

Adult Skills Landscape and the Role of the Skills Funding Agency



ADULT SKILLS ACHIEVEMENTS

Key Facts

1. Between 2001/02 and 2007/08, **2.835 million working age adults have improved their basic skills**. This means that **DIUS has achieved its PSA target** of improving the basic skills of 2.25 million working-age adults by 2010 **three years ahead of the target completion date**.
2. **320,600 adults achieved full level 2 qualifications** in the 2007/08 academic year. This is an increase of 36.5 per cent from 2006/07.
3. **134,500 adults achieved full level 3 qualifications** in the 2007/08 academic year. This is an increase of 17.0 per cent from 2006/07.
4. The **total volume of adults participating** in LSC-funded Further Education (including through FE organisations, WBL, TtG and ASL, but excluding Higher Education) is 3,278,400. This is an increase of **3.2 per cent on 2006/07**.
5. The **FE College success rate was 80.6%** in 2007/08, against a public commitment of achieving a FE College success rate of 76% in 2007/08, increasing to 80% by 2010/11. **This means we have met this commitment three years ahead of the planned date**.
6. **187,300 adults achieved a TtG qualification in 2007/08**. This is **over double** the number of Train to Gain achievements in 2006/07.
7. There were **140,500 apprenticeship starts in the first six months of the 2008/09 academic year and 49,100 apprenticeship framework achievements** (1st August to 31st January). This is an increase in starts of 19.4 per cent from the same period in 2007/08, and an increase in achievements of 7.6 per cent.
8. There were **386,200 Train to Gain starts in the first six months of the 2008/09 academic year, and 152,000 Train to Gain achievements**.
9. There were **112,600 apprenticeship completions** in 2007/08. This is against a PSA target of 130,000 apprenticeship completions by 2010/11.

SKILLS LANDSCAPE AND ORGANISATION

Introduction

1. This paper sets out the Adult Skills landscape and the high level organisational design of the Skills Funding Agency. It has two parts; part one describes the post 19 environment and part two the role of the Skills Funding Agency.

Part one: the post 19 environment

Post 19 Vision

2. Britain's economy will look different in coming years – we will be depending more than ever on higher value goods and services to drive exports and growth. The world's economy is set to double in size and a number of trends in the global economy will present significant new opportunities for Britain: growing populations and rising prosperity in other parts of the world; new technologies; the transition to low carbon and the green revolution; changes in the age profiles of different societies; and the spread of international supply chains.

3. The British people, British businesses and the British economy as a whole have fundamental strengths that position us well to capitalise on these dramatic changes. But others will be doing the same so we have to keep ahead of the game. That is why continued investment to raise the performance of British people and businesses is now needed to help them seize these market opportunities. Underlying these decisions is a core judgment that despite the tough times, it is better to keep investing in growth and jobs so as to speed recovery and build the manufacturing and services we need for the future.

4. To compete in a global economy, we need to take a range of actions. We must improve the skills of our people and adapt them to the specialist demands of a modern economy; strengthen our capabilities in research and development; innovate further in science and technology, and industrialise this innovation in commercially successful ways. These actions are the bridges to our economic future.

5. "Raising expectations: enabling the system to deliver" describes a strong demand led Further Education system which ensures employers and individuals are able to easily access skills support through a single customer interface and a strong network of independent world-class colleges and providers. This system will deliver the specialist skills needed to fully exploit the scientific and technological potential of our people now, and in the future.

6. In support of employers, the Skills Funding Agency will manage the Train to Gain Service, including a National Service for Employers. It will also house the National Apprenticeship Service; ensuring a coherent offer for employers.

7. For individuals, the new system, through skills accounts, will provide students and prospective students including apprentices with clear gateways and simple, uncluttered access routes into education and learning, providing appropriate support whatever route they take, whether they are employed or unemployed. Skills accounts will be used as a

mechanism to increase participation and empower prospective learners to choose what's best for them. The Skills Funding Agency will ensure that adults can access excellent information, advice and guidance to make well informed decisions about their learning through a new Adult Advancement and Careers Service.

8. For colleges and providers involved in delivering government skills priorities, the new structure supports reduced regulation and delivers more streamlined and transparent systems which will allow colleges and providers to respond to employer and learner need.

9. Working with others on the ground, the Skills Funding Agency will be responsible for ensuring that demand identified by the UK Commission for Employment and Skills, Jobcentre Plus, Regional Development Agencies, Employment and Skills Boards, Local Authorities through Local Area Agreements and Multi Area Agreements is met; ensuring that the Further Education sector responds to demand. On occasions when gaps and mismatches appear, and the labour market agencies (RDAs, Jobcentre Plus, Local Authorities) fail to agree on who is coordinating action, the Skills Funding Agency will spearhead action. It will work with employers and local agencies to ensure the supply of skills meet new employer demands, especially those which help grow the jobs of the future, particularly in those areas where the UK already has a competitive advantage (e.g. life sciences) or where it is strategically important that markets are created (e.g. low carbon economy). It will ensure that there is a coordinated and joined up response to strategic skills needs, using its capital and resource levers to broker solutions from the supply side.

The Post 19 Delivery Chain

10. The Skills Funding Agency needs to fit into the post-19 learning and skills delivery chain and will be a central component of work to integrate employment and skills services, as outlined in '*Work Skills*'. It is important therefore to be clear about both the respective roles and responsibilities of all the players in the future post-19 landscape and how organisational interdependencies will be managed.

Post 19 Landscape – the key functions and respective roles of key players

Skills Forecasting and Setting Priorities

11. The UK Commission for Employment and Skills is responsible for skills forecasting and reporting on the State of the Nation, with input from sector skills councils in terms of sectoral employment as well as skills and regional development agencies and other key partners such as employment and skills boards in terms of regional and sub-regional employment and skills. Their role will be to identify emerging and articulate skills gaps and mismatches between supply and demand, and their implications for future job opportunities, particularly in strategically important markets. They will then update the assessment of skill outcomes/capabilities needed.

12. DIUS will use the information provided by the UKCES to inform the setting of 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 in collaboration with Department of Work and Pensions.

13. DIUS will issue an annual budget and set of targets/priorities to the Skills Funding Agency, which will be announced in Parliament. This will be supported by a Framework document setting out in more detail the Secretary of State's requirements of the Skills Funding Agency, which will be held to account for delivery of priorities through agreement of an annual business plan. DIUS, including Ministers, will hold regular performance reviews with the Skills Funding Agency to monitor progress against the delivery plan. In areas in which there are Employment and Skills Boards with strategy setting powers, these strategies will be a main influence on SFA funding.

Qualifications

14. Re-licensed Sector Skills Councils will have the lead role in determining the qualifications which deliver skills that add economic value and should therefore be eligible for public funding. Working with the UK Commission on Employment and Skills, Sector Skills Councils will also work on National Occupational Standards and vocational qualification reform, including Apprenticeships and the Qualifications and Credit Framework (QCF).

15. 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 and criteria for entering units and qualifications on the QCF. Ofqual will accredit awarding organisations using transparent criteria, rather than scrutinising individual qualifications. Ofqual will work with the Qualifications and Curriculum Development Agency (QCDA), whose remit is to advise Ministers on the curriculum and developing and delivering qualifications and assessments. QCDA may be expected to develop criteria for major qualifications such as GCSEs, A levels and Diplomas, which Ofqual could then adopt.

16. Awarding bodies will continue to develop qualifications and units of qualification in line with the QCF and could be expected to expand to include employers, FE colleges and other organisations which will be able to become accredited to award qualifications.

17. The key interactions with the Skills Funding Agency will be around agreeing the appropriate funding rates for new qualifications and the eligibility of qualifications for public funding (e.g. dependent on both Ofqual and SSC approval processes, timescales and business cycles). These funding policy decisions (e.g. whether or not to make public funds available for a particular qualification), by Skills Funding Agency will be significant national drivers around qualifications.

Funding and Delivery

18. The Skills Funding Agency will be responsible for funding post-19 learning and skills taking account of the priorities. The flow of public funding to support adult learning will be a central aspect in the delivery of entitlements and of Leitch's ambitious targets. The UK Commission for Employment and Skills, DIUS, and the Skills Funding Agency will need to work together to ensure effective investment of public money

- The UK Commission will report on both the current and future 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 Skills Funding Agency.
- The Skills Funding Agency will be responsible for ensuring sufficient capacity is available to deliver the entitlements and meet customer need in each area, through ensuring strategic skills needs are met. It will need an efficient funding and contracting process that stimulates the development of a highly responsive offer. 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 (for example through robust eligibility criteria around provision and learners) and deliver the priorities set by government, the UKCES and the emerging Employment and Skills Boards.
- In areas where Employment and Skills Boards have been granted strategy setting powers, the SFA will fund provision accordingly, subject to overarching national priorities.
- The Skills Funding Agency will actively manage supply to meet demand in big infrastructure projects and programmes where Government is acting as the customer. It will need to identify major developments and broker solutions wherever the supply response is insufficient. There will be a Director of Employer Skills Services who will ensure that the Skills Funding Agency is able to work with individual companies or projects to ensure their skills needs are met.

Colleges and Providers

19. Colleges and providers have critical responsibilities and roles in the adult business model which reflects in part the maturity of the sector and the drive towards self regulation and determination.

20. The sector needs to be responsive to economic shifts, both negative and positive, which can significantly and rapidly impact on customer demand for skills needs. The policy intent is to create a clear expectation of cooperation between FE colleges and other providers of post 19 FE skills and work based learning in responding to demand for skills training by business and adults. The concept is of networks where colleges and other FE providers cooperate with each other and with others including the National Skills Academies where appropriate, the Regional Development Agencies, Employment and Skills Boards and the Skills Funding Agency, in pursuance of solving employment and skills needs expressed locally. The Learning and Skills Improvement Service is undertaking work to develop models of cooperation that will be effective and sustainable and support colleges and providers to take on this role.

21. The self regulation agenda imposes new responsibilities on colleges and providers to:

- Cooperate with each other when needed and appropriate for the benefit of learners and employers and to achieve greater efficiencies (e.g. through shared services/procurement) and effectiveness (e.g. peer assessment and workforce development).
- Determine their own development and improvement needs and commission the Learning and Skills Improvement Service to build capacity.

- Operate with grants and contracts that allow maximum responsiveness and flexibility to meet local need (multi year contracts and framework agreements based on outcomes).
- Take a leading role in the economic development and regeneration of the communities they serve; ensuring their offer is flexible enough to complement other provision (included that funded by Local Authorities and Jobcentre Plus).

Performance

22. Performance Policy will be owned by the Departments: DIUS and DCSF and aligned with arrangements developed by DWP. The performance of colleges and learning providers will be monitored on an on-going basis through minimum levels of performance, Framework for Excellence measures and the inspection cycle. Key organisations involved include:

i. The Skills Funding Agency will maintain a list of accredited providers (FE colleges and other providers) and will share this approach, where practical, with other funding organisations who contract with these providers e.g. Young People's Learning Agency, 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 way of enabling new providers to enter the publicly funded learning market. The register of accredited providers will enable learners and employers, and their advisers, to access on line information about each provider and what they deliver, when and how well.

ii. The Skills Funding Agency will build a single view of provider performance, define and agree specific intervention and arrange for appropriate intervention action to be taken.

iii. In appropriate circumstances, the Skills Funding Agency will convene case conferences with the Young People's Learning Agency, local authorities and other stakeholders to discuss the performance of FE colleges. Clear criteria, based on minimum levels of performance, Framework for Excellence and inspection results will inform judgements about whether intervention is necessary. Notices to Improve, at either whole organisation level or particular areas of provision, could be issued. The Skills Funding Agency will have the legal powers around management and governance intervention in serious issues of probity and institutional failure. It will also have responsibility for managing capital investment and mergers

Inspection

23. 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

24. College and Learning provider support will be facilitated via The *Learning and Skills Improvement Service*. This Improvement Service is a sector-owned organisation that will design and deliver leadership and improvement programmes that support the quality of learning and the organisations delivering it. It will also, in consultation with

other stakeholders such as the Skills Funding Agency, Ofsted and Young People’s Learning Agency produce guidance on self assessment and peer review. The Improvement Service will help the system to innovate and create strong networks of colleges and providers.

E Strategy

25. The vision is of a far more Information Technology enabled sector, where individuals and employers can easily access up to date information and where the processes and systems for funding and performance management work better. Becta – the lead agency for technology for learning strategy – will have a key role in supporting this, recognising the ambition of creating high quality and responsive on-line services to individuals and employers through the advancement and careers service, skills accounts, and a shared platform of information.

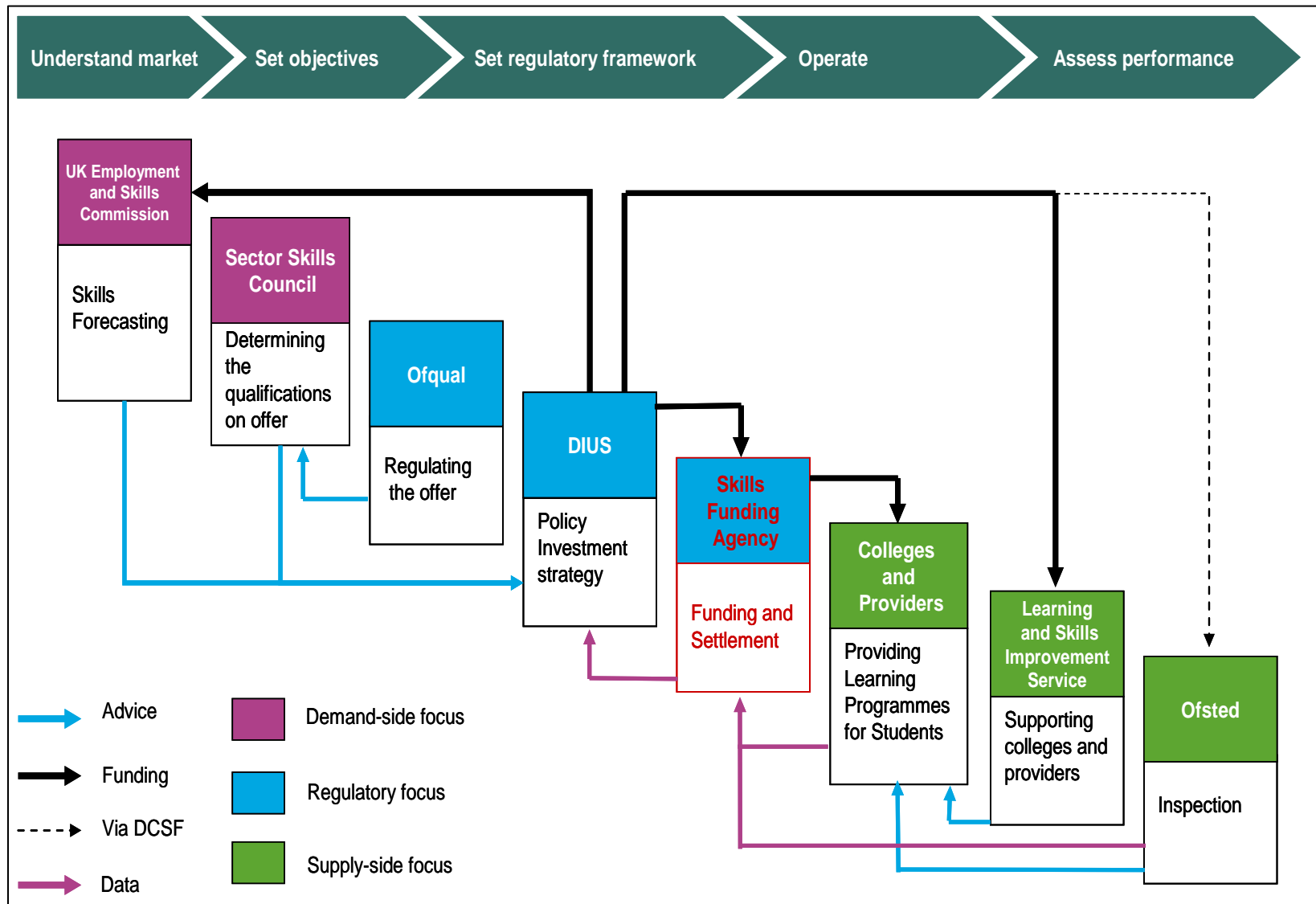
Summary of Landscape

26. The table below summarises responsibilities for each of the organisations in the skills landscape and diagram 1 (below) details the Skills Delivery Chain. In reviewing the landscape, it has been possible to consider moving some functions to other bodies in order to improve efficiency. For example, strategic lead for research, analysis and modelling and policy evaluation will transfer to DIUS and oversight of the whole FE and skills research programme will transfer to UK Commission for Employment and Skills. There has also been an opportunity to ensure that any overlap and duplication is removed eg between UKCES and Skills Funding Agency on forecasting skills needs; and between the Skills Funding Agency and the Learning and Skills Improvement Service in college and provider improvement.

	The Adult Skills Landscape
DIUS	<ul style="list-style-type: none"> ▪ Leading the system ▪ Determining Overall Investment and Priorities ▪ Determining Performance System (Framework for Excellence) ▪ Responsible for meeting the Skills PSA ▪ Responsible for the Further Education Sponsorship and Colleges’ and learning providers’ contribution to DCSF targets.
UKCES	<ul style="list-style-type: none"> ▪ Responsible for advising DIUS on the current and future skills needs of the country, including regional strategic needs ▪ Monitor and challenge performance of the employment and skills system ▪ Managing the FE and Skills Research Function ▪ Managing the SSC’s and ensuring their effectiveness ▪ Advising on relicensing
SSCs	<ul style="list-style-type: none"> ▪ Determining the Skills offer for their vocational area ▪ With Skills Funding Agency, raising employer engagement, demand and investment in skills

RDA's	<ul style="list-style-type: none"> ▪ With the Skills Funding Agency raise employer demand for Skills. ▪ Determine with Skills Funding Agency and Jobcentre+ the Regional Skills strategy and manage the Skills brokerage service
SKILLS FUNDING AGENCY	<ul style="list-style-type: none"> ▪ Ensuring that the skills system has the capacity and funding available rapidly to support development in areas of strategic importance to the economy. Working with RDAs and LAs through MAAs, ESBs and LAAs spearhead action on strategic skills regionally and sub regionally – in particular ensuring that misalignment between skills supply and demand are addressed ▪ Lead and provide the client gateways (Train to Gain, the National Employer Service, the National Apprenticeship Service, the Adult Advancement and Careers Service and the direct learner service) and underpinning systems ▪ Fund colleges and learning providers ▪ Transform supply in specialisation ie National Skills Academies and TQS
Colleges	<ul style="list-style-type: none"> ▪ Colleges and Learning Providers meet student and employer learning and skills requirements ▪ Collaborating with National Skills Academies where appropriate, LA's, Employment and Skills Boards, SFA and each other to respond to demand ▪ Collaborating with each other to provide a range of support services of their choice which could include peer assessment, staff development programmes, shared services and improved 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 regulation
Becta	<ul style="list-style-type: none"> ▪ Lead agency for technology for learning strategy
Ofsted	<ul style="list-style-type: none"> ▪ Provide a independent view of college and learning providers performance
Employment & Skills Boards	<ul style="list-style-type: none"> ▪ Set the priorities and overall direction for the delivery of adult (post 19) skills, taking into account the key priorities in relation to the national skills strategy and other relevant strategies, such as the single regional strategy ▪ Identify strategic skills needs and priorities ▪ Actively engage with employers in their area to raise their demand for, and investment in, skills provision ▪ Monitor the delivery of the strategy and receive reports from the SFA on the delivery and implementation of the strategy. ▪ Provide feedback to the Skills Funding Agency assessing how well the skills and employment system is responding to employer demand in its area.

Diagram 1: The Skills Delivery Chain



Part Two: The Skills Funding Agency

27. The Skills strategy as described in World Class Skills and Work Skills sets out an ambitious agenda. For these ambitions to be met, the new Skills Funding Agency must be able to respond in different ways. Some learners will require intensive interventions to support their ability to learn new skills while others will need little if any state intervention. The main elements are to reinforce the ambition of a market where: employment, employability and increasing productivity are the central drivers and core to the market; where intervention only covers failure in the market; there is a single co-investment system, which leverages both public and private funding; and where individual and employer choice is fundamental.

28. The high level principles of the new Skills Funding Agency model are:

- **Demand Led** - Be student/ learner and employer driven providing choice, and coherent and accessible services at every level.
- **Ensuring the country's skills needs are met** - intervene where necessary.
- **Higher level commissioning** – Funding follows learner. Simpler process longer contract time; co-ordinated target setting and commissioning across government: national eg with DWP, regionally via MAAs and ESBs, locally via LAAs
- **Fair and robust intervention role** – clear rules of intervention; no hand holding of providers.
- **Efficiency and Value For Money** – public monies only used to fund high quality learning and skills; systems are standardised and streamlined; regulation and bureaucracy is reduced.
- **Coherent set of services** – simple, coherent set of services for learner, employer and provider; common systems, information, measures, account management eg easy access and funding for the third sector
- **Insight and capability** – information, analysis and research informs delivery; new capabilities aligned to role.
- **“Shorter” arms length from Ministers** – Agency part of DIUS; Rapid response to policy where DIUS leads on policy development and Skills Funding Agency is actively involved to ensure speedy whilst simple implementation.

29. The values and culture of the new Skills Funding Agency will be built round:

- **Customer focused** – we will consider the interest of the learners, employers and providers in all we do
- **Empowered** – we are empowered to make decisions and know when an issue has to be escalated
- **Accountable** – we readily take responsibility for the quality of our own work and that of the wider organisation
- **Highly performing** – we understand the criteria for organisational and individual performance, and focus on improving performance at all times
- **Inclusive** – we are open and accessible to each other, our customers and other stakeholders, supported by strong communications and involvement
- **Pragmatic** – we solve issues in a pragmatic way, ensuring transparency and meeting the needs of our customers

- **Developing** – we support and encourage each other in our individual and collective growth and development by keeping abreast with professional developments and challenging the status quo
- **Professional** - we provide high quality, consistent, honest and impartial professional advice and support services to all our customers.

Structure of Skills Funding Agency

The Role of the Skills Funding Agency, working with partners, to spearhead multi-agency action in support of employers

30. There will be national Director of Employer Skills Service, whose primary role will be to provide a coherent and easily accessible skills service for employers that builds on the work of UKCES, to ensure there are skills and employment plans at the national, regional and sub-regional level. Nine regional directors will support the national director, by providing direct accountability for providing a responsive and strategic skills service for employers in their respective regions and spearheading multi-agency action in support of employers, identifying gaps and mismatches in the supply of skills to meet new employer demands.

31. The role at the regional level will be dynamic and entrepreneurial; responsible for solving gaps and mismatches in the supply of skills to meet new employer demands, especially to help the development of strategically important markets. The Skills Funding Agency will:

- a) Create demand, by using Government levers in a more deliberate way – through procurement, long term investment commitments, and regulatory frameworks as well as through the leverage of public funds - to create confidence in the demand side about the investment horizon, and promote private employer investment in the necessary training as well as public investment;
- b) Actively manage supply to meet demand in big infrastructure projects and programmes where the Government is acting as the customer. Our system currently doesn't always respond fast enough, and in sufficient volume, to ensure that major projects and investments have the right supply of skills from UK workers in the right volume at the right time. It will be the job of the Skills Funding Agency to do this in future, identifying these major developments and brokering solutions wherever the supply response is insufficient.
- c) Identify public sector demand. Many of the big growth sectors for future jobs are public sector not private sector - health, education, social care. We need more explicitly to recognise those as part of the wealth creating economy as well, and

ensuring that our ongoing, mainstream training programmes flex to supply the necessary flow of skills. We should consider their tradable and privately funded opportunities, as well as their publicly funded, public service aspects;

- d) Meet the demand we have identified above, through action on the ground spearheaded by the Skills Funding Agency. The Skills Funding Agency (with partners) will be responsible for funding and managing the mainstream programmes such as Train to Gain, Apprenticeships and Skills Accounts to ensure that they keep responding to demand side changes, including that provision is responsive to individual employer demand; it also needs to own the problem at regional and sub regional level on occasions when gaps and mismatches appear, and the labour market agencies (RDAs, GOs, JCP, LAs, National Skills Academies and the Skills Funding Agency) fail to agree on who is coordinating action.

It is important that the Skills Funding Agency has strong working arrangements with key partner organisations such as Jobcentre Plus, RDAs and Local Authorities (through MAAs and Employment and Skills Boards in statutory city regions). Ways of Working protocols are being developed between each of these key organisation groups and the Skills Funding Agency.

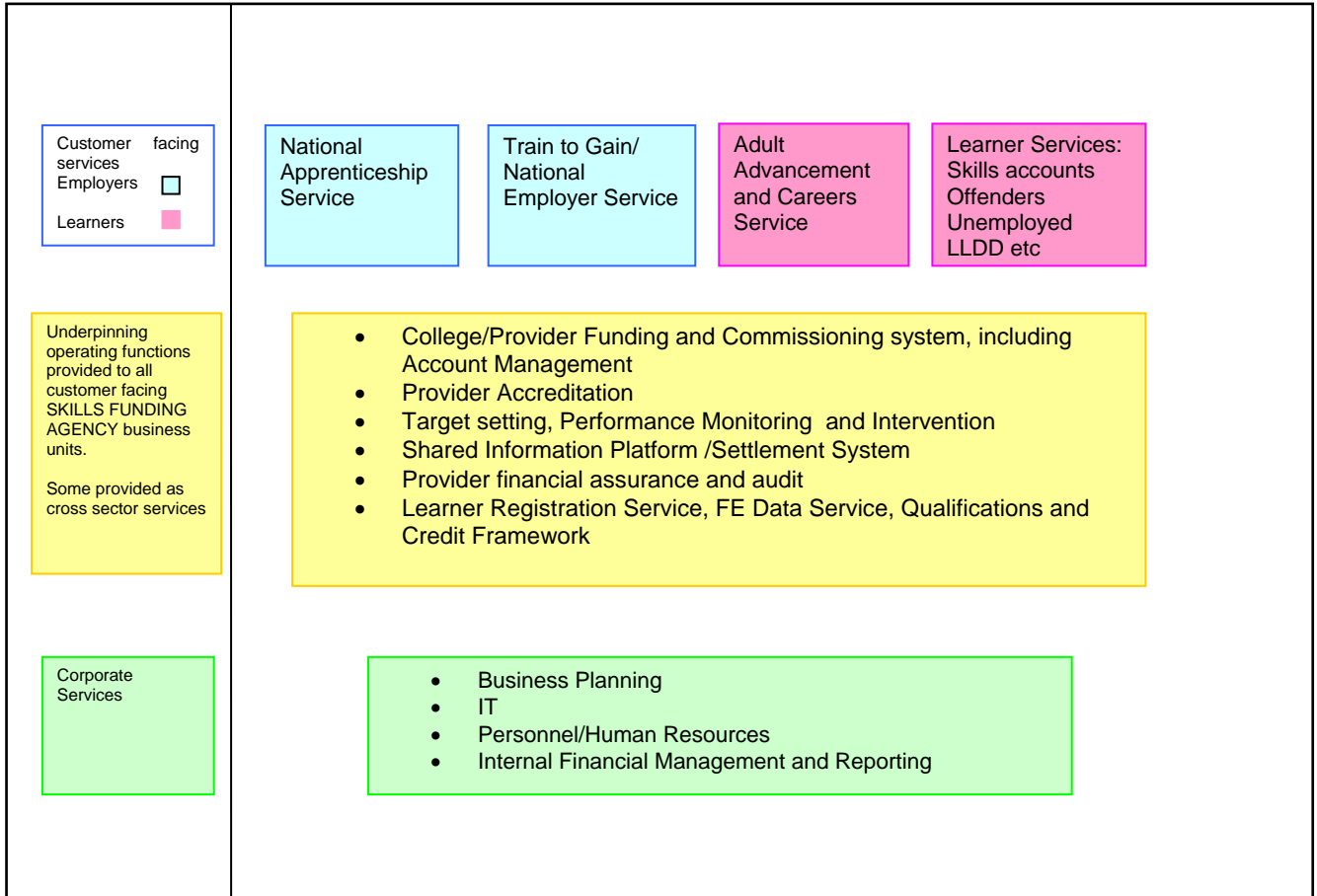
Organisational Structure

32. The Skills Funding Agency will have a set of client gateways for employers and learners, supported by a set of underpinning functions and internal corporate functions. The four gateways are:

- **National Apprenticeship Service** – lead the development and delivery of the new apprenticeship programme, increase employer engagement, manage the apprenticeship vacancy matching service (though that might be linked to any underpinning settlement system), and increase individual engagement.
- **Train to Gain** – delivering a national skills service to all sizes of business in all sectors. Through Train to Gain, including the National Employer Service, the Skills Funding Agency will aim to raise skill levels of the workforce, secure a culture change that makes employers value skills; deliver a skills system which is demand led, empowering employer choice as it influences spend and qualifications.
- **Adult Advancement and Careers Service** – Outsourcing a service which is universal, integrated with Jobcentre Plus and coherent with services for young people and HE.
- **Learner Responsiveness** – College and Provider Based Funding, empowering

learner choice through skills accounts (managing the system to support skills accounts). This area also captures the delivery of Offender learning and ESOL.

Diagram 2: Skills Funding Agency – high level structure



Underpinning Operational and Corporate Functions

33. The Skills Funding Agency’s role in addressing skills needs and managing customer gateways will be supported by a set of underpinning functions: setting priorities, funding and settlement, performance management, provider accreditation, information management and corporate services.

National Functions

34. The Skills Funding Agency national functions:

- In the light of the allocation of its budget and the Framework statement by the Secretary of State, the Skills Funding Agency will publish skills priorities
- Flexible operational policy teams in the employer and learner skills services directorates will put in place quickly and simply implementation arrangements for new policies eg developments arising from changing economic circumstances

- House the National Apprenticeship service and provide underpinning operational functions to support delivery of apprenticeships
- Manage Train to Gain, including the National Employer Service
- Set funding rates and guidance
- Set up and manage an approved provider accreditation register
- Manage the learner services: skills accounts, integrated employment and skills service, learning for offenders and those with learning difficulties etc
- Through a college and learner provider service directorate, manage an account system which:
 - Runs the allocation and settlement system
 - Manages the performance intervention system and reallocation
- Management of the raising demand side interventions e.g. Skills Pledge, Compacts, Sector Skills Councils Agreement
- Manage supply side transformation on specialisation i.e. National Skills Academies, Training Quality Standard.
- Management of the Adult Advancement and Careers Service and the national advice line, and Adult Learner Support, including supporting student from pre-employment into training and work.
- Management of the Capital Investment programme.
- Designing and managing the FE IT architecture including underpinning systems such as the Learner Registration service, the Qualifications and Credit Framework, the settlement system and shared platform etc
- Run the FE Data Service including data collection, exchange and reporting
- Manage the Skills Funding Agency's Corporate Services including Departmental Reporting, Internal Communication, HR, internal finance and property management.

Regional

- Skills Advocacy, partnership building and spearheading multi-agency action in support of employers to identify and resolve gaps and mismatches in the supply of skills to meet new employer demands. The responsible agency for ensuring that the strategic skills needs of every area are being met
- Championing and delivering on the raising demand side initiatives such as Skills Pledges; working with Business Link and supply side transformation i.e. National Skills Academies
- Determine regional skills requirements, in the light of advice from the UK Commission for Employment and Skills and existing or emerging Employment and Skills Boards in statutory city regions (eg London, Leeds and Manchester) and MAA areas
- With Regional Development Agencies, develop regional skills and employment plans through the regional skills partnership or implement the Skills and Employment Strategy as with the London Employment and Skills Board
- Work with central Capital team to draft and publish the underpinning regional capital investment plan and infrastructure changes
- Support national office on provider performance
- Influence how skills feature in MAAs and LAAs

35. This business model provides economies of scale as it centralises all the transactional functions such as funding allocation and payment, which in turn will allow the regional cadre of staff to concentrate on spearheading action to meet strategic skills needs. This model allows the National Apprenticeship Service to have a cadre of 400 and a sub-regional presence in the form of a network of around 20 offices across the country which can support work to address strategic skills needs, the Apprenticeship field force and liaison with Jobcentre Plus on integrated employment and skills.

36. The business model will rely on a newly developed shared IT enabled information platform which will facilitate the allocation and settlement process and allow for near real time flows of data. This business model also facilitates the Government's agenda of putting more functions with the frontline and includes greater cooperation between colleges and providers, where they come together in networks to support each other. These networks could cover activities such as responding together to local demand, peer assessment, staff development, capacity building etc facilitated by LSIS, plus other shared service such IT support, procurement benchmarking and sharing of services.

Shared Services

37. This model will also facilitate sharing functions with other Departments and agencies. A thorough review of the opportunities for shared services has been undertaken. The Skills Funding Agency and YPLA will adopt common frameworks of operation in a number of areas: setting priorities and performance management. The Skills Funding Agency functions below will be shared either with DCSF/Young People's Learning Agency, DWP or both.

- Management of the National Apprenticeship service
- Management of the European Social Fund
- Set up and management of an approved provider accreditation register
- Design and manage the FE IT architecture including underpinning systems for the Learner Registration service, Qualifications and Credit Framework, Settlement System (automated payment system to colleges and providers) and Shared Platform (on line information source containing up to date labour market, learner and provider information accessible to learners, employers and sector wide) etc
- Run the FE Data Service including data collection, data exchange and reporting
- Manage the Skills Funding Agency's Corporate Services including a shared HR service in the short term with Young People's Learning Agency

Underpinning Legislation

38. The Apprenticeship, Skills, Children and Learning Bill, which has been introduced, includes provision for the establishment of the Skills Funding Agency. This will be done by the appointment of a statutory office holder (Chief Executive of Skills Funding) in whom the roles and functions specified in the White Paper 'Raising Expectations: enabling the system to deliver' will be vested. The Skills Funding Agency will be an Agency of DIUS.

39. The legislation will consolidate a range of powers and duties currently placed on the Learning and Skills Council and the Secretary of State across a number of existing acts. It will also set out new powers and duties, particularly in relation to apprenticeships, on provision of information and advice to learners, and on exchange of information between partners. There will also be a new duty on colleges and providers to co-operate in meeting skill needs (expressed at sub-regional level).