



Strategic Dialogues 2011 – 1st December 2011

LSIS has been working with a number of sector organisations to identify "new ways of working" and as part of this work TSNLA is working to develop participation in a series of "strategic dialogues" with adult learning providers and leaders. The purpose of this dialogue is to analyse and address the challenges we face.

This series of dialogues aimed to:

- provide facilitated opportunities for groups of similar providers to talk through and share their analysis of the strategic challenges they face;
- capture and share the approaches being taken to addressing these challenges;
- provide an initial analysis of the issues faced and the strategic options and their consequences; and
- Capture the implications for LSIS services including research.

This overall report from the TSNLA comprises the following:

- a) The summary of issues and discussion generated at the third sector only Strategic Dialogue 1 (23rd September) – this summary (p2 to 10) was submitted to DBIS, Skills Funding Agency and the YPLA for them to consider and respond to in writing
- b) The written responses from DBIS, SFA and YPLA (p 11 to 19)
- c) The report based on Strategic Dialogue 2 (18th November) at which representatives from the agencies met with delegates from the third sector and the TSNLA (p 20 to 26)

a) Strategic Dialogue 1 – third sector perspective October 20th 2011

1. Introduction

This report summarises the outcomes from the LSIS-supported TSNLA Strategic Dialogue 1 held on the 23rd September 2011. A group of third sector organisations involved in the delivery of learning and skills met to explore and analyse current changes and their impact on both providers and on learners

This is the first of two third sector-focused dialogues supported by the Learning and Skills Service (LSIS) which is supporting a range of membership bodies including TSNLA to stimulate discussion amongst providers and to capture intelligence. This is intended to enable LSIS to shape its support services in a way which genuinely meets need and to contribute to the wider debate about policy and implementation in learning and skills.

This summary is also for submission to BIS, the Skills Funding Agency and YPLA who have agreed to consider the issues and recommendations and prepare a written response which will be discussed with the agencies at Strategic Dialogue 2 on the 18th November.

The report summarises the discussion including issues raised and any recommendations and is structured so that both common areas to all agencies are identified and specific messages to individual departments and agencies are articulated.

2. Summary of the views expressed by participants

‘System issues’

- a. Stronger links between pre & post compulsory education and between pre-19 and post 19. There is a perception of a ‘silo effect’ in the system because of divided responsibility at departmental level, the effect of this needs to be mitigated to ensure continuity of support for the most vulnerable. The point was made that the transition to adulthood is now more complex and extended than it has been previously particularly with the current high levels of unemployment amongst the under 25s– thus making the fit between funding and provision for young people and adults even more critical.
- b. There seems to be no policy interest in ensuring the health of the supply chain and supporting the position of good quality subcontractors. This is

particularly important for third sector providers the majority of whom are subcontractors. There is a real risk that a critical part of the supply chain to the hardest to reach and engage is being weakened. Already third sector providers are closing down due to lack of access to funding (despite having a track record of good provision). This is due to an inability to compete with large private sector training companies and colleges. Contracting with larger institutions stifles the creation of diverse approaches and skills offers. John Hayes MP said himself *'an even smaller number of ever-larger and more similar institutions is not going to meet that demand in FE any more than it is in schools or HE'*

- c. Careers guidance in schools: there is ineffective awareness raising as part of careers advice provided to young people, and their parents, during school years. As post 16 funding goes either to Sixth Forms or Colleges/Training providers pre-16 advice for promising students is steered towards continuing academic education in sixth forms or completing A' levels. Parents' lack of knowledge about Apprenticeship Frameworks means they are not able to help guide nor influence their children.

Impact on the most vulnerable

- d. Participants were concerned that recent changes are impacting disproportionately on the most vulnerable. An example was that funding changes for ESOL provision, family learning funding no longer earmarked and the changes in funding for 25+ could have a negative impact on work with Asian women caring for children. Changes in support for young people (e.g. funding for youth work is being significantly cut) were unwelcome in the current context and in light of the vulnerability of some young people to negative influences such as gang culture.
- e. In the experience of participants, opportunities for adults to access skills development to further and promote community-based activities in line with the Big Society agenda were not widely available. There seemed a lack of local centres and a lack of funding to run courses e.g. in community development. The need for support for communities in relation to self-organizing is greater than ever given the context of public spending reductions and the reductions in publicly funded local services.
- f. There was concern that failure to resolve educational underachievement amongst the most vulnerable and disengaged would cause costs further

down the line in terms of social services, health and out of work benefits as well as the negative impact on the individual. However the recent disturbances are viewed they can be seen to re-emphasise the need to ensure that young people and adults are enabled to participate constructively in community and society – through learning, the building of confidence and social skills, entering into formal learning, volunteering and paid work. The third sector has demonstrated the important role it plays in achieving this.

- g. Participants stressed the particular strength that the third sector has in bringing young people and adults back into learning and in beginning to take more positive control of their lives and in contributing to their families, communities and to society. Given the raising of the participation age to 18 these strengths are even more critical.
- h. The third sector plays an important role in giving voice to the most vulnerable at local, regional and national levels. This role is becoming more challenging as reduction in public funding support reduces the capacity of such channels. However this role is even more critical in the current challenging times and needs to be recognised and supported. The Third Sector is at the front-line when it comes to dealing with and being trusted by disengaged young people and has considerable reach and access to these groups.

Contracting and related issues

- i. There were concerns about the impact of Minimum Levels of Performance (MLP) on smaller third sector organisations (also an issue for small private sector providers) particularly when working with more disengaged or vulnerable learners. Larger providers will benefit from ‘averaging’ across a large number of learners. Smaller third sector providers are vulnerable as small numbers of learners have a disproportionately greater impact on MLP. This makes work with the most vulnerable very risky and potentially inhibits innovation because of the risks involved. When innovative approaches are tested out there is greater time invested to support previously NEET young people to achieve. The perspective of some providers is that that colleges would rather retain their higher MLPs and learner turnover than risk reducing their averages by working with the Third Sector.

- j. There were concerns that the number of third sector providers is declining. There are fewer contracts being **directly** managed by the voluntary sector and although the number of sub-contractors is unknown it was felt that this was reducing.
- k. Preparing for tenders takes time and planning in terms of building consortia and gathering partners with the right capabilities. It would be helpful if there was a more robust timetable giving more notice of when tenders would be issued and what the focus of these tenders will be so that third sector providers could prepare better. Limited resources and the need to collaborate make it more difficult for third sector providers to respond quickly to tenders.
- l. The experience with DWP Work programme led participants to stress the importance of a payment system with an appropriate balance of ongoing payments and outcome payments to ensure that smaller providers' could meet their costs while focusing on results and outcomes. It was also stressed that with the most vulnerable, achieving impact outcomes such as progression to work could be a long-term goal and that any system needed to recognise the importance of staged progression and the difficulty of measuring some more qualitative outcomes.
- m. There is a need to ensure that any additional support provided by third sector organisations is properly funded, Providers need to recognise that they may have to pay to receive support for their vulnerable learners.
- n. It is important to ensure that the maximum funding goes to the cost of supporting the learner and that partnerships/consortia are cost-effective and not 'sucking' value out of the system.
- o. Working in consortia and partnerships can be seen to be positive in enabling providers working together to access or potentially access larger contracts – and also to extend reach and breadth of provision and progression between.

Opportunities in the sector

- p. The QCF offers potentiality for more flexible approaches which suit the multi-skilled/multi-roled nature of voluntary and community activity in both paid and volunteer roles. This can include more recognition of prior

3. achievements and the use of units and small-scale awards accreditation.

There are opportunities to extend the use of apprenticeships in the sector. This can include both as a route back into work for the more vulnerable through the creation of subsidised and supportive apprenticeships and also as a workforce development tool for the sector workforce.

4. Messages to BIS

- a. Participants supported the view that the vocational route needed to be as valued as the academic route. They also believed strongly in the need to develop a culture and system in which participation in learning and skills is seen as a lifelong activity.
- b. There is a need to ensure ongoing evaluation of the impact of changes, particularly, but not exclusively on the most vulnerable. The group felt that more use of social accounting tools would assist in identifying the benefits and any shortfalls in policy changes rather than concentrating on narrow short-term measures.
- c. Participants wanted to encourage policy makers to recognise the positive strengths of communities as well as identifying problems. They encouraged policy makers to ensure that learning and skills delivery valued and supported activity in communities as well as the economic agenda.
- d. Policy should encourage a diversity of providers in the learning and skills sector to use the various strengths of each sector. Third sector providers have an important role to play but are particularly vulnerable and the decline of capacity in this area should be addressed.
- e. Support for third sector capacity building including capital which was previously available through NLDC should be restored. Access to capital investment should be widened to include third sector providers. Many sector providers feel they are structurally disadvantaged compared to Further Education colleges.
- f. Funding for the community development Recognition scheme could be initiated and the scheme rolled out nationally.

- g. Colleges should be encouraged to work more closely with local third sector and community organisations including funding support for locally delivered provision.
- h. There is a need for frequent regular dialogue with the sector where DBIS continues to develop its understanding of the contribution of the third sector. We would welcome an opportunity to discuss the design, development and delivery of a programme with BIS, for example a series of quarterly dialogue events with specific agenda items and/or themes.

5. Messages to the Skills Funding Agency

- a. It was identified that the move to the Single Budget had been positive in that providers can transfer Employer Responsive funding to Learner Responsive and vice versa. This is acknowledged to enable more responsiveness to the needs in communities.
- b. It was felt that the ACTOR system was potentially reducing the diversity of providers in that the emphasis on track record favoured mainstream outcomes and was not sensitive to niche and local strengths particularly in dealing with the most vulnerable.
- c. Although communications had improved as the ACTOR system bedded in, participants felt that there was still a lack of transparency. It was difficult to know on what basis the decisions re: funding allocation or ACTOR approval were reached. This made it difficult for providers to improve their practice and delivery to address weaknesses.
- d. Funding based on an 'average' cost of delivery discouraged intensive work with the most vulnerable/disengaged with a tendency to go for the 'low-hanging fruit' in terms of working with unemployed learners. More use could be made of supplementary funding (e.g. ESF) to focus more intensive support on those most needing it.
- e. Skills Funding Agency needs to address as a matter of urgency the issue of poor quality partnership working and to hold main contractors accountable for ensuring appropriate standards of supply chain and partnership management. The applicability of setting standards such as DWP do with the Merlin standards should be actively considered.

- f. The issue of subcontract fees needs to be more rigorously investigated to ensure that the maximum funding reaches the learner and that fees charged by main contractors are transparent and fully justified.
- g. Understanding about apprenticeships and the availability of suitable frameworks for the sector is patchy. The Agency should work with TSNLA, Fairtrain and Skills Third Sector to identify how to translate the apprenticeship message in a way that resonates with the sector and would encourage more take-up by third sector employers.
- h. Dialogue with the sector should continue at national level but should also take place at other more local levels. This will ensure that the agency continues to develop its understanding of the contribution of the third sector but also that the sector has a deeper understanding of how it can best contribute to the learning and skills agenda.

6. Messages to the YPLA

- a. Participants want to encourage the YPLA to work with the sector and other partners such as the National Council for the Voluntary Youth Work Sector to identify and to address the training needs of support staff working with the most vulnerable.
- b. Participants were not aware of how, if at all, the YPLA engages strategically with the third sector including TSNLA. YPLA should work with TSNLA and others to ensure that there is effective engagement with the sector.
- c. The YPLA funding system seemed to favour established providers. YPLA are asked to consider how third sector providers could be supported/enabled to contribute more effectively to 16-19 learning particularly in supporting RPA.

7. Messages to LSIS

- a. There was a view that LSIS were not always clear in communicating their recognition of the role of the third sector. Participants reported some confusion in their minds about LSIS's position and a perception that they mainly supported colleges and work-based learning providers

- b. Some participants expressed the view that in addition to the role of representative bodies LSIS could also use its influence to be a critical friend to the Skills Funding Agency.
- c. Participants reported some continuing confusion as to whether sub-contracted providers could directly access LSIS services. This applied to both LSIS accounts but also in terms of bidding to deliver LSIS development projects.
- d. LSIS could target funding to specifically address the capacity building/quality development needs of third sector providers. For example: a network building fund to sustain progress in building third sector provider consortia. Another idea was the development of peer support/mentoring programmes for third sector providers
- e. Participants wanted to encourage LSIS to do more to support effective engagement between the third sector and other providers including colleges and work-based learning providers. This could be through development projects and/or case studies
- f. In relation to the raising of the participation age it was suggested that LSIS have a role in assessing what learning is being drawn from the 35 Local Authorities who are involved in the local delivery projects. It is also not common knowledge which local authorities are participating.

8. Messages for TSNLA

- a. Participants welcomed the developing relationship between TSNLA and LSIS to promote LSIS services to its members and the sector as a whole.
- b. TSNLA should continue to develop its communications to use more innovative communications methods including social media. This can be harnessed to circulate information, good practice and to stimulate discussion and debate and be used to support/promote partnership and consortia development and working.
- c. At a time of swift change third sector providers need access to examples of approaches which are effective – the TSNLA can house and promote effective practice through its website and email networks.
- d. A positive role will be for the TSNLA to collect and co-ordinate existing work on learning and skills issues (e.g. the impact of removing EMA) –

again these can be housed in a bank of relevant papers and reports on the TSNLA website.

- e. There is also the need to carry out tailored research such as evaluating the role of third sector providers and the outcomes for disadvantaged learners. This would include developing evidence of how third sector provision contributes to savings e.g. to other services.
- f. TSNLA should continue to explore and strengthen other strategic linkages including collaborating with 'Regional Voices' and developing strategic alliances with the Association of Colleges, the 157 Group and AELP.

b) The written responses from DBIS, SFA and YPLA

DBIS Response to Strategic Dialogue 1

Introduction and context:

A year ago the Government published its strategy, Skills for Sustainable Growth. This set out the Government's vision for reform of the further education and skills system to improve workforce skills economic performance and community engagement in learning. Launching the Strategy the Secretary of State said:

'If we are to achieve sustainable growth, nothing is more important than addressing current failings in skills training and this strategy reflects this Government's determination to do both'.

Apprenticeships lie at the heart of the skills strategy, together with a commitment to give more people the chance to undertake a widely recognised and respected form of vocational training.

The investment strategy Investing in Skills for Sustainable Growth was published at the same time. This promised that:

'We will lighten the regulatory burden for all providers, including voluntary organisations that are best placed to reach people who are furthest away from learning and employment.'

'We expect providers, freed from central planning and control, to develop innovative ways of responding to this challenge, building social partnerships with employers, local communities, voluntary and third sector organisations and other stakeholders,...and...to work with appropriate specialists in the voluntary and social enterprise sectors.'

Both strategies mapped out the direction that the Government wants the further education of adults aged 19 and over to take in the coming years.

BIS recognises and values the role that the third sector can play across all parts of the FE and skills system in the successful delivery of learning and skills, particularly in supporting those furthest away from learning and employment.

The Skills Funding Agency and the TSNLA have established a protocol, which provides a framework for joint working between the Skills Funding Agency and the wider voluntary sector.

BIS works widely with the third sector, particularly the TSNLA, to ensure that third sector interests are appropriately covered and there is membership and direct representation on relevant BIS and Skills Funding Agency groups. This dialogue continues all year round.

New Challenges, New Chances: Next Steps in Implementing the Further Education Reform Programme

Earlier this year the New Challenges, New Chances consultation was launched by John Hayes, Minister of State for Further Education, Skills and Lifelong Learning. New Challenges, New Chances takes the skills and investment strategies a stage further by making detailed proposals in a range of areas including.

- The FE landscape and the shape of the sector
- Introducing level 3/4 loans and sharing responsibility for investing in skills
- FE College and provider freedoms and flexibilities
- Simplifying the funding system
- Teaching, learning and qualifications
- The review of informal, adult and community learning
- Review of literacy and numeracy provision for adults
- Delivering higher education and skills
- Deregulation and evolution

At the centre of these proposals a strong and diverse further education and skills sector is essential to deliver the skills business needs to remain competitive, and for communities to thrive.

In summary, these proposals are designed to promote the Government's main overall aims for adult skills. To promote high-quality teaching and learning at all levels of the adult education system. To free colleges and other skills providers from as many bureaucratic restrictions as possible in order to allow them to respond more effectively to the needs of their local communities. And to secure a fairer balance of investment in skills between the taxpayer, individual learners and employers.

The New Challenges, New Chances formal consultation closed on 21st October. The voluntary sector has been active in that consultation and provided a wealth of important feedback. The TSNLA report summarising the outcomes of the third sector strategic

dialogue has also informed the consultation, and the 18th November provides a further opportunity to shape that feedback.

Following the publication of the Government's response to New Challenges, New Chances: Next Steps and the publication of Skills Investment Statement 2011, the BIS team working with TSNLA would be pleased to contribute to a follow up dialogue session with the sector.

CN/November 2011

Department of Business, Innovation and Skills

Skills Funding Agency Response to Strategic Dialogue 1

Date of issue 14 November 2011

Audience TSNLA Strategic Dialogues Event

Background and introduction

This paper constitutes the Skills Funding Agency response to the TSNLA Strategic Dialogue report.

Messages to the Skills Funding Agency

1. It was identified that the move to the Single Budget had been positive in that providers can transfer Employer Responsive funding to Learner Responsive and vice versa. This is acknowledged to enable more responsiveness to the needs in communities.

This is helpful feedback and was exactly what we wanted to happen.

2. It was felt that the ACTOR system was potentially reducing the diversity of providers in that the emphasis on track record favoured mainstream outcomes and was not sensitive to niche and local strengths particularly in dealing with the most vulnerable.

The ACTOR refresh is taking place in January 2012 in the context of the wider work the Agency is undertaking to develop a new Provider Supply Management Strategy. This will describe the relationship between the Agency and providers and also how new providers can enter the market place to access funding.

The following areas of work are being undertaken within the scope of the refresh to simplify the ACTOR process itself as well as its communication to the sector. There will be a revision of the pre-qualifying questionnaire which will combine the current ACTOR pre-qualifying questionnaire and aspects of the Single Adult Skills Budget Invitation to Tender into a one-step process which will simplify provider interaction with ACTOR. These changes are being implemented following detailed consultation with the sector. As a result of combining processes, we anticipate a 70% reduction in the number of questions providers are required to respond to.

The Agency currently has a direct contractual relationship with approximately 200 organisations within the third sector. This is in addition to those providers that deliver Agency funded provision through a subcontracting/consortia relationship. We are committed to enabling a more diverse range of providers to come forward and promote

what they can deliver. If there are ways in which we could develop this further we would be very interested in working with the sector.

3. Although communications had improved as the ACTOR system bedded in, participants felt that there was still a lack of transparency. It was difficult to know on what basis the decisions re: funding allocation or ACTOR approval were reached. This made it difficult for providers to improve their practice and delivery to address weaknesses.

Activity through the E-procurement portal of ACTOR gives feedback to both successful and unsuccessful applicants through the issue of Award Notices in line with EU procurement regulations.

We do believe that we need to improve the quality of our communications – not only in relation to ACTOR, but more generally. As part of our wider ‘simplification’ programme we have developed a new approach to communications which we will be implementing over the next six months. We plan to invite a small number of representatives from across the sector to help us improve our communications and provide scrutiny and challenge.

4. Funding based on an ‘average’ cost of delivery discouraged intensive work with the most vulnerable/disengaged with a tendency to go for the ‘low-hanging fruit’ in terms of working with unemployed learners. More use could be made of supplementary funding (e.g. ESF) to focus more intensive support on those most needing it.

The European Social Fund (ESF) is designed to improve the skills of the workforce and to help people who have difficulties finding work. ESF provides additional investment to support and enhance Skills Funding Agency activity, to enable disadvantaged people to access and benefit from employment and skills opportunities. The Agency will be going out to procure ESF activity at the end of November 2011. We would be very interested in discussing with the sector how this support might be used to best effect, whether there are any examples of really good practice we could share and/or whether there are any aspects of the design of the programme we could develop and improve.

Skills Funding Agency needs to address as a matter of urgency the issue of poor quality partnership working and to hold main contractors accountable for ensuring appropriate standards of supply chain and partnership management. The applicability of setting standards such as DWP do with the Merlin standards should be actively considered.

Through simplification and improving sector efficiency, we introduced minimum contract levels which sought to both: (i) encourage more cost effective collaborative arrangements and partnerships with and between small providers; alongside (ii) simplified systems that would enable the Agency to use its resources more efficiently.

This has, we believe, created a network of partnerships, working through a range of both subcontracting and consortia arrangements. We will continually review these arrangements to ensure that we can be assured that public money is being spent appropriately and delivers value for money.

The Agency is currently finalising its Supply Chain Framework, Funding Guidance and ACTOR as part of this continual review to add value to the existing framework.

6. The issue of subcontract fees needs to be more rigorously investigated to ensure that the maximum funding reaches the learner and that fees charged by main contractors are transparent and fully justified.

The flag is helpful and we are currently looking into this matter.

7. Understanding about apprenticeships and the availability of suitable frameworks for the sector is patchy. The Agency should work with TSNLA, Fairtrain and Skills Third Sector to identify how to translate the apprenticeship message in a way that resonates with the sector and would encourage more take-up by third sector employers.

We would welcome more background on this point so that we fully understand the suggestion.

8. Dialogue with the sector should continue at national level but should also take place at other more local levels. This will ensure that the agency continues to develop its understanding of the contribution of the third sector but also that the sector has a deeper understanding of how it can best contribute to the learning and skills agenda.

The new structure of the Agency and specifically the creation of Relationship Teams has been designed to support/enable such a dialogue. Each Relationship Team has a Director whose role it is to manage a wide range of relationships including suppliers and other partners.

Author Graham Brough - **Date created** 10 November 2011

YPLA Response to Strategic Dialogue 1

Background and introduction

The TSNLA met on the 23 September 2011 to explore and assess the changes to the learning and skills agenda and their impact on both learners and providers.

A report summarising the concerns and issues raised was written and sent to the YPLA on 20 October 2011. This report was also sent to BIS and the Skills Funding Agency.

The TSNLA have requested that the YPLA consider the report, and make a written response to their concerns by 14 November 2011 which will be discussed with the agencies at a meeting on 18 November 2011.

Purpose

The purpose of this paper is to respond to the paper and the messages it contains for the YPLA.

Key points/issues arising from the paper

It might be helpful to outline the role of the YPLA. The following is taken from the YPLA website:

The YPLA was launched in April 2010 with the mission of championing education and training for young people in England.

We do this by

- **providing financial support to young learners**
- **funding Academies for all their provision**
- **supporting local authorities to secure suitable education and training provision for all 16-19 year olds.**

These responsibilities are quite different from the responsibilities of the Learning and Skills Council, in that we are no longer tasked with the creation or development of policy or strategic direction, other than the development of funding policy. .

6 However, where it is appropriate, the YPLA will attempt to offer our perspective on the issues raised.

7 The first message from the TSNLA to the YPLA is:

“Participants want to encourage the YPLA to work with the sector and other partners such as the National Council for the Voluntary Youth Work Sector to identify and address the training needs of support staff working with the most vulnerable”

As suggested above, the YPLA has a different role to that of the LSC. Our primary focus is funding, although we do still engage in helping to determine funding policy and, to that end, we ensure that every provider receives regular, informative bulletins with up to date information about the day to day funding work of the YPLA. These bulletins are available weekly and are sent to every provider in receipt of funding from the YPLA, as well as any other organisation that requests them. We know that the Chair of the TSNLA receives these bulletins (as a provider) as well as many of the members of the TSNLA. We have also ensured that the Interim Manager for the TSNLA is on the distribution list and would be happy to receive any other requests for inclusion.

If there are any specific issues relating to the capacity of training providers working with the most vulnerable groups of young people, then we would be happy to review the issues and evidence with a view to trying to identify where best any support and advice may be found.

8 The next issue raised is:

“Participants were not aware of how, if at all, the YPLA engages strategically with the third sector including TSNLA. YPLA should work with TSNLA and others to ensure that there is effective engagement with the sector”.

The YPLA’s focus is specifically upon funding provision for 16 – 19s and 19 to 25s with a Learning Difficulty Assessment (LDA). We have engaged directly with TSNLA with regards to the development of the statutory guidance on 16 – 19 provision so that we can make sure that the respective roles and responsibilities of providers, local authorities and the YPLA can be understood and any key issues can be identified.

If more regular and more structured dialogue would be helpful then we can make sure that this happens, and we would be happy to receive any suggestions and proposals.

The final issue that the YPLA is asked to consider is:

“The YPLA funding system seemed to favour established providers. YPLA are asked to consider how third sector providers could be supported / enabled to contribute more effectively to 16 – 19 learning particularly in supporting RPA”.

The YPLA Statutory Guidance: Funding Arrangements for 16-19 Education and Training for 2012/13 states that local authorities are responsible for securing provision which meets the needs of all young people – especially those who would otherwise not be in education, employment or training – and takes into account the needs of employers.

In the vast majority of cases, the lagged learner number funding approach with established providers will ensure that the needs of learners are met, especially since this approach ensures that providers that deliver additional places in year will be funded for those learners in the following year. However, as the Statutory Guidance indicates, there may be a small number of exceptions where lagged numbers and local response are not sufficient to meet learner needs.

We have therefore put in place for 2012/13 a simple process to help address exceptional gaps whilst the lagged learner number funding approach beds in.

Local authorities may identify through their own analysis of data provided by us and their own local knowledge, that some young people cannot have their needs met through the current provision offer. In the course of reviewing and moderating any data, we will consider progress towards 100% participation, predicted growth in school cohort numbers and the percentages and numbers in the NEET group.

The YPLA is in also the final stages of producing a publication on when and where it might be appropriate to fund new providers, such as the establishment of a new school, or sixth form, and following any process to procure provision to fill gaps. The YPLA would welcome dialogue with the third sector about this publication in the coming weeks.

Author Paul Williamson

Date created 3 November 2011

c) The report based on Strategic Dialogue 2 (18th November) at which representatives from the agencies met with delegates from the third sector and the TSNLA

Strategic Dialogue 2 was the point at which the third sector and the learning and skills agencies had the opportunity to explore together the issues which had been identified *by the third sector* at Strategic Dialogue 1 – and then submitted to the agencies for their consideration. Appreciation is due to the agencies for considering the issues submitted and in providing an initial written response which formed the basis for Strategic Dialogue 2.

There was an excellent turnout for this discussion (32 in total) and we had to turn away some interested people.

Tim Ward (Chair of the TSNLA) began by setting out the context from a third sector point of view and this is appendix A.

Inputs from the agencies:

The inputs from the agencies are to be read in conjunction with their written responses above.

DBIS – Caroline Neville

- Caroline is on secondment from the Skills Funding Agency as FE Sector Policy Adviser within BIS, and is working with a range of stakeholders including with the voluntary sector, and the HE – FE interface.
- Jim Dimond has recently taken on the role of third sector lead for BIS. including relationship manager with TSNLA
- The protocol between the SFA and TSNLA sets out roles and responsibilities in a helpful way. This is only one of a limited number - the Skills Funding Agency is not a planning body as the LSC was in the past
- The response to the New Challenges, New Chances consultation will effectively make up the FE & skills implementation plan. This is due to be published later this year
- The TSNLA submission from Strategic Dialogue 1 is helpful to BIS, as is the output from today's session, and will inform the New Challenges, New Chances consultation

- Caroline is very willing to come back once the response to New Challenges, New Chances is published – and to facilitate the ongoing dialogue
- The role of the sector as an employer was stressed – with reference to recent announcements on apprenticeships and SMEs (which presumably includes social enterprises)
- The government places importance on simplification, freedoms and flexibilities and diversity of provision

YPLA – Paul Williamson

- The context of ‘massive change’ was reiterated – the shift from LSC to YPLA to National Commissioning Framework (linked to the local authority/YPLA complementarity – to what the situation is now)
- The general election in 2010 brought in the following:
 - Simplification
 - Academies and free schools
 - Funding cuts – to government
 - Commitment to 100% participation
 - Falling 16-19 cohort
 - *The YPLA is not a mini LSC* – it has no role in commissioning or planning
 - *It is the provider’s role to respond to the needs of learners*
- In relation to the tensions or challenges Paul raised the question ‘What happens when providers *don’t* respond?’ For example, when local authorities can’t persuade responses from providers
- The YPLA is soon to publish a new document which will focus on ‘market entry’ – it will identify the gaps in the new school system
- Any such gaps in provision are likely to be filled through open competitive tendering (e.g. as in Canvey Island recently)
- The YPLA becomes the Education Funding Agency on the 1st April 2012
- They are considering a rolling programme of all provision going out to tender

Paul finished by saying that on the issue of the strategic engagement with the TSNLA and the third sector he will follow this up and will lead on this himself.

LSIS – Debbie Farley

Debbie is the Regional Development Manager for the South West at LSIS.

- She has a strategic role for LSIS
- The RDM is the ‘eyes and ears’ of LSIS
- LSIS is co-ordinating intelligence from all the Strategic Dialogues held and will be producing a collective report
- On the issue of LSIS being able to be a ‘critical friend’ to the SFA the RMMs do work closely with the SFA regionally – they are the link between provider and SFA
- It was clarified that sub contracted providers *can* access LSIS services directly

Skills Funding Agency

Unfortunately the SFA representative was ill – the SFA had provided a written response and this was talked through with Tim Ward prior to the Dialogue (appendix D).

The Chair pointed out that the recent targeting of funds to the third sector to provide for the NEETs category was to be remarked as this has never happened before in this way – the funds will also be in the form of a grant and so offer greater flexibility of provision.

Issues identified and explored in table top discussions

- The growth in *apprenticeships* was stressed
- That this is now a *very different landscape* was emphasized

Procurement and commissioning:

- The size of contracts is of real concern to the third sector – with the fear that this creates a mindset amongst the sector which is negative. How can the sector find ways to meet the needs of learners whilst keeping in line with the contractual arrangements?
- Engagement is a big issue, particularly for organisations trying to maintain the engagement of marginalised individuals. If this is no longer being funded by the state, how will it happen? There’s a real ‘cost’ in it not happening. Is it possible

for the Sector to join things up more effectively? Within the sector, there is an onus on us to work more closely.

- Concern was expressed that *if local authorities take the lead on IACL* they will deliver this themselves rather than sub-contract out – in another local authority example the picture was very different with the local authority sub-contracting out all provision for IACL
- *Procurement*: how can we encourage the *growth* in the number of providers?
- There was a strong feeling that serious mistakes have been made in the Work Programme contracting model that we don't want to see carried across into the learning and skills arena. Concerns expressed about the temptation for organisations to 'cherry pick' under a payment by results model and about the financial capability within the sector to work in this way.
- There is a need to look at how best to play to the strengths of sector in tackling youth unemployment. The Third Sector could be used to open up opportunities for volunteering or apprenticeships e.g. the Prince's Trust 'co-Location' initiative in Job Centres. Current mechanisms don't always allow the flexibility needed for creative things like this to happen
- *YPLA lagged funding*: it was asked if local authorities were genuinely meeting the needs of young people – are they reluctant to challenge the status quo? Paul Williamson declared that he will discuss this with the LGA – exploring the question 'What do we do...if we identify any gaps in provision?' – Paul will also take back the idea of sharing good practice
- This was linked to the *need to use local intelligence* when selecting successful tenders – this would link to the point that it is incumbent upon *providers* to recognize and respond to need – though there is a lack of clarity about how this happens in practice
- There's a tension between the government's localisation agenda and procurement processes, particularly with the push towards larger contracts and payment by results. The pool of vcs providers is getting smaller. There is a lack of flexibility in procurement processes. There is an inherent tension between community of interest and community of place.
- It was urged to place *more pressure on local authorities to identify what is needed* and what is meeting the needs of young people (or not)

- On the issue of procurement Caroline Neville stressed that the SFA is listening and that the issue of the third sector *will not go away*
- From a YPLA perspective there is no MCL and no intentions for there to be one – the YPLA has overseen national tender processes for ESF where the vast majority of tenders were won by local authorities and FE colleges
- In relation to the question ‘what is it we put in place that blocks third sector providers from applying?’ Paul indicated that he is willing to explore this from the YPLA side
- We were reminded that the TSNLA is a voice for organisations for whom providing learning *is not their whole business* – current procurement makes it difficult for organisations to partner together
- Government was urged to focus on *families with multiple problems* – within procurement systems and processes – there needs to be collaboration involving organisations and people *locally* who know the families and communities

Supply chain issues:

- The fact that providers are *going out of business* was stressed – moreover providers who *know their locality and the learning needs of communities* – this linked to points about the need to care for supply chain management
- The example of Hackney Borough was given where *research into dropping out* is done – there is a TSNLA role here where we can identify and circulate good practice
- It was stressed that it is vital to recognize *engagement* as part of the supply chain
- In providing it was argued there is a need for a ‘performance variation parameter’ – whereby the fact of providing learning to those who needed more time and support would be recognized – rather than performance being assessed in the same way as for learners requiring less investment – providing learning for the most disadvantaged can be seen as a business risk where there is no scope for negotiation on performance
- Remember – it’s all about the *learner* – there needs to be an *enhancement* for disadvantage
- In focussing on the learning needs of the most disengaged the point was made that this needs to be delivered through grassroots local organisations. If this

happens then the mainstream provision which misses the hard to reach group can be made relevant to the needs of the hard to reach. Yet there is real concern about how to do this with MCL and larger and larger contracts. Consortia is one answer but this adds a degrees of complexity to the delivery at the local level which mitigates against being price competitive

- The role of FE colleges: can LSIS take a lead role in encouraging collaboration with the third sector which may improve the relationship with smaller local groups and result in more sub-contracting and more local solutions?
- How can we incentivise collaboration? Is it possible for the SFA and other funders to write this into the design of tenders so that it fits the business models of colleges and larger providers?
- The YPLA does not insist on knowing the details of sub-contractors
- Caroline Neville identified that the SFA has a spotlight on supply chain issues – and Jim Dimond (BIS) and his team will be reviewing ACTOR in relation to the third sector
- Comments made to BIS about ACTOR are largely negative (according to Jim Dimond) – the lack of feedback to applicants is pointed out as very unhelpful and a smaller number of providers is seen to be working against diversity
- BIS and SFA will work together to take on board feedback and will relaunch ACTOR in January 2012
- Greater public knowledge of supply chain issues is needed
- The suggestion was made that LSIS (or another agency) host a discussion where different parts of the supply chain are brought together – Debbie Farley believed this to be an appropriate role for LSIS

Other issues:

- Caroline Neville/BIS invited delegates to provide messages to BIS to inform the developing participation strategy – linked to the role of local authorities
- It was agreed that there is an ambiguity about Local Enterprise Partnerships (LEPs) – in relation to both role and inclusiveness

- The lack of funding for **Level 3 and Level 4 provision** was of concern. The negative impact will be huge as the unemployed cohort get older. How will the country be skilled up?
- The need for *local, focal points* was emphasized – where collaboration and partnerships can develop – now within a context where government offices and RDAs have been removed
- *Inspection regime* – for colleges this does not incentivize collaboration with the third sector – although there are positive models for this – an area where LSIS can support – Paul Williamson reminded delegates that there is an OFSTED consultation out
- How does TSNLA make its representations and use the access to government that it has without becoming a single route for the sector as far as the government agencies are concerned? How can we ensure that the TSNLA is not used as a single voice that gives government agencies the opportunity to say they are talking to the “sector” when in fact they are talking to a specific part of it?
- It is also the responsibility of the TSNLA and the third sector to contribute constructively to the process of change e.g. by identifying good practice and promoting this