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Innovation & Skills

STRATEGY DOCUMENT

Skills Investment Strategy
2010-11

November 2009

Building 
Britain's Future

Skills Investment Strategy 2010-11

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Foreword



Lord Peter Mandelson
Secretary of State for Business
Innovation and Skills

Increasing our skills base is critical to the recovery and the long term success of the UK economy. In a globalised knowledge economy, an active government approach to investing in the skills that power the high tech, low carbon industries of the future is vital. Skills are an investment in a person's capacity to prosper throughout life and in the productivity of our companies and economy. We need to invest in the right skills; encourage more employers and individuals to invest in skills; and ensure a more productive use of skills across the UK economy.

The last two spending review rounds have seen funding for skills in Britain rise significantly. After decades in which the UK struggled to raise its skills profile, we have seen unprecedented increases in the numbers of adults achieving literacy and numeracy skills, full Level 2 (5 GCSEs at A*-C or vocational equivalent) and full Level 3 (2 A-Levels or vocational equivalent) qualifications. As the recent *Skills for Growth* White Paper made clear, substantial challenges remain for our skills system, especially in training people with the higher technical skills required in a globalised economy – the kind of skills required for the key sectors of future growth identified in the Strategy paper, *New Industry, New Jobs* (April 2009). These changes set the broad direction of our priorities, and will be developed further by the Regional Development Agencies, working with the

UK Commission for Employment and Skills, the Sector Skills Councils (SSCs) and the Skills Funding Agency, to match the needs of employers across all our regions.

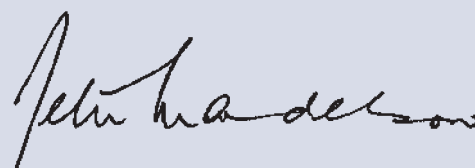
In light of the inevitable constraints on the public finances over the coming years, skills policy must focus resources even more closely on skills that underwrite our economic growth and support high value-added employment. That is why we have decided to reallocate resources to expand Advanced Apprenticeships to support the creation of a new technician class in Britain. We will also continue our commitment to entitlements that give adults free access to basic employability skills, responding to the needs of those for whom low skills are a barrier.

Tighter resources also demand the highest possible levels of quality for public funds. That is why we have created new skills accounts for learners that, coupled with increased transparency on the quality and benefits of individual colleges, training institutions and courses, will enable students to exercise much greater choice in where and how they study, and require colleges and training institutions to compete to provide better services.

We will give colleges and training institutions greater freedom to manage their budgets flexibly, with enhanced freedoms for those consistently demonstrating excellence.

Key to both the relevance of the skills we fund and the ability of learners to dictate priorities are the needs and expectations of business and industry. Our expectations of business are going to rise sharply: they need to be collaborating with colleges and training institutions (including the Third Sector) to create courses that meet their needs; communicating those needs better to students; and valuing investment in their workforce. Because they will be the key beneficiaries of a more vocational, more demand-led system, businesses will also be expected to contribute more to the costs of a world-class system.

Whether we make them as a government, businesses or individuals, investments in skills are investments in our future. It has never been more important to get those investments right.

A handwritten signature in black ink, appearing to read "Peter Hain". The signature is fluid and cursive, written in a professional style.

Achievements and Goals

- 231,000 adults achieved an Apprenticeships framework in the five years 2004/05 to 2008/09¹
- 2.8 million people have achieved a Skills for Life qualification since 2001
- 690,000 Full Level 3 qualifications achieved by adult learners since 2002/03
- Overall FE success rates for adult learners now over 80%

The Further Education (FE) and Skills system has seen record investment. Total Government funding for post-16 FE and skills increased by 53% between 1997-98 and 2008-09 financial years.

Our investment strategy has realigned funding to support our priorities, resulting in over 400,000 adult learners achieving a full Level 2 qualification in the 2008/09 academic year¹ and we have achieved our Skills for Life target over two years early. We remain committed to the objectives set in the *Leitch Review of Skills* (December, 2006), which are all the more important if the UK is to emerge stronger from the recession and achieve its global market ambitions. Our challenge now is to complement this commitment to basic skills with investment that supports the country's strategic future skills needs.

This will have to be done within a much tighter fiscal environment and we are already committed to making £340 million of efficiency savings across FE and skills for the financial year 2010-11. £100 million of efficiency savings will be achieved through re-assessing the funding made available to delivery partners, including the Learning and Skills Improvement Service.

This document defines the funding changes that must be made for the 2010/11 academic year to achieve the necessary efficiency savings from the skills system from the funding routed through the Skills Funding Agency, which will replace the Learning and Skills Council (LSC) from April 2010. Despite these efficiencies, investment in adult skills participation will increase by 3%.

¹ Provisional figures – Statistical First Release Post-16 Education & Skills: Learner participation, outcomes and level of highest qualification held (22 October 2009).

Responding to the economic downturn

The skills system has a critical role to play during a downturn and it has been at the heart of our response to the recession.

We have invested funding to provide employment-focused skills training for the unemployed and those facing redundancy. This included the following packages of support, which will continue into the 2010/11 academic year:

- **Response to Redundancy** funding, to support training places for 80,000 people who are at risk of redundancy, newly redundant or unemployed but close to the labour market
- **Training offer for those unemployed for six months or longer**, providing additional skills support for around 75,000 people to become 'job-ready'
- **Young Person's Guarantee**, which came into effect in November, and will support training for up to 80,000 young people as part of the Government's commitment to provide a guaranteed offer of a job, training or work placement to all 18-24 year olds approaching 12 months unemployment.

We will continue to support individuals facing unemployment as a priority within the skills system, recognising the long-term scarring effect it can have on people's lives.

Alongside the packages above will continue to support free provision for Skills for Life literacy and numeracy, first full Level 2 and first full Level 3 for 19-25 year olds.

We will set out how we will continue to support individuals out of work in the forthcoming Employment White Paper.

A new technician class through an expanded apprenticeship system

The *Skills for Growth* White Paper set a new overarching ambition for our higher education and skills systems that three-quarters of people should participate in higher education or complete an Advanced Apprenticeship or equivalent level course by the age of 30.

The White Paper put in place measures to tackle the gap in intermediate skills in this country by expanding our Apprenticeship numbers, creating a modern class of technicians to help drive growth in our economy. These professionals will have transferable skills, gained as a result of both academic study and practical on-the-job experience.

As a way of achieving our ambitions we will further expand the Apprenticeship system, which has already undergone a genuine renaissance over the last decade. We will create 20,000 new Advanced Apprenticeship places for those aged 19-30 in the 2010/11 academic year rising to an extra 35,000 from the 2011/12 academic year.

To turn these Apprenticeships into potential ladders to university we will develop stronger links from Apprenticeships to higher education and will be working with Universities, Sector Skills Councils (SSCs), the

Higher Education Funding Council for England (HEFCE) and employers to pilot Honours and Masters programmes that will have at their heart the principles of the Apprenticeship, namely employed status, technical expertise and occupational competency. There will also be a new Apprenticeship Scholarship Fund, to provide a “golden hello” of up to £1,000 to one thousand of the best apprentices seeking to go into Higher Education.

The strategic demands of a competitive global economy

In *New Industry, New jobs* and *Jobs for the Future*, we outlined some market areas and sectors which will be crucial to future jobs and growth. Priorities for increased funding include life sciences, digital media and technology, advanced manufacturing, engineering construction and low carbon. Although it is difficult to predict precisely where targeting might be needed, a capacity of £100 million for priority sectors in future years would fund some 160,000 training places at levels 2 and 3. Reflecting advice to Government from the UK Commission for Employment and Skills (UKCES) due in January 2010, from the 2010/11 academic year more of the skills budget will be focused on newly identified areas and those that contribute most towards driving growth.

Ultimately, it must be demand from businesses and learners that shapes our understanding of these strategic priorities. So our expectations of business will rise. We propose to strengthen the role of SSCs and Regional Development Agencies (RDAs) so that, together, they work with individual employers to create a new energy behind ensuring an excellent supply of courses and training, to direct Skills Funding Agency funding. This process will start from 2010 with the new focus on priority sectors as Single Integrated Regional Strategies are developed, bringing together all economic and spatial aspects of the skills market in each region into one integrated strategy.

RDAs will be responsible for championing skills at regional levels. This will involve skills advocacy, partnership building and leading agency action to identify and resolve mismatches in the supply of skills to meet employer demand. They will have the responsibility for producing a regional skills strategy, which will be integral to the Single Integrated Regional Strategies. RDAs will work closely with SSCs, Local Authority Leaders and sub-regional bodies. The Skills Funding Agency will deliver these regional and sub-regional strategies through commissioning colleges and training institutions across the sector to deliver these programmes in response to skills needs.

Shared investment by employers, learners and the Government

As stated in *Skills for Growth*, our longer-term strategy is for all employers, whether public or private sector, to recognise the benefit that they can gain from investing to boost the skills of their workforce.

In the 2010/11 academic year we will pilot a Joint Investment Scheme involving a small number of SSCs and Industry Training Boards in areas key to economic recovery. This will operate as a combined fund, which could grow over time to £100 million – including a £50 million or more cash match from employers. In later years, we shall look across the adult skills budgets and decide the best source of funding for the further costs of these proposals.

Given the priorities in *Skills for Growth*, from the 2010/11 academic year we will start to move funds away from the recession related flexibilities, for example those introduced for small and medium sized businesses through Train to Gain, in order to support businesses gain the skills for future growth. This will include the re-introduction of co-funding for non entitlement training through Train to Gain. These changes will be applied across all sectors, including those with sector compacts. The existing compacts will be reviewed to ensure their operation in the 2010/11 academic year is in line with *Skills for Growth*.

For the 2010/11 academic year, the assumed private contribution, where applicable, will increase to 50%. Although the LSC has had a clear policy on co-funding, requiring all FE colleges to have an agreed target on the percentage of fees they will collect, the proportion of expected learner and employer contributions that is actually collected varies considerably and there are insufficient levers in the system to ensure compliance.

In addition, the fee collection performance of other training institutions is not monitored, making it difficult to assess the contribution being made by employers. In order to make shared investment work, we need to understand the barriers that have prevented some FE colleges and training institutions from responding to the fees agenda. We have, therefore, commissioned an independent fees review to report in 2010.

The quality of FE in Britain has risen consistently over the last decade. However, in an environment of constrained public resources and rising contributions from businesses and individuals, there is an even greater imperative to drive up training quality. From the 2010/11 academic year we want to put in place measures to reward outstanding FE colleges and training institutions who continue to improve the quality and relevance of training. We will introduce greater

freedoms for FE colleges and training institutions to manage their resources more flexibly, combined with enhanced freedoms for outstanding FE colleges and training institutions across their total budgets. There will be progressively greater autonomy for FE colleges and training institutions that demonstrate teaching excellence, but also a fall in funding to low priority and poorly provided courses.

There is a clear expectation that FE colleges and training institutions will be required to deliver better value for money and realise efficiencies in order to continue to deliver high quality training to meet the needs of learners and employers at a time when public finances are under pressure. As well as promoting increased income for FE colleges and training institutions through fees, the Skills Funding Agency will continue the work of the LSC to provide colleges with better benchmarking information. We are committed to identifying opportunities to hand over functions to the sector where it is best placed to manage these. The FE Procurement Improvement function is one such area. Following consultation, it has been agreed that this function will transfer to the Association of Colleges (AoC). We expect maximum economies of scale to be realised through this route to deliver further efficiencies.

Capital spending

Over this Comprehensive Spending Review (CSR) period, the Government will invest over £1.7 billion in renewing the FE estate. Since 2001, 700 projects at nearly 330 colleges have been funded. There were 8 projects approved in March 2009 and a further 14 projects have been given final approval.

Our investment in the capital programme in the 2010-11 financial year, including support for internal systems development, will be £513.8 million.

Recognising the long-term nature of capital projects, a planning assumption of £300 million a year from 2010-11 to 2013-14 (to be confirmed at the next Spending Review) was agreed at the 2009 budget.

Whilst the mainstream capital budget for the 2010-11 financial year is now fully committed for the remainder of this spending period, the LSC is now consulting with the sector, through the AoC's reference group, to discuss how any future funding will be best invested.

Within the overall capital budget, we will also invest significantly in specialisation. For the 2010-11 financial year, total investment will be £69 million. This fund will support a number of specialisation programmes, including Personal, Community and Development Learning, Neighbourhood Learning in Deprived Communities, National Skills Academies, as well as

regional and national specialisation funds. The Skills Funding Agency will continue to support these programmes and approvals for National Skills Academies, and National Specialisation projects will continue in the 2010-11 financial year.

In implementing our *Low Carbon Transition Plan* the FE sector has a crucial role. A great deal has already been achieved through capital investment in making the sector more sustainable. Moving forwards, continued investment in reducing the sector's carbon footprint will be a priority.

Investment

Skills Funding Agency budget 2008-09 to 2010-11

Budget Line	Financial Years		
	2008-09 £000's	2009-10 £000's	2010-11 £000's
Adult Learner Responsive¹	1,664,555	1,753,338	1,782,906
For planning purposes			
<i>Foundation Learning (excluding Skills for Life)</i>	158,399	175,081	182,857
<i>Skills for Life</i>	526,997	541,339	514,871
<i>Full Level 2</i>	228,276	293,107	327,791
<i>Full Level 3</i>	281,526	329,555	374,771
<i>Level 4</i>	17,147	15,694	17,164
<i>Developmental Learning²</i>	424,056	330,769	186,696
6 Month unemployment Programme	–	26,500	56,500
Young Person's Guarantee	–	21,500	100,900
Employer Responsive Total	1,158,614	1,315,575	1,381,781
Apprenticeships ³	332,911	389,914	398,410
Train to Gain ⁴	825,703	925,661	983,371
Response to Redundancy (included in Train to Gain total)	–	–	50,000
Of which for planning purposes (Train to Gain):			
<i>Foundation Learning (excluding Skills for Life)</i>	8,163	4,774	5,031
<i>Skills for Life</i>	67,755	88,995	84,532
<i>Full Level 2</i>	522,744	550,576	552,786
<i>Full Level 3</i>	131,675	162,793	185,179
<i>Level 4</i>	11,840	10,726	11,843
Adult Safeguarded Learning	210,000	210,000	210,000
Offender Learning & Skills Service⁵	137,685	132,630	134,828
TOTAL PARTICIPATION⁶	3,170,854	3,411,543	3,509,516
Learner Support	146,087	154,087	155,998
FE Development, Capacity and Quality	308,221	271,779	240,588
Total Capital Grants	628,300	907,800	513,800
Total Administration ⁷	191,876	189,163	81,400
GRAND TOTAL	4,445,338	4,934,372	4,501,302

Notes

¹ Adult Learner Responsive total includes funding for University for Industry, Employability Skills Programme (£35.8m for 08-09, £47.7m for 09-10 and £58.9m for 10-11), 6 month unemployment offer and Young Person's Guarantee. This budget also includes funding for 19-25 year old learners with learning difficulties and / or disabilities. From April 2010 Local Authorities will be legally responsible for 19-25 year olds that are subject to a learning difficulty assessment. A proportion of this budget will therefore be transferred to DCSF for 2010-11 to take account of this responsibility.

² Developmental Learning includes funding for activity not covered in other funding lines. The amounts set out for 2010-11 will enable the Skills Funding Agency to continue to protect the volumes of learning for learners with learning disabilities and / or disabilities

³ Enables delivery of an additional 20,000 advanced apprenticeships starts for 19-30 year olds as announced in the *Skills for Growth* White Paper.

⁴ The Train to Gain figures for 2009-10 and 2010-11 include £37m for brokerage which is transferred through RDAs, funding for leadership and management and funding for the Joint Investment Scheme announced in the *Skills for Growth* White Paper.

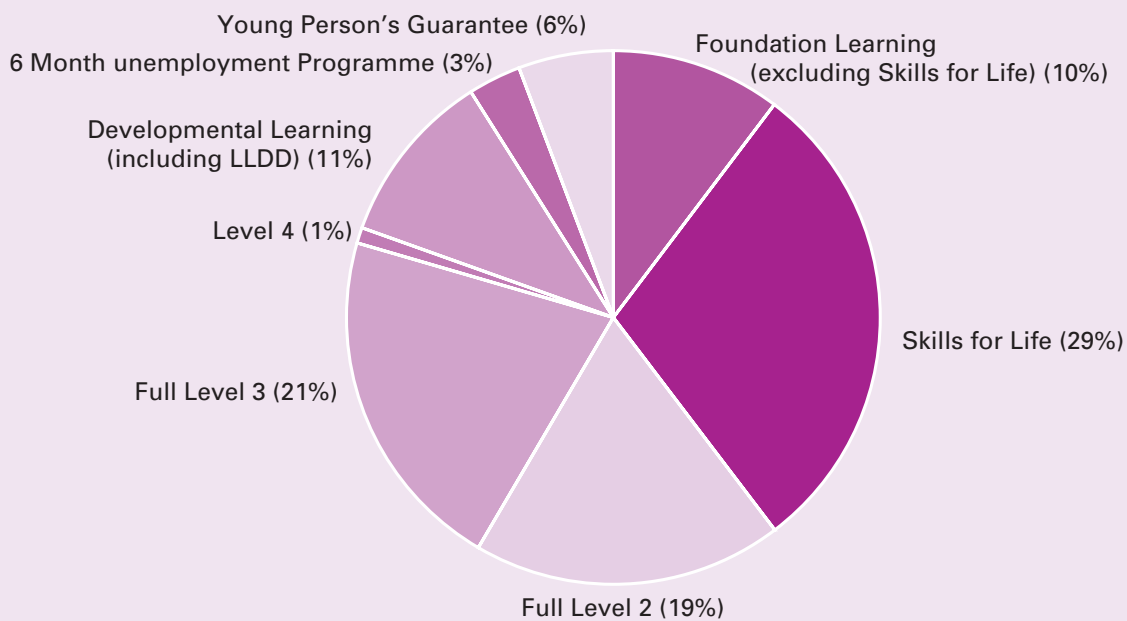
⁵ The offender learning budgets for 2009-10 and 2010-11 exclude some resource for the prison Estate Capacity Programme which is still to be transferred from the Ministry of Justice.

⁶ The participation budgets shown include anticipated drawdown from end-year flexibility and departmental unallocated provision of £77.4 million in 09-10 and £117.6m in 10-11 which are yet to be confirmed. The capital grants funding similarly includes £100m anticipated drawdown from end-year flexibility which has yet to be confirmed.

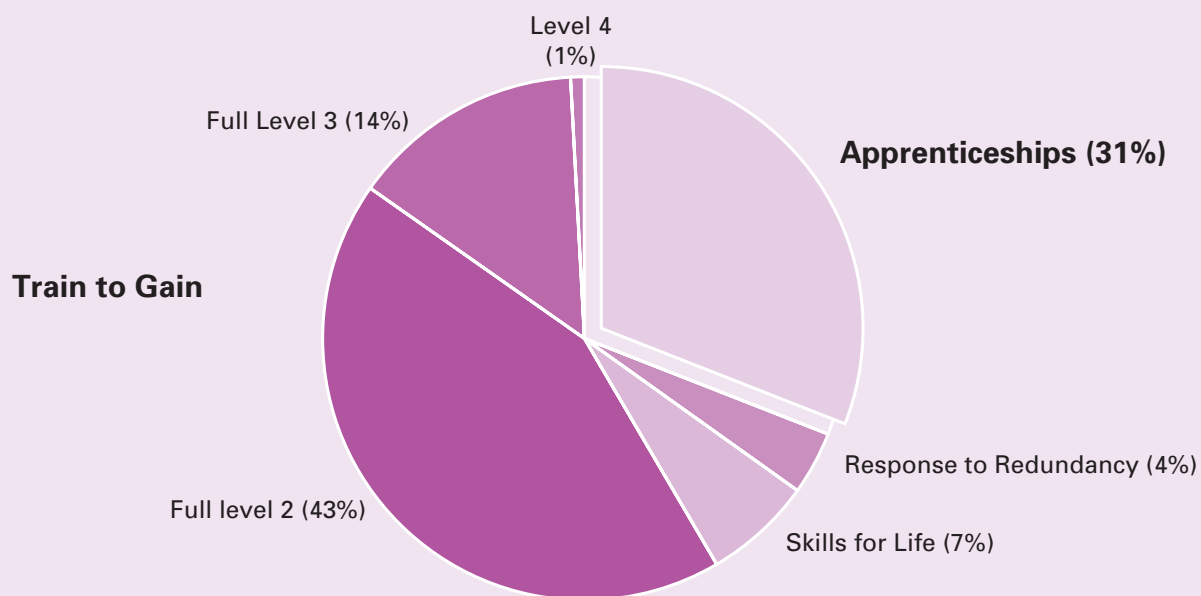
⁷ The 2008-09 and 2009-10 figures are for the Learning and Skills Council. The 2010-11 figure is an indicative amount for the Skills Funding Agency. The final amount for the Skills Funding Agency will be confirmed prior to its establishment. This line and preceding lines do not include non-cash expenditure.

⁸ In previous years, we have set an indicative budget for adult skills for the London LSC to support the London Skills and Employment Board (LSEB) strategy. This year, the indicative amount of funding available to the London region is expected to be around £653 million. The Skills Funding Agency will work with the LSEB to agree how this funding will support the Board's strategy.

Adult Learner Responsive Budget 2010-11



Employer Responsive Budget 2010-11



Learner numbers

Planned Skills Funding Agency funded learners aged 19 and over 2008/09 to 2010/11 academic year

Budget Line	2008/09	2009/10	2010/11
Adult Learner Responsive sub total¹	1,450,000	1,500,000	1,120,000
Of which for planning purposes:			
<i>Foundation Learning (excluding Skills for Life)</i>	209,000	216,000	216,000
<i>Skills for Life²</i>	560,000	537,000	557,000
<i>Full Level 2</i>	117,000	159,000	169,000
<i>Full Level 3</i>	88,000	102,000	109,000
<i>Level 4</i>	31,000	28,000	35,000
<i>Development Learning³</i>	703,000	583,000	213,000
6 Month unemployment Programme	4,000	45,000	35,000
Young Person's Guarantee	–	48,000	26,000
Employer Responsive sub total	1,430,000	1,410,000	1,720,000
Apprenticeships	277,000	287,000	328,000
Response to Redundancy	–	30,000	20,000
Train to Gain	1,160,000	1,090,000	1,370,000
Of which for planning purposes:			
<i>Foundation Learning (excluding Skills for Life)</i>	12,000	7,000	12,000
<i>Skills for Life</i>	281,000	283,000	288,000
<i>Full Level 2</i>	753,000	689,000	880,000
<i>Full Level 3</i>	205,000	210,000	287,000
<i>Level 4</i>	20,000	17,000	23,000
Adult Safeguarded Learning	630,000	605,000	585,000
TOTAL PARTICIPATION⁴	3,530,000	3,510,000	3,430,000
ESF Learner Numbers ⁵	119,000	172,000	101,000

Notes

¹ Overall adult learner responsive numbers show a decrease due to the high number of shorter programmes from which funding is being removed. Funding will allow us to continue to protect provision for learners with learning difficulties and/or disabilities.

² Skills for Life figures are not directly comparable with those published in the Grant Letter last year (November 2008). Last year's figures have been updated to reflect activity in 2007/08 and 2008/09 academic year updating assumptions on the number of aims per learner. This revised down the overall SFL learners previously predicted.

³ Response to Redundancy was funded through European Social Funds in the 2008/09 academic year.

⁴ Numbers may not total due to rounding

⁵ An estimated 30% of ESF learners are additional to total participation figures as the majority are either being supported towards mainstream activity, or receiving additional support once in mainstream activity.

Targets and aspirations for the 2010/11 Academic Year

- We anticipate that we will significantly exceed the 2020 ambition set out in the Leitch Review of Skills of 250,000 Apprenticeship starts (for all ages) and 190,000 successful completions
- We remain committed to making progress against the Leitch ambition so that by 2020 over 90% of adults are qualified to at least Level 2 and 68% are qualified to at least Level 3
- We are committed to the ambition of ensuring that, by 2020, 95% of adults possess at least functional levels of literacy and numeracy, defined as Entry Level 3 numeracy and Level 1 literacy
- To make progress towards this ambition we have a Public Service Agreement (PSA) target that between 2008 and 2011:
 - 597,000 people of working age will have achieved a first Level 1 or above literacy qualification; and
 - 390,000 will have achieved a first Entry Level 3 or above numeracy qualification

Qualifications and Credit Framework

We are funding the Skills Funding Agency to implement a new Service Layer for the Qualifications and Credit Framework (QCF). In addition to there being an effective Learner Record and routes to achievement/credit, accumulation and transfer facility, the Skills Funding Agency will ensure that awarding bodies, colleges, training institutions and learners are able to use the new system successfully.

The *Skills for Growth* White Paper sets out our priorities for the types and volumes of qualifications we believe need to be offered. The Skills Funding Agency will complete arrangements for a single system of funding and performance to secure that. Alongside the funding work, the Skills Funding

Agency will ensure that performance measures are able to recognise the flexibilities offered by the QCF, including credit accumulation and transfer. This includes the Credit Success Rate, which can take account of the delivery of units and credits as the fundamental building blocks of qualifications.

The Skills Funding Agency will publish an annual list of priority qualifications to which they will give funding priority. This list, drawn up on the advice of SSCs, must contain qualifications that confer the skills and knowledge required for employment now, and the transferable skills that everyone will need in their future careers. Over time, priority qualifications will be defined as either “certificates” or “diplomas” at Level 2; and “diplomas” at Level 3 on the QCF.

Funding Priorities for 2010/11

Funding adults to achieve the skills they need to get on

In the 2010-11 financial year, we plan to invest £4.4 billion in FE skills for post-19 learners. This includes £3.5 billion for training places funded through the Skills Funding Agency. This will support a planned 3.4 million adult learners in the 2010/11 academic year.

Our vision remains that every adult should have the same rights and opportunities to learn new skills and get on in life. We know that better skills for adults improve social mobility, boost earnings and opportunities and critically improve the life chances of their children too. The statutory entitlement to full funding for Entry Level 3 numeracy and Level 1 literacy, first full Level 2 and (for those aged 19 to 25) a first full Level 3 qualification, demonstrates our commitment to giving adults the skills they need to get on. We will also continue to provide full funding to those adults who are out of work and on low incomes.

We know that fully funding these qualifications incentivises individuals to undertake this learning and FE colleges and training institutions to deliver it. The adult advancement and career service (aacs) will signpost learners who do not already have these skills towards relevant courses. At the same time, we need FE colleges and training institutions³ to continue work within their communities to reach out to those who have not already gained skills at these levels.

We expect FE colleges and training institutions to ensure that they have robust fee strategies for the 2010/11 academic year to maximise the collection of fees and contributions from learners and employers in line with expectations. This will support the continued delivery of high quality provision and ensure that a full range of provision can be offered in line with demand.

³ Training institutions includes the Third Sector where appropriate, recognising their expertise particularly in meeting specific needs of hard to reach or disadvantaged groups.

Apprenticeships

- Apprenticeship starts have increased from 65,000 in the 1996/97 academic year to a record 234,000 in the 2008/09 academic year⁴
- Completion rates are also at record levels – increasing to 64% in the 2007/08 academic year⁴
- 127,000 Apprenticeship frameworks were achieved in the 2008/09 academic year
- In response to the economic downturn, we provided additional funding of £70 million to support an additional 17,500 apprenticeship places for those aged 19 and over

Over the last decade, there has been a tremendous increase in the number and variety of Apprenticeship opportunities available for young people and adults. For the 2010/11 academic year we will focus on continuing to improve the quality of Apprenticeship provision. Measures in the Apprenticeships, Skills, Children and Learning (ASCL) Act 2009 will support this and include an important emphasis on the new role that SSCs will play in maintaining and increasing employer engagement in the programme. The publication of the Specification of Apprenticeships Standards in England has, for the first time, set clear minimum standards against which all Apprenticeship frameworks will be assessed and compliance will be mandatory.

We have also seen extremely high demand for Apprenticeships for those aged 25 or over, with over 54,000 starts in the 2008/09 academic year⁴, an increase from around 27,000 in the 2007/08 academic year and significantly

higher than our planning assumptions. This is only the third year in which public funding has been available for adults over the age of 25, and we are delighted that so many people have benefited from the programme. In the 2010/11 academic year we will continue to provide funding for this age group, but in the light of the reduced amount of training time required for these learners, the funding rates will be reduced by a further 10%.

Boosting the number of Advanced Apprenticeships is critical to building the skills of our young people and remedying the shortage of skilled technicians, especially in those markets and sectors of the economy that we designated as priorities in *New Industries, New Jobs*. Apprenticeships are our preferred option for 19-30 year olds at Level 3 and, where a suitable framework is available, we would expect them to be supported through this route rather than through Train to Gain.

⁴Provisional figures – Statistical First Release Post-16 Education & Skills: Learner participation, outcomes and level of highest qualification held (22 October 2009).

To support our continuing commitment to Apprenticeships we will:

- Invest a total of £400 million in Apprenticeships for those aged 19 or over in the 2010-11 financial year
 - This will include an additional £17 million in 2010-11 redirected from Train to Gain to boost advanced and higher level Apprenticeship opportunities for 19-30 year olds, doubling the number of Advanced Apprenticeships available for this age group currently
- Support the creation of an Apprenticeship Scholarship Fund to encourage apprentices to go into higher education by providing 1,000 scholarships per year worth £1,000
- Make £5 million available to SSCs working with employers and Higher Education Institutions to develop more higher apprenticeship frameworks and to pilot new composite Honours and Masters frameworks

From the 2010/11 academic year we will make the following changes to the way we fund adult Apprenticeships:

- Funding rates to be reduced by 3% compared with 2009/10 levels
- A further 10% reduction to the funding rates for 25+ Apprenticeships compared with 2009/10 academic year
- Expansion of the current piloted approach of the National Employer Service in negotiating lower funding rates to a wider range of large employers in recognition of the economies of scale that can be realised

Train to Gain

Train to Gain is an extremely successful programme. Since 2006:

- The brokerage service engaged more than 143,000 employers between April 2006 and March 2009. Good progress is continuing through the new Integrated Brokerage Service, with a further 16,000 engagements recorded between April 2009 and July 2009
- Over 1.4 million qualifications have been started
- There have been around 780,000 achievements, including over 120,000 Skills for Life achievements, around 570,000 Level 2 achievements, and over 70,000 at Level 3
- The programme has achieved high employer satisfaction rates with a recent evaluation showing that more than 90% of employers who accessed Train to Gain through the Brokerage Service were satisfied with the programme

Over the last few years, to boost demand and respond to the downturn, we increased funding rates for Train to Gain above those for other programmes and introduced a number of flexibilities, particularly for small and medium sized businesses.

As recognised in *Skills for Growth*, this approach helped deliver timely and appropriate support in a period of need. While this enabled us to respond to the challenge faced at the time, there is now an imbalance between supply and demand, which we will address by improving value for money in the programme and ensuring that funding is much more sharply focused on our priorities.

For the 2010/11 academic year, we need to focus the substantial investment on areas of high growth and ensure greater co-funding by employers. The emphasis will be on fully supporting employers to upskill their employees, with employers contributing towards the cost of those staff who wish to gain qualifications to reskill. We will ensure funding is directed toward significant upskilling and the acquisition of new skills, and we will continue to bear down on any remaining funding activity that only assesses and accredits a learner's existing skills. We will also withdraw funding from weak providers by using the Minimum Levels of Performance as a key measure of the quality of provision.

We plan to invest £983 million in the 2010/11 academic year through the Train to Gain Programme.

We will continue to:

- Fully fund first full Level 2s and first full Level 3s for those aged 19-25 years
- Fully fund literacy and numeracy Skills for Life qualifications (with co-funding for ESOL for Work)
- Fully fund any Level 2 or Level 3 qualifications for those coming from Local Employment Partnerships or as part of the 6 month unemployment offer and Response to Redundancy packages
- Fully fund agency workers undertaking reskilling qualifications at Level 2 or Level 3
- Co-fund the course costs for full Level 3s and Level 4s outside entitlements, with the employer expected to pay the remaining contribution (the fee assumption in the 2010/11 academic year will be 50%)
- Expand the current piloted approach of the National Employer Service in negotiating lower funding rates to a wider range of large employers in recognition of the economies of scale.

Changes to funding through Train to Gain for the 2010/11 academic year:

- Move funding away from poor provision or provision which has a large proportion of assessment of existing skills rather than training
- Funding rates for Train to Gain will be rebased with funding rates for other mainstream provision, in recognition that efforts to stimulate demand have been effective. This will result in a 6% reduction in the 2010/11 academic year funding rates compared with rates in the 2009/10 academic year
- Reintroduction of co-funding for all Level 2 qualifications for retraining within Train to Gain (except for those groups listed above)

Skills accounts and the adult advancement and careers service

Skills for Growth sets out our vision for skills accounts: empowering individuals as active, well informed consumers whose choice drives improvements in the learning and skills system. It also sets out the further steps we will take to develop accounts that give individuals the high quality personalised information they need to help them make the best choices about improving their skills and support progress in work and life. For the 2010/11 academic year skills accounts

will be offered to all adults who access publicly funded training, including Train to Gain and Apprenticeships. Young adults will be offered accounts, linked to their Unique Learner Number, when they turn 19.

From the 2011/12 academic year, individuals will be able to use their entitlements through skills accounts at any FE college or training institution approved by the Skills Funding Agency, trebling the number of places a learner can attend compared to previous plans.

Alongside the roll-out of skills accounts, the new adult advancement and careers service (aacs) will be launched in August 2010, with a new brand for careers advice. Providing the highest quality careers information, advice and guidance to help individuals make the best choices, the service will combine the best labour market information with the latest technology to deliver professional advice via the telephone, face-to-face or online.

We will continue to pilot, through the trials of skills accounts, a £500 entitlement for carers and those on working tax credit as announced in the *New Opportunities White Paper* (January 2009). This will not be means-tested nor linked to any requirement to take a qualification at a specific level.

Integrating employment and skills

In response to the economic downturn we have committed to investing:

- £100 million (combined European Social Fund and Train to Gain) for the Response to Redundancy programme
- £83 million in the offer for people out of work on benefits for 6 months or longer
- £122 million for the Young Person's Guarantee

In the 2009-10 financial year, we made available nearly £50 million to support the Employability Skills Programme to support participants so they can find sustained employment through improving their literacy and general

employability skills. For the 2010-11 financial year we plan to increase this to £67 million.

European Social Funds

In the 2010-11 financial year, over £240 million will be available to support adult learning through enhancing current activity and to support work with those who have not yet accessed mainstream provision. The focus of this funding is on interventions that integrate the employment and skills systems to help adults gain the skills they need to get, keep and progress in employment.

For employers, it supports activity to ensure they have access to a pool of people with the skills they need. This includes the Response to Redundancy programme and continued training for apprentices who have been made redundant.

Through a more fully integrated employment and skills system, we will be better placed to support those for whom low skills are a barrier to finding work. Preventing individuals entering long-term unemployment in the first place is one of the surest ways of minimising the long-term impact of unemployment on individual careers, families, communities and the wider economy. There is a wide range of provision available and its effective delivery will rely on close partnership between providers, employers, Jobcentre Plus, and the aacs to ensure that wherever low skills are a barrier to employment, individuals have access to

the right provision to help them get a job, keep it and progress in it.

We recognise that the funding for programmes to help those on out-of-work benefits to re-enter work has appeared to be fragmented.

The forthcoming Employment White Paper will set out plans for the further integration of the employment and skills systems. We plan for this to include a new single purse funding approach to streamline current funding arrangements, subject to spending priorities. We will continue aligning Jobcentre Plus and the adult advancement and careers service with a view to providing a fully integrated and seamless support offer to individuals – whether they are in or out of work.

For the 2010/11 academic year, we will continue to pilot giving FE colleges increased flexibility to deliver sustainable employment outcomes. Fifteen colleges have been involved in running programmes that started in the 2008/09 academic year and have continued into the 2009/10 academic year. The outcomes of these pilots will inform work to focus funding on a wider set of outcome measures.

During the 2010/11 academic year we plan to pilot whether the mandation of people on Job Seekers allowance to undertake training has an impact on employment outcome.

Support for self-employment and business start-up

We are developing a “Qualify with a Business” Framework that defines a package of support for learners in FE who want to become self employed or to start up their own business. In the 2010/11 academic year we will pilot this package at a number of colleges. This will require the colleges to offer business start-up modules in addition to core vocational qualifications and we will agree specific additional flexibilities regarding their use of the Adult Learner Responsive budgets for this purpose.

Adult Learner Responsive

We recognise the continued importance of this funding route to support a wide range of activity. This includes supporting adults engaged in learning for the first time to gain basic skills to help them to get on in life, through to adults needing to retrain as a result of losing their job. That is why we will invest over £1.7 billion in the 2010-11 financial year, including funding for the University for Industry (Ufi). This funding route also includes the support that has been agreed for the 6 month offer for the unemployed and the Young Person’s Guarantee. While the activity funded through this route delivers vital outcomes, we need to continue to deliver this more efficiently and

- In the 2010/11 academic year we will reduce funding rates for Adult Learner Responsive provision by 3% compared with the 2009/10 academic year. This will not affect the funding for the Young Person’s Guarantee or the offer for those on out of work benefits for 6 months or longer

effectively from available resources. With the exception of the unemployment training packages, funding rates will reduce by 3% in the 2010/11 academic year compared with the 2009/10 academic year.

Level 2 and Level 3 provision

A large proportion of the funding through this route will continue to support learners to undertake full Level 2 and full Level 3 courses. Although these courses may not take place on an employer's premises, the vast majority of the learning will be linked to a specific sector. Therefore, the list of qualifications that the Skills Funding Agency identify as a priority will be equally relevant for Adult Learner Responsive and Train to Gain. We will also continue to fully fund first full Level 2 qualifications through this route as well as first full Level 3 for those aged 19-25.

Skills for Life and Functional Skills

- Since 2001 we have invested £5 billion on post-16 Skills for Life provision
- Nearly 6 million adults across England have taken courses to improve their literacy, language and numeracy skills, with over 2.8 million achieving a national qualification since the Skills for Life strategy was launched in 2001

Functional English, Maths and ICT qualifications will replace Key Skills qualifications in Communication, Application of Number and ICT from September 2010 at Levels 1 and 2. Following the outcome of pilots, a decision will be taken on whether Functional Skills qualifications will also

Foundation Learning

From the 2010/11 academic year the Foundation Learning Tier will be replaced by the Foundation Learning Curriculum, which will offer a framework to help adults progress ultimately to Level 2. The Foundation Learning Curriculum, which includes formal First Step learning, will be built on a clear analysis of individuals' needs to ensure they receive the mix of skills that is right for them to promote confidence in learning, minimal occupational competence, employability and independent living. It will be constructed to help learners and providers to identify personalised learning programmes to address their learning and skills gaps by drawing from the following three skill sets:

- Functional skills in English, Mathematics and ICT
- Vocational training
- Personal and social development skills

replace the Skills for Life literacy and numeracy qualifications from September 2012.

Though Functional Skills qualifications will be available and funded for all colleges and training institutions to use in the 2010/11 academic year, Skills for

Life qualifications will continue to be funded as the main literacy and numeracy qualification for adults aged 19 or over. Further work will be undertaken before a decision is made on whether to replace the English for Speakers of other Languages (ESOL) Skills for Life qualifications with Functional English qualifications.

Focus on numeracy

Our ambition for numeracy is particularly challenging. Achieving this will require a step-change in the number of adults taking courses and a change in attitudes toward numeracy. And we need to ensure that we support learners at the lower levels to move up to the functional level (Entry Level 3).

A number of actions are being taken to drive progress on numeracy. This includes setting out the expectation that FE colleges and training institutions offer Skills for Life assessments to all learners on programmes at Level 2 and below, including assessments for learners who are already enrolled on literacy and ESOL programmes. We need to find more innovative ways of engaging adults to undertake numeracy qualifications. For the 2010/11 academic year the Skills Funding Agency will run a tendering exercise for up to 3 providers to deliver innovative numeracy programmes.

Since the launch of the Skills for Life strategy in 2001, a programme funding uplift for approved Skills for Life provision has been provided to

recognise the additional support required for Skills for Life learners as well as enabling colleges and training institutions to build the capacity of their Skills for Life provision. As capacity and quality of provision has developed significantly since the start of the strategy, this uplift will be reduced to 1.2 for all Skills for Life provision with the exception of Entry Level numeracy where it will remain at 1.4, reflecting the need to build capacity to support more learners at this level.

Colleges and training institutions will continue to be given freedom to decide on their mix of literacy and numeracy provision, although we expect to see a greater focus on numeracy provision at Entry Level 3. Depending on the increase in Entry Level 3 numeracy and Level 1 literacy in the 2010/11 academic year, alternative approaches may be considered for the 2011/12 academic year.

English for Speakers of Other Languages

A New Approach to ESOL was published in May 2009 and gives Local Authorities, working in partnership with community and voluntary sectors as well as JobCentre Plus, the key role in identifying priority groups for ESOL provision in a particular locality. This will ensure that ESOL provision is focused on the hardest to reach groups who want to make their lives here and those who are already settled but want to make a greater contribution to society. It will also ensure that ESOL supports, and is fully

For the 2010-11 financial year:

- We plan to invest nearly £600 million in Skills for Life provision delivered through Adult Learner Responsive and Employer Responsive routes for 19+ provision
- FE colleges and training institutions need to continue to build the capacity of their numeracy provision, and ensure that it is sufficient to support people to reach the functional level
- The Skills Funding Agency will open up a proportion of existing Skills for Life numeracy provision to competitive tender for up to 3 large contracts to focus on innovative numeracy programmes
- FE colleges and training institutions will continue to be given freedom to decide on the mix of their Skills for Life provision. However, in line with our approach to earned autonomy we expect all FE colleges and training institutions to increasingly focus on supporting adults gain priority Skills for Life qualifications
- With the exception of Skills for Life Entry Level numeracy, the programme funding uplift in funding for Skills for Life provision will be reduced from 1.4 to 1.2 for 2010-11, with a view to further reductions. The automatic disadvantage uplift will continue to apply
- We will continue to work with employers, employer organisations, Trade Unions, SSCs and others so that they understand the importance of language skills in the workplace and have appropriate tools to help them. The aim is to raise understanding and awareness and ensure that the ESOL offer is sufficiently attractive to employers and that they understand its business benefits

integrated with, wider community cohesion activity in a Local Authority area.

ESOL is not just about promoting community cohesion, it is also about helping people obtain and progress in employment at all levels. Reviewing this important strand of ESOL provision, especially in the current economic climate, will be a key focus for the coming year.

Learners with learning difficulties and/or disabilities

Investing in FE and skills training for learners with learning difficulties and/or disabilities (LLDD) remains a priority and we have a continuing commitment to maintaining the opportunities for these learners. This means making sure the right level of support is available so that FE colleges and training institutions are able to meet the needs of these learners to access mainstream provision or employment.

Through the ASCL Act 2009, responsibility for learners who are in receipt of a learning difficulty assessment will remain the responsibility of their Local Authority up to the age of 25, with funding arranged by the Young People's Learning Agency (YPLA) and Local Authorities working together. The majority of such learners will have placements in Specialist Institutions for those with LDD. However, there will also be a number of learners in receipt of a learning difficulty assessment who will be accessing mainstream provision but who will continue to be funded by the YPLA and Local Authorities.

Funding for learners over 25 and those aged 19-25 who may have LDD but have not had a learning assessment will be the responsibility of the Skills Funding Agency. In order to ensure consistency in the support available for these learners, as they move from provision between the ages of 19 and 25, we are proposing to maintain the current funding available for additional learning support (ALS). This means that, regardless of whether the learner is funded by the YPLA/Local Authority or Skills Funding Agency, there will be consistency in the levels of ALS support.

As well as continuing to ensure appropriate funding is available to meet the needs of LLDD, we also want to make sure that the curriculum and qualification approach supports their development. Therefore, where it is appropriate, LLDD will be able to follow

the Foundation Learning Curriculum, which will enable them to develop personalised learning programmes to meet their individual needs. The flexibility built into the curriculum will enable learners to choose combinations of QCF units and qualifications (where appropriate) at Entry and Level 1, which give learners with LDD the best chance to progress.

Programmes will be tailored to take account of the needs of individual learners drawing from the three main elements of Foundation Learning – functional skills, vocational training and personal and social development. Taken together all the elements of Foundation Learning will develop employability of learners with LDD, support their achievement of full level 2 qualifications and improve independent living.

Informal Adult Learning

We remain committed to implementing the new vision for informal learning, encompassing learning for personal, family and community development, as set out in *The Learning Revolution* White Paper (2009). In the 2009-10 financial year we made available £30 million to support over 300 innovative informal learning projects and a community learning champions support programme, which are strengthening local infrastructures and widening access to learning for disadvantaged and hard to reach groups.

Work will be undertaken to look at how funding for informal adult learning (IAL) can be routed through the Skills Funding Agency to Lead Accountable Bodies, mainly Local Authorities, in order to secure local ownership and

strong partnership with other organisations delivering IAL outside Skills Funding Agency funded provision.

- **In the 2010-11 financial year we will invest £210 million in Adult Safeguarded Learning supporting:**
 - Personal and Community Development Learning
 - Family Literacy, Language and Numeracy
 - Wider Family Learning
 - Neighbourhood Learning in Deprived Communities
- During the 2010/11 academic year we will work with the Skills Funding Agency to determine where funding for Adult Safeguarded Learning should be routed, with a view to making a change in the way funds are allocated from the 2011/12 academic year

Funding for Specialist Designated Institutions and former External Institutions

In previous years we have provided transitional funding protection for Specialist Designated Institutions

(SDIs) and former External Institutions, pending a review by the LSC which was completed during the 2009/10 academic year.

In the 2010/11 academic year:

- Former External Institutions will be funded in the same way as all other FE colleges and training institutions. This recognises that they have adjusted their provision in line with skills priorities
- SDIs will continue to have transitional protection in recognition of their different mission, and how their provision continues to focus largely on activity more aligned with informal adult learning
- We will consider how SDIs should be funded in the longer term as part of the wider Spending Review process

Offender Learning

In the 2010-11 financial year we will invest £135 million in learning to support offenders. We will continue to focus on the skills and employment agenda for offenders. However, in doing so, we will also ensure this group of particularly disadvantaged and disengaged learners remains part of our Leitch ambitions around Level 2 (and Level 3) qualifications and, especially, around functional literacy and numeracy skills.

Digital Life Skills

Estelle Morris's *Independent Review of ICT User Skills* (June 2009) highlighted the reduced availability of ICT courses and recommended adults should be able to access provision and support to learn the basic skills they need to get online. Following a pilot phase, wider roll-out of an Online Basics offer will start from September 2010 with FE colleges and training institutions utilising existing funding routes. This will include the Adult Safeguarded

Learner Support

Learner Support

Learner Support is designed to remove the financial barriers to learning for adults. The following support packages will be available for the 2010/11 academic year:

Professional and Career Development Loans providing deferred repayment commercial bank loans. They form part of the Government's plans to tackle the economic downturn through offering greater scope for individuals with limited resources to retrain or up-skill to improve their employability. In partnership with Barclays Bank and The Cooperative Bank, we are offering £65 million in Professional and Career Development Loans this year: we are working with these and other banks to increase the programme to meet learner demand in the future

Adult Learning Grant offering up to £30 per week to support adults on low incomes studying full time towards a first Level 2 or Level 3 qualification. This means-tested grant is intended to help towards costs such as travel and study materials

Free Childcare for Training and Learning for Work is a new childcare scheme funded by DCSF aimed at helping workless parents aged over 20 access training leading into work

Learning Budget where this activity may be aligned with wider digital participation strategies, as well as the Adult Learner Responsive budget where Online Basics will be accredited on the QCF as a unit or listed as bearing credit towards a qualification at Entry Level 3 or a subset of Entry Level 3.

Discretionary Learner Support Funds

Funding is administered through the FE college or training institution to give financial support for learners and is intended to remove financial barriers to learning which otherwise might discourage participation. Funds are directed at those experiencing financial difficulty and priority groups such as low skilled, low income individuals and covers residential, childcare and some travel costs. With the exception of ESOL learners, who are mentioned below, this fund should not be used to meet the costs of course fees.

For the 2010-11 financial year, £4.6 million of discretionary learner support will be made available to support ESOL learners within two priority groups to meet the cost of course fees. These are:

- Spouses, particularly in the settled communities, that are unable to evidence their entitlement to full fee remission, or are unable to make a financial contribution to their fee costs; and
- Low paid workers who are unable to demonstrate receipt of an income based benefit.

Quality Assurance and Improving Performance

We will only invest in those who deliver quality provision. In the coming year we will renew our emphasis on targeting funding towards colleges and training institutions that have the capacity and capability to deliver to high standards and meet the needs of learners and employers. Many employers have endorsed the Training Quality Standard and have indicated they are keen to see it developed further as a quality improvement tool for colleges and training institutions. We will explore how to do this at the same time as considering its place within the Framework for Excellence (FfE) and its role in measuring and reporting the quality of services delivered to employers.

We want to put in place measures to reward outstanding FE colleges and training institutions who continue to improve the quality and relevance of training. We will introduce greater freedoms for FE colleges and training institutions to manage their resources more flexibly, combined with enhanced freedoms for those rated as outstanding across their total budgets. Poor performance will be tackled systematically. Where colleges and training institutions fail to meet performance thresholds, funding will be removed and re-allocated.

From the 2010/11 academic year the vast majority of FE colleges and training institutions will be eligible for greater budget and monitoring flexibility according to their status. This will be facilitated through the new

account management relationship in place between the Skills Funding Agency and each FE colleges and training institutions it funds. In all cases, the Account Manager will deal with the whole of a college or training institution's Skills Funding Agency delivery, regardless of where delivery takes place. This will mean that all colleges and training institutions – whether local, regional or national – will have a single interface with the Skills Funding Agency through one Account Manager that will deal with all mainstream programmes. The exceptions to this arrangement will be contracts for the Offender Learning & Skills Service (OLASS) and aacs providers. The national account management process will ensure that funds are allocated to colleges and training institutions through a common and consistent process.

Minimum Levels of Performance

For the 2010/11 academic year, quality will continue to be measured against Minimum Levels of Performance (MLP) and extended to Train to Gain provision for the first time. In the course of this year, MLPs will become integrated fully within the FfE. They will be used as part of the benchmark for determining whether an FE college or training institution retains its status as an Approved Supplier and will be central to decisions about our allocating funding.

Notices to Improve

FE colleges that fall below a MLP for either part or all of their provision will be issued with a notice to improve. Colleges will be required to produce an action plan, setting out how performance will be raised to acceptable levels, and to seek support where this is needed to help recovery. The Skills Funding Agency will monitor this recovery plan to ensure its objectives are met. Where performance does not improve, intervention action will be considered and taken quickly, to ensure inadequate provision is addressed immediately. Where other training institutions fall below MLP, action will be taken quickly to recover this position or, where appropriate, to withdraw funding and seek an alternative supplier.

Earned autonomy

We set out below our proposed approach for earned autonomy from 2010/11 academic year. The list of freedoms and flexibilities will be discussed further with FE colleges and training institutions.

Outstanding colleges and training institutions will be identified on the basis of the FfE indicators and will be granted a range of additional freedoms, including, for main budget streams:

- determining their own student, sector and level profile

- viring between budget streams where this is responding to meeting national delivery priorities
- a lower level of audit scrutiny
- streamlined reporting for all students/trainees
- less frequent inspections
- an easier path to offering their own qualifications
- determining their own level of debt borrowing
- being on the Skills Funding Agency commissioning framework and having priority to receive new funds.

We will build on work to provide the best FE colleges and training institutions with the opportunity to manage their activity in a way that responds quickly to need, funded on the basis of overall levels of activity.

All institutions, except new/poor performing ones will be granted:

- full virement flexibilities within (although not between) their Employer Responsive and Adult Learner Responsive budgets, so that, for example, they will receive a single budget for Train to Gain and Apprenticeships set within national funding priorities

New or poor performing FE colleges and training institutions will have:

- no virement flexibilities and will be expected to deliver within separate budgets as currently

In return for flexibilities, FE colleges and training institutions will:

- respond to the national and regional priorities, including those around priority sectors, Apprenticeships, entitlements for Skills for Life, first full Level 2/3 qualifications, support for the unemployed, and provision for vulnerable groups
- use the additional planning freedoms they have to be responsive to local need, ensuring a balance of provision in line with local, regional and national priorities
- participate fully in ensuring their employers and students have access to information on the quality and success of the programmes they offer
- ensure the co-funding principles are implemented conscientiously

The status of all colleges and learning providers will be reviewed annually through the FfE indicators, with budget flexibilities reviewed as part of annual contract negotiations.

Unified performance management approach (post-16)

The Skills Funding Agency, working collaboratively with departmental, YPLA colleagues and Local Authorities, will develop a clear, coherent and consistent process for quality assuring the performance of all post-16 colleges and training institutions, with the FfE at the centre. They will ensure there is consistency in judgements about performance, in actions taken to address unacceptable performance and to drive up quality. We will continue to pilot the FfE in school sixth forms, with the intention that it will become the uniform tool for assessing performance of all institutions involved with post 16 delivery (from the 2011/12 academic year).

From the 2010/11 academic year:

MLP will be fully applied to Train to Gain for the first time this year

FE colleges and training institutions will have the opportunity to earn greater autonomy in the way they manage their budgets

Managing Funding Allocations

As we move forward, regional priorities will be articulated within Regional Skills Strategies, based upon regional indicative allocations, which will be fully embedded within a Single Integrated Regional Strategy. This will be signed off by the Secretary of State for BIS and will be a statutory document to drive delivery.

The skills priorities in the regional strategies will inform Ministers' Annual Skills Investment Strategy and the Skills Funding Agency will fund FE colleges and training institutions to ensure an appropriate supply of skills to meet the national, sectoral, regional and sub-regional priorities.

Allocating funds and managing demand – Skills Funding Agency

The Skills Funding Agency will operate a single account management model for allocating funds and managing the performance of colleges and training institutions. Account Management teams will be based around the country, grouped into three portfolio areas (each covering three regions). Each team will be responsible for a caseload of colleges and training institutions, from those that deliver solely in the local area to those that are multi-sited or national. In all cases, the Account Manager will deal with the whole of a college's or training institution's Skills Funding Agency delivery, regardless of where delivery takes place.

Account Managers will review college and training institution performance on a regular basis, particularly for Employer Responsive provision.

The Skills Funding Agency will also develop a new internet-based system, which will allow information about contracts, funding and performance to be shared with individual colleges and training institutions. This will support dialogue between colleges and training institutions and Account Managers around planning, allocations and performance management.

Timetable for 2010/11 Academic Year Adult Allocations

Review of 2008/09 performance to inform 2010/11 allocations	Late November/December 2009
Provider briefings on the Skills Investment Strategy and allocations process	December 2009
Letter to providers setting out allocations process	Late December 2009
Account management dialogue with colleges and training institutions	Begins in January 2010
Data agreed to inform 2010/11 allocations ¹	Early February 2010
Moderation and agreement of aggregate allocations and volumes	Mid February 2010
ALR allocations and maximum contract values notified to colleges and training institutions	March/April 2010

¹ FE college and training institutions' data will be used to notify those classed as outstanding and those whose performance drops below the minimum level. Where tendering is required to replace poor quality provision final allocations may not be included in the allocation issued in March/April 2010.



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