

TSNLA Strategic Dialogue 1 – third sector perspective Response from the Skills Funding Agency

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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

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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.

5. 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.

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