roles of colleges and providers.

Diagram B: The new FE and skills delivery chain



FE Sponsorship

DIUS is responsible for sponsoring FE. We will work closely with Department of Children, Schools and Families (DCSF), the Department of Work and Pensions (DWP) and other Government departments to maximise FE's contribution to wider policy priorities and to represent FE's interests with them. The SFA will work closely with the YPLA to support FE's role in delivering services for young people. In particular, the SFA will have overall responsibility for provider performance and intervention.

Skills Forecasting and Setting Priorities

The new FE and skills system will be driven by the assessment of employers' current and future skills needs. The UK Commission for Employment and Skills (UK CES) will forecast skills and report on the State of the Nation, with input from Sector Skills Councils (SSCs), Regional Development Agencies (RDAs) and other key partners such as local and regional employment and skills boards.

DIUS will use this information to set a national strategy and targets and agree an investment strategy, working closely with DCSF (to ensure progression routes for learners and coherence across pre- and post-19 for colleges and providers) and DWP.

DIUS will issue an annual budget with targets and priorities to the SFA. A Performance and Funding memorandum will set out in more detail the Secretary of State's requirements of the SFA. The SFA will be held to account for delivery of priorities through agreement of an annual business plan.

Funding

The SFA will be responsible for funding learning and skills. It will ensure funding to colleges and providers is driven by the choices of individuals and employers and facilitate the development of Train to Gain, the new adult advancement and careers service, and the National Apprenticeship Service. It will work with the UK CES and DIUS to ensure effective investment of public money.

- The UK CES will report on the skills needs of the nation.
- DIUS will use this skills needs forecast to develop an investment strategy which informs the contracting and funding approach of the SFA.
- The SFA will ensure sufficient capacity is available to deliver the entitlements and meet customer need in each area. It will ensure public money flows in response to customer choice, and that national funding approaches and eligibility support a demand-led system, ensure effective use of public money and deliver the government's priorities.

We have listened to colleges and providers who have told us that the system is too complicated and intend to streamline the procurement process to ensure the system easily allows for funding to follow learner and employer choice, we propose to move to a system of accrediting providers who receive public funding. The SFA will be responsible for overseeing the accreditation system, which will be established by 2012.

Accredited colleges and providers will be given a "funding envelope" based on their track record. Within that overall "envelope" they will have the freedom to respond to local employer and individual demand. They will not be constrained by detailed plans and frequent oversight by the SFA. Each accredited provider will have an SFA account manager who will allocate the "envelope" and review likely take up of funding at regular points during the year. The account manager will be able to vary the "envelope" during the year where demand is lower than expected or a provider is underperforming.

Funding priorities and systems for 2009-10 are set out in *Government Investment Strategy 2009-10*, *LSC Grant Letter* and *LSC Statement of Priorities* published in November.

Qualifications

Re-licensed Sector Skills Councils (SSCs) will have the lead role in determining the qualifications which deliver skills that add economic value and should be eligible for public funding. With the UK Commission of Employment and Skills they will also work on National Occupational Standards and vocational qualification reform, including Apprenticeships.

Ofqual will regulate the standard of qualification and assessment processes across the whole spectrum of learning below degree level. They will define and monitor the standards of the Qualifications and Credit Framework (QCF) and criteria for entering units and qualifications on the QCF and accredit awarding organisations. Ofqual and SFA will agree the appropriate funding rates for new qualifications and the eligibility of qualifications for public funding.

The Qualifications and Curriculum Development Agency (QCDA) advises Ministers on the curriculum and developing and delivering qualifications and assessments. We expect QCDA to develop criteria for major qualifications such as GCSEs, A levels and Diplomas, which Ofqual could then adopt.

Awarding bodies will continue to develop qualifications and employers, FE colleges and other organisations will be able to become accredited to award qualifications.

Colleges and Providers

Colleges and providers have critical responsibilities and roles in the new FE and skills system which reflects the maturity of the sector and the drive towards self regulation and determination. They will be responsible for delivering what is appropriate in their area, as led by employer demand, by:

- cooperating with other colleges and providers, and with others, for example, employment and skills boards, to address employment and skills needs expressed locally, regionally or nationally;
- cooperating with each other as and when needed and appropriate to achieve greater efficiencies (e.g. through shared services/procurement) and effectiveness (e.g. peer assessment, workforce development, or as members of NSA-led specialist networks);
- determining their own development and improvement needs and commissioning LSIS to build capacity;
- operating with grants and contracts that allow maximum responsiveness and flexibility to meet local need (multi year contracts and framework agreements based on outcomes); and
- taking a leading role in the economic development and regeneration of the communities they serve.

Colleges and providers already work very effectively together in a wide variety of ways and we want to build on this by encouraging them to establish self organised networks to meet the needs of employers in relation to skills training.

Performance

DIUS, DCSF and DWP will share policy responsibility for the performance management framework. The framework will be light touch and build around the Framework for Excellence (FfE). Colleges and provider performance will be monitored on an on-going basis through minimum levels of performance, FfE measures and the inspection cycle.

The SFA will maintain its register of accredited providers and will share this approach with other funding organisations contracting with these providers e.g. YPLA, local authorities and DWP. Accreditation will be given to providers who reach a minimum standard to enable them to deliver publicly funded learning. This will provide a streamlined way of enabling new providers to enter the publicly funded learning market. The register will enable learners and employers, and their advisers, to access on-line information about each provider and what they deliver, when and how well.

Individual providers will continue to be responsible for improving their own performance and can draw on support from the Learning and Skills Improvement Agency (LSIS). The SFA will oversee FE college and provider performance and each college and provider will have a single point of contact – the account manager. Where a college or provider is meeting the minimum requirements there will be no need for outside intervention. But where minimum requirements are not being met, the SFA will take action quickly and fairly.

As now, adult provision falling below the minimum level of performance will trigger a Notice to Improve and/or a quality improvement plan. The effectiveness of the plan will be the sole responsibility of the college or provider although LSIS will support them in developing and implementing the plan.

For 16-19 provision in FE colleges, the YPLA will inform the SFA where there are performance issues and, where appropriate, the SFA will convene case conferences with the YPLA, local authorities and other stakeholders.

Inspection

Ofsted will continue to hold the remit to inspect and report on both pre- and post-19 provision. The inspection cycle will be informed by previous performance, so some colleges and providers with good inspection results will be inspected on a six year cycle.

College and Learning Provider Support

LSIS will facilitate college and learning provider support. LSIS is owned by the FE service and will design and deliver leadership and improvement programmes that support the quality of learning and the organisations delivering it. In consultation with other stakeholders such as the SFA, Ofsted and YPLA it will produce guidance on self assessment and peer review. LSIS will help the system to innovate and create strong self-organised networks.

Table 1: Summary of the new roles and responsibilities

DIUS	<ul style="list-style-type: none"> ▪ Overall Leadership of the system ▪ Determining Overall Investment and Priorities ▪ Determining Performance System (FfE) and responsibility for policy evaluation ▪ Responsible for meeting the Skills PSA
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	<ul style="list-style-type: none"> ▪ FE sponsorship including colleges and learning providers' contribution to DCSF targets ▪ High profile lead for research on skills
UKCES	<ul style="list-style-type: none"> ▪ Responsible for Advising DIUS on the skills needs of the country, including regional strategic needs ▪ Monitor and challenge performance of employment and skills system ▪ Managing the FE and Skills research function ▪ Managing SSCs, ensuring their effectiveness and advising on re-licensing
SSC's	<ul style="list-style-type: none"> ▪ Determining the Skills offer for their vocational area. ▪ With the SFA, raising employer demand for skills
RDA's	<ul style="list-style-type: none"> ▪ Determine with SFA and Jobcentre+ the Regional Skills strategy and manage the new integrated brokerage service that includes skills.
SFA	<ul style="list-style-type: none"> ▪ Lead and provide the four client gateways (NAS, Employer Responsiveness, adult advancement and careers service, and Learner Responsiveness) and underpinning systems ▪ Funding colleges and learning providers. ▪ Work with Local Authorities on Multi Area Agreements ▪ Work with YPLA at national and regional level.
Colleges and learning providers	<ul style="list-style-type: none"> ▪ Colleges and learning providers meeting student and employers learning and skills requirements ▪ Cooperate with Local Authorities, Employment and Skills Boards and each other to address skills needs and provide a range of support services of their choice which could include peer assessment, staff development programmes, shared services and procurement.
Ofqual	<ul style="list-style-type: none"> ▪ Regulate the qualifications offer
LSIS	<ul style="list-style-type: none"> ▪ Support college and learning providers performance and facilitate self improvement and self regulation ▪ Developing innovatory practice
Ofsted	<ul style="list-style-type: none"> ▪ Provide a independent view of college and learning providers' performance

Other key players in the FE and Skills system

Other organisations that continue to play a key role in the FE and skills infrastructure are:

DWP and Jobcentre Plus: the Government Department and Agency responsible for delivering services to people who are out of work. They play a critical role in delivering an integrated employment and skills system and will need to be involved in developing solutions for learners and employers, such as links between pre and post employment training.

Lifelong Learning UK: the sector skills council for lifelong learning responsible for the professional development of all those working in the FE and skills service and for setting standards for occupational competence in the delivery and support of learning. It is also responsible for developing the lifelong learning [Sector Qualifications Strategy](#).

Institute for Learning: the professional body for teachers, trainers, tutors, student teachers and assessors in the FE service.

Becta: the Government's lead agency for improving learning through the effective application of technology. Becta is responsible to DCSF and DIUS for delivering 'Harnessing Technology 2008-2014', the national e-strategy for learning and children's services and has published a specific implementation plan for technology in FE and Skills (both available at <http://publications.becta.org.uk>).

JISC (the Joint Information System Committee for Higher and Further Education): provides the national digital network and infrastructure for the whole education system and also works with colleges and providers. It is primarily funded through HEFCE.

Standards Verification UK (SVUK) is responsible for endorsing initial teacher training qualifications and approving specialist qualifications for teachers of ESOL, literacy and numeracy in the lifelong learning sector in England and Wales. They work closely with higher education institutions, awarding bodies and training organisations offering these qualifications and play a vital role in ensuring the quality of initial training and continuing professional development through work with providers and stakeholders.

2.3 Skills Funding Agency high level structure: customer gateways

To ensure that the SFA focuses on the needs of its customers, it will be a streamlined organisation and visible to customers only through its products (Train to Gain, Skills Accounts, adult advancement and careers service etc) ensuring that the services are as simple as possible for the end user. It will have four key business units which will provide customer facing gateway for employers and learners. These will be supported by a set of underpinning functions and internal corporate functions:

- *National Apprenticeship Service*: will lead the development and delivery of the new apprenticeship programme, increase employer engagement, manage the apprenticeship vacancy matching service and increase trainee participation.
- *Train to Gain: employer responsiveness*: will deliver a national skills service to all sizes of business in all sectors and include the National Employer Service. It will ensure a demand-led skills system which raises employee skill levels, is valued by employers and used by them to seek brokerage interventions to help them find solutions. It will aim to secure a culture change that makes employers value skills.

- *Adult advancement and careers service:* will deliver an outsourced service which is universal, integrated with Jobcentre Plus and coherent with services for young people and HE.
- *Learner responsiveness:* will fund colleges and providers in responding directly to the learner including through Skills Accounts, skills services for those that are out of work and specialist provision such as Offender Learning and Informal Adult Learning. This area will also include integrating employment and skills.

2.4 Skills Funding Agency: functions

The SFA will underpin delivery of the demand-led system. It will support the evolving landscape, including the sub national review, Local Area Agreements and Multi-Area Agreements, and complement Regional Development Agencies and new Local Authority powers in relation to economic development and worklessness.

The SFA's primary remit will be to route post-19 funding to FE colleges and other providers swiftly, efficiently and securely in direct response to customer choice. It will ensure that national funding approaches support a demand-led system and that public money is used effectively in delivering the Government's priorities.

To ensure coherence and performance of further education for both young people and adults, the SFA will oversee the whole FE service and its responsiveness to the strategic skill needs of employers and learners, working closely with the new Young Person's Learning Agency (YPLA).

National functions:

At national level the SFA will:

- set and publish skills funding priorities in the light of a Grant Letter from DIUS;
- set funding rates and issue funding guidance;
- manage the National Apprenticeship Service;
- manage the National Employer Service including Train to Gain;
- manage the learner responsive system – Skills Accounts, Offender Learning, Informal Adult Learning, Integrated Employment and Skills services;
- manage the raising demand side interventions - Skills Pledge, Sector Compacts, Sector Skills Councils' Agreements, agreements with Business Link on brokers etc.;
- manage the adult advancement and careers service and the national advice line, Adult Learner Support including supporting students from pre-employment into training and work;
- manage the capital investment programme
- set up and manage an approved provider accreditation register;
- design and manage the FE Information Technology architecture including underpinning systems such as the Learner Registration Service which assigns the unique learner number, the Qualifications and Credit Framework etc.;
- run the Data collection service including data exchange and reporting; and
- manage the SFA corporate services including internal communication, HR, and internal finance and property management.

In addition, through a college and learner provider business account management system, the SFA will:

- manage the Skills Account process;
- run the allocation and settlement system;
- manage the performance intervention system and reallocation; and
- manage the ESF budget.

Regional functions

The regional and sub regional skills agenda is being considered carefully as part of the design of the SFA. The SFA will be responsible for ensuring sufficient capacity is available to deliver the entitlements and meet customer need in each area, through an effective contracting process and stimulating the development of a highly responsive offer which meets employer and learner needs.

The SFA will work closely with the YPLA, regional skills and employment boards and other local and regional skills bodies so that it is able to respond quickly and flexibly to regional and local skills needs and deliver . At a regional level the SFA will support the strategic skills agenda and will:

- determine regional skills requirements in the light of the UKCES analysis;
- develop regional skills and employment plans through the regional skills partnership a statement of regional skills and employment priorities in conjunction with the Regional Skills Partnership and Employment and Skills Boards which reflects the UKCES' State of the Nations report and implements regional and local skills and employment board strategies;
- work with the central capital team to draft and publish the underpinning regional capital investment plan and infrastructure changes;
- provide skills advocacy and build partnerships to ensure strategic skills needs are met;
- champion and deliver raising demand for skills initiatives such as Skills Pledges;
- support the national provider performance function; and
- ensure skills are prioritised in Multi Area Agreements (MAAs) and Local Area Agreements (LAAs).

In addition the SFA must:

- be student/ learner and employer driven providing choice, and coherent and accessible services at every level;
- ensure that public monies are only used to fund high quality education, training and learning programmes;
- implement a set of public entitlements/rights to learning (as being reinforced through the current Education and Skills Bill) which contribute to LAAs & MAAs;

- be able to facilitate progression and advancement across the continuum from pre-employment support/basic skills to the higher level skills, and into employment, career enhancement or further learning in Higher Education;
- encourage co-investment in skills and workforce development through compacts and mutually reinforcing incentives in Train to Gain and Skills Accounts;
- ensure easy access and funding for the Voluntary Sector;
- ensure all systems are simple, transparent, national and equitable; and
- reduce bureaucracy, regulation and overall administration cost.

The effectiveness of the system will depend on the responsiveness of colleges and providers and how, both individually and collectively, they reflect employer and individual demand locally and sub-regionally. We will support colleges to build their capacity to do so, including through collaborative working and self organised networks (see Chapter 3).

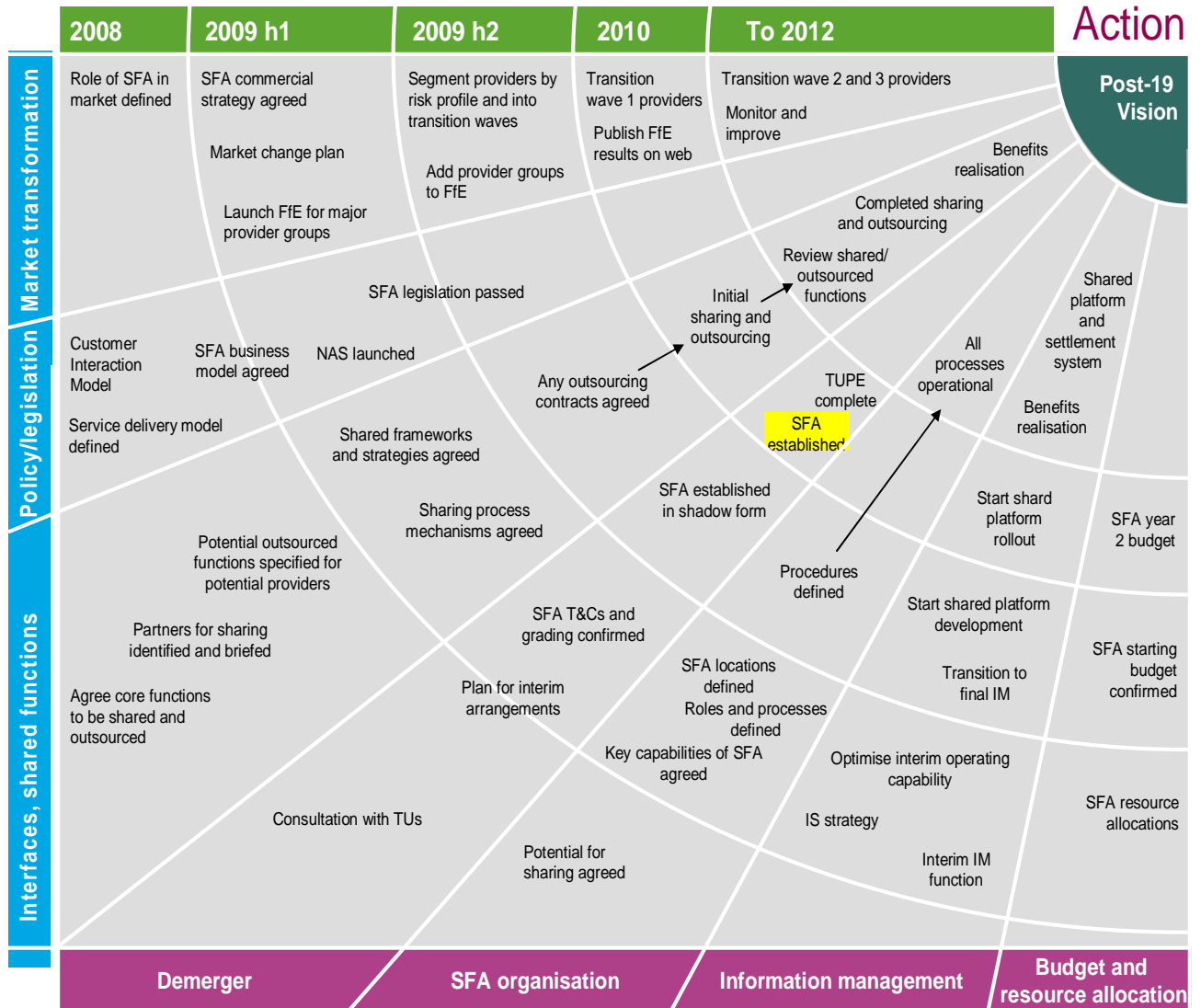
The SFA will be an agency and will sit within DIUS which will ensure a stronger link between the development and delivery of policy. Its headquarters will be in Coventry alongside the national office of the YPLA and it will have national coverage in between 18-24 locations.

2.5 Action plan and next steps

The post-19 delivery arrangements set out above are an enhancement to current arrangements rather than completely new ones. They will refine and simplify existing processes to ensure they are more responsive to employers and individuals.

The SFA model will continue to be discussed with stakeholders as it develops to completion. Until the SFA is established in 2010, the LSC will remain legally responsible for delivering our post-19 priorities and targets and it is essential therefore that the LSC continues to discharge its functions to its current high standard up until the point of transfer. We are working closely with the LSC to ensure a smooth transition to both the SFA and YPLA and that the LSC has the capacity to deliver our targets for 2009/10.

Diagram C: Action Plan to establishing the delivery chain



CHAPTER 3: MAKING IT HAPPEN - FREEING UP COLLEGES AND PROVIDERS TO RESPOND LOCALLY

To meet the demanding challenges set out in *Raising Standards*, the FE service will need to develop its capacity as well as sustain the significant improvements already made in performance. The current economic climate also poses a greater challenge to the service as it helps individuals and employers adapt.

The **new improvement organisation**, LSIS, will be modelled on the principles set out in [*Excellence and Fairness: Achieving World Class Public Services*](#), acting as a catalyst for the FE service to place itself at the leading edge of public service reform. This means:

- *Citizen empowerment* - supporting the service to become more responsive to the needs of learners, employers and their local communities;
- *New professionalism* - enabling innovation, consistency, continuous self-improvement and responsiveness to be driven from within the service itself;
- *Strategic leadership* – operating as an independent body within a strategic framework, commissioning programmes to build service capacity on behalf of both Government and the service itself.

Self regulation remains an ambition for the FE service, both for Government and the service itself. Through the new post-19 delivery arrangements we are giving more influence to colleges and providers, for example, through the self organised networks at sub-regional level. LSIS will also play a key part in enabling a self improving, self regulated service.

LSIS came into existence fully from 1 October and is engaging the whole service in its governance arrangements. The majority of Board Directors are drawn from provider organizations and its Council of Members will in future be elected from the constituent parts of the service. The first Council Members have been appointed through an interim mechanism developed by the Single Voice for Self Regulation acting on behalf of the nine main organisations representing Further Education colleges and providers.

We see the major components of self regulation as:

- improving the quality of governance in FE at the individual college and provider level;
- an increasingly sector owned LSIS with colleges and providers, individually and collectively, taking direct responsibility for the quality of the service they provide;
- reducing substantially the prescription and specificity of the planning and funding methods used to administer the FE system as part of the formation of the SFA;
- stripping out unnecessary regulation, particularly in the administration of apprenticeships, led by the DIUS;

- giving more influence to colleges and providers through the self organised networks; and
- identifying opportunities to hand over functions to the sector where it is best place to manage these.

We have listened to colleges and providers who have told us that the system is too complicated and intend to streamline the procurement process to ensure the system easily allows for funding to follow learner and employer choice. We propose to move to a system of **accrediting providers** who receive public funding, overseen by the SFA, which will be established by 2012. This will:

- ensure providers in the FE system meet minimum standards through accreditation to qualify for public funding, including initial accreditation for market entry and the management of non-compliant providers;
- encourage new entrants to enter the market through accessible but sound, transparent, and simple to apply accreditation;
- provide standardised accreditation across DIUS, DCSF and DWP; and
- link with other FE and skills organisational arrangements including those for funding and performance management.

We will design the criteria for market entry to encourage a diverse range of new entrants while not disadvantaging particular providers or client groups. Particular attention will be given to enable smaller providers, including community organisations, to enter the market – through the removal of administrative burdens and other barriers to entry. The SFA will be responsible for overseeing the maintenance of the system.

The accreditation process will be established by 2010 when piloting and progressive roll-out will begin. By then the advice and guidance content should be agreed and the system will be tied into new performance management arrangements. We expect the system to be fully established by 2012.

Colleges and providers have a key role to play both individually and collectively at sub regional level to ensure that within a geographical area provision accurately reflects employer and wider community demand. We know that colleges and providers already work very effectively together in a wide variety of ways and we want to build on this by encouraging them to establish **self organised networks** to meet the needs of employers in relation to skills training.

We expect colleges and providers to respond flexibly to the demands of learners and employers. In doing this, a provider in a particular location has the potential to have a major impact on its local community and the regeneration of any pockets of deprivation. We know that colleges, in particular, take this community perspective very seriously and have always recognised their potential to play a part both in the strategic leadership of an area and in the delivery of a range of services to the community that capitalise on their position and premises and that go beyond the purely educational.

In order to ensure we provide effective support and light-touch guidance for these arrangements, we are developing our thinking about how they might work in practice, building on effective practice that already exists. We have already held very positive discussions on this proposal with FE representatives and will continue to work with the FE service in developing the legislation and the related guidance.

We are committed to renewing and modernising the entire FE estate through the **Building Colleges for the Future** programme and will continue to do so as funding allows. The FE renewal and modernisation programme will transfer across to the SFA, including investment in new 16-19 learner places. Where there is significant growth in pre 19 places and where there is a change of use in those facilities, the Local Authorities will have an interest and will be engaged in the approval of FE capital proposals. The SFA will also have an interest in Local Authority plans.

In March 2008 we published our FE capital investment strategy [Building Colleges for the Future](#) which set out our commitment to invest in the facilities to deliver our priorities for young people and adults, and committed an unprecedented £2.3 billion over the CSR period. In order to maximise the benefits of this investment we expect:

- capital programme to support our skills priorities: e.g. Sector Compacts, increased specialisation, for example through NSAs networks, support for the expansion of apprenticeships.
- by 2016 all new college buildings to be zero carbon
- all new capital projects to meet the highest Building Research Establishment standards for environmental performance. The new 'Excellent' standard was launched over the summer and now applies to all new project proposals
- from this year all contractors working on college projects to have effective workforce development strategies: to have in place a formal training plan that maximises access to apprenticeships, work-based learning and other training opportunities.

The LSC will be publishing a Capital Skills Prospectus shortly setting out how capital could better support and incentivise responsiveness of the FE service to new skills pressures.

In addition, we are extending the eligibility of capital support to independent providers, including private and third sector providers. This is intended to incentivise a wider range of providers to support facilities for publicly-funded training, such as apprenticeships, in key areas of the economy.

It is absolutely crucial we ensure that public funds invested in the FE service, reach the millions of learners as intended. Improving the business performance of colleges is an essential step in delivering **efficiency** savings that will release more money to front-line education and training. In the last few years, the FE service has innovatively engaged in the efficiency agenda, and realised millions of pounds of savings. These savings have directly benefited learners including through improved procurement processes, reduced costs associated with support services, and improved running costs of the estate.

To support efficiencies through the effective application of technology, Becta is developing a 'national digital infrastructure' including interoperable business and management systems. Becta also offers colleges and providers support on the procurement of technology.

In addition, the LSC is working with the FE service to encourage collaboration in procurement and is running a pilot programme to encourage innovative approaches to the sharing of support functions across small networks of providers.

Achieving world class education and skills ambition requires a skilled and informed **workforce**, able to respond directly to the needs of customers – learners and employers. Effective leadership and management is crucial for successful delivery of FE business, and successful learning outcomes depend on the quality of teachers and teaching and learning support.

Our ambition is for all members of the workforce to be fully qualified or working towards qualification by September 2010. We wish to see a workforce that maintains its professional standing by undertaking regular continuing professional development.

The FE workforce reforms - launched in September 2007 - underpin the sector's ability to achieve targets set for improving UK Skills/Skills for Life ambitions. [Workforce Strategy for the FE sector in England](#) published in Dec 2007 is providing a catalyst for driving forward the professionalisation of the FE workforce.

CHAPTER 4: SIMPLIFYING THE SYSTEM

In developing the new post-19 delivery arrangements we are committed to minimising unnecessary cost and bureaucracy, to operating in a light touch environment and supporting those delivering learning and training to focus on success.

For adults, our proposals will result in a streamlined, more efficient system that will ensure funding is transferred quickly and securely to colleges and providers and will establish a direct link with learners and employers to ensure their needs are met quickly and effectively.

We are introducing greater simplification in the system. We now have a single improvement body in the LSIS (see Chapter 3) and we are proposing a simple accreditation system for providers.

The **Framework for Excellence** will provide a clear framework for assessing performance which is common across all providers of education and training for young people and adults. It has been tested, trialled and piloted and is now operational in all colleges and work based learning providers. Over the next 2 years, FfE will be developed further, with the intention that it will apply to all publicly funded post-16 providers from 2010. In spring 2010 there will be a full publication of FfE ratings.

Streamlined and efficient data and information sharing lie at the heart the integrated system we are building. Managing Information Across Partners (MIAP) is streamlining how information on learning and achievement is collected, handled and shared across the education sector so that excellent services are made available to individuals, employers and communities.

MIAP is already providing services in support of the Diploma - delivering efficiency savings of £14m in 2008-09, and will be an enabler of several key Government priorities over the coming years, including: QCF, Skills Accounts and the National Apprenticeship Vacancy and Matching Service.

Significant work is in hand to maximise the benefits delivered through our existing **IT-enabled systems**. Further work to strengthen the governance and oversight of IT-enabled developments will ensure that future systems are more coherent and fully integrated across partners. Our intention is to develop new funding and payment systems which remove the need for burdensome processing and reconciliation, replacing it with automated processing and settlement.

In establishing the SFA and YPLA to manage pre and post-19 funding we are determined to avoid diseconomies and divergent approaches developing between the two new organisations or with other organisations, central and local Government operating in the system. We have been exploring opportunities for common approaches and for **outsourcing and sharing functions** across these organisations.

In particular we have been looking at the opportunities for sharing activities within the following functions, including opportunities for outsourcing:

- setting priorities;
- performance management;
- provider accreditation;
- funding and settlement;
- information management; and
- corporate services (finance, HR, internal business planning, legal services, corporate property and facilities and corporate ICT)

Discussions with key partners and stakeholders indicate that there is broad support for the concept of sharing functions and we are now undertaking more detailed work in respect of each function.

And we are **tackling bureaucracy**. We have listened to the FE service-led Bureaucracy Reduction Group in developing our plans for implementing the new FE and skills system and the group will continue to monitor progress and advise DIUS and DCSF. The Group also continues to scrutinise the simplification plans of DIUS, DCSF, LSC, QCA, LSIS, Becta and Ofsted challenging them individually and collectively on removing unnecessary processes that do not add value for employers and learners. In particular they have made recommendations for improvements to Train to Gain and FfE.

In addition to simplifying systems for providers, we are responding to employer concerns on the levels of bureaucracy in particular programmes such as Apprenticeships and Train to Gain and action will be taken to enable more employers to meet their present and future skill needs unimpeded by time-consuming administration. DIUS and the Bureaucracy Reduction Group will work closely with the UK CES on cutting red tape for all employers large and small in delivering these programmes.

We will publish the next DIUS Simplification Plan in December 2008 and expect the simplification plans of national agencies to reflect areas for action identified by the UK CES and encourage the FE system to generate more ideas for reducing bureaucracy for employers.

CHAPTER 5: DELIVERY FUNCTIONS – NOW AND POST 2010

The table below outlines how functions and responsibilities will be delivered in the new FE and skills system.

Function	Now	Post 2010
Responsibility for delivery of targets	LSC	DIUS
Funding colleges, providers and NSAs	LSC	SFA
Sponsorship of FE	DIUS/LSC	DIUS
Performance Management	LSC	DIUS – determining the system (FfE) SFA, liaising with YPLA on 16-19
Supporting colleges and providers performance	LSC/ LSIS	LSIS
Advising on skills needs, including regional skills needs	LSC	UKCES
Determining regional skills requirements	LSC	SFA – in the light of UKCES analysis
Developing regional skills and employment plans	LSC with RDAs, Regional Skills Partnerships etc	SFA working with RDAs, Regional Skills Partnerships etc
Responding to individual and employer skills needs and providing a efficient and effective support services	Colleges and providers	Colleges and providers co-operating with LAs, ES Boards and each other
Working with LAs on MAAs	LSC	SFA
Marketing and Communications	LSC	DIUS
Regulate qualifications	QCA	Ofqual
Provide management information and strategic analysis to inform strategic and commissioning planning	LSC	SFA
Research	LSC/DIUS	DIUS – strategic skills UKCES – managing skills research function
Evaluation	LSC/DIUS	DIUS

Timetable for delivery

	Sept-Dec 08	Jan – March 09	April – June 09	July – Sept 09	Oct – Dec 09	2010	2011	2012
Train to Gain: the employer responsive service	2 nd evaluation of Train to Gain published Decision on 4 th round of NSAs	SSC VQ approval process in place 12 NSAs live (March)	Integrated Train to Gain brokerage service	NES strategic plan published UKCES 1 st annual report published	Reform and re-licensing of SSCs complete	CoVE status ceases to exist – replaced by the Training Quality Standard		
A service for the individual learner	Adult advancement and careers service (aacs) trials begin and prospectus published Skills Accounts trials begin Integration of employment and skills (IES) trials begin Informal adult learning: DIUS consultation response published FLT Progression Pathways pilots begin	Informal adult learning strategy published ESOL proposals and next steps published QCF roll-out plans announced		Refreshed offender learning contacts ESOL guidance for local partnerships published Further aacs trials National trials of Skills Accounts Switch from funding NQF qualifications to QCF qualification begins		Right to Time to Train in force aacs fully operational Full national roll-out of Skills Accounts begins (Sept) IES national roll-out FLT Progression Pathways fully implemented Time to Train regulations in force		
Reforming the delivery chain	Education and Skills Bill laid before Parliament 2009/10 Annual Statement of Priorities published		National Apprenticeship Service operational (April) National Vacancy Matching Service launched (April)	NAS prospectus issued	Education and Skills Bill Royal Assent	Skills Funding Agency operational		
Freeing up colleges and providers	LSC Capital Skills Prospectus published					All VQs comply with QCF (end 2010) Fully qualified FE workforce by Sept 2010 Provider accreditation process established		Provider accreditation system operational
Simplifying the system	UKCES simplification strategy published DIUS Simplification Plan published					Framework for Excellence applies for all publicly funded post-19 providers		

