



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

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

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