

**Skills
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Agency**

**Further Education – New Horizon
Investing in Skills for Sustainable Growth**

Skills Funding Agency

Coalition Approach

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- Investment strategy for truly lifelong learning, nurturing sustainable economic growth & social renewal
- Based on:
 - Fairness
 - Shared responsibility
 - Greater freedom
- And in context of *Skills for Sustainable Growth* strategy

Skills Strategy

- Further Education and the gaining of new skills is central to delivering the Government's goals of balanced and sustainable growth
- Skills is one of the factors which drives productivity and employment both of which support growth
- The FE and skills system supports social mobility and well being by providing opportunities for those who need additional help in order to progress

Reform Programme:

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- 1 Confirm, restate and communicate the need for a skilled nation
- 2 Work with employers over the need to train and where appropriate introduce levies and licences to practice
- 3 Empower the prospective student by providing a career service that gives impartial advice
- 4 Provide a prestigious suite of qualifications that are well regarded by employers and portable
- 5 Through the development of Life Long Learning Accounts financially support the most vulnerable in society by fully subsidising programmes:
 - For those with poor basic skills, Young adults (19 up to 24) who didn't complete their secondary education (level 2 qualification) and who could progress and gain level 3.
- 6 Rebalance Government investment by introducing co-funding and loans for full time adults (24 and over) programmes leading to a recognised QCF qualification at Level 3 and above
- 7 Deregulating the sector, simplifying the funding system and reducing the number of organisations involved in the skills delivery landscape

Headlines

- FE resource budget for adults reduced by 25% to 2014-15
- Savings through:
 - Efficiencies
 - Policy changes
 - Unit cost reductions
 - Changes to statutory entitlements
 - Re-balancing who pays
 - More freedoms for colleges and training organisations

Key Commitments

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- **Expand Adult Apprenticeships**
 - Over 200,000 starts per year
 - 75,000 increase by 2014/15
 - Reshape programme so Level 3 becomes the level to aspire to
- **Employers**
 - Leadership by employers
 - New Growth and Innovation Fund upto £50m p.a & co-funding from employers
 - Focus public support on SMEs around developing leadership and management capacity and co-funding Level 2
 - No funding for ESOL in the workplace
- **Unemployed**
 - Full funding for provision relating to employment for people required to seek work on active benefits

Key Commitments (2)

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- **Individuals**
 - Government backed loans to help finance intermediate and higher level qualifications from 2013/14 academic year
 - All Age Careers Service – developing over 2 years
- **The Funding System**
 - Simplified systems and processes
 - Aligning pre and post-19 systems where possible
 - Remove current set of regulations to free colleges to deliver to their local communities

Reform of Funding

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Who is eligible for funding?

From 2011/12:

- More flexible delivery for those on active benefits including funding units and full qualifications
- Greater focus on those on active benefits
- Consequent narrowing of fee remission category
- Continued full funding for literacy and numeracy
- ESOL fully-funded for those on active benefits; co-funded for others.
- ESOL in the workplace will no longer be eligible for funding
- Skills for Life uplift (1.2) removed from literacy, numeracy Level 1 and Level 2 and ESOL (Entry Level numeracy remains at 1.4)
- Rates reduce by 4.3% - 19+ only – for new and existing learners

Reform of Funding (2)

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What is eligible for funding?

From 2011/12:

- Growth in Adult Apprenticeships, with a particular focus on 19-24 and Level 3 - continue to be co-funded; expectation that employers contribute towards the costs of training
- Current entitlements for first full Level 2, Level 3 for 19 up to 25 and Skills for Life remain
- Co-funding at Level 2 for workplace learning outside of Apprenticeships will only be available to SMEs (fewer than 250 employees)
- Level 3 and above delivery in the workplace (outside of Apprenticeships and current entitlement) will no longer be eligible for funding
- Adult Safeguarded Learning protected at £210m but 'reinvigoration' of adult and community learning signalled

Reform of Funding (3)

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From 2012/13, proposed changes to statutory entitlement:

- Full funding for first full Level 2 and 3 focused on young people (19 up to 24 ie: to 23)

From 2013/14

- FE Fee Loans introduced for Level 3 or higher qualifications (including Apprenticeships) where public funding is no longer available (learners aged 24 and over)

Simplification of funding system

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For 2011/12

- Single Adult Skills Budget
- Rationalisation of Adult Safeguarded Learning lines
- Minimum Contract Level (£500k)
- Pilot employment outcomes in 2011/12

For 2012/13

- Simplified rates structure
- Removal of provider factor (but area cost uplift retained)
- Simplification of data returns
- Simplification of learner support / hardship fund
- Disadvantage uplift incorporated into Learning Support
- Consider impact of fee collection on future allocations

2011/12 Allocations

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- Single Adult Skills Budget indicative allocation made in December
- Need to ensure growth of Apprenticeships.....
- Guidance Note 6 set out 'rules'
- All colleges and providers delivering Post 19 need to be on ACTOR as a condition of public funding
- Additional Learning Support Budget (ALS) to be aligned
- Offender Learning and Skills Service (OLASS) and Adult Safeguarded Learning (including Formal First Steps) will be allocated in January 2011
- £478m ESF over 4 years, £150m focused on unemployed, to be tendered in January 2011, for provision from April 2011
- Indicative 16-18 Apprenticeship allocation in January

Final SFA Allocations in March 2011

- Reflect impact of MLP
- Update for mid-year estimates/Quarter 2 changes
- Reflect outcome of discussions for those providers falling below MCL

Alignment with YPLA

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- Joint briefings for sector – with AoC, ALP and UKCES
- 16-18 payments for colleges and providers routed through Agency
- Skills Funding Agency allocations to Sixth Form Colleges will include funding to cover the costs of 19 year olds with 16-18 entitlement, as well as all other 19+ provision
- Existing areas of alignment include contracting and payments, data collection and audit
- YPLA and Skills Funding Agency working to agree details of how relationships with GFECs, SFCs and providers will operate

What does this mean?

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1 Customer power....pay more, expect more

- Tighter rules on eligibility – have to work harder to earn allocation
- More co-funding
- Loans
- Better information / more transparency – All Age Careers Service & informing choice
- More freedoms to providers to respond to local needs
- Potential to use QCF
- Less central priority setting

2. Stakeholder power...direct relationships with colleges and providers, informing and influencing

- College and providers need to respond to local communities and economies
- Expect active pursuit of direct engagement with a range of stakeholders (LEPs, Local Authorities, Jobcentre Plus, employers, Sector Skills Councils, learners, Probation Service etc)
- Consult on business plans and set out how public money will be used
- Publish information on how plans have been delivered

What does this mean? (2)

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3. More responsibilities for colleges/providers

- Transfer of central planning to local planning
- Engagement with / responsiveness to stakeholders and customers
- Tougher decisions on use of scarce resources/focus on those who need it most.
- Need to change approach to learners – sell to people who will pay

4. Skills Funding Agency

- Simpler system – streamlined structure
- We assume the system will work – ie don't default to micro-management
- Step back from local relationships: responsibility of colleges and providers to engage with local partners – not ours
- Continue to monitor the data – eg make sure Apprenticeships are delivered in line with Govt ambition
- Where there are issues that local partners can't resolve....we reserve the right to intervene

Key areas to be resolved (1)

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- Applications of Minimum Contract Level to 16-18 Apprenticeships – working with DfE, submission to go to Ministers early 2011
- 16-18 Apprenticeships - timetable on allocation process to follow once DfE grant letter published
- Post-19 funding for Sixth Form Colleges – working with YPLA to clarify arrangements
- Develop criteria for payment of Job Outcome Payments in 2011/12

Key areas to be resolved (2)

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- Fee collection/income
 - Agreed to review the collection of fees during 2011/12 and agree what else, if anything, we need to do to ensure fees are collected
 - This could include adjusting future allocations
- Further details on Subcontracting
- LLDD - details on arrangements for funding these learners, following review with YPLA
- Formal First Steps - budget to be allocated in January, alongside Adult Safeguarded Learning
- OLASS - detail of any changes to provision included in report on Review of Offender Learning, mid-January

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**Department for Business
Innovation & Skills**

Questions?