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Foreword by Matthew Hancock, Minister for Skills

When we published our further education reform strategy *New Challenges New Chances* in December 2011, we committed to develop the role of the third sector to ensure it played a valuable role across all parts of the further education and skills system, particularly in reaching those furthest away from learning and employment. Government recognises the wide-ranging role of third sector organisations as employers, partners and promoters of learning and as advocates of those who are excluded and disadvantaged. This unique contribution is vital to the success of our agenda for learning and skills.

It is important, however, to have a clear starting point from which to measure progress and develop future plans. We, therefore, undertook what has been the largest study into third sector involvement in learning and skills, in partnership with a wide range of third sector bodies, to examine the current nature and extent of third sector involvement and to identify any barriers that stand in its way.

This research has confirmed the many strengths of the third sector including its ability to take a holistic approach to delivery and providing an extensive role in outreach and learner support services, which are often the first step to engaging with ‘hard to reach’ learners; all of which mean it is well placed to contribute to the government’s priorities.

The research also resulted in a Strategic Framework which will drive implementation of the research findings during the next phase of the project. This next phase will be steered by a new sector-led Implementation Board comprising representatives from BIS and other government departments, as well as third sector providers and representative bodies.

I believe that the third sector has significant potential and has a great part to play in our quest for success across the broader further education and skills agenda. For example, I expect the sector to play a key role in the new ‘Traineeships’ programme on which we have recently consulted. I hope that you were able to respond to the draft proposals so that we can ensure maximum third sector participation in this important new project.

Finally, I am grateful to all the partners and third sector organisations who have contributed to this research and I will continue to monitor progress throughout the implementation phase.
Background

In February 2012, the Department for Business, Innovation and Skills (BIS) commissioned research to examine the make-up, dynamics, and scale of the third sector to maximise its engagement and participation in the delivery of learning and skills.

The research, which included a literature review, quantitative provider survey, provider focus groups, a statistical analysis of learner and provider data and the development of good practice case studies, has been the largest study of its type into the third sector and has provided a significant and rich source of evidence.

Key findings

Strengths

- The third sector has a considerable role in learning and skills provision, particularly in relation to the most disadvantaged and excluded groups of learners.

- The third sector provides an important alternative option to mainstream provision for disengaged or ‘hard to reach’ learners and has an extensive role in outreach and learner support services, which are often the first step to engaging these learners.

- The third sector delivers to a higher proportion of female learners, people with learning difficulties and/or disabilities, black and minority ethnic (BME) groups, and people aged 65 and over.

- The third sector delivers high quality learning; third sector providers complete a greater proportion of successful learning aims than non-third sector providers.

- Third sector providers are able to operate successfully at community and sub-regional level and have a holistic approach to delivery, in which learning and skills is often part of a broader role in community, economic and social development.

- The third sector is able to demonstrate successful outcomes and significant impact for the learners it supports.

- The third sector is experienced at accessing a diverse range of funding streams, both statutory and non-statutory.

- The third sector has experience of both leading successful cross-sectoral partnerships and being part of consortia groups.

Issues / challenges identified by respondents

- Third sector providers have proved susceptible to recent planning, policy and funding changes such as minimum contract levels and top-slicing by prime contractors. These have had an impact on the third sector’s ability to deliver learning and skills and as a result learner numbers have declined.
The over-reliance on grant funding and contracted services from local authorities should not be underestimated, particularly in the current fiscal environment where any future budget cuts would make them more vulnerable.

There is a need to ensure that commissioning processes and subcontracting arrangements are sufficiently ‘third sector’ friendly, especially in the areas of funding applications and reporting requirements.

There is a lack of capacity (of most organisations) to deliver on a national scale. Consequently, capacity building is a significant area of need, particularly at a local level and around developing partnerships and consortia.

There is scope for improvement in the quality of provision to raise the number of providers graded ‘good’ and ‘outstanding’ by Ofsted.

Existing support from LSIS and NIACE is not generally accessed by third sector providers due to accessibility and a lack of awareness. However there are recognised advantages where such support has been taken up.

Third sector providers incur additional costs when providing learning to those with learning difficulties and/or physical disabilities and respondents felt that these costs are not recognised.

Third sector providers are not eligible to access the capital funding available to other parts of the learning and skills sector.

The relatively low income of the majority of providers from the third sector means they are more vulnerable than other providers.

Current funding and performance requirements make long term strategic planning difficult for third sector providers.

The removal of the Skills Funding Agency’s performance support has left a gap for small and new providers.

Methodology

Research aims
The aim of the research was to:

- establish a working definition of the ‘third sector’ for the purposes of the project;
- identify the scale of learning and skills provision delivered by third sector organisations and in what capacity;
- establish the numbers of learners and types of learning being undertaken;
- develop a typology of providers and describe typical contracting and funding arrangements;
Third sector Engagement and Participation in the Learning and Skills Sector – Executive Summary

- explore the barriers and opportunities for third sector providers to engage with the delivery of learning and skills, including examples of and guides to how to engage; and
- identify future support needs.

Research partners

The research was delivered by a partnership of Skills-Third Sector, the Third Sector National Learning Alliance (TSNLA) and the National Institute of Adult Continuing Education (NIACE) with support from Fairtrain, HOLEX, the Learning and Skills Improvement Service (LSIS) and BIS. The research partners formed a steering group which met frequently to review progress.

Research phases

The research was conducted in the following phases:

- Phase 1a from March to April 2012: a literature review to establish the baseline position;
- Phase 1b from May to July 2012: an exploration of findings from the literature review followed by a detailed quantitative survey of third sector providers; and
- Phase 2 from September to December 2012: finalising the research findings, consulting with providers and key stakeholders, and development of a strategic framework and outline implementation plan.

Phase 1

The first phase of the research, in March 2012, was a desk-based review of secondary sources undertaken by NIACE and Skills–Third sector. A copy of the literature review is available to download from the BIS website.

Phase 2

The second phase of research during summer 2012 included a quantitative survey of the third sector building on the findings of the literature review, a statistical analysis of data on the Individualised Learner Record (ILR) and Register of Training Organisations (RTO) held by the Skills Funding Agency, three provider focus groups, a stakeholder seminar and the development of six case studies. A quantitative report of the survey findings and data analysis is available on the BIS website.

Recommendations

The research has demonstrated that the third sector has a number of strengths and is well placed to contribute to the government’s priorities for learning and skills. However there remain a number of challenges that need to be addressed – by government and its

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1 A total of 300 providers responded to the survey and of those the majority (80.5 per cent) stated that education, learning and teaching were one of their main aims. Overall the findings were consistent with the research commissioned by the Learning and Skills Council (LSC) in 2009.
departments and agencies, those organisations with a remit to support and represent third sector providers and the third sector itself – if the contribution the third sector makes to society and the economy is to be fully recognised, valued and supported.

A set of strategic objectives and priority actions have been developed and are recommended to overcome these challenges.

1. **Demonstrating the benefits of working with the Third sector**
   1.1. Improving and developing the evidence base.
   1.2. Utilising the unique expertise and strengths of the Third sector.
   1.3. Demonstrating the contribution the Third sector makes to social value and impact.

2. **Further developing the capability and capacity of the Third sector to deliver learning and skills**
   2.1. Enhancing the diversity of the learning and skills sector through the development of the Third sector.
   2.2. Influencing the development of the supply chain, funding and contracting to take account of and to better support Third sector involvement and developing a range of income generation routes.
   2.3. Developing the capacity of Third sector organisations to lead, manage and deliver learning and skills provision and supporting activities.

3. **Improving Third sector learning and skills delivery**
   3.1. Improving participation, outcomes and achievements.
   3.2. Engaging more 'hard to reach' learners.
   3.3. Enhancing the quality of provision.

4. **Developing effective collaboration within and with the Third sector**
   4.1. Fostering effective engagement between the Third sector, BIS and other Government departments.
   4.2. Encouraging more effective collaboration between the Third sector and other providers including colleges, providers, and local authority adult education services.
   4.3. Supporting Third sector providers to network, collaborate, pool resources and share expertise.