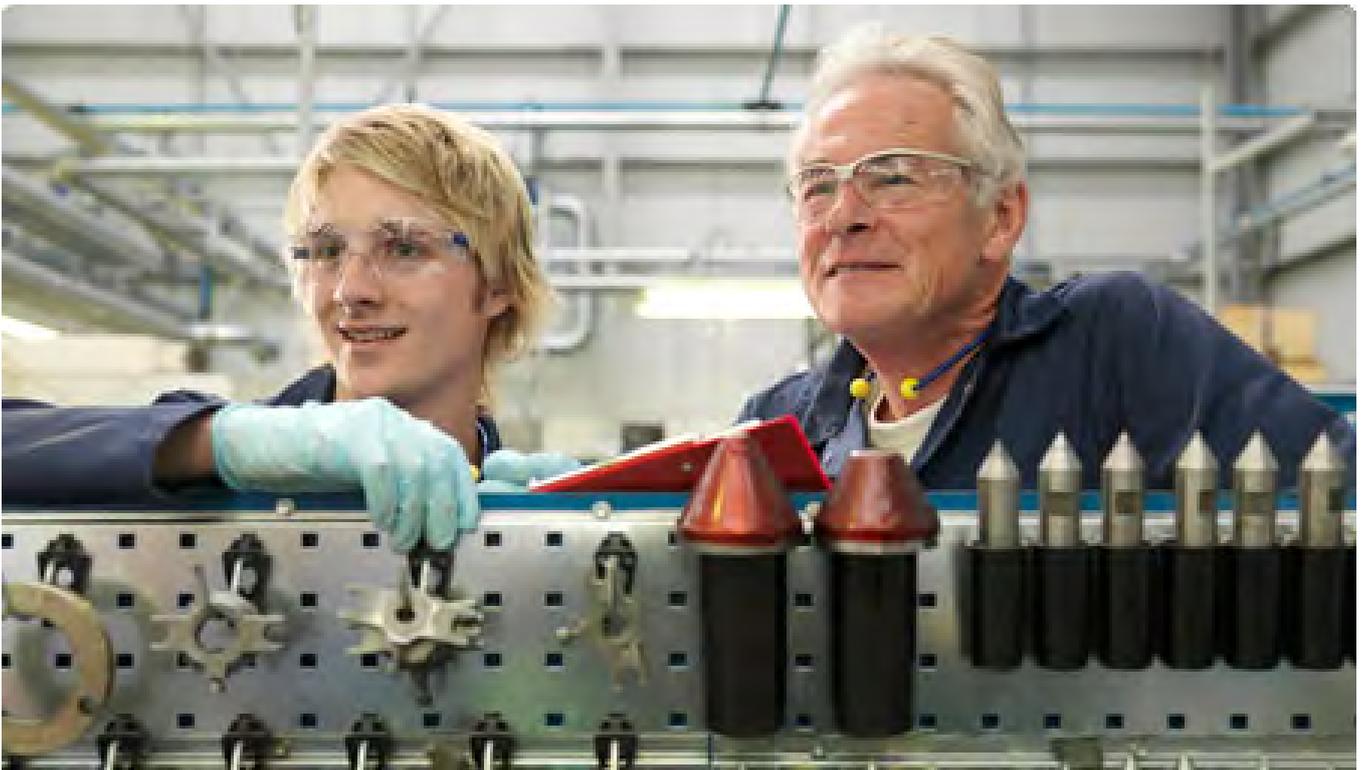


## Skills Funding Agency Questions and Answers for Employers



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## **Why are we changing the adult skills system?**

Whilst the LSC has been instrumental in delivering improvements in adult education and training, the Leitch review showed how much further there is to go if we are to have the highly skilled workforce that we need for 2020.

We must have a skills system that is able to respond more quickly and flexibly to the immediate and future skills needs of the country. Through programmes such as Train to Gain the system is becoming increasingly responsive, but if it is to act more quickly to address skills issues we must remove the complex contractual arrangements and bureaucracy that inhibit this. A single Skills Funding Agency (focusing exclusively on adult skills) working with employers, colleges/providers, and other key partners will be better placed to identify needs and broker solutions that really deliver for businesses and individuals.

## **How will the Skills Funding Agency improve on existing arrangements?**

The Skills Funding Agency, which will become operational in April 2010, has been designed to put delivery of high quality service to customers (learners and employers) at its core. As part of designing the organisation, we are embedding a core value around the importance of understanding and delivering what customers need and being able to respond quickly to their feedback. Work is going on now to ensure this principle is at the heart of the way the Skills Funding Agency operates at every level.

The Skills Funding Agency will be:

*More responsive* – A sharper focus on skills will mean a better service; as a dedicated, single funding agency for adult skills, the Skills Funding Agency will be able to respond quickly and flexibly to employers' demand for skills through Train to Gain and the National Apprenticeship Service, ensuring the right skills are available in the right sectors and locations and to the right standard.

*More cost efficient* – the Skills Funding Agency will have centralised transactional functions such as contracting and payment. This will cut out the current regional variations and allow resources to be more focused on delivering to employers and individuals.

*More co-ordinated* – the Skills Funding Agency will bring together all the skills services for business and adults - Train to Gain, apprenticeships, the National Employer Service.

*Less bureaucratic* – employers who are also training providers will deal with a dedicated account manager. This will avoid the need for employers to identify and manage multiple contacts within the Agency. We are also working with employers to address and remove other complexities and bureaucracies in the system.

### **What will the Skills Funding Agency do?**

Its main function will be to route funding swiftly, efficiently and securely to FE colleges and other providers, primarily in response to customer (employer and learner) choice on programmes such as Train to Gain.

It will operate through customer focused services:

- *National Apprenticeship Service (NAS)* – which will have end to end responsibility for the apprenticeship programme;
- *Employer Skills Services* – a national skills service to all sizes of business in all sectors via Skills Funding Agency managed programmes – Train to Gain and the National Employer Service;
- *Adult Advancement and Careers Service* – a universal advice service for individuals, both in and out of work;
- *Learner Skills Services* – including Skills Accounts, FE college and provider based funding, integrated employment and skills services for the unemployed, offender learning, informal adult learning etc.

As the single contractor for all publicly funded post-19 education and training (with the exception of Higher Education) the commissioning and funding arrangements will be simpler and employers will find it easier to access the training and trainees they need.

### **What is a demand-led system?**

The Skills Funding Agency will take a more demand-led approach to funding adult skills. A demand-led skills system is one that responds to demand for skills and training from employers and adults rather than trying to plan supply.

In funding terms this means FE colleges and training providers will receive funding as they attract customers (learners or employers), rather than receiving a block grant based upon estimates of expected demand.

Train to Gain and Apprenticeships already operate in this demand-led fashion and we also have introduced a new Adult Learner Responsive funding approach that is more responsive to the choices being made by adults.

The Skills Funding Agency is being designed to operate as a demand-led organisation engaging with its customers through the services it manages. Thus the focus moves from planning and funding under the LSC to providing services according to customer demand under the Skills Funding Agency.

The Skills Funding Agency will ensure that there is sufficient capacity in the Further Education and Training system to respond to informed employer and learner choice including where that choice includes a contribution from the employer or adult towards the cost of learning.

### **What do these changes mean for employers?**

This new customer focus means that there will be no wrong door for employers. Employers will be able to easily and swiftly access the support about skills they need through Train to Gain. Information, advice and guidance on access will be provided through one of two focused brokerage services; Business Link for small and medium sized businesses and the National Employer Service for those with over 5000 employees. (Business Link is also the primary access channel to "Solutions for Business" the Government's portfolio of business support products which includes Train to Gain).

Where employers are specifically thinking in terms of recruiting an apprentice then the National Apprenticeship Service is already available to help them fill their vacancy.

Employers who know what they want and have an established relationship with an existing provider will go straight to the provider - over 70% of starts on Train to Gain come from providers working directly with employers. We will not disturb arrangements which work for employers. But for those who need help or have no track record in training there is a dedicated brokerage service tailored to the size of their company.

Train to Gain will be managed to ensure that the college and provider system can provide relevant skills training at a time and place to suit businesses needs, helping them to improve the effectiveness of their workforce as well as the productivity and performance of the business.

### **How will employers influence the Skills Funding Agency to ensure employer skills needs are understood and addressed?**

We are determined that employers will have a strong voice in the new structures; nationally through the UK Commission for Employment and Skills, sectorally through reformed Sector Skills Councils and sub-regionally through local Employment and Skills Boards.

The Skills Funding Agency will also work with employers and other key partners including Jobcentre Plus to secure the integration of employment and skills services. Integration will ensure all-round support in each region and local area for those who are seeking employment or who wish to improve their skills.

The Skills Funding Agency will also develop effective working relations with leading employers and key employer bodies at national, regional and sub-

regional levels to ensure that strategic skills needs are met. The Skills Funding Agency will ensure that the skills system has the capacity and funding available rapidly to support development in areas of strategic importance to the economy.

We are also encouraging colleges and learning providers to work together with other key groups in order to identify and meet local employers' skills needs. These 'skills networks' will provide an additional means of communicating employers' skills needs to colleges and learning providers.

### **How will integrating Employment and Skills help employers to meet their skills needs?**

We are working closely with the Department for Work and Pensions to bring together the employment and skills systems to provide a seamless service that will increase people's chances of getting into sustained employment with opportunities to develop their skills.

Integrating Employment and Skills services will provide seamless and flexible recruitment, training and a business support service for employers that is easy to use whichever agency they approach. This will help employers recruit job-ready Jobcentre Plus customers and enable them to demonstrate their commitment to skills by supporting the individuals training once they start or change employment.

### **What will the National Apprenticeship Service (NAS) do?**

The National Apprenticeship Service will have end-to-end responsibility for the Apprenticeship programme. It has been initially formed as a separate and distinct service within the LSC and will transfer with other adult services to the Skills Funding Agency in 2010.

The National Apprenticeship Service will operate both at national and sub-regional level and will:

- have overall responsibility for delivering the Government's policy on Apprenticeships;
- ensure there are sufficient places available for young people wanting to take up an Apprenticeship;
- co-ordinate and lead a national and regional information and marketing scheme to drive up demand for Apprenticeships.

NAS will operate the newly established National Apprenticeship Vacancy Matching Service for employers and would-be Apprentices, which will enable employers to advertise their positions nationally and prospective applicants anywhere in the country to search for them and apply as appropriate.

## **What is being done to cut red tape around taking on apprentices?**

In response to employers' calls for a cut in red tape we are streamlining and simplifying the process for issuing Apprenticeship frameworks. Under new arrangements being developed there will be no external approvals process for Apprenticeship frameworks. Organisations wishing to develop an Apprenticeship framework will access a web-based system which will support them in developing frameworks which comply with the Specification of Apprenticeship Standards for England (SASE). In developing their frameworks, organisations will also need to work with the relevant Sector Skills Council. The Sector Skills Council will provide guidance on the Apprenticeship needs of the sector and will be responsible for issuing the framework through a web-based portal once it complies with the standards for notifying public funding bodies. This means that the National Apprenticeship Service can better concentrate on meeting businesses needs.

Additionally, in response to the current economic climate we are:

- exploring some added flexibilities to support redundant Apprentices to complete their Apprenticeship framework;
- providing funding for additional Apprenticeship places, particularly in the public sector;
- using procurement to encourage all those companies who have contracts with the public sector to take on apprentices;
- creating up to 10 new Apprenticeship Training Associations across the country by the end of 2009, with the potential to deliver up to 15,000 places by 2014/15.

## **How can Train to Gain offer a better service to employers?**

In response to employer demands and the recession we have recently introduced additional flexibilities to Train to Gain for SMEs to enable them to access:

- Bite sized courses in business critical areas such as business systems and processes, IT support, customer services etc.
- Funded leadership and management training.
- Fully funded level 2 qualifications and subsidised level 3 qualifications regardless of whether the employee is already qualified to this level.

The new flexibilities will help businesses weather the economic storm and ensure they are in better shape when the upturn comes. Business Link's dedicated information, advice and guidance service is available to all employers who need to use it. Businesses with established arrangements will, however, be free to choose whether to use Business Link and will not be forced to use the service if they wish to go direct to Train to Gain through a provider.

## **What is being done to reduce bureaucracy for employers who are also training providers?**

We were challenged by some of Britain's leading employers to get rid of red tape. In response we have already introduced a number of changes to Train to Gain to reduce bureaucracy, increase flexibility and enable more businesses to access training designed specifically to help improve productivity. We listened and are now taking action across all our current programmes by:

- Removing excess paperwork including requirements to store paper records.
- Reducing duplication of inspection.
- Basing systems on employers' in-house processes e.g. health and safety.
- Accrediting in-house training schemes.
- Introducing single contracts - these are currently in place for the nine largest learning providers and will be rolled out from September 2009 to other providers.

## **Won't the reforms produce uncertainty about the post-19 landscape at a time when certainty is needed?**

Our consultations with stakeholders show that there is support for the changes being made and to the efforts made to simplify the landscape. For example, some stakeholders perceive current overlap between the LSC and the UK Commission and the LSC and the Learning and Skills Improvement Service. The changes we are bringing remove any potential duplication.

We will continue to consult widely with stakeholders about the reforms, and have a strong communications strategy in place.

We are providing as much information as we can, as soon as we can. The functions of the Skills Funding Agency are set out in *FE and Skills System Reforms: An Update* (<http://www.dius.gov.uk/policy/documents/FE%20and%20Skills%20System%20Reforms.pdf>) and we will be amending and updating this as decisions are made.

## **What will be the impact on employers of these changes, between now and 2010?**

Employers will continue to engage with the LSC, which remains responsible for planning and funding both 16-19 and post-19 until the new arrangements come into place in 2010. Indeed, it has important job to do in supporting employers and individuals during the transition to the new arrangements- more important now than ever, given the current economic conditions. We are working closely with the LSC to ensure both a smooth transition to the new structures, and that the LSC has the capacity to deliver its programme of

work, including supporting employers and individuals through this economic downturn.

In recognition of the economic changes happening now, the LSC is already taking forward a more responsive role to support local areas identify and address their skills needs.

### **Shouldn't the change be delayed given the current economic downturn?**

The current economic climate means that it is more important than ever that the skills system is able to respond quickly and effectively to the needs of employers and individuals, and it is precisely because the new Skills Funding Agency will provide a more flexible and responsive system that focuses on the requirements of business and adult learners (including those seeking Apprentices), that we must not postpone or delay this vital programme of work.