



Skills Funding Agency

Dear Colleague

It is just 4 months since I took over the temporary stewardship of the Skills Funding Agency, through what has been a period of great change. I therefore thought it was timely to drop you a line and set out where we currently stand.

As we move to become an executive agency of the Department for Business, Innovation and Skills (BIS), after the Deregulation Bill which is expected to complete its passage through Parliament by Autumn 2014, we have been carefully considering how we need to operate in the future, to ensure we are fit for purpose to deliver on the agreed political priorities. The Agency needs to be in a position to move from structures that held local and national funding and decision-making responsibilities into a more coherent, single agency that operates consistently across the country but increasingly tailors its services to support local stakeholders. To meet this challenge we have restructured the Agency and are reforming our ways of working.

Under the guardianship of our new Chair, Paul Drechsler, we are also reforming our Advisory Board. Members of the Board will no longer represent organisations or institutions but will be appointed in their own right, based on their experience and knowledge. We want to develop the Advisory Board to be in a better position to offer both support and challenge to the senior team at the Agency, as well as providing advice to our developing ideas and proposals about how we run the business. There are plans to review the membership of the Board but I am pleased that Martin Doel (Chief Executive of the Association of Colleges) and Stewart Segal (Chief Executive of the Association of Employment and Learning Provider) will both remain as members.

I would like to thank you and your management information staff for your continued support, patience and effort through what I know for some has been a frustrating time while we move to the new data collection system. As you know, we had issues with the implementation of our new system in this funding year. So to help mitigate risk, since December, we have been running with the old and new systems in parallel while continuing to rely on the old system to run payments and final reports. Throughout this period we have been fixing the remaining issues with the new system and you should have been receiving accurate funding reports for some time. I understand that we are now completing some final adjustments before we move fully to the new system. We will write to you and your management information staff shortly with further details on the new funding and data system as the primary method of collection.

Agency structure

The Agency is reforming both its organisational structure and its ways of working. By the end of June we will have reduced our overall headcount by just over 30% and, more significantly, 'rebalanced' our divisions to reflect more accurately where work should take place. I am clear that our primary role is to convert government priorities into learning and skills provision that meets the needs of employers and learners – the ultimate beneficiaries of the services we commission.

When I took up this post a number of people asked me what the 'story' was; why did the Agency exist? In conjunction with our staff and Advisory Board we have developed a short narrative to set out what the Agency is here to do – [The Agency Story](#) – and I hope that you will find this helpful, too.

We will do all of this with a much slimmed down managerial structure, with 3 divisions and a small Office of the Chief Executive:

- **Funding and Programmes Division**, led by Keith Smith, which converts government policy into operational rules and is responsible for the adult skills budget
- **Operations Division**, led by Paul McGuire, which uses the rules to buy training provision from our network of suppliers and provides our corporate services

- **Apprenticeships and Service Delivery Division**, to be led by Sue Husband, which provides assurance to government, and therefore to the public, that we are getting what we have paid for and that we can properly account for £4.6 billion of public money. Sue will also lead the work of the National Apprenticeship Service (NAS).

This document sets out who our deputy directors are in each of these divisions and their [areas of responsibility](#). I particularly want to highlight the work of our Area Teams as they work directly with our employers, colleges, training organisations and stakeholders. There are 4 main dimensions to the work of the 6 Area Teams:

1. Engaging employers and employer groups to increase participation in Apprenticeships and Traineeships.
2. Providing expert advice and support to local enterprise partnerships (LEPs), and other key local stakeholders, on the skills elements of local growth plans.
3. Encouraging colleges and training organisations to deliver more good quality Apprenticeships and Traineeships, and intervening in cases of failure or high risk.
4. Whilst NAS will operate as a distinct function and brand the whole Agency will be responsible for the delivery of its services, strengthening our ability to focus on this as a major priority. The Area Teams will work to increase individuals' and employers' participation in Apprenticeships and Traineeships, securing contacts with employers of all sizes to help increase suitable Apprenticeship and Traineeship places for young people and adults.

A [map of the 6 areas](#), with their corresponding LEPs included, is also available.

The Area Teams will work alongside our Central Delivery Service (CDS), which will provide the primary day-to-day interface with all colleges, training organisations and employers. This is probably one of the biggest changes you will experience. As well as their current role in contract administration and payments, CDS will provide an extended query-handling service, and will also take the lead role in performance management. Our ambition is to support colleges, training organisations and employers where we need to and to leave the rest to work independently.

Capital

I am delighted to announce that we have fully allocated the College Capital Investment Fund (CCIF) budget in 2013 to 2014. The allocation process has been a challenge due to the front-loading of the capital budget in this year. But we have been able to make CCIF allocations for 2013 to 2014 and 2014 to 2015, to 95 projects with grant support of £432 million supporting investment in excess of £821 million. We could not have achieved this without your help and the input of the Association of Colleges Capital Reference Group.

In addition to the CCIF allocations, 114 colleges with estates in poor condition have received grant support of £48 million, enabling investment of £108 million in the FE estate. We also piloted a Skills Infrastructure Capital Fund for technology and smaller scale projects and invested £4.6 million in 10 colleges and 6 private training organisations.

You will be well aware that from the financial year 2015 to 2016, skills capital funding will be allocated through the Local Growth Fund to LEPs for them to allocate. In January 2014 I wrote to LEP chairs offering them Agency support to develop the capital element of their strategic economic plans; I am pleased to say that I received a very positive response. Shortly I will write again to LEP chairs to set out in more detail the support the Agency's technical experts can provide in the assessment of capital applications. I can only encourage you to continue to foster the appropriate relationships with LEPs to ensure that you secure future investment for the benefit of your learners and local communities.

Digital by Default

Our move to 'Digital by Default' sits with the development of The Hub, which went live at the start of March. The Hub will streamline our digital services to colleges, training organisations and employers that have a formal agreement with the Agency. It brings together important services and tools that currently exist independently from one another. This is a significant response to the government's Information and Communications Technology (ICT) Strategy, which describes providing better public services for less cost. The Hub will be the 'front door' with access to many of our services in one place, for example:

- Contracts and finance
- Learning aims
- Data collections and returns

Ongoing and new engagement with the sector

You will already have seen that we have abolished *the information authority* and The Data Service – these functions now lie with Keith Smith. In terms of engagement on data specific issues we will retain feconnect and inform (our data specific e-newsletter) but we have created a new twitter feed to bring together a number of twitter accounts on data – @sfadata.

To support our work with colleges, training organisations and employers we have built on our 2 current sector-led groups: the Funding External Technical Advisory Group chaired by John Callaghan, Principal of North East Worcestershire College; and the Qualifications Advisory Group, chaired by Sue Dare, Principal of Northbrook College. We have created a new Data and Management Information Advisory Group and I am delighted that this Advisory Group will be chaired by Dawn Ward OBE, Principal of Burton and South Derbyshire College. We will continue to work with our existing Technical User Group, MI Systems Suppliers Group and the user groups which focus on particular parts of the sector.

The Agency has recently moved to be part of GOV.UK www.gov.uk/sfa and rolled all of our digital channels into 1. Following this transition you will no longer receive any web alerts from our old site and will need to subscribe to our new web alert system. Our weekly e-newsletter Update will remain, as this has high approval ratings from your operational teams. We will also maintain the [Payments and Data page](#) on our new website so that there is 1 single place for information.

And of course we have retained our helpdesk services – for data and general enquiries: <https://www.gov.uk/government/publications/sfa-data-services-help-and-support>.

I am committed to ensuring that the Agency is as open and as transparent as it can be and to increase our communications on all that we do. We will continue to look for opportunities to work with the sector and to engage you in determining aspects of our work.

Barbara Spicer

Chief Executive (Interim)