

# Future-Ready Skills Commission

## Delivery Agreement

Technical paper  
September 2020



**Recommendation:** Ensure that training meets the current and future skills needs of regional labour markets, **delivery agreements with skills providers** should be put in place, supported by investment funding.

**Ambition statement:**

Delivery agreements are in place with colleges and the largest independent training providers to inform curriculum development, to hold providers to account locally and to identify and address barriers to provider responsiveness.

**Rationale:**

Building on the current policy around Skills Advisory Panels (SAPs), and the 5 year strategic skills plan recommendation, further practical mechanisms are needed at regional level to ensure that education and training provision takes account of skills needs at this level and that the curriculum addresses employer requirements, whilst at the same providing all individuals with the best opportunity to fulfil their career potential.

The need to respond effectively to Covid-19 lends extra importance to this recommendation. Targeted investment in skills will be key to getting people into employment and to promoting career adaptability. Every area will be affected by Covid-19 in a distinctive way and the work of the education and training sector needs to be aligned to economic recovery planning at regional level.

Key providers within an area, most notably FE colleges, account for a substantial share of total provision. By focusing on their approach to curriculum strategy and their employer engagement practices it is possible to secure a significant influence on the regional skills system as a whole. This would build on the appetite of providers to improve their understanding of regional economic needs so that they can respond through developments to their curriculum offer.

There is currently a lack of accountability for post-16 education and training provision at an area level, in terms of its alignment with regional economic needs, with no formal mechanism for establishing a link between the curriculum offer and current and future skills needs. ESFA's funding allocations are largely based on previous patterns of delivery whilst their provider monitoring arrangements focus primarily on the financial stability of institutions rather than the relevance of the curriculum offer.

In addition, providers often have little incentive from the funding system to make their provision more responsive. Some providers focus on low-value courses as a way of ensuring their financial stability. And this often leads to competition in an area between providers in some areas of provision, with gaps opening up in other subject areas.

The extent to which providers engage with their employers is highly variable. For example, some generate relatively little income from commercial fees. This has

important implications for the ability of providers to develop an offer that is relevant to business.

Practical arrangements are needed to monitor and improve the responsiveness of providers and to address practical barriers that prevent them from addressing key gaps in the curriculum, such as the cost of investing in equipment or recruiting specialist teaching staff. Whilst national funding allocations are made on an annual basis, a commitment to working towards a 5 year rolling delivery agreement that allows both a degree of flexibility and give confidence for providers to invest in provision would support the strategic approach to skills planning and align with 5 year strategic skills plans.

Funding to improve FE college estate through devolved Skills Capital funding has created new learning premises with state-of-the art facilities to deliver the training needed by employers.

Ongoing capital investment of this kind will continue to be required, however other issues need to be tackled to ensure that the benefits from this capital investment are maximised. Most notably, widespread problems of recruitment and retention of teaching staff, particularly in technical disciplines, where pay is often not competitive with the private sector, needs to be addressed.

**Key facts related to performance in this area:**

1. The overall sustained positive destination rate of further education and skills provision for local enterprise partnership areas across England ranges from a high of 87% to a low of 67%. At least in part, this points to significant variability in the responsiveness of provision at regional level to the needs of employers and the wider economy. The make-up of annual cohorts will also be a factor.
2. The number of advanced learner loan funded enrolments for a single qualification, the Diploma in Fitness Instructing and Personal Training, is more than three times greater than the total number of loan-funded enrolments for all engineering qualifications. This demonstrates how learner demand is out of alignment with economic need and can distort the profile of provision.
3. Employer satisfaction ratings for individual FE colleges from across England range from 51% to 100%. This reflects the variability of the quality of the training provided and in the responsiveness of colleges to employers' needs.
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**Current landscape (national / regional / local roles and responsibilities)**

Skills Advisory Panels (SAPs) have the responsibility for assessing regional skills needs and for identifying suitable responses to these needs but there are no formal mechanisms to work with major providers to improve the responsiveness of their curriculum.

SAPs have a provider representative, although wider work with providers and SAPs is on a voluntary basis and ultimately SAPs have no powers to direct players in the system and have no specific resources to incentivise behaviour change. Regional areas have no direct powers to address gaps in provision. Once a gap is identified a business case needs to be presented to ESFA to make a decision on whether to put the relevant requirement out to tender. This is a protracted and bureaucratic process which negatively affects the credibility of partners' leadership role in the regional skills system and their perceived ability to bring about change. Some areas have already rolled out Delivery Agreements. These have been entered into voluntarily by providers but have nonetheless brought about real change including wholesale curriculum review. Their role and status could be enhanced with official government recognition and the addition of a flexible investment pot to address barriers to curriculum development. Devolution of the Adult Education Budget (AEB) is a welcome step in moving towards responsive provision for those areas that have received it, but AEB represents only a small part of the skills landscape and there is a need for influence on a holistic level, including over elements like apprenticeships and loan-funded adult education provision.

**Funding:**

- A range of funding streams will need to be devolved to areas in order for partners to discharge the responsibilities of a longer-term strategic remit, as set out in the accompanying recommendations.
- A specific requirement is for access for all areas to a discretionary pot of funding to enable them to tackle key gaps in provision arising from market failure and in line with employer needs.
- Local governance arrangements and application of robust procurement practices would ensure that this funding is invested appropriately.

**Data considerations:**

Areas lack timely access to the data they need to track provider performance and to monitor the implementation of Delivery Agreements. This requires a comprehensive range of detailed data on the delivery performance of education and training providers who serve the local functional economic area.

The Data Cube partially meets this requirement but access via ESFA is problematic and the range of data contained in the cube is limited relative to what is needed for monitoring purposes.

Access to these data needs to be opened-up whilst remaining subject to appropriate data governance regulations to protect confidentiality.

Government to:	Regions (and local) to:
<p>Endorse the Delivery Agreement approach and encourage / resource its use across all areas.</p> <p>Ensure that discretionary funding is available to areas so that they can address specific gaps in provision without the need to escalate to the national level</p> <p>Draw together the key messages / experiences coming out of Delivery Agreements in order to shape national skills policy</p>	<p>Implement Delivery Agreements that would:</p> <ul style="list-style-type: none"> <li>• seek to influence the provision of all major providers in an area, to ensure alignment with local and future skills priorities, enhance employer engagement and maximise positive outcomes for learners</li> <li>• be founded on a strong partnership approach</li> <li>• be grounded in transparent and relevant indicators of provider responsiveness</li> <li>• evaluate the contribution to provider responsiveness of major capital investments in college infrastructure</li> <li>• be linked to governance structures in an area to ensure proper accountability and oversight, particularly in instances where public money needs to be invested</li> <li>• support provider networking (e.g. around rationalisation of provision) and provide a forum for highlighting practical issues (e.g. around FE estate and recruitment of specialist teaching resource)</li> <li>• provide for public reporting arrangements that demonstrate the effectiveness and added value of this approach</li> </ul>

## Find out more

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