

South East Skills Service Management Report – Special Edition

“This special edition of the report draws together the current and future skills strategies, policies and funding arrangements.”

The Coalition Government published two strategies in November 2010; **The Skills for Sustainable Growth: Strategy Document (Skills Strategy)** and **Further Education – New Horizon, Investing in Skills for Sustainable Growth**. Together, the strategies set out the Coalition Government’s plans for the reform of the further education system.

This reform is founded on the coalition’s principles of fairness, shared responsibility and greater freedom:

- **Fairness** means supporting those in need, including prioritising young adults; the unemployed on active benefits; and those without basic literacy and numeracy skills.
- **Shared responsibility** acknowledges that employers and citizens must join the Government in taking responsibility for ensuring their own skills needs are met.
- And **greater freedoms** will be realised through greater accountability to citizens, employers and communities rather than Government.

This document is a summary of the key strategic points and the key implications for the skills sector in terms of the 19+ population.

The Skills for Sustainable Growth: Strategy Document - Skills Strategy

The Government’s aim is to return the economy to sustainable growth, extend social inclusion and social mobility and build the Big Society. Underpinning every aspect of this purpose is the improvement of skills.

The Skills Strategy sets out the Government’s strategy for improving and using skills to realise this central objective. It sets out the direction for skills policy for the life of this Parliament and the shared responsibility of Government, employers and individuals to create a system for skills in which all parties can invest with confidence and benefit with consistency. The skills strategy looks at:

Skills for Sustainable Growth

- Expanding the numbers of adult Apprenticeships available by up to 75,000 by 2014-15.
- Reshaping Apprenticeships so Level 3 becomes the level to which learners and employers aspire.
- Ensuring there are clear routes from Apprenticeships to higher level training including, but not exclusively, Level 4 Apprenticeships.
- Ensuring that vocational qualifications reflect the changing needs of employers.
- Reducing the reliance of some sectors of our economy on migration to fill jobs.
- Supporting employers in addressing their skills needs through a new growth and innovation fund of up to £50 million.
- Providing some co-funding for training at Level 2 delivered in small and medium sized companies.
- Encouraging more widespread teaching of entrepreneurial skills.

Skills and a Fair Society

- Ensuring those who have left school without basic literacy and numeracy have access to effective state funded training.
- Providing state funding for targeted provision for people on active benefits.
- Reinvigorating and reforming adult and community learning to support the development of the Big Society, engage disadvantaged people and create progression routes for people who want to move on to formal learning.
- Providing grant funding for training for young people to help them move from education into work.
- Consulting on a simplified learner support offer.

A Shared Responsibility for Skills

- Introducing government-backed loans from 2013/14 to help people finance intermediate and higher level qualifications.
- Offering every adult a Lifelong Learning Account bringing together information about available grant funding, learning and new government backed loans.
- Establishing an all-age careers service providing high quality, professional careers guidance to young people and adults.
- Reforming the UK Commission for Employment and Skills.
- Supporting initiatives by employers to build modern high-performing workplaces.

A Reformed System with Increased Freedom

- There will be no top down targets – the sector will take on responsibility for its own performance.
- Streamlining the organisational landscape.
- Simplifying systems and processes with a much simpler funding system.
- Removing regulations to free colleges to deliver for their local communities.
- Tackling unacceptable performance.

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

Known as the **Skills Investment Strategy** sets out how the Government will reduce bureaucracy; remove unnecessary interference from intermediary agencies whether local, regional or national; streamline the organisational skills landscape; remove unnecessary regulation; and, introduce new freedoms and flexibilities. Collectively, these measures will ensure the sector is better able to meet the needs of individuals, businesses and local communities.

Over the period of this Spending Review (SR), up to 2014-15, the further education resource budget will be reduced by 25% to £3.2bn. Dealing with these reductions will be a challenge and individuals, training organisations and colleges will have to adapt to change. Savings will be made by driving efficiencies through the system. This will include: policy changes; unit cost reductions; reforming the statutory entitlements to fully subsidised training; rebalancing the investment from public spending towards greater contributions from individuals and employers who benefit most and can afford to pay.

The Spending Review settlement takes us through to the 2014-15 financial year. This has enabled the Department for Business, Innovation and Skills to make funding decisions for financial year 2011-12 with indicative funding levels for the following years up to 2014-15.

From 2011 onwards

- For 2011/12 the Agency will allocate £3.14bn for teaching and learning, of which £2.8bn will be for the Adult Skills Budget, including £605m for Apprenticeships. This will enable around 3.1m adults to participate in publicly supported learning.
- Literacy and numeracy provision from entry level up to and including level 2 will continue to be fully subsidised for adults with an identified need.
- Entitlement learners progressing to a 1st full level 2 will be fully funded for provision which helps them to progress and bridge the gap from basic skills to level 2.
- Full funding will be available for work-related training for people who are unemployed on Jobseekers Allowance (JSA) or Employment Support Allowance, (ESA) or Work Related Activity Group (WRAG) for both units and full qualifications. This means fee remission will no longer apply to those on income-related benefits who are not actively seeking work.
- The Train to Gain Programme will not continue. Outside of apprenticeships and statutory entitlements, funding for work-based training will be focused on SMEs (around leadership and management and level 2).
- Level 3 and above delivery in the workplace (outside of Apprenticeships and entitlements) will no longer be eligible for funding.
- ESOL will be fully funded for those on active benefits (seeking work) and co-funded for those settled here; ESOL in the workplace will no longer be eligible for funding.
- Funding rates will reduce by 4.3% for 19+ new and existing learners.
- A minimum contract level of £500,000 will be introduced.
- Further simplification of the funding system and methodology will be progressed and the Agency will engage with the sector on how best to implement this.

From 2012/13

- The statutory entitlements will change for a first full level 2 and first full level 3 qualifications so they are focussed on those aged 19 to 23 years old.
- A single learner support fund will be fully implemented based on progressive change from 2011/12.

Entitlements for 2012/13:

Learning Level	<i>Priority population groups and Government subsidy for learning they can expect</i>		
	Individuals aged from 19 up to 24	Individuals aged 24+	Individuals who are unemployed and on active benefits
Basic Skills	Fully funded	Fully funded	Fully funded
Level 2 (first)	Fully funded	Co-funded	Fully funded targeted provision for learners with skills barriers to employment
Level 2 (retraining)	Co-funded	Co-funded	
Level 3 (first)	Fully funded	Co-funded	
Level 3 (retraining)	Co-funded	Co-funded	
Level 4 (any)	Co-funded	Co-funded	

From 2013/14

- Introduction of **loans for learners aged 24 or over** undertaking level 3 or higher qualifications where public funding is no longer available.

Entitlements for 2013/14:

Learning Level	<i>Priority population groups and Government subsidy for learning they can expect</i>		
	Individuals aged from 19 up to 24	Individuals aged 24+	Individuals who are unemployed and on active benefits
Basic Skills	Fully funded	Fully funded	Fully funded
Level 2 (first)	Fully funded	Co-funded	Fully funded targeted provision for learners with skills barriers to employment aged 23 and under and/or training below level 3. Loans for those aged 24+ on courses at Level 3 and above.
Level 2 (retraining)	Co-funded	Co-funded	
Level 3 (first)	Fully funded	Loans	
Level 3 (retraining)	Co-funded	Loans	
Level 4 (any)	Co-funded	Loans	

What does this mean?

- The expectation of shared responsibility means that employers and citizens must join the Government in taking responsibility for ensuring their own skills needs are met.
- With reduced fee remission categories and entitlements, colleges and providers will have to work harder to deliver their allocation with more co-funding being the norm.
- Greater responsiveness will be realised through greater accountability to citizens, employers and communities rather than Government.
- More freedom (and expectation) for providers to respond to local needs coupled with less central policy and target setting.
- We will see direct engagement of colleges and providers with learners and a range of stakeholders (including local enterprise partnerships, local authorities, Jobcentre Plus, employers etc). This will give more responsibility to colleges and providers to ensure their provision responds to local and sectoral demands.
- A simplified and streamlined Agency funding system with a more 'hands off' approach based on the premise that the funding system supports and facilitates the policy aim so we will not need to manage it at provider level
- Taking a step back from local relationships. Moving the responsibility for engagement with local partners to colleges and providers.
- The Agency will only intervene where there are issues that cannot be resolved by other means.

Apprenticeship

- There will be increase funding for adult (19+) Apprenticeships by up to £250m over the Spending Review period, compared to the level inherited from the previous Government.
- By the 2014-15 financial year, there will be sufficient funding in place for 75,000 more adult Apprenticeship places.

Basic Skills

- Literacy and numeracy provision will continue to be fully subsidised for all adults who need it.
- With the exception of Skills for Life Entry Level numeracy provision, the programme uplift in funding for Skills for Life provision will be removed for the 2011/12 academic year.

Training for people who are unemployed

- Full funding will be focused on training for people who are unemployed and receiving JSA or ESA or WRAG for full qualifications and units from the QCF for training to help them enter employment.
- Delivery of training for people who are unemployed will be incentivised through the piloting of new job-outcome payments for FE colleges and training organisations.

Adult Safeguarded Learning (ASL)

- Through the Spending Review, the funding of £210m for informal Adult & Community Learning will be protected, with increased flexibility across the four components.

Growth and Innovation Fund

- There will be a new, demand-driven Growth and Innovation Fund of up to £50m per annum. This figure represents the BIS contribution only and the intention is that businesses will co-fund training costs covered by the Fund. The Fund will overcome obstacles to employer-led innovation and is aimed at raising skills.

Union Learning Fund

There will be a continued support for Unionlearn and the Union Learning Fund by investing £21.5m in the 2011-12 financial year. This will enable Unionlearn to build on the impressive track record of Union Learning Representatives and the Union Learning Fund in promoting and supporting learning in the workplace, especially in reaching out to those who are poorly-qualified and most in need of support.

Lifelong Learning Accounts

- There will be an offer of Lifelong Learning Accounts to all adults from September 2011, helping learners to make choices about how and when they learn, and to invest in education and training.

Careers Service

- The careers service for adults will continue to operate as Next Step until March 2012. In a joint announcement on 13 April 2011:
 - The Department of Business Innovation and Skills stated that it will continue to fund a high quality online and helpline service for adults. From September 2011 these will be linked to similar services for young people, so there is a single point of access for all users of each service; and continue to fund a network of public, private and voluntary sector organisations to provide face to face careers guidance to adults. The single points of access to online and helpline services and the network of organisations funded by BIS will be known as the National careers Service from April 2012. Subject to the passage of the Education Bill from September 2012 schools will be under a legal duty to make sure their pupils have access to independent, impartial careers guidance, recognising that schools are best placed to make decisions about the kinds of support that will meet the needs of their pupils, engaging, where appropriate, in partnerships with external providers. <http://www.bis.gov.uk/news/speeches/john-hayes-national-careers-service-for-england>
 - The Department for Education announced simultaneously that Schools will be free to make arrangements for careers guidance for young people that fit the needs and circumstances of their students, and will not be required to engage with any one particular provider. Local authorities will retain their statutory duty to enable, encourage and assist young people's participation in education and training. As we maintain the commitment to raise the participation age to 18 by 2015, the Early Intervention Grant will help local authorities to support vulnerable young people to engage in education and training, intervening early with those who are at risk of disengagement. It will also support transitional arrangements so that young people have access to impartial careers guidance in advance of the changes to the provision of careers services taking effect. <http://www.education.gov.uk/16to19/careersguidance/a0064052/the-role-of-schools-and-local-authorities-in-careers-guidance>

Loans in Further Education and Skills

- Professional and Career Development Loans currently offer individuals with limited resources greater scope to re-train or upskill to improve their employability. In the 2011-12 financial year, the Government will invest £33m in this scheme.

Learner Support

- Targeted financial support to enable students to access training remains a critical part of the FE and Skills system. In the context of a single Adult Skills Budget, the current arrangements for Learner Support will start to change from the 2011/12 academic year.

Additional Learning Support (ALS)

- From the 2011/12 academic year, we propose to align the current different approaches for ALS across funding streams in line with the move to a single Adult Skills Budget.

Qualification and Credit Framework (QCF)

- The QCF is now nearly fully populated with approximately 7,000 newly-refreshed vocational qualifications, including key brand-name vocational qualifications that learners and employers know and trust. Sector Skills Councils will continue to approve National Occupation Standards, within which all QCF qualifications must be designed.

Capital

- In the 2010-11 financial year, there will be an investment of £580m in the further education estate. This investment will support 288 colleges, making a significant difference to learners across the country. The Agency will invest over £72m in the 2010-11 financial year in supporting National Skills Academies and non-college training providers. As part of this investment, we have supported Personal and Community Developmental Learning with £16m of capital investment in 2010-11.
- The SR 10 settlement has provided £305m in 2011-12 with an indicative budget of £279m in 2012-13. In the early years of the spending period resource will be used to honour existing college capital commitments currently under construction but we expect there will be new investment in the FE estate later in the spending period focused towards colleges with the greatest need and which will deliver the maximum benefit to learners.

Learning and Skills Improvement Service (LSIS)

- It is the sector's responsibility to drive up quality, with the support of LSIS. A sum of less than 1% of the Skills Funding Agency's Teaching and Learning will be made available.

European Social Fund (ESF)

The current ESF programme runs from 2007 to 2013. So far, the Skills Funding Agency has used ESF to help 528,000 learners through over 1,300 contracts worth £532m. The new co-financing plans have been agreed for allocations covering 2011 to 2013, and which allow delivery of provision to July 2015. Funding available is £475m for adults. The Agency will use ESF in 2011-15 to provide skills training for both unemployed and employed people. There will be a particular focus on disadvantaged groups: those not in education, employment or training; those who lack basic skills and qualifications. We will focus on those who need to upskill to improve their career prospects meeting employer skills needs (including "green" jobs in a low-carbon economy).

Leadership and Management

A Leadership and Management Advisory Service has been in operation since 2004 and has just been procured for a further year ending on 31st March 2012. In the South East and South West the contract has been awarded to Skills South East.

The Leadership and Management Advisory Service will provide tailored advice and support to senior leaders within small and medium sized businesses, including social enterprises that can clearly demonstrate the potential for high or fast growth. It will support further development of the leadership and management skills of senior leaders so that they are able to fully engage and make full use of their workforce and therefore accelerate growth of their organisations.

Up to £1000 Leadership and Management matched funding can be put towards one or a combination of training solutions, for example:

- Workshops
- Online training
- Training programmes
- Tailored training options
- Peer learning
- Higher Education qualifications

For further information please refer to their website:

<http://www.skillssoutheast.co.uk/leadership-and-management.html>; or by telephone on 0845 026 4298 or by email at **info@skillssoutheast.co.uk**

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