



Raising Expectations: enabling the system to deliver

Summary



department for
children, schools and families

Department for
**Innovation,
Universities &
Skills**

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Summary

1. We want every 16 and 17 year-old to participate in education or training, and we want every adult to have the chance to improve their skills in order to find work or progress in their current employment. The changing nature of the world economy makes increasing participation in education and training an urgent necessity.

Raising Expectations: enabling the system to deliver for young people and adults

2. Since its creation in 2001, the Learning and Skills Council has helped drive significant progress towards its goal of improving the skills of England's young people and adults to create a workforce of world-class standard. Together with schools, colleges and other providers, the LSC has delivered year on year improvements in participation and success rates, with more young people and adults than ever before gaining the skills and qualifications that employers need and value. 87% of all 16 year-olds are now staying on in education or training, and over a quarter of a million young people are on an Apprenticeship programme.

3. We have also seen year on year improvements in attainment, with 73.9% of 19 year olds achieving at least level 2 qualifications (equivalent to at least five higher grade GCSEs) in 2007; and 48% achieving level 3 (two A levels or the equivalent). Over two million adult learners have achieved a first qualification in literacy, language or numeracy since 2001, and over 1.7 million more adults have achieved a level 2 qualification. Almost three quarters of the adult workforce are now qualified to at least level 2 and over half are qualified to level 3.
4. To maintain this progress, the system needs to respond to new challenges. As this document is published, there is a Bill before Parliament to raise the participation age. Our ambition is for every young person to be pursuing a programme which engages them and enables them to progress in learning and employment. Successfully implementing this vision will require clear local leadership in every area. We want local authorities to provide that leadership.
5. In June 2007, as part of the Machinery of Government change, we announced that funding for 16-18 participation would transfer to local authorities, subject to consultation and the necessary legislation. This gives local authorities clear responsibility for 14-19 provision, in line with their responsibility for commissioning children and young people's services, and enables them to take decisions locally about how services can best be delivered for young people.
6. Alongside the challenge to ensure that an appropriate and engaging learning opportunity is accessible to every 14-19

year-old, is a drive within the adult education and skills market towards a more dynamic, demand led approach.

7. This consultation paper proposes two new systems responding to these challenges and reflecting the different needs of young people and adults. In the system for young people, responsibility and accountability is given to local authorities, to deliver the right education and training provision for every young person in their area. The system for the adult sector is focused on establishing a market which rewards success and brings together education and skills in a high quality offer to respond to the needs of adults and employers.
8. Across all parts of the education and training system it will be critical to intervene less where there is success but take robust action where there is failure. As we make this change we will commit to minimising unnecessary costs and bureaucracy and to creating a light touch environment that supports those delivering learning and training to focus on success.

Young people

9. For 14-19 year-olds we aim to build on the success of the current system while enabling local authorities to drive increased achievement in every local area. Our preferred approach has four key features:
 - Local authorities will discharge their responsibilities to provide a place in learning for every young person through strategic commissioning.

- Local authorities will cluster together in sub-regional groupings reflecting travel-to-learn patterns to commission provision for young people across the wider local area.
 - This will be supplemented by a slim national Young People's Learning Agency, which will have responsibilities for budgetary control and for securing coherence in the event that agreement cannot be reached locally.
 - There should be progressive devolution of power and authority to the sub-regional level as the collaborative arrangements become stronger, successful and more formal.
10. Local authorities will judge demand for different forms of provision, and the extent to which the available supply meets that demand and makes a full reality of the new entitlements to Diplomas, Apprenticeships and the Foundation Learning Tier. They will then decide where to commission more provision, where to expand the best provision to fill gaps, and where to remove the least effective provision. In doing so, they will aim to make the new entitlements available in full to all young people at the highest possible standard.
 11. Based on this, and as part of its Children and Young People's Plan, the local authority will produce a commissioning plan for young people's learning. When it has been agreed, it will provide the basis for funding allocation. Funding will follow the learner's choice and comparable funding will be provided for comparable provision within a national funding formula, which will continue on a very similar basis to the current formula. Local authorities will be funded according to the

institutions which are in their area – not according to where young people live.

12. It is vital that the system enables local authorities to fulfil this new commissioning role, and is neutral between different types of provider in deciding where provision should be located. Nonetheless, it must recognise the needs of different types of provider. Further Education (FE) Colleges and training providers in particular may draw students from many local authority areas and we do not want such colleges to be required to manage multiple dialogues with local authorities. Achieving a workable model will therefore require local authorities to work together to develop and implement plans. Local authorities will be expected to form groups to commission provision. This will be supplemented by a national Young People's Learning Agency, which will have reserve powers to step in to secure coherence of plans and budgetary control in the event that agreement cannot be reached.
13. As a minimum, we would require local authorities to come together in sub-regional groupings to: share their 16-18 commissioning plans; analyse together how learners move across and within their borders and make sure that their collective plans accommodate them; aggregate demand for Apprenticeships in each plan in order to commission the National Apprenticeship Service (NAS); and decide who is responsible for leading the planning, commissioning, procuring and funding for each college and provider in the region.
14. We will progressively devolve more power to sub-regional collaborative groupings as the strength of those groupings

increases. Where groups are less well established and less formally constituted, the Young People's Learning Agency will have an important role especially in commissioning General FE Colleges. Where sub-regional collaborative groupings can demonstrate that they have the governance and decision-making structures and operational rules in place to take on this role, then they will do so.

15. A key part of the new curriculum and qualifications entitlement is that from 2013 every suitably qualified young person should be entitled to an Apprenticeship place. Local demand will be identified by each local authority, aggregated within the region and agreed with the NAS. It will then be the task of the NAS to provide the necessary Apprenticeship places (through contracting with employers and training providers) to deliver the entitlement in every part of the country. Funding will be transferred to the NAS at national level, to reflect total agreed demand; and the NAS will be accountable to the Department for Children, Schools and Families (DCSF) for the delivery of sufficient places for 16 and 17 year-olds. Similarly, for specialist and third sector organisations that operate at a national and regional level, there should be a single contract covering all these operations in a region. These contracts would be drawn up by the Young People's Learning Agency on the basis of aggregated demand from local authorities.
16. Local authorities will come together as a regional planning group in each of the nine Government Office regions to consider and agree the overall commissioning plan for the region. The Regional Development Agency (RDA) will co-chair this group, which will be convened by the Young

People's Learning Agency and include representatives from the Government Office and the adult Skills Funding Agency.

17. In the new system, local authorities will be primarily responsible for planning and funding of provision for learners with learning difficulties and/or disabilities (LLDD), who have an entitlement to education or training up to the age of 25, and for the education and training of young people in juvenile custody. It is important in both cases to be as consistent as possible with wider arrangements for all young people.
18. These new roles and the new commissioning process must be underpinned by a strong performance management system. As local commissioning will be based on analysis of local demand, and funding will follow the learner, this will be an incentive for providers to deliver learning that young people want and that is of good quality. Institutions will retain clear responsibility for their own performance and be held to account against a clear framework of measures common across providers.
19. Through the planning and commissioning cycle local authorities will be able to expand strong and cease to fund weak provision. Local authorities will also have powers to lead more significant reorganisations of 16-18 provision where this is necessary. Ultimately, there will be robust intervention where there is serious underperformance. We will ensure that this system is supported by excellent data, collected in a low-burden way, shared efficiently and in a timely way with those who need it.

20. National Government will continue to have a role in managing the strategic direction of the system, maintaining the national funding formula, setting expectations and providing the necessary resources to deliver. The main mechanism to hold local authorities to account for 14-19 provision will be the new performance framework set out in the *Strong and Prosperous Communities White Paper*.

Adults

21. Upskilling the adult workforce is the key to creating a high-skill, high-productivity nation. Almost three quarters of the workforce of 2020 have already left compulsory education. In our response to the independent Leitch Report¹ – the seminal report on the UK's skills needs - we set out in *World Class Skills*² and related documents³ how we will work with our partners, employers and individuals to rise to the skills challenge.
22. The LSC has successfully hit all its targets, but the ever-increasing pace of change means the skills landscape too must change, and itself be flexible and responsive to new challenges.
23. Two key features in particular of our ambitious policy programme dictate that structural change is necessary: the aim of a demand-led system, and the integration of employment and skills.

1. Dec 2006 *Prosperity for all in the global economy - world class skills*

2. July 2007

3. *In Work, Better Off and Ready to Work, Skilled for Work*

24. The advent of Skills Accounts and the growth of Train to Gain herald a radically different model of organisation of the skills system, where the role of Government is to ensure that customers are empowered, well-informed and well-supported, so that demand can lead supply.
25. The integrating employment and skills agenda – which will strengthen and grow in the coming years, as the Government pursues its twin socio-economic goals of 80% employment and higher productivity – also requires a refreshed approach. In particular, it will require ever-closer co-operation and alignment between the activities and agencies of the Department of Innovation, Universities and Skills (DIUS) and the Department for Work and Pensions (DWP), as set out in *Opportunity, Employment and Progression*⁴.
26. To support these policies and strengthen the system we will create a new Skills Funding Agency. It will be a focused, streamlined agency, close to Government and with an operational role. It will have national and regional presence, deploying its activities and resources flexibly to reflect the fact that skills needs are manifested in sectoral, regional and sub-regional patterns, and rarely follow local authority geographies.
27. The key role of the new Skills Funding Agency is to ensure that public money is routed swiftly, efficiently and securely to FE Colleges and providers following the purchasing decisions of customers. It will build on the considerable successes of the LSC. It will be responsible for ensuring that public funds are best used to complement the much larger private investment which is made in adult skills and training.

The majority of its funding will flow in direct response to customer choices through Train to Gain and Skills Accounts.

28. Coupled with making payments, the agency will also manage the framework and the development of the FE service. This includes responding to strategic skills pressures and bottlenecks, securing dynamic market exit and entry, creating a funding and incentive structure that prioritises responsiveness to customers, and ensuring availability of good public information. It will be a funding body, not a funding and planning body.
29. The Skills Funding Agency will be responsible for ensuring that the overall environment or 'trading conditions' in FE created by Government are highly supportive of upskilling to meet the nation's needs. The Skills Funding Agency will therefore be responsible for the performance management of FE Colleges. It will also be the single point of intervention where either pre- or post-19 performance of FE Colleges does not meet nationally agreed minimum standards.
30. As announced in *World-class Apprenticeships: Unlocking talent, Building Skills for All*,⁵ we are creating a new National Apprenticeship Service to take end-to-end responsibility for the Apprenticeships programme, including ultimate accountability for national delivery of targets. The NAS will be a discrete service, led by a Director reporting to the Secretaries of State of DCSF and DIUS, and managed within the Skills Funding Agency.
31. The agency will also manage the National Employer Service (NES), the single service for employers with 5,000+ employees. The relationship between NAS, NES and

Business Link will be close, so that employers experience a 'no-wrong-door' service.

32. As a key part of creating a genuinely demand-led system, the Skills Funding Agency will lead the development and management of the new England-wide adult advancement and careers service. It will play a vital role, with Jobcentre Plus, in boosting individual demand for skills and guiding people to the right training to meet their needs and help change their lives. The agency will, in the long term, be responsible for all programmes of financial support to help adult learners meet the additional costs of learning in FE that could otherwise prevent them from participating; although a single delivery contract managed by the Young People's Learning Agency will be kept in the medium term to unify the delivery of most financial support for young people and adults.
33. The Skills Funding Agency will also be responsible for setting targets and monitoring performance of the Offenders Learning and Skills Service (OLASS), which it will do jointly with the new National Offender Management Agency.
34. The Skills Funding Agency will have a close relationship with DIUS policy functions, similar to the DWP/Jobcentre Plus relationship, in order to minimise the need for sponsoring and oversight functions in DIUS and get the tightest connection between policy and delivery. Like Jobcentre Plus, it will depend on clear rules and operating procedures to give the necessary assurance that public money is being used equitably, according to national priorities as defined by Government. As now, there will be a national funding

system, with consistent, transparent, national funding formulae, tariffs and subsidies.

35. The UK Commission for Employment and Skills will advise Government on how we can make it simpler for employers and individuals to access the welfare and skills system in England. We will ask the Commission to make recommendations on how the 'user experience' of the employment and skills system can be simplified, including by 'hiding the wiring' and creating clear pathways for customers.
36. The 2006 *Raising Skills Improving Life Chances* White Paper set out our ambition to develop a new relationship with colleges and providers which would reinforce their autonomy within a significantly deregulated operating environment, including the new proposals for qualification deregulation for colleges and employers.
37. Then in November 2007 the Government, in partnership with the Centre for Excellence in Leadership (CEL) and the Quality Improvement Agency (QIA), published a consultative prospectus for a new sector-owned improvement organisation to be created through bringing CEL and QIA together. Rapid progress is being made to establish the new body so that it is ready to take on the responsibility for development and improvement. The aim is for the new organisation to be fully up and running by autumn 2008 and to become a major player in enabling a self-improving, self-regulated sector.
38. The second element of FE self-regulation is a sector-wide representative group which has been set up by the main

college and provider representative organisations and is wholly owned and managed by them. It will work with the new sector-owned improvement organisation to raise the performance of the FE sector. As it develops its representative function, it will seek to provide a coherent position on relevant matters of interest to the whole of the sector on behalf of the sector.

39. The challenges to our country brought about by global social, economic and environmental change are only likely to increase. It is imperative that the new landscape we create is not only streamlined and effective but also adaptable, and in ways which cannot be predicted today. The proposals in this document give the adult skills system the dedicated agency needed to reflect the vital importance of the skills agenda to our economy and society. Built from its inception to be innovative, streamlined and to have the needs of the adult workforce and employers at its heart, the Skills Funding Agency will be a sharp and effective tool to allow us to realise our ambitions for a world-class, demand-led system. Our goal is a skills and FE system which targets support for individuals and employers where it is needed most, and allows colleges and providers to deliver the excellent service we must have as we move towards a sustainable vision of a high-skills, high-employment, high-productivity nation.

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