

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 services – 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, funding FE colleges and providers, 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. It will ensure that there is sufficient capacity in the Further Education sector to respond to the choices made by employers and learners (including courses which require a contribution from the employer or adult towards the cost of learning).

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 will build on this, operating as a demand-led organisation engaging with its customers through the services it manages.

The Skills Funding Agency will, at every level, be dedicated to fulfilling the needs of individuals and employers, ensuring that provision supports strategic

areas of the economy and releasing the employers, learners and the FE sector from predict and supply planning.

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;

- On 1 April 2009 both Train to Gain and Business Link brokers were brought together in a new service under the Business Link brand, managed by the Regional Development Agencies.. The new service will provide a “one stop shop” for business, offering a fully integrated information, diagnostic and brokerage service. 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.
- Businesses with more than 5,000 employees can access specialist advice on workforce development from the National Employer Service

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

If they prefer, employers can choose to 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, the brokerage service will provide free, independent advice to help employers relate the skills needs of their company to their training plans and business strategies. Brokers will offer tried and tested skills diagnostics so companies can have their training needs accurately identified; brokers will then point business to the right solutions from the most appropriate providers.

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 (having influenced their pre-employment training through Sector Skills Councils) and 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 learners wanting to take up an Apprenticeship, particularly 16- to 18-year olds.
- 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 each year by 2014/15.

Apprenticeship Training Associations build on the successful experience of Group Training Associations and are already in operation in Australia, where they deliver around 10% of Apprenticeships. In this model apprentices are employed by an agency and hired out to 'host' companies. A prospectus for a £7m funding stream was published in April to help fund the set up or expansion costs of ATAs and GTAs. This will be administered by the National Apprenticeships Service later in the year.

What does Train to Gain offer employers?

We are pleased that so many employers are training their staff and using Train to Gain. There has been a significant increase in demand for training which is very encouraging, particularly at this time in the economic downturn.

For help accessing Train to Gain, Business Link's dedicated information, advice and guidance service will simplify things for employers by offering free, impartial advice to help improve and grow their businesses, including to develop a more highly skilled and qualified workforce. Businesses will also have the option to work directly with training providers rather than going

through the brokerage service, if those providers have contracts to deliver Train to Gain funded training.

We have also introduced new flexibilities to Train to Gain for SMEs who are particularly vulnerable at this time, including short courses to increase productivity and more support for people who already have qualifications to help them re-skill.

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 comprehensive, coherent communications strategy in place.

We are providing as much information as we can, as soon as we can. Updates on the transition to the Skills Funding Agency, including design of the organisation, are available at:

http://www.dius.gov.uk/further_education/fe_reform/raising_expectations)

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?

The LSC will remain responsible for planning and funding both 16-19 and post-19 education and training until the new arrangements come into place in April 2010. It has an important job to do now in supporting employers and individuals through this economic downturn. It is already taking forward a more responsive role supporting local areas to identify and address their skills needs.

At the same time we are working closely with the LSC to ensure a smooth transition to the new structures. BIS is committed to ensuring the LSC is enabled to fulfil all its usual commitments right up until April 2010.

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. 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.