

Geoff Russell: Association of Colleges Speech

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Good afternoon

Last time I stood here I had to give a rather difficult speech about a few tricky issues, but I took comfort in the knowledge that it would also be my last Association of Colleges (AoC) speech.

How wrong I was and here I am again. But I can safely say that this time, even if there are some new issues around, I am much more optimistic of getting out of the room alive.

When I spoke last year I characterised the relationship between the LSC and the sector as strong, but in some ways perhaps a bit like that between a parent and a child, and I hoped we could operate in a more grown up way. I think we have made progress on this, which is rather helpful really, given that with the launch of the Skills Strategy and the Skills Investment Strategy, the relationship I was hoping for has now been formalised. You have now been freed from parental control, and the Agency recognises that the LSC's child has grown up and deserves the keys to the car. And I for one am pleased.

Before I go on, I must take the opportunity to thank all the colleges across the country that have made me so welcome on my visits. Many of you allowed me to talk with delighted learners and share in graduations and dedications when in fact I played no part in the professionalism and hard work that led to the enthusiasm and celebration of those people whose lives you transformed.

Many of you also invested your time in the fairly sensible risk management strategy of enlightening me about what FE was really about. It moves me to see the motivation and dedication of staff, governors and leadership teams the excellence in teaching and learning: the ordinary people doing extraordinary things. Seeing what you do in your communities is the best part of my job and I am proud to be associated with what you do. Your work often goes unheralded but never unappreciated. That long observed iniquity, I think, can be changed for the better: but only if you're willing to take a chance.

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Why do I think that? The answer is that I believe that fiscal necessity will require a response from colleges that could and should - take FE to an entirely new level.

When I spoke last year about the financial pressures that were coming, I said: "...colleges will have to work together, and also with private providers, to find new solutions to ensure that further education as a whole will prosper. To do this, I believe you will need to explore new governance structures, new business models, new learning methods, and forge new relationships to ensure that you can continue to serve the needs of learners and employers."

That was a year ago and I think the time for words has now passed. It's time to bite the bullet, put aside the politics, the personalities and the possessiveness and take a risk on real collaboration. This is the right thing to do - not just in response to the fiscal position; it's the right thing to do because it provides critical mass to institutions by combining their business acumen and financial strength to invest in innovative, more efficient and more enterprising offers. Most importantly, it's the right thing to do so that learners can benefit, rather than suffer, from funding challenges.

I am convinced that there is a massive opportunity to be seized; and whether and how we do that will determine the future and reputation of the sector. That opportunity arises because all education will suffer reductions of some level in the coming years. But you have the competitive advantage of understanding how to run education businesses with remarkable success.

And with the freedom and flexibility that you now have at your disposal, you can leverage that competitive advantage by collaboration and enterprise - and if you are really brave - entrepreneurship, not only to do better for less in FE, but to extend your reach and bring your skills to bear on the wider education sector that surrounds FE.

And the Agency needs to help you. I have used the word "we" a number of times and that's because our new role is to support you rather than hinder you in delivering what your customers and your communities want.

The new funding system will be crucial to the way we support your businesses. We've consulted extensively and there's a consistent steer that adult skills funding should follow four basic principles.

First, it should be simple and embed accountabilities and incentives so that, without interference, the system will itself deliver the outcomes learners, businesses and communities need.

Second, we at the centre have to trust that this system will work.

Third, we must share intelligence and information, advice and guidance to help providers and their customers make good decisions, but also we must gather intelligence to publish what is being delivered and monitor the system overall.

Finally, we must encourage the sector to help out when bits of the system require peer support. And only if necessary, will we invoke a failure regime that is clear and decisive that quickly changes the governance and management of institutions so that improvements can be made and learning continues.

So how will this new funding system work? You will have the freedom and flexibility to use funding to respond to your customers' needs, but a significant proportion of adult funding will be conditional on the achievement of outcomes discussed with your local partners. These outcomes will be about employment, progression while employed, qualification and apprenticeship completions and progression to higher education or higher level further education.

This system will require colleges and independent providers actively to engage with their communities, including employers, Jobcentre Plus, local authorities and Local Enterprise Partnerships. The intent is to focus public funding on the outcomes that are judged needed by the economy and society, rather than simply funding qualifications - but also to switch the accountability for those judgements from Whitehall to local communities; from us - to you.

The new system means trying to reconcile the tensions between the needs of learners and employers and between and among the views of colleges and providers and local partners. These tensions have always been the elephants in the room and previous attempts to tackle them centrally have never really been successful.

And yet addressing these elephantine tensions is more important than ever, because the new FE offer in this tougher world will be about providing employers with more than just job ready learners. Future learners must get new experiences, skill sets and attitudes so they can add tangible value to employers through initiative, enterprise and energy.

So I am delighted to tell you the elephants in my room are now in your room. I don't expect you to eliminate the tensions among players in the skills landscape - they can only ever be managed. But I believe you are better placed to do this than we are.

You will therefore not be surprised when I say I'm enthusiastic about the new funding system. But it will be very different, so we need to introduce it carefully. With your help, we will pilot it next year. But I would point out that while it may be different, at its heart, it is simply designed to motivate all colleges and independent providers to operate the way the best ones already do - probably despite the existing system.

Pause

I have spoken today of greater freedoms and flexibilities; about collaborating to create a new and better future for learners and of a simplified funding system that will help you create that future.

But the message I want to leave you with is this: stop planning for survival. Don't even think of doing "less for less". Instead, lift your eyes from funding for a moment and see the opportunity around you.

This is the time to take a chance, a calculated risk - on a better future.

A future about innovation - derived from working in collaboration with partners and working directly with your customers.

A future about raising further the excellence of your teaching and learning and of the skills of your learners.

In a word, the future is about enterprise - for you and your learners.

Enterprise and entrepreneurship - will propel you and your learners to another level and *rock* the competition off their pedestals.

FE really means Future Enterprise.

Thank you.