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Leading learning and skills



Transition to the Skills Funding Agency and the Young People's Learning Agency: identifying key issues for the third sector

May 2009

Of interest to everyone involved in delivering LSC-funded provision



Further information

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Introduction

1 It is now five years since the publication of the *Working Together* strategy, which set out how the Learning and Skills Council (LSC) planned to work in partnership with the voluntary and community sector to improve access to learning and training for people of all ages and from all backgrounds.

2 Since then, the learning and skills agenda has undergone some dramatic changes, not least in terminology. Where *Working Together* talked about the voluntary and community sector, the preferred term now is 'third sector'. This reflects the fact that the government is increasingly engaging not only with voluntary and community organisations, but also with other charities, social enterprises, co-operatives and mutuals.

Transition to new agencies

3 These changes culminated in the announcement last year that the LSC is to be abolished in 2010 and replaced by two new agencies: the Skills Funding Agency (SFA), which will deliver learning and skills provision for adults; and the Young Peoples Learning Agency (YPLA), which will focus on provision for 16-19-year-olds. Commissioning and funding for 16-19 education will in future be carried out by sub-regional groups of local authorities, using a commissioning framework agreed by the YPLA. Design and delivery mechanisms are currently being worked out.

4 Ahead of the transition to the new agencies, the LSC is working to raise awareness of the changes and support joint planning and the sharing of information. In December 2008, the Council brought together third sector umbrella groups and infrastructure bodies with the departments responsible for the transfer arrangements, the Department for Innovation, Universities and Skills (DIUS) and the Department for Children, Schools and Families (DCSF), to hear more about the development of the new agencies and how the sector will be involved.

Identifying priorities

5 In March 2009, the LSC organised a follow-up event where stakeholders could reflect on the successes and failures of the *Working Together* strategy and identify key lessons to be learned by the new agencies. Speakers were invited from DIUS, DCSF and React, the agency set up by the Local Government Association to support the transfer of 16-19 services. The event sought to identify priorities for action planning by highlighting key issues and giving third sector representatives a chance to express their views.

About this report

6 This report provides a summary of discussions from the March 2009 follow-up event. It is grouped under four headings, reflecting priority areas identified by the third sector:

- commissioning, procurement and contracting
- governance and decision-making
- planning, and
- performance and quality.

7 Each section is further broken down into a series of sub-sections. A bold paragraph summarises the questions and issues raised under that heading by the third sector. The subsequent paragraphs summarise responses from DIUS, DCSF and React.



Commissioning, procurement and contracting

Accessibility

The SFA and the YPLA must ensure easy access to and involvement in all aspects of their commissioning processes, from needs analysis through to contract arrangements, in order to create equal partnerships with the provider network.

8 In developing the new college and provider services function within the SFA, DIUS will be looking for ways to ensure that the new arrangements make it easier for third sector organisations to get involved and access funding. This is one of the core principles underpinning the design of the new agency.

9 The planned provider accreditation system should support this, by allowing providers to go through the accreditation process once only rather than each time they want to bid for a contract. Current thinking is that accreditation will also replace both the old pre-qualification questionnaire and the invitation to tender, except where there is a need to address mismatches or gaps.

10 DCSF is working on a separate national commissioning framework for young peoples' provision. This will make it clear that local authorities must actively involve providers, including the third sector, in the commissioning process if they are to succeed in engaging all young people in learning and skills development, particularly with the participation age set to rise to 17 in 2013 and 18 in 2015. The framework will be informed by other work going on at national level including with the Department for Work and Pensions (DWP) and the Legal Services Commission and, of course, by the Compact.

11 Both React and DCSF believe that there is a need for better understanding between the third sector and local government regarding the design and delivery of education and training. This will give local authorities a good starting point for discussions about commissioning and increase providers' knowledge of local government. Both sides should be encouraged to engage in dialogue, particularly where it has yet to begin. React has issued a discussion paper setting out principles that local authorities can use when commissioning, and welcomes discussion on both this and the framework.

12 Both departments are keenly aware that the new arrangements for commissioning will bring major changes for the whole provider sector. They will seek to minimise the burden of systems change and look to ensure that, where change is inevitable, it brings with it improved opportunities for learners to achieve excellent outcomes.

13 All arrangements and plans are being communicated via the DIUS/DCSF transfer bulletin, which can be accessed from the departments' websites at www.dius.gov.uk and www.dcsf.gov.uk



Flexibility and discretionary funding

The SFA and the YPLA will need to accommodate a diverse range of organisations providing an equally diverse range of support for learners, from direct delivery of qualifications to outreach work designed to give disadvantaged people a first taste of learning. The sector would like this diversity to be recognised by the departments, with flexible routes for accessing discretionary funds and longer contracts that focus on long-term goals.

14 Both DIUS and DCSF recognise the unique role the third sector can play in supporting learner participation, especially among people who are coming back to learning after a period out of general education or who are especially disadvantaged.

15 The drive to create an integrated employment and skills system across government, providing seamless support for individuals at every stage from the first steps back into learning to specific job-related qualifications, reflects the holistic approach traditionally taken by the third sector. We hope this will open up opportunities for third sector organisations to support the development of such a system.

16 One of the key principles of the SFA's intended approach to accreditation and account management is that providers should contract for longer periods; typically, up to three years. During this time providers would, subject to satisfactory ongoing evaluation, continue to draw down funding for as long as their provision was being taken up by employers and learners.

17 Both departments have indicated a willingness to work with the Office of the Third Sector (OTS) to look at how their systems and processes might be improved to enable the third sector to play a full part.

Capacity-building

Competing in an open market presents the third sector with a number of challenges. Funding constraints can mean providers lack the resources needed to produce high quality bids, the knowledge and skills needed to use electronic procurement systems and access to up-to-date technology. Forming consortia is one possible solution, but this can create new barriers by adding extra costs and layers of bureaucracy. For many third sector organisations, the transition will mean major restructuring and internal changes which they may struggle to fund from existing budgets.

18 Both departments recognise the seriousness of the challenges facing not only third sector organisations but also providers from all sectors. The departments are therefore seeking a meeting with the OTS to look at the issue and discuss possible solutions.

19 At the same time, local authorities will need to develop their capacity to work with the third sector. React is working closely with the OTS's Commissioning Support Programme to raise awareness and establish good practice within local authorities with the aim of helping them to work effectively with all providers, including those from the third sector.



20 The Learning and Skills Improvement Service (LSIS) supports the further education and skills sector in improving the quality and standard of its provision for learners. Those third sector organisations which are LSC-funded or are DWP providers may be eligible for support from the LSIS, including:

- help to deliver English for Speakers of Other Languages (ESOL), Skills for Life, leadership and management development programmes
- the Excellence Gateway (a web-based portal where practitioners can identify, share, and disseminate best practice materials in teaching and learning and more), and
- capacity-building and quality improvement programmes such as World Class Skills which are designed to help providers better meet the needs of employers and learners by, for example, helping them to achieve the Training Quality Standard.

Local targeting, national standards for young people

It is essential that contracts for young people's learning provision are shaped around local needs. Often, this will mean that they are awarded at local level. At the same time, there is a need to ensure that consistent, high quality, value for money services are available across England. The third sector should be represented on local authority provider forums and sub-regional clusters, and involved in regional planning activity in the same way as other providers. Centralisation within the YPLA must not be to the detriment of locally tailored provision.

21 React is working with representative organisations, such as the Association of Colleges, to agree a national protocol that will be implemented locally. This will ensure that, as far as possible, the varying needs of provider groups are fully represented and understood. React plans to involve the Third Sector National Learning Alliance (TSNLA) in developing a third sector protocol which will act as a national framework within which local arrangements can sit. This will ensure that third sector interests are properly represented.

22 The SFA plans to put in place account managers who will provide a dedicated point of contact for each provider, whether national, regional or local. We see this as an important step towards streamlining arrangements between the SFA and providers and tailoring levels of support so that, for example, good providers can get on with the job of delivering provision with minimal intervention.



Governance and decision-making

Openness and transparency

There is a clear need for open, transparent and accountable decision-making at national, regional and local levels. From a provider perspective, this means that the third sector expects to be represented at all levels, wherever decisions are being made.

23 In recognition of the importance of provider representation, both DIUS and DCSF have invited a member of the TSNLA to sit on their respective national boards, the 14-19 Project Board and the Further Education Reform and Performance Board.

24 Both departments also recognise that good communication is vital at both regional and local level. Local commissioners will be keen to engage with all providers in order to create a sense of ownership over and involvement with all decisions made about young people.

25 React has made it clear that it expects to see third sector representation in local strategic partnerships, children's trusts and 14-19 partnerships. It will be actively encouraging all local authorities to include the third sector in these arrangements.

Championing the third sector

One of the most positive aspects of working with the LSC has been its willingness to put in place third sector champions at every level of the organisation. This approach should be replicated in the SFA and YPLA and steps taken to ensure that the knowledge gained by LSC staff is properly captured and not lost in the transition.

26 Both departments strongly agree that the knowledge gained by the LSC should be captured and passed on to the new agencies and are exploring ways of making sure this happens. Within the SFA, it is expected that the account management system (headed by a new national director for college and learning provider services) will provide a 'home' for third sector expertise. Within the YPLA, it is hoped that a dedicated third sector champion (or champions) will be appointed.



Planning

Collaborative working

The third sector wants to be 'done with, rather than done to'. It wants to be an equal partner in the planning of the new agencies and to play an active role in their design, rather than being consulted after the fact. This is particularly important in designing service specifications, where third sector organisations (provided they do not intend to tender themselves) are well-placed to help shape specifications that truly meet the needs of the communities they seek to serve.

27 DIUS's plans for the SFA include establishing a light touch, self-regulated provider base that is responsive to the needs of employers, learners and communities. Proposals refer to 'self-organised networks' of skills providers who will work with each other and with other sub-regional players to identify demand and determine how that demand can be met at local level.

28 The department is also looking at how colleges and providers can work together to meet the needs of learners and employers and support the whole further education sector to operate efficiently. DIUS recognises that

networks are best organised and run locally, and that many effective networks are already in place. The LSIS has commissioned the Learning and Skills Network to identify the characteristics of effective networks and look at ways of providing support. The department is keen to involve the TSNLA in this research.

29 Local authorities will be responsible for local planning for 16-19 provision. Raising the age of participation in learning and skills to 19 and ensuring that young people are 'work ready' will be a major challenge, and one in which the third sector has a vital role to play. DCSF will be issuing guidance to local authorities, encouraging them to think creatively about ways of involving the third sector in all planning process and making the sector a full partner in all future arrangements.

Consultation

Full consultation with the third sector is essential at every stage of the planning and development of the new agencies. The sector also wants to see evidence that its views have been taken on board and a clear rationale for any decisions that may have an impact on the way it works.

30 Both departments are keen to involve the third sector in planning and designing the new agencies. Representatives from both DIUS and DCSF will continue to attend meetings of the LSC's Working Together Advisory Group, sharing information about the new agencies and gathering input from the third sector.

31 DIUS is working closely with the OTS to develop an overarching strategy for engagement with the third sector. This will cover all aspects of the department's work, including further education and skills, higher education and research and science and innovation. Arrangements for the SFA will form an important part of the strategy. In early March 2009, DIUS invited third sector organisations and other stakeholders to a scoping seminar to identify key themes and issues. A national consultation is planned for summer 2009. Findings from both will inform the final strategy.

32 DCSF will be consulting on the development of the national commissioning framework throughout 2009. A targeted consultation with key stakeholders, including third sector representatives, will be followed by a wider consultation in the autumn.



Joined-up thinking

There is concern about the fact that responsibility for adult and young people's provision will now be split between two agencies. The third sector would like to see DIUS and DCSF working closely together to ensure seamless links between the two areas.

33 This issue is high on the agenda for both departments. Plans are currently under way for a meeting with key third sector representatives and the TSNLA to discuss joined-up working, and a number of arrangements have already been put in place. For example, the Framework for Excellence will apply consistently to both pre- and post-19 provision. Systems will be put in place to ensure appropriate data exchange, so that each provider only has to submit data once.



Performance and quality

Building on the strengths of the third sector

It is vital that the third sector continues to support and work with people from disadvantaged backgrounds and to play to its traditional strengths. This means attaching proper value to soft outcomes and non-accredited learning, and recognising the importance of providing 'stepping stones' to learning. It also means taking a long-term view and allowing for 'failure' along the way.

34 DIUS and DCSF recognise the vital role the third sector plays in helping the hardest to reach to access skills and training. The new foundation learning tier will provide plenty of opportunities for the sector to engage in exactly this type of work. The continuation of European Social Fund (ESF) funding from 2007-13 will also create further opportunities for the sector to engage in learning that is not just about qualifications. ESF provision will also offer opportunities for 'soft outcomes' to be measured and evaluated.

35 Performance and quality issues will be driven by the new Framework for Excellence. This will be adopted by both agencies.



Next steps

36 Both new agencies are being designed in consultation with key stakeholders, including the third sector. The TSNLA is acting as a gateway to the third sector, and is now actively engaged nationally at programme board level. Both departments are also encouraging the sector to get involved in all consultations and events.

37 A series of stakeholder events will be held during June and July 2009 to look at progress to date and identify next steps. These will be actively promoted to the third sector, and we hope that many third sector organisations will take advantage of the chance to shape the future of the learning and skills agenda.



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