

## **Geoff Russell's Speech at the Association of Learning Providers Conference 2011**

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Good morning and thank you for inviting me to speak at this gathering of the independent employment and learning providers.

I want to begin by recognising the work and commitment you have demonstrated in giving learners the skills they need to get on in life and in work. I also want to say thank you to those of you that have made me so welcome on my visits. Many of you allowed me to talk to learners and share in their successes – when in fact I played little part in the hard work that led to the enthusiasm and pride of those people whose lives you transform.

Seeing what you achieve is the best part of my job and it makes me proud to play a part in it. Skills providers in this country often go unheralded but never unappreciated. So it was pleasing to hear that OFSTED too noted the continued progress you are making – some 6 per cent up on the previous year's figures. I think you should take pride in that.

At your conference last July, I outlined the broad ambitions of the Coalition Government for the sector. I observed that your role is critical in:

- Helping create a population with technical, practical, employable skills that drive and grow business, the economy and society
- Ensuring that young people are engaged in learning or employment
- Re-shaping and upgrading workplace training - particularly via the Apprenticeship route; and
- Intervening to help people back into work, swiftly and sustainably.

I am pleased to say that since last July we have made progress in moving towards a system that allows us to get out of your way - so that you can deliver on those objectives.

We are moving towards a system where funding is driven by how well you respond to the outcomes that employers in the communities you operate in want - by giving learners the skills they need.

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This will play to your strengths as you have always been focused on employers. And you will soon have maximum flexibility to be able to deliver what employers and learners need, because as of 1 August, colleges and training organisations will have equal access to the budget for adult skills. And let's be clear about what this means.

All types of provider will have equal flexibility to deliver to all types of adults. Every provider with an allocation from the Agency can deliver the learning that their customers demand: working with unemployed adults; working with business; working with community stakeholders. All of this is as open to you as to colleges.

So my first big message to you today is that the doors have been flung open. The whole range of provision previously dominated by colleges can now be delivered by you. This is an opportunity for you to apply your creativity, innovation and understanding of what employers want - to deliver the services traditionally provided by colleges.

But my second big message is that you should not underestimate colleges' ability to compete in your territory.

Many colleges have already started to exploit opportunity and have followed your example to work directly with employers. Some have set up new enterprises to pursue a different business model; others have gone into partnership with businesses; still others have developed new curricula focusing on enterprise and entrepreneurship to enable start ups or to provide to business the type of employees they need.

For evidence of this shift in college behaviour, all you need to do is look at what is happening with the Apprenticeship figures. The target we were set of at least 50,000 additional apprentices I predict will be amply achieved. And while the Apprenticeship market has in recent years been dominated by your members in the private and voluntary sector, the evidence suggests that colleges' efforts to transform their delivery to focus on Apprenticeships has made material progress.

On top of that, colleges will soon have a funding incentive to engage even more with employers. As I noted earlier, all providers will be incentivised to deliver what their customers and stakeholders want. That means colleges will need to work much more closely with employers so they can ensure their learners get the right interventions to get work or get on in work.

But there are implications for you too. Where colleges have always been seen to be the part of the system responsible for serving the needs of the communities they operate in, going forward every provider will play a critical part in addressing the adult skills needs identified by stakeholders such as employers, local authorities and LEPS.

So, as with colleges, you are free to choose what you deliver, but only when your stakeholders are satisfied that your provision is meeting the needs of the community will you be able to earn your full funding via the outcome incentive.

We will be piloting the outcome incentive payment starting 1 August – focusing on employment. We will introduce the rest of the outcomes in 12/13. These will likely be qualifications; progression into HE or other FE; and framework completion. So getting someone into, or on, in work will attract funding and so will a qualification. To maximise funding, you will need to deliver both.

But please bear in mind this is a pilot - using only 2.5% of the funding for each provider. But it's a significant change and it has pitfalls to be avoided, so we are working with you and the rest of the sector to make sure we do it carefully and pragmatically. You have a stake in helping us to make it work because before long, the outcome incentive payment will represent a proportion of your allocation that you will not want to lose.

At a strategic level, the outcome incentive payment will drive behaviour change so that the differences within the sector will be eroded. Colleges will need to behave more like you – and you will need to behave more like them. It makes sense – it's all public money meant to be used for what communities need.

You will not be surprised that the idea is pretty attractive to the DWP and therefore is entirely in line with the reasons behind your name change.

Again, at a strategic level, the greater alignment among the players in the FE sector should enable new business models to flourish.

In a speech he gave last week, John Hayes gave some strong steers about his ambitious vision for the sector and I know he talked to this again in his speech yesterday. He said:

*“We need to be more creative, including looking at potential new providers and new delivery models, including opening up opportunities for high-quality deliverers from the independent sector.”*

His message is clear. The sector as a whole needs to respond to the opportunities and challenges to raise its game in new and innovative ways. And as the playing field levels, this becomes easier. Common rules for everyone will enable opportunities for discussions among equals, so that colleges and independent providers can work in collaboration or federation – and not only as prime versus sub-contractors. Done well, these new models will lead to better outcomes for learners and employers at less cost.

Because that is the imperative - funding systems and delivery models are just a means to an end. And that end is to unlock the talents of more people by giving them world-class practical skills.

And so to return to where I started - your achievements - I would remind you that you are the translators and implementers of our shared ambition. It is you and your staff - at that moment of truth with a learner, an employer and a community leader - who can identify need, deliver the skills to inspire confidence - and make a difference.

Thank you

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