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**Department for Business
Innovation & Skills**

Skills Investment Statement New Challenges, New Chances

February 2012

New Challenges, New Chances

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Further Education and Skills System Reform Plan:
Building a World-Class Skills System

The Skills Investment Statement 2011-2014:
Investing in a World-Class Skills System

Building a World Class Skills System

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Principles:

- Students at the heart of the system
- 1st Class Service from the National Careers Service
- Ladder of opportunity
- Excellence in teaching and learning
- Relevant and focussed learning programmes
- Strategic sector governance
- Freedoms and flexibilities
- Simplified funding system
- Informed choice
- Global FE

Students at the heart of the system

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- Funding for greatest impact - the young, those seeking work and basic skills
- 2013 - Introduction of Loans
- Innovation Code

The National Careers Service

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- April 2012
- Independent, professional, accessible
- Contribution to economic growth and social mobility
- Online offer for all
- Face to face for 19+ (700k per annum)
- Robust Matrix Standard

The Ladder of Opportunity

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Vocational Learning

- More Apprenticeships....and more targeted
- Focus where there are greater returns
- Incentives small employers to recruit 16-24 yr olds
- More opportunity for higher-level skills via bids
- Drive for quality improvement

Employer Ownership Pilot

- DfE and BIS
- Up to £250m over two years
- Prospectus and bidding process

The Ladder of Opportunity

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English and Maths

- Terminology change
- Prioritise young people and the unemployed
- Pilot 'distance travelled' provider reward
- GCSE funded from September 2012
- Apprenticeships – functional skills or GCSE from 2012
- JCP and OLASS
- Development fund for sector
- National campaign

The Ladder of Opportunity

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The Unemployed:

- 19 - 24 full funding for foundation learning
- Full funding for first L2 or L3
- QCF Units
- Job Outcome Payments
- Transition to Universal Credit

Higher Education:

- 'College of further and higher education'
- Proposals on collaboration for credit accumulation/transfer
- Awarding bodies given awarding powers for HE courses

The Ladder of Opportunity

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Community Learning

- Targeted at the most disadvantaged
- Proposal for 'community learning trust' pilots
- Possible roll out from Summer 2013
- Big Society

Offender Learning

- Offender Learning Review – reiteration of goals

Excellence in Teaching & Learning

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‘Independent commission on adult education and vocational pedagogy’

- Supported by LSIS, evidence from OFSTED
- Benchmark ‘good’ and ‘best practice’

Professional Workforce – an independent review

- Bursaries and development funding
- New models of teacher education

Network of expert practitioners in vocational areas

Relevant and Focussed Learning Programmes and Qualifications

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Work to be done....

- Maximise benefits of QCF
- SSCs no longer approve each unit
- Business involved in design, development, assessment
- National Occupational Standards – fit for purpose?
- Consultation 2012
- Ofqual Review – how is the market working?

Strategic Governance

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- College Governors – collective responsibility
- Key role in LEPs and City Deals
- Instruments and Articles
- Dissolution
- Variety of models and opportunities:
 - Specialisms - NSAs
 - GTAs/ATAs
 - UTCs
 - Academy and free school sponsorship

‘College Structure and Prospects Appraisal’

Freedoms and Flexibilities

Much already done....more to come

Simplification Programme

- Whole college view
- Large employer pilot
- Communications – fewer and higher quality
- Simplified funding system

Transparency – Quality Assurance and Data Management

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- Data on Careers Service website
- Self-Assessment
- Ofsted Grade 1 exempt from inspection
- MLP – more transparent/less complex
- Financial Reporting – whole provider view
- Failure

- Promote Education UK Brand
- UKTI
- Emerging economies

Build on the Legacy of World Skills

- Annual Festival of Skills
- Registrations close on 15 March
- Competitions aligned with Quality Improvement and raising standards
- **The Skills Show** planned for autumn 2012

Skills Investment Statement 2011-14

Skills Investment Statement

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Main areas are:

- ✓ Funding Simplification and reducing bureaucracy
- ✓ Continued commitment to Apprenticeships
- ✓ Skills for life: English and Maths
- ✓ Further development of large employer commitment
- ✓ Less money in the system
- ✓ Consolidation of policy areas and funding streams
- ✓ Housekeeping - tidying up the Adult Skills Budget
- ✓ Funding entitlement
- ✓ Minimum Contract Level – no change
- ✓ Specialist Designated Institutions – no change
- ✓ Informal Adult Community Learning pilot
- ✓ Enhanced Discretionary Learner Support budget.

Key Challenges (1)

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- Funding simplification principles approved
- Employer Architecture
- Agreement on principles of Job Outcome Payments
- Shifting priorities to young people 19 - 24 not in employment, education or training (NEET)

Key Challenges (2)

- Streamlining of Learner Support (2012/13)
- Incorporation of Formal First Steps into ASB (2013/14)
- Informal Adult and Community Learning
- Innovation code
- Opening up of the QCF

Investment Statement Budgets

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There will be less money in the system:

Total Skills Funding Agency £ in 000s

2011-12 FY	2012 -13FY	2013 -14FY
3,473,225	3,361,209	3,156,923

Teaching and Learning Adult Skills £ in 000s

2011-12 FY	2012 -13FY	2013 -14FY
2,834,542	2,699,009	2,497,346

Funding Allocations 2012/13

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- Initial funding statements issued December 2011
- Include initial Adult Skills Budget funding for 2012/13
- Based on 2010/11 cash outturn
- Floor and ceiling applied to limit increases/decreases
- Final allocations to be issued March 2012
- Will take account of 2011/12 mid year position as at February 2012
- **NB: Important that data is complete and accurate**

Funding Rates 2012/13

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Changes in funding rates will apply as follows:

- Funding rates for 19+ ASB provision will remain the same
- Funding rates for 16-18 Apprenticeships will reduce by 2%

Investment Statement Budgets

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Budgets will also be available for:

- Adult Safeguarded Learning
- Learner Support
- Skills Infrastructure
- Capital Grants
- Government funding for FE loans

Who and what will we fund?

The table below sets out the Government funding for 2012/13 Academic year (AY) and 2013 (AY) reflecting the statutory entitlement changes taken through Parliament as part of the Education Act 2011. Where Government is fully funding a programme, colleges and training organisations should not charge the students.

Programme	Student	2012/13 AY	2013/14 AY
Adults in receipt of JSA/ESA ¹ (in the work related activity group) ² where skills training will help them into work	Adults aged 19+	Full funding	Full funding ³
Adults on wider benefits ² where skills training will help them into work	Adults aged 19+	Full funding	Full funding ³
English and Maths basic skills (Inc GCSE English and Maths qualifications and forthcoming stand alone units)	Adults aged 19+	Full funding	Full funding
Student undertaking a first full Level 2 Students undertaking Foundation Learning (pre-Level 2) to progress to Level 2 or above	Adults aged 19-23	Full funding	Full funding
Students that are not fully funded undertaking Level 2 qualifications delivered in the classroom, or in the workplace if delivered for an SME	Adults aged 19+	Co-funding	Co-funding

Who and What will we fund?...

Programme	Student	2012/13 AY	2013/14 AY
Students undertaking their first full Level 3 qualification	Adults aged 19-24	Full funding	Full funding 19-23 ⁴
Students that are not fully funded undertaking Level 3 or higher qualifications delivered in the classroom	Adults aged 19+	Co-funding	Co-funding 19-23 ⁴ Access to FE loans for 24+ inc unemployed and apprentices
Level 2 Intermediate Apprenticeship	Apprentices aged 19+	Co-funding	Co-funding
Level 3 Advanced Apprenticeship	Apprentices aged 19+	Co-funding	Co-funding 19-23 ⁴
<p>¹Job Seekers Allowance (JSA)/Employment and Support Allowance (ESA)</p> <p>² This will need to be reviewed due to the introduction of the Universal Credit</p> <p>³ Not Level 3 or above for adults aged 24+</p> <p>⁴ Departmental policy describes the age group as '19 up to 24'</p>			

**Other key information for
providers for 2012-13**

Minimum Contract Level (MCL)

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- MCL is now implemented operational policy
- The Agency is keen to continue to secure further efficiency savings for the sector which can be passed on to learners.
- MCL maintained for 12/13 at a threshold of £500,000.
- Exemption categories remain unchanged.
- All subcontractors with an aggregated value of £500,000 to be on The Register (formerly ACTOR) from the January 2012 refresh.

Register of Training Organisations

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- The Agency has to operate a procurement process which is legally compliant, ensures value for money and is fair and transparent
- Replaces ACTOR known as: [The Register](#)
- All training organisations must complete and maintain their information on [The Register](#) to be eligible to receive Agency funding
- Successful completion of [The Register](#) does not guarantee a contract, but only providers who have successfully completed [The Register](#) will be eligible to receive future invitations for tender.
- Large employers, who deliver to their own employees only are exempt from [The Register](#)

Sources of further information:

Government response to the *New challenges, new chances* consultation: [Further education and skills system reform plan](#)

See also the [Skills investment statement 2011 - 2014 *New challenges, new chances*: summary of responses to consultation](#)

[*New challenges, new chances* consultation document](#)

All located at: BIS website:

<http://www.bis.gov.uk/Consultations/fe-and-skills-new>

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