

14 July 2010

Dear Colleague

Re: Future Scenarios: Facing up to the challenges

John Hayes recently wrote to you, along with all colleges and training organisations, setting out the new freedoms and flexibilities for the sector. These announcements will have a profound impact on the way that your college operates and the context in which you deliver services.

Colleges will have much more autonomy to make decisions about how to respond to the needs of employers and communities balancing opportunity and risk for the institution. Colleges will therefore have greater responsibility for understanding local skills needs, ensuring that provision is suitable to meet demand and contributing to the ambitions of government. The Skills Funding Agency will become increasingly focused on the funding and regulation of the sector, with limited intervention, and then only by exception.

At the same time, the recent Budget announcements have set out the scale of the challenge faced by the public sector, with the average real cut across Government Departments expected to be 25%. You may already be planning for the future and considering how future funding may impact on your institution.

The Skills Funding Agency has developed a presentation which sets out some of the challenges facing the sector as a whole. I am keen that we deliver this presentation to you, including an analysis of how these challenges may impact on your college, with you and your Governing Body.

Clearly, this focuses on the post-19 element of your budget, although you will also need to consider the implications of changes to other funding streams including 16-19 and HE.

The Skills Funding Agency would not wish to specify how you should go about planning for the future. Rather, I recognise that you need to plan on the basis of a number of scenarios and I want this presentation to inform that planning process. Similarly, many colleges are already

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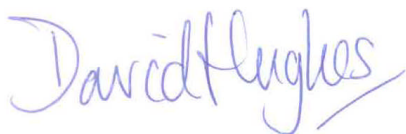
finding ways to adapt and survive in challenging times and I want to facilitate the exchange of best practice. Our interest is therefore in making sure that each college, and the sector as a whole, has had the opportunity to consider potential future scenarios, likely implications and some of the actions that might help organisations adapt and thrive.

From July 2010, Skills Funding Agency Senior Account Directors and Heads of Provider Accounts will be ready to discuss this presentation with colleges. I hope that our discussion with you will also include your Chair and Governing Body. Please contact your Account Manager to identify an opportunity for this discussion to take place.

We are also planning to hold regional events for college governors in the autumn. These will provide more opportunity for us to collectively look at the outcomes of the Spending Review and the implications for colleges.

I hope this is helpful.

Yours sincerely

A handwritten signature in blue ink that reads "David Hughes". The signature is written in a cursive style with a horizontal line underlining the name.

David Hughes
National Director of Provider Services