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# mapping the terrain: 16–19 funding transfer

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# Contents

<b>Executive summary</b>	<b>iv</b>
Background	iv
Key findings	iv
Recommendations	vi
<b>1 Introduction</b>	<b>1</b>
1.1 Background	1
1.2 Aims and objectives	1
1.3 Methodology	1
1.4 Structure of the report	2
<b>2 Progress</b>	<b>3</b>
2.1 Collaborative partnerships	4
2.2 Needs analysis	6
2.3 Commissioning	7
<b>3 Challenges</b>	<b>10</b>
3.1 Collaborative partnerships	10
3.2 Needs analysis	12
3.3 Commissioning	14
<b>4 The future</b>	<b>18</b>
4.1 Funding transfer opportunities	19
4.2 Funding transfer risks	19
4.3 Support	23
4.4 Ways forward	25
<b>5 Conclusions and recommendations</b>	<b>28</b>
5.1 Conclusions	28
5.2 Recommendations	30
<b>References</b>	<b>31</b>

# Executive summary

## Background

The Apprenticeships, Skills, Children and Learning Bill 2009 outlines how the delivery of education and training to young people and adults will be improved. The intention is that more young people will have the skills and qualifications to progress onto further education (FE), higher education (HE) or into employment. At present the Learning and Skills Council (LSC) plans and funds all post-16 education, other than higher education. In April 2010 the LSC will be dissolved and the responsibility for planning and commissioning education and training for 16–18 year-olds will transfer to local authorities (LAs). The newly created organisation, the Young People's Learning Agency (YPLA), will provide funding and support for LAs. A new Skills Funding Agency (SFA) will manage a demand-led approach to education and training provision for adults.

The transition stage of this process is well underway. In stage one LAs organised themselves into 41 sub-regional groups (SRGs) based largely on the travel-to-learn patterns of learners. Each SRG submitted stage two plans at the end of February 2009 in which they outlined their proposals for delivering outcomes for young people through planning and commissioning post-16 provision. The intention is that shadow arrangements will be in place by September 2009 and the new system will be fully operational by April 2010.

In October 2008 the Local Government Association (LGA) commissioned the National Foundation for Educational Research (NFER) to undertake research to establish LAs' and providers' early experiences with regard to the 16–19 funding transfer. The aim was to inform future progress in terms of workforce capacity issues. This executive summary presents the key findings from nine case studies, including 54 semi-structured interviews (17 at LA level, 26 at provider level and 11 with LSC representatives).

## Key findings

### Progress

The evidence suggests that the pace of building and progressing collaborative relationships, in order to coordinate this journey towards the transfer of funding from the LSC to LAs in 2010, was noticeably reliant on pre-existing relationships. Where case-study areas appeared to be more advanced in their preparation for the transfer this seemed to be related to a pre-existing culture of collaborative relationships combined with direction and a positive attitude towards change rather than geographical area or LA type. Currently, according to LAs, progress in partnership work, particularly between LAs was at a strategic rather than operational level. There was limited evidence that some FE colleges were actively involved in moving the transfer forward.

Most LAs felt they had access to information on learner needs such as the Individual Learner Record (ILR) database. However, they may not have appreciated the importance of the collaboration between the LSC and colleges in terms of informing the database. The majority of LAs intended to rely on the LSC's historical analysis for the time being. Additionally, some LAs reported having engaged with employer analysis but, on the whole, LAs were presently relying on existing structures for employer analysis because building links with employers was not seen as a high priority.

Overall some useful lessons from the shadowing process were reported to have been learnt. For example, most LAs believed they have developed an understanding of the broad range of activities that the LSC undertakes. Some LAs also said they had developed an appreciation of the complexities of both the FE system and the tasks involved in commissioning 16–19 provision (although this was not the view of colleges). In addition, there was some limited pockets of progress made with regard to shadowing the commissioning process such as LA attendance at LSC briefings, training sessions and workshops; LSC attendance at LA 14–19 events; LA visits to other LAs

within the SRG; and LA staff accompanying the LSC on school and college visits.

## Challenges

Many LAs reported not having enough time and staff capacity to, for example, further build collaborative relationships or reach SRG consensus over ways forward. Many of the more rural LAs found the lack of time for travelling to, and attending, meetings challenging.

In some SRGs the difficulties associated with collaborative working, and the current lack of capacity, were compounded by some LAs reportedly not being fully committed to the transfer, a perceived sense of competition between LAs and the absence, so far, of joint-*working* (in contrast to information-sharing). There was also seen to be a need for more information from central sources, such as from the DCSF and REACT,<sup>1</sup> and clearer communication both at LA and SRG levels.

Providers perceived the most challenging aspects of the transfer was LAs' apparent lack of knowledge of the complex and diverse provider and FE system (and the educational and training needs of 16–19 year-olds), and the current funding system (for example, the complexities of different funding streams for 16–19 year-olds and students over 19 years old). In terms of the commissioning process, the key challenges identified by interviewees, were clarifying what the term 'commissioning' means and all parties not understanding the detail of the process or managing the complexities of the staff transfer.

The majority of FE and LSC interviewees reported considerable concern with regard to strategic links between LAs and employers. Additionally, matching learner and employer needs and the significance of providing appropriate information, advice and guidance (IAG) for learners were also considered as challenging. The LSC was experiencing challenges in terms of supporting LAs while fulfilling its own responsibilities, especially within the context of decreasing staff numbers.

## The future

A number of interviewees felt that a workable system at the local level could yield positive impacts and opportunities for young people. It was believed that bringing together responsibility for the whole 14–19 funding phase should mean more effective planning for the phase and the ability to respond better to the individual needs of young people. This would allow more flexibility for learners in terms of learning opportunities and progression. Additionally, the potential that the funding transfer could have in highlighting local needs and raising participation was recognised.

There was some recognition that the transfer might provide an opportunity for LAs to recognise equality amongst all providers, for example, between school sixth forms and colleges and might open up opportunities, such as for training providers for future provision.

Interviewees appeared to be concerned that previously identified challenges may turn into risks. Such risks identified by interviewees were short-term destabilisation of the FE sector, increased complexity and bureaucracy (unless the SRGs are fully utilised) and LAs not fully appreciating the complexities of the FE system and the skills agenda. These may not be fully appreciated by LAs and could be minimised through further central support and guidance about how the new commissioning process was going to work in practice, the staffing transfer and the role and functions of new organisations.

Overall, one of the main messages that emerged was the need for effective communication between all parties, allied with trust and transparency. An important component of this communication would be two-way dialogue, for example, between senior LA staff, and senior college staff, and colleges and training providers proactively engaging with local government in order to fully contribute to local partnerships to improve the overall provision for young people.

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<sup>1</sup> REACT – Funded by the Department for Children, Schools and Families (DCSF), the **React** Programme is hosted by the LGA and supported by practitioners in local authorities. The team supports local authorities in building capacity to ensure the smooth transfer of commissioning and funding from the LSC.



## Recommendations

For transformational change, such as the transfer of funding for 16–19 year-olds from the LSC to LAs, to be successfully implemented, it is perhaps advisable that all parties are consulted and their views are, and are seen to be, listened to. This would encourage all parties to take ownership of the change. It is suggested that all stakeholders might wish to consider the importance of effective communication and dialogue, at all levels between all parties, in order to complete this journey to the successful conclusion of a seamless transition. It was notable in this research that a culture of teamwork, direction and a positive attitude towards the change were key to stakeholders' state of readiness and to building further capacity.

More specifically, **LAs and SRGs may wish to consider:**

- maximising SRG development to ensure that there is no duplication of effort, that a wider skills base (where all individual LA's skills are used across the SRG) is established, that there is common understanding between all LAs and providers, and that protocols are universally understood and used
- encouraging staff to embrace the change, appreciate the benefits for young people and promote collaborative working within LA departments and across LAs in a SRG, between neighbouring SRGs and between LAs and all providers (including schools)
- acquiring a comprehensive understanding of all providers, including the FE system and its culture, and the 14–19 and skills agenda, and listening to and engaging in dialogue with FE colleges, other providers and employers at both strategic and operational levels
- using this as an opportunity to promote equality of provision
- engaging with the LSC to address any concerns (for example, with regard to new job specifications or a different working culture) that staff may have with regard to potentially working for the LAs.

**Providers may wish to consider:**

- dedicating staff to keeping up to date with developments in order to best embrace and contribute to preparations for the change
- engaging in dialogue with LAs and other providers at both strategic and operational levels in order to contribute to a fuller understanding of 16–19 year-olds' educational and training requirements and the complexities of different funding streams, and appreciating the role of local partnerships.

**LGA and REACT may wish to consider:**

- as a matter of urgency, clarifying the position with regard to the staff transfer and providing support and direction to both the LSC and the LAs in order to reassure them that capacity will be transferred and developed, in terms of existing, transferred and new staff, within LAs.

**DCSF may wish to consider:**

- providing detailed explanation and guidance about how the commissioning process will work and the role and functions of organisations and groups, including both the SRG and the LA and those external to the LA (such as the YPLA, SFA and RPGs).

**The LSC may wish to consider:**

- how they can best continue to support the LAs not only in terms of sharing information about their business cycle but also with regard to ways of accessing and building on knowledge on FE, skills and employment
- engaging in dialogue with the LAs to establish the detail of how LAs operate and how their roles would change in the new environment.



# 1 Introduction

## 1.1 Background

The Apprenticeships, Skills, Children and Learning Bill 2009 outlines how the delivery of education and training to young people and adults will be improved. The intention is that more young people will have the skills and qualifications to progress onto further education (FE), higher education (HE) or into employment. At present the Learning and Skills Council (LSC) plans and funds all post-16 education, other than higher education. In April 2010 the LSC will be dissolved and the responsibility for planning and commissioning education and training for 16–18 year-olds will transfer to local authorities (LAs). The newly created organisation, the Young People's Learning Agency (YPLA), will provide funding and support for LAs. A new Skills Funding Agency (SFA) will manage a demand-led approach to education and training provision for adults.

The transition stage of this process is well underway. In stage one LAs organised themselves into 41 Sub-Regional Groups (SRGs) based largely on the travel-to-learn patterns of learners. Each SRG submitted stage two plans at the end of February 2009 in which they outlined SRG proposals for delivering outcomes for young people through planning and commissioning post-16 provision. The intention is that shadow arrangements will be in place by September 2009, and the new system will be fully operational by April 2010.

## 1.2 Aims and objectives

It is in this context that the Local Government Association (LGA) commissioned the National Foundation for Educational Research (NFER) to undertake research to establish LAs' and providers' early experiences with regard to the 16–19 funding transfer. The aim was to inform future progress in terms of workforce capacity issues. More specifically the objectives were to:

- identify early developmental experiences, in different contexts, with regard to preparation for the funding transfer
- further inform future LA preparations for the funding transfer especially in terms of capacity building.

## 1.3 Methodology

In order to explore and understand early experiences in terms of preparing for the funding transfer, and to further inform capacity building, a qualitative methodology was adopted.

### Sample

A sample of nine case-study areas was drawn up from lists supplied by regional representatives of The Association of Directors of Children's Services (ADCS). The lists included different types of LAs (such as unitary or metropolitan) and, where it was possible to establish, those at different stages of advancement in their preparation for the funding transfer. The sample was then selected ensuring that all nine government office regions (GORs) were included.

The case-study areas also reflected the national variation in make-up of SRGs (at the time of the sample selection, some of the SRGs were still being confirmed). Table 1.1 gives a breakdown of the overall number of LAs in the sub-regions for each case-study area.

**Table 1.1 Size of SRGs for each case-study area**

Overall number of LAs in the selected SRGs	Number of LAs in the case-study sample
1	1
2	2
3	2
4	1
6	1
10	1
33	1

## Case-study visits

Once LAs were selected and visited, the sample was then purposively developed to include FE colleges, LSC regional representatives and training providers. The majority of colleges were general FE colleges, but a specialist and a tertiary college were also included. Additionally, in terms of size, staff in six large, two medium and one small college were included. Types of training providers included private, charity and government funded. The majority of directors, or assistant or deputy directors, of children's services were from an educational background.

In total 54 semi-structured interviews were conducted with 17 interviewees from LAs, 26 interviewees from providers and 11 LSC representatives.

**At LA level**, there were:

- 5 directors of children's services
- 1 assistant director of children's services
- 1 deputy director of children's services
- 1 assistant director of school improvement
- 1 education consultant
- 3 14–19 strategy managers and coordinators
- 1 interim service manager for learning effectiveness
- 1 principal advisor secondary phase
- 1 assistant director learning, youth and skills
- 1 improvement and inclusion manager
- 1 interim head of education, 14-19.

**At provider level**, college interviewees were:

- 6 college principals
- 2 deputy college principals
- 1 college vice principal for curriculum
- 1 curriculum director
- 2 college assistant principals
- 1 head of curriculum and quality
- 1 college financial director
- 2 college 14–19 managers.

Training provider interviewees were:

- 4 chief executives of training agencies
- 1 director of quality and curriculum
- 1 head of training provider network
- 1 children's services manager at a charity training provider
- 1 deputy and contracts manager of a training provider
- 1 regional manager of a training provider
- 1 workforce and skills operational manager.

**At LSC level**, interviewees were:

- 4 partnership directors or managers
- 5 regional or area managers or directors
- 1 14–19 manager
- 1 acting young people's learning director.

Visits to LAs and FE colleges, and telephone interviews with training providers and LSC regional representatives took place between January and March 2009.

## 1.4 Structure of the report

**Chapter two** examines the progress achieved in terms of early experiences of collaborative working, needs analysis and the commissioning process from LA, providers' and LSC viewpoints. The chapter seeks to identify some of the facilitating factors in that progress.

**Chapter three** considers the setbacks and challenges that have hampered progress from the perspective of the different viewpoints.

**Chapter four** looks to the future and provides the interviewees' views on the potential opportunities the funding transfer offers and the possible risks if identified challenges are not overcome. It also outlines support needs and details advice offered by interviewees to stakeholders.

**Chapter five** concludes the report, drawing together the main findings and offers some recommendations for LAs and SRGs, central bodies, providers and the LSC.

## 2 Progress

In April 2010, LAs will take on the responsibility of commissioning education and training for all 16–19 year-olds. The intention was that through the academic year 2008/09 LAs would track the way in which the LSC currently plans and funds 16–19 provision, and in 2009/10 (the transition year) the LAs would lead the process with LSC support.

### Key findings

- The evidence suggests that the pace of building and progressing collaborative relationships was noticeably reliant on pre-existing relationships. **Where case-study areas appeared to be more advanced in their preparation for the transfer this seems to be related to a pre-existing culture of dialogue and collaborative relationships combined with direction and a positive attitude towards change.**
- According to LAs, progress in partnership work, particularly between LAs was at a strategic rather than operational level. However, there was clear evidence of progress since the inception of the SRGs in September 2008 by, for example, the emergence of transition groups.
- It was noted that much of the current college collaborative working had emerged from leading Diploma programmes and participation in 14–19 plans and partnerships. There was limited evidence that some FE colleges were actively involved in moving the transfer forward and, as with LAs, pre-existing positive relationships between colleges and the LAs appeared to facilitate this.
- Most LAs felt they had access to information on learner needs such as the ILR database. Furthermore, some LAs reported actively managing to progress their own needs analysis in terms of preparation for 2010.

- Overall, some useful lessons from the shadowing process were reported to have been learnt. For example, most LAs believed they have developed an understanding of the broad range of activities that the LSC undertake and there was some limited pockets of progress made with regard to shadowing and tracking the commissioning process.

The research found that, in terms of being prepared for the transfer of funding, almost all LA interviewees reported they felt as ready as they could be 'at this stage' and in spite of issues they saw as external to their control. Most felt that it was 'still early days' and commented that they 'understood the bigger picture', and 'had started the journey'. However, some admitted key milestones had not yet been reached. One 14–19 manager expressed concern that the tasks to follow, in terms of pinning down the operational arrangements, were going to be far more complex than the stages hitherto ... This concern was shared by an FE interviewee who worried that 'time is going to run down incredibly quickly'.

Despite the confidence of many that they were as prepared as the next LA, responses showed there were indeed differing levels of advancement. This was found to be most strongly influenced by the nature and extent of partnership working in the LA area and the willingness to accept and embrace the change (in spite of some external factors) rather than geographical context or type of LA. Additionally, the nature of sixth form and FE college provision, the presence of academies, the local demography and the mix of training provision also shaped the local context. This chapter outlines progress achieved in terms of early experiences of collaborative working, needs analysis and the commissioning process from LA, provider and LSC viewpoints. The chapter seeks to identify some of the facilitating factors in the commissioning progress.

## 2.1 Collaborative partnerships

The transfer of 16–19 funding involves area-wide planning which requires effective collaborative working between LAs, providers (FE colleges, schools and training providers) and other stakeholders such as the LSC (until 2010) and government office (GO) regions.

### Sub-regional groups

The SRGs were first introduced in September 2008 with the overall role of enabling LAs to work collaboratively in planning and commissioning 16–19 provision. The size and number of LAs in a SRG varies quite considerably and the case-study areas reflected the national variation.

In a couple of the case-study areas, the SRGs were reported to be coterminous with the local LSC boundaries which meant there were pre-existing links to facilitate partnership working.

### Progress in partnership working

Interviewees were asked to comment on progress in partnership working since the inception of the SRGs. The case-study LAs reported varying levels of collaborative working with interested parties, including other LAs, FE colleges, schools, employers and the LSC. The extent of current collaboration was partially reliant on pre-existing relationships, particularly in the 14–19 area, such as through the development of the Diplomas programme.

*The reality is we already had highly effective partnership working; the SRGs are just another manifestation of that. We haven't had to work hard to put a sub-regional group together, we have already got really good sub-regional collaboration going on [...] so we haven't had to do a lot other than agree which officers are attending a meeting.*

LA officer

### LA viewpoints

Links with neighbouring LAs, at SRG level, were predominantly at a senior officer level with, for example, the director of children's services (DCS) or assistant DCS and the 14–19 strategy manager representing the LA on sub-regional strategy groups. Generally, progress in partnership working was at a strategic level with little operational progress, but high-

level involvement (for example, DCSs and college principals) was felt to be necessary to influence commissioning decisions.

A few of the LAs reported specific progress in partnership working, since the inception of the SRGs in September 2008, in that governance arrangements and operational structures had been agreed. One LA interviewee commented that 'collaboration has really developed' both between LAs (where previously they were unaware of one another's plans) and between the LA and the LSC (where previously the LA received information from the LSC but they did not have open conversations or know the LSC's long-term planning). The interviewee added that the SRG collaboration had helped the LAs in the area to realise that they had more in common with one another than they had previously realised. About half of the case-study areas mentioned that they had set up specific local transition groups with a remit to oversee the funding transfer and ensure a smooth transition. LSC staff were generally also involved in the transition groups.

Most LAs noted that they were building on existing links with their local FE colleges through 14–19 partnership work such as the Diploma programme and the *Raising Expectations* (DfES, 2007) initiative. In some cases, the 16–19 funding transfer had led to some of the existing links being formalised.

Again, LAs reported there were existing links with schools, particularly through the 14–19 partnerships, which could be utilised for building partnerships to support the funding transfer. One LA interviewee noted, however, that although schools were good at collaborating at LA level, this did not necessarily extend to SRG level. The schools were reported to be the 'missing link' because they had not yet organised themselves together to be represented at the SRG level. A LA 14–19 strategy manager said: 'I think the missing link is the schools, we'll need to find a way to ensure they are represented.' Another LA interviewee felt that the imminent funding transfer had encouraged schools to attend 14–19 partnership meetings which previously had experienced poor attendance.

LA links with employers were again through existing 14–19 partnerships or children's trust working groups. A couple of LAs were part of the education business partnerships (EBP) in their areas, which facilitated employer links; this was perceived to be particularly

effective where the EBP covered the same region as the SRG. One LA interviewee noted that each of the LAs in their SRG had previously had their own approaches to collaborative work with employers but the funding transfer had led to a sub-group of the SRG meeting. This was to ensure the skill needs of employers were being articulated prior to commissioning at a SRG level. More detail on relations with employers can be found in section 2.2 on needs analysis.

### **Provider viewpoints**

Similarly to the LAs, providers also noted current collaborative working was partially reliant on the extent of existing partnerships, rather than a direct result of the funding transfer.

Most FE colleges involved in this research reported connecting with LAs through their local 14–19 partnerships. About half of the colleges noted they were leading on the Diplomas programme and that existing partnerships centred on this work. One FE college Principal observed: ‘The college is a strategic player in the city [...]. We have a big influence strategically at local LA level.’ In a third of the case-study areas, the FE college principals appeared to be well informed about the funding transfer changes and were actively involved in moving things forward. For example, one FE principal noted that the college had held briefings for LA officers on ‘what we do, who we are and how we report and what our success measures are’. But others were less involved, and one FE Principal referred to a ‘top-down briefing’ on the funding transfer for FE principals where the style was to ‘reassure that they won’t change anything and the transition will be seamless’, suggesting less of a partnership approach. Another college interviewee, when asked about progress in partnership working, commented: ‘At this stage, as a consequence of the funding transfer, nothing yet.’

But where relationships between LAs and FE colleges were good, this provided reassurance to FE colleges about the imminent changes, as one FE college principal explained: ‘I think we are well positioned [...] because we work in very strong partnership with the LA, and that makes me feel more comfortable than a lot of other colleges would be.’

Training providers other than FE colleges provided mixed views about their involvement and views on the funding transfer. Some reported proactive involvement with LAs in the existing local 14–19 partnerships, such as the Diploma consortia, and receiving information updates regarding the funding transfer through these related meetings. Others, however, reported no involvement. In a couple of case-study areas the training providers gave favourable reports of partnership working with LAs where the FE colleges did not. But overall, where existing partnerships were in place, collaboration to support the funding transfer was generally more advanced, and in some cases ‘significance has been heightened because of it’. Training providers also noted that relationships with LAs could vary from one LA to another with differing levels of engagement across the sub-region. Some LAs were viewed by training providers as very proactive and welcoming, whereas others appeared to be far more distant.

About half of the FE colleges referred to good relationships with local schools and some reported existing collaborative working around common timetables to support the joint delivery of provision between colleges and schools. There was no evidence, however, that FE interviewees felt there had been an improvement in partnership working as a result of the forthcoming funding transfer.

### **LSC viewpoints**

LSC interviewees, when asked about progress in relation to partnership working, were also likely to identify pre-existing relations, specifically in relation to 14–19 issues, as a key factor. The level of engagement with this agenda was deemed to affect the level of attendance and contribution to partnership forums previously and, thus, the extent and level of knowledge and contacts in the arena. As one LSC interviewee said: ‘There’s a varying in response regarding how far they are prepared to go and how widely they are involved in the partnerships ... [and now] they have suddenly realised that they will need to be fully engaged with 14–19 issues.’ Therefore, it would seem that in some respects, a few LSC representatives considered partnership working to have improved since the funding transfer. Some pointed out that the apparent increase in this agenda’s status had resulted in a reconstitution of the partnerships, with meetings attracting more senior members of staff in order to

change the nature of the groups from ones that had previously been 'seen as talking shops' to ones 'that could influence commissioning decisions'.

However, it was recognised that this increased input would require greater staff capacity at the LA level and some LSC representatives recognised employing a dedicated resource (often a consultant) had enabled this to happen. In one area, the LSC interviewee explained that, recently, people had 'started to become more engaged, partly because the LA had appointed a new 14–19 lead who [...] was very instrumental in the 14–19 partnership by giving it a better structure and focus'. More practical issues were also a concern of one LSC representative who recognised that in some areas the physical and spatial configuration of the SRG was making it hard to meet. However, in relation to these issues, he said: 'These are the differences [between the LAs] but with enough goodwill from the all of the DCSSs, it will work [...]. All of this comes down to personalities – you can make anything work if people want it to.'

## 2.2 Needs analysis

The transfer of 16–19 funding from the LSC to the LAs will mean that the latter will, from 2010, hold responsibility for 'ensuring provision is designed, secured, monitored, supported and challenged around the needs of learners' (DCSF, 2009). The Department for Children, Schools and Families (DCSF) has stated that LAs will need to assess:

- historic trends of what young people choose to do and of their travel-to-learn patterns
- the views of young people on what they want and need
- the performance of providers
- the future size and demographic make-up of cohorts
- how the provision fits with changes in local labour market trends
- the provision mix that will be needed to deliver full participation including the four curriculum pathways.

The intention is that, in order to undertake analysis in the short term, LAs and SRGs will use historical data provided by the LSC, complemented by current data from a range of sources such as Connexions. DCSF envisages that, in the future, more real-time information on the choices young people make will become available by 'drawing on the 14–19 Prospectus, Common Application Process and information from the Apprenticeship Vacancy Matching Service' (DCSF, 2009). This analysis will then inform the LAs' strategic commissioning priorities.

### Current analysis of learner needs

This section focuses on the extent to which learner and employer data was found to be available and accessible to LAs. It also looks at the progress they, along with the SRGs, have made in analysing any available data and developing their own set of priorities for commissioning in the future.

All nine LAs visited as part of the research agreed they had good access to LSC historical data. The most commonly mentioned resource was the Individual Learning Record (ILR) data. While some LAs had the capacity (or had taken on the resource) to analyse and interpret this data, others were concerned that their access was limited to reports associated with ILR data and did not yet extend to the evidence base. However, most of the LAs felt they had access to all the information they needed in relation to learner need. Many reported that data from a range of sources, such as Connexions, had also been made available to them. This information had been imparted through a range of methods, including data-sharing groups, meetings and web-based tools. While most felt that the LSC had been proactive in sharing this information, one interviewee expressed concern that this had not been the case, and explained that the LSC 'have not always had the capacity [...] and so we have had to ask for it'.

FE staff consistently reported they had contributed a large amount of data to the LSC in order to help them with their analysis of need, sharing this information via regular meetings and discussions over commissioning. Despite this, no LA interviewee specifically mentioned FE colleges as a source of information and data, suggesting that LAs may be unaware of the FE contribution to the LSC and that there is scope for further progress in terms of relationships between LAs and FE colleges.



Of the nine LAs visited, three explicitly stated resources had been directed towards analysis of data with the specific intention of informing future commissioning priorities. A further two LAs highlighted the fact that their local 14–19 strategic partnership had done some work to begin needs analysis but mainly in relation to the Diploma gateway process. Four LAs reported they were not currently doing any of their own analysis of learner need. This task had taken a back seat as they sought to understand and digest information about the commissioning process itself, reasoning courses commissioned until 2010 will continue to fulfil priorities identified by the LSC.

In terms of analysing and understanding flow of learners across the sub-region most of the LAs reported historical LSC data had been passed across to them, although only one LA interviewee stated there had been any work done at the SRG level in relation to this:

*We have a good understanding of the travel-to-learn patterns and past trends – this has been debated at length and each LA has provided this to the SRG so we can see where similarities/potential conflicts of interest lie – we are quite mature in that really.*

### **Current analysis of employer need**

Three of the nine LAs visited explicitly stated they had started some form of employer needs analysis intended to inform future commissioning (two of these had also started learner needs analysis). Methods of analysis included assessment of the LMI,<sup>2</sup> use of data provided by the Regional Development Agencies (RDAs), feedback and meetings with FE staff and engagement with employers. One LA had held a breakfast event to specifically ask employers about their needs while another had employed the Education Business Partnership (EBP) in their area to make links.

In the majority of cases, interviewees made reference to existing structures, partnerships and strategies. They reported, for example, employers were represented on the children and young person's partnership board and enterprise partnership, and the LA did have its own economic strategy, as did the region. These references to existing methods of engagement were often made in tandem with an admittance that links with employers were 'in need of development' and that these partnerships and strategies were 'not yet the driving force behind any commissioning priorities'.

## **2.3 Commissioning**

Stage 2 submissions to DCSF had required LAs to demonstrate a degree of clarity around commissioning management structures. It is perhaps unsurprising then that this was an area of the transfer which both LA and LSC interviewees could detail confidently.<sup>3</sup>

The research identified two commissioning models. In most cases, the plan was for commissioning to operate at LA level but with ongoing reference to the SRG. The second model involved the SRG setting up a commissioning team based in one of the LAs on behalf of the SRG.

In most cases, the plan was for commissioning to operate at two levels but with ongoing reference to the SRG; initially at LA level with each LA taking a lead role in its own area with regard to provision for learners living and learning within the LA, and then with bilateral discussions with neighbouring LAs. The advantage of such a model was that providers need only have dialogue with their 'home' LA, even if their learners lived in different LAs in the region, because the LAs would have dialogue with each other (see Figure 1).

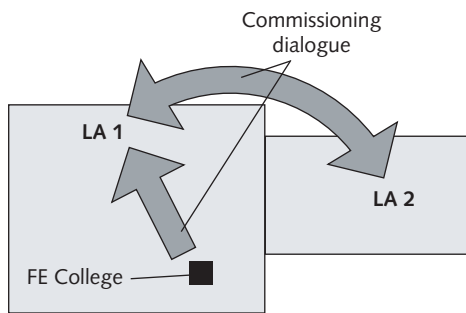
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<sup>2</sup> LMI is an online tool providing data and knowledge around labour market future trends, developed by the University of Sussex in partnership with the Sector Skills Council. <http://www.guidance-research.org/future-trends/what-is>

<sup>3</sup> Through 'stage 2 submissions' to DCSF, SRGs had to address arrangements for the following aspects of strategic commissioning: governance, collaboration and strategy contributions, resources and capacity, policy and planning, and quality and targets.



**Figure 1 Simplified diagram illustrating a common structure for commissioning dialogue**



An alternative commissioning model that was being adopted in a minority of the case-study areas involved the SRG setting up a commissioning team based in one of the LAs, on behalf of the SRG. This model was felt to benefit SRGs where LAs were geographically close and where the travel-to-learn patterns were frequently across boundaries.

In all cases, if there were disputes or cross-boundary issues, these were expected to be dealt with through bilateral discussions with any unresolved issues being referred to the regional planning group (RPG) or the young people's learning agency (YPLA). One LA interviewee summarised this dialogue process and viewed the LA as having a role facilitating communication between institutions: 'It's to make sure the sum of the parts do actually add up to a whole that makes sense for [the SRG] and meets that statement of need.' Furthermore, the shadowing process was expected to help identify any issues with travel-to-learn patterns and cross-boundary management before LAs take full responsibility for commissioning.

The FE colleges were far less clear about the commissioning management structures, compared to the LAs. In two-thirds of the case-study areas, FE colleges noted they were uncertain about the commissioning processes and felt there was a lack of clarity. One interviewee from an FE college said: 'I assume that if we have a reasonable record and our face fits in then we might be asked to deliver.'

Discussions with both LA and LSC interviewees revealed the extent of shadowing of the commissioning process that has taken place was variable, but that some progress has been achieved in all case-study areas. There are examples of more developed elements of LA/LSC involvement in preparations for commissioning.

- LSC briefings have been organised. For example, training sessions run by the LSC at regional level which looked at the annual business planning cycle and what needs to be completed by when.
- LA staff attendance at LSC meetings. For example, the financial moderation of 16–18 funding, discussions on college performance (and possible growth), success rates, learner numbers and the interdependency of the funding streams for adult and youth learning activities.
- Training sessions and workshops on, for example, how to implement provision for learners with learning difficulties and disabilities (LLDD), capital funding, travel-to-learn analysis, provision and needs analysis at individual LA level, commissioning at its current stage in the business cycle.
- LAs inviting LSC to all 14–19 events: 'to show the face of transition to all providers' (LA interviewee).
- LA staff visits to other SRG LAs to attend planning meetings and shadow roles and accompany (as observers) the LSC to school and college meetings.
- LSC staff shadowing LA roles.
- The provision of LSC datasets to the LA.
- The setting up of a LSC–LA transition group which meets regularly.

In a couple of cases the shadowing process was well defined and planned for the tracking and transition years.

### Example of more developed shadowing practice

The arrangements we have with LAs for 08–09 is that we'll work closely with them for this year's business cycle. This means that at each key stage of the business cycle we will fully brief the LA representatives for each particular stream (FE, schools, work-based learning (WBL), etc.) on what we've done and why we've done it and to see that there isn't major disagreement with them over why we've done it.

For school sixth form funding this was a very detailed discussion because it's something they've been closely involved with and we would want their agreement on our proposals for school sixth form funding.

For FE college provision, it's more about building up their knowledge of that, as it is for work-based learning (WBL). We have set sessions with agreed representatives from the LA for each funding stream and this is being taken forward right through this business cycle. This is proving to work well.

For 2009–10 we will move into joint working and making sure that shadowing arrangements are clearly defined.

Furthermore, some useful lessons from the shadowing process were reported to have been learnt. There was some evidence that LAs have developed an understanding of the broad range of activities that the LSC undertake. For example, one LSC regional representative believed that the LA had gained understanding of the types of issues they would have to engage in, such as the 16–18 cohort sizes and the diverse characteristics of the different institutions. Another thought that understanding of 'the complexities of the tasks such as balancing targets, budgets, the local picture, local expectations, provider needs and provider stability' had been acquired.

There was also some reported appreciation of the complexities of both the FE system and tasks involved in commissioning 16–19 provision, such as funding. A deputy director of children's services felt they had progressed in their understanding and learnt valuable lessons:

*We have a better understanding of the commissioning cycle that the LSC uses and we have a better understanding of the national frameworks and the*

*national funding formulas that they use. We also have a better understanding of some of the issues and problems that they continue to have to address.*

Deputy director of children's services

In another area the LSC regional representative observed:

*There is a deeper understanding of an FE college and a recognition that the funding envelope is very tight and that trying to fund everything is not an option and therefore you have to be very skilful at deciding what your priorities are and what you can fund and what you can't fund.*

LSC regional representative

In summary, there was evidence that progress towards the 2010 funding transfer has been achieved. Pre-existing collaborative relationships have been extended and some strategic partnerships have been forged, particularly amongst LAs across SRGs. Although there was some evidence of collaborative working between LAs and providers, there has, perhaps, been less progress reported with these relationships. Most LAs felt they had access to learner and employer data. While there was some evidence that a few LAs were starting to analyse learner data, on the whole there was, at present, much reliance on historical data because building links with, in particular, employers, was not seen as a high priority. In terms of the commissioning process, some useful lessons were reported to have been learnt, especially via the shadowing process. For example, a broad understanding of the activities the LSC undertake, and the complexities of the FE system, were reported, by the LAs, to have largely been absorbed by the LAs.

However, even among those LAs whose preparations for the funding transfer appeared to be more developed, interviewees described setbacks and problems which had hampered progress. In some LAs these issues have meant shadowing of the commissioning process has not happened at all. These challenges are discussed in the next chapter.

## 3 Challenges

This chapter outlines the current perceived concerns with regard to the transfer and explores challenges in terms of collaborative working, needs analysis and the commissioning process.

### Key findings

- In terms of further building collaborative relationships, many LAs reported the challenge of not having enough time and staff capacity to fully take this forward. In some SRGs the difficulties associated with collaborative working (and the current lack of capacity) were compounded by some LAs reportedly not being fully committed to the transfer, a perceived sense of competition between LAs and the absence, so far, of joint working (in contrast to information sharing).
- There was also seen to be a need for more information, guidance and direction from central sources, such as the DCSF and REACT, in terms of roles and responsibilities and clearer communication both at LA and SRG levels.
- Providers perceived LAs' reported lack of knowledge of the complex FE system, the skills agenda and the current funding system to be the most challenging aspect of transfer.
- The majority of FE and LSC interviewees reported considerable concern with regard to strategic links between LAs and employers. Additionally, the matching of learner and employer needs and the significance of appropriate IAG for learners were also considered challenging.
- In terms of the commissioning process, the key challenges identified by interviewees were:
  - creating a common understanding of what the term 'commissioning' means

- all parties understanding the detail of the process
- managing the complexities of the staff transfer
- building up the knowledge of FE and the skills agenda amongst LAs
- overcoming the current lack of available resource
- raising the skills of current LA staff
- meeting the 2010 deadline.

### 3.1 Collaborative partnerships

LA officers and providers identified different challenges in relation to partnership working. From the LA perspective, there were a few identified challenges relating to partnership working at the SRG level, but where collaboration was already well established, such as through other collaborative 14–19 projects, challenges in this area were less common. In one case, however, no challenges were identified because there had been no progress at all in developing partnership working in relation to the funding transfer. Overall, the main challenges identified related to:

- time issues, for example:
  - ensuring there was enough time to efficiently reach a consensus at SRG level
  - the logistics of travelling for meetings across large SRGs with multiple LAs
- a lack of (equal) commitment from all LAs in a SRG
- the perceived sense of 'competition' between LAs
- the need for clear communication channels and systems for documenting the evidence base for decisions taken at SRG level
- the need for joint-working between LAs, as opposed to merely information sharing between LAs

- a lack of information at a national level about the anticipated resource levels and LAs' core responsibilities, making planning/decision making difficult.

There were a greater number of perceived challenges identified by providers.

- LAs' lack of knowledge of the complex FE system and current funding methodology. Providers' concerns were specifically around:
  - LAs' ability to understand and apply the funding methodology appropriately and fairly, as a college principal remarked: 'I just don't think they have understood the complexity of what they are taking on, and I don't know where their capacity to do it is going to come from'
  - LAs' ability to generate positive relationships between different providers and ensure meetings are not dominated by the vocal minority
  - 16–19 funding being separate from post-19 funding, despite FE colleges having a mix of learners (aged under- and over-19 years) within their classes. Commissioners would need to look at college funding as a whole, as one FE interviewee expressed: 'I think we will end up having conversations with five different bodies trying to make the case for us being responsible for the whole picture'
- Tensions and competition between establishments, including:
  - a lack of joined-up thinking between providers, as one training provider interviewee commented: 'It doesn't seem to me to be very joined up at all [...]. We do our own thing and the college does their own thing'
  - competition between schools and FE colleges, as one FE college vice principal illustrated by expressing concern about the perceived 'competition' between local schools and colleges: 'While at a philosophical level we can all agree what is right for young people, I think there is probably a view from some of the partner schools that they could provide all that their young people need.'
- A lack of provider involvement in initial partnership planning for the funding transfer; discussions were predominantly between LAs and LSC staff, but not with providers.

- A student record systems in FE colleges might be duplicated, or there might be a need to maintain two different systems in order to track 14–19 and over 19 data.

- Internal issues with LAs, for example, where there were lots of vacant posts and disengaged staff, it was felt to make partnership working difficult.
- The conflict of interest with LAs as providers (of schools) and commissioners of 16–19 provision. FE college staff felt that the 'pecking order' would begin with schools and academies and FE colleges could therefore lose out .
- The conflict of interest with FE colleges as providers and strategic partners with a wealth of experience to contribute to the funding transfer. Some college staff were concerned that it could be detrimental to good relationships and there may be less opportunities to contribute expertise to local (LA) working groups if colleges were seen as providers to commission from. They felt they held a wealth of experience which could support the funding transfer, but commissioning decisions will also need to be made about providers. An interviewee from the LSC also held a similar viewpoint: 'It's about how you bring partners into this process and how you allow them to influence the process but also deal with any conflicts of interest.'

From the viewpoint of LSC staff, their main challenge in relation to partnership working and supporting LAs with their new responsibilities was the loss of staff as the machinery of government changes take effect. At the time of the interviews, the LSC still had a role to fulfil but staff numbers were decreasing for two main reasons:

- the uncertainty about the number of new posts available, the level of the new posts and skill set required has led to some LSC staff leaving to pursue careers in other sectors
- some LSC staff had secured positions in the new National Apprenticeship Service, but the transfer of staff is taking place whilst the LSC still has a role to fulfil. Remaining LSC staff commented that they were feeling very stretched with this additional workload.

LSC staff also identified some challenges that they perceived LA colleagues faced. These mainly focused on the formation of SRGs, specifically where:

- LAs did not have a history of working collaboratively on a joint activity and worked in slightly different ways (with a desire to retain some of their individuality).
- There were big differences in the types of LAs within a SRG (for example, rural and urban, large and small, high and low learner achievement levels).
- The geographical area covered by the SRG was large (leading to logistical problems in arranging meeting places).

## 3.2 Needs analysis

### Learners

A range of challenges in relation to the analysis of learners' needs were highlighted. The most strongly felt concern, held by the majority of LSC staff, was the capacity of LA staff to effectively analyse the information to which they have access. One LSC member of staff emphasised that: 'The focus is more about how the information is used rather than what information is available.' Another reported: 'LAs might end up relying on staff within the LA with generic data and analysis skills rather than a specifically skilled data analysis individual.'

While a small number of LA interviewees claimed that they had the capacity for this type of data analysis, others admitted that capacity was limited due to a shortage of staff. Some had plans to recruit those with the right knowledge in the future (including and in addition to any LSC resource) at either the level of the LA or the SRG.

Another similar concern amongst LSC interviewees was whether or not LAs would know exactly what type of data to collect, as one LSC interviewee expressed: 'Data will need to be robust, current, and relevant.' Another observed that: 'Data interpretation and the ability to identify the data needed is one of the gaps of the [LA] which has led to the slowdown in response to the dry run.' One LA interviewee agreed that they were

unsure as to what information and knowledge of the area they (as an LA) would be expected to provide and what would be handed down from the YPLA: 'We can't do anything twice as we are so pushed for time.' One LSC interviewee recognised this concern for LAs, but was confident that once the role of the YPLA in relation to data was clarified, then work to analyse this amongst partners could be built upon.

Another concern relating to the use of data was that LAs should seek to avoid any duplication of effort across the sub-region and that information should be easily amalgamated and systems made compatible so that analysis might be done at this level. This was a particular concern of LSC interviewees, although some FE staff seemed to support this view. One FE interviewee explained that work done by LAs can often be 'incredibly convoluted', in contrast to the LSC who were reported by the same interviewee to show 'efficiency and understanding'.

Further unease was expressed by LSC and FE interviewees in terms of the depth of understanding of LAs with regard to the education and training needs of learners aged 16–19. One LSC interviewee commented: 'I think there will be a challenge for the LAs in actually understanding the different ways that different types of institutions will serve individuals ... there may be knowledge at the operational level (if LSC staff transfer) but not at senior management and politician level in LAs.' Furthermore, FE staff were concerned that LA staff would not have sufficient knowledge about the current agendas affecting 16–19 learners' needs, such as functional skills, vocational learning and employability. One FE interviewee stated: 'We have to accept that LA staff are educationalists that have very little understanding of the skills agenda. That is very worrying.'

Another challenge for the LAs in their future role as commissioners of 16–19 provision will be the matching of learner and employer needs. It is likely that the needs of young people will be influenced by the opportunities available in the labour market. One DCS explained that the role and importance of joining up needs analysis and the provision of information, advice and guidance (IAG) also needed to be considered.

*The young person's voice and the choice element is what needs developing through our engagement mechanisms as an LA and through development of high-quality IAG.*

*We need to see where young people want to go and put that together with sub-regional priorities.*

Director of Children's Services

Additionally, an LSC interviewee emphasised the link between IAG and the process of needs analysis as being critical.

*The main challenge is ensuring that there is strong IAG available for young people so that they do not only understand the qualifications but also the labour market in that region. Once young people are informed in that way, it is about understanding how learner choice will drive from this.*

LSC interviewee

The consequences of a lack of understanding or confidence around IAG, and the learner being at the heart of the process were demonstrated by the comments of another DCS who was 'unsure whether needs analysis is a sensible and robust idea'. He went on to explain: 'Post-16 funding is meant to be demand led – it's a nice notion that learner needs are going to dictate things – but the notion that an individual student will make this sensible choice about their career at the age of 16 is a bit "pie in the sky".'

## Employers

The majority of LSC and FE staff interviewed saw the level of strategic links between LAs and employers as a considerable concern. The main issues related to the LAs' current level of partnership working.

- **External partnership working.** Of partnerships with external partners (such as skills councils and employers), one FE member of staff said: 'We have very good links with employers; from what I can see the LA doesn't have those links because they have not needed them before.' An LSC interviewee suggested that LAs make use of these existing links: 'The LA really needs to harness the experience, knowledge and success of the FE colleges in working with employers.' LAs felt that engaging employers was difficult particularly in areas with a high number of small and medium-sized enterprises (SMEs who are unlikely to always have the capacity to engage with policy makers) or where many employers of local people were in fact located outside of the SRG boundaries.

- **Partnership working within councils.** Some providers considered that while councils did have some history of assessing employer need, their perception was that departments were prone to working in silos. One LSC interviewee voiced the following concern held by three other interviewees: 'They have an active economic development department, but I don't know that there is a natural connection between it and the 14–19 partnership.'

- **Partnership working between the LAs and SRGs.** LSC staff expressed unease that: 'At SRG level there are employment and skills boards but the LA is not involved: it's all LSC led and there's no flow from the LAs to the SRGs at present.'

While LA interviewees could list a range of sources of data around employer need, they also felt that this information needed to be brought together and analysed and some assumed that, since the LA did not have the capacity to do this, the resource would be found at SRG level or even from the YPLA. It was unclear to some, therefore, at which level needs analysis should actually take place.

Furthermore, one manager of a training provider was adamant that expecting the LAs to take on this task was flawed, since his organisation would have to contribute to the needs analysis process of 16 LAs. This interviewee was also concerned that data relating to employer need should also be easily amalgamated at the SRG level, a concern held by other interviewees in relation to learner data, see above. He explained:

*You need to make sure you get the sector definitions right – otherwise you will get 16 different definitions across the LAs. This is already an issue as the Sector Skills Councils are already using a different number of sectors to the RDAs – so the data doesn't actually equate to each other – so it's going to be a complete and utter shambles if they do not link up the regional and local data.*

Training provider manager

An LA member of staff reported how this issue was already causing a concern: 'We are currently mapping local needs against the regional economic strategy but not all the indicators are visible at the local level so there is a lot of work to be done.'

This type of challenge is no doubt one which will be directly influenced by the strength and progress made



in partnership working and the relative knowledge, skills and capacity of LA staff to engage in this level of data analysis. Both are areas of concern previously reported.

### 3.3 Commissioning

The current overarching challenge to the successful transfer of commissioning from the LSC to LAs was reported to be overcoming the uncertainty surrounding the existing understanding of the operational details. Furthermore, concerns about commissioning overlapped with concerns with regard to collaborative working and needs analysis. The key challenges identified by the interviewees fell into six main categories as follows:

1. Clarifying what commissioning means
2. Understanding the detail
3. Managing the staff transfer
4. Building FE and skills knowledge
5. Meeting the timeframe
6. Overcoming the current lack of available resource.

#### Clarifying what commissioning means

Some LA interviewees reflected on the different meanings of 'commissioning'.

*The LSC use the word 'commissioning' to mean 'allocation' of funding and places. For us [the LA] the commissioning process is about identifying needs for the provision. It is about putting tendering specifications together and then going through the tendering process and selecting the best contractor.*

LA interviewee

Providers were similarly unsure, and some were concerned, as to the exact meaning.

*What does 'commissioning' mean? It used to be called 'funding arrangements'. 'Commissioning' is more active than 'funding arrangements' – so what does it mean in practice? If you can be 'commissioned', you can be 'decommissioned' – so what are these decisions going to be based on?*

Provider interviewee

Collaborative relationships with new partners based on trust and a common belief that the new way of commissioning will be in the best interests of learners, has to underpin the change. Building these commissioning relationships was widely perceived to be challenging. One college principal believed that 'if trust is developed between the commissioner and the commissionee' then this challenge may be overcome. He continued by suggesting that the word 'commissioning' 'conjures up' the idea that the LA might offer the provision to 'whichever provider can offer it cheapest'. He concluded by observing that: 'If relationships are going to be able to influence the commissioning process, this will be good news. However, if they cannot, an awful lot could be lost.' Additionally, LSC and FE interviewees were particularly concerned that 'funding should follow the learner' across sub-regional boundaries and there was some confusion around how this could happen in the new system.

Another college principal pointed out that a risk to the new commissioning relationships would be LAs and providers viewing the process from their own perspectives, whereas 'they need to try and put the needs of the learners at the heart of everything'. Additionally, an LSC interviewee observed that the current relationships LAs have with schools is quite different from that between the LSC and colleges. The latter was described as 'more distant yet more robust and challenging. They [colleges] are independent and accountable for their own performance and where they don't work we [LSC] will expect there to be repercussions'. It was also observed that 'the closeness of relationships' between LAs and schools would, if replicated between LAs and colleges 'make it difficult to challenge providers'.

It is possible that the LAs are influenced by their wider existing commissioning frameworks and, also, that the National Commissioning Framework (NCF) will clarify meaning.

#### Understanding the detail

College and LSC interviewees believed that understanding the procedural and logistical details of commissioning post-16 funding will be demanding for the LAs.



*Get a handle on the funding streams ... heads of departments are now mapping where students' funding might come from – there could be eight or nine possibilities. Funding will either come from the Skills Funding Agency (SFA) or the LAs but there is a lot of complexity within this in terms of whether the students are employer-responsive or adult-responsive, whether they are co-funded or not co-funded, etc. Trying to fund this for 17,000 students and modelling income is incredibly difficult, if not impossible.*

College vice principal

The short-term challenge for LAs will be to understand the procedures involved as observed by one LSC regional representative.

*The big issue for LAs next year will be understanding ... how we get from the start of the process in November to the allocations process in March...some of the discussions that go on where we have to make a case for growth or changes to funding criteria. They have not been party to the discussions between the local and regional offices about whether the money is right for the colleges.*

LSC regional representative

LA interviewees were largely aware of this challenge as demonstrated by an improvements and inclusions manager: 'We need a complete template outlining all responsibilities, structures and roles [...]. They [the LSC] know it, but it is not very penetrable when you're an outsider. They don't understand how difficult it is as an observer.' He also observed that it would be helpful if LSC jargon was clarified.

## **Managing the staff transfer**

The transfer of staff, and their knowledge and skills from the LSC to LAs was perceived to be a considerable challenge (as mentioned earlier) both in terms of the timing and the extent of the transfer. The common view was that 1000 staff were planned to transfer from the LSC to the LAs, which would mean approximately six staff per LA. One DCS (where four staff were estimated to transfer) commented: 'The question is, do we want those four people and do they want us?' He also observed that the geographical proximity of the LA and the LSC offices was important both in terms of liaising over the transition period and in terms of LSC job relocation. Both were perceived to be more straightforward where the offices were in close proximity and more testing when geographically

dispersed. It was also pointed out that when 'LSC representatives come to join LAs, they are going to have to shift how they operate and perceive the business'.

Additionally, as well as the challenge of the extent and timing of the transfer of staff, more specific issues were related to:

- attracting LSC staff to LAs
- matching skill sets appropriately and efficiently
- a lack of clarity over the number and level of posts.

Firstly, as referred to above, LSC staff were not necessarily keen to transfer to posts with the LAs. This was felt to be partly due to a lack of information, but 'for many people this is the least attractive option'. There was evidence that LAs were organising sessions for LSC staff to inform them of the experience of working in a LA in order to 'attract' them to the positions once available.

Secondly, LSC staff were also concerned about the need to match skill sets of individuals to LA needs. Within local LSC partnership teams, there could be staff with knowledge of specific areas, but they may not necessarily have a rounded knowledge, which the LA would need. One LSC interviewee hoped that LSC staff's individual expertise and knowledge would be considered in order to fit staff most appropriately within LA structures. It was also felt important for the matching process to happen promptly and efficiently.

Lastly, it was recognised that there would not be equal numbers of LSC staff as there would be LA posts and, for example, there could be four LAs covering the same area as two LSC teams. Therefore, clarification on the numbers and levels of posts was felt to be important.

Furthermore, the fact that LAs were not at present able to recruit, or second, LSC staff was causing logistical problems. There was a general view that both LA and LSC staff were expected to manage the transfer liaison as well as their 'day jobs'. This was compounded, one training provider observed, by the damage to morale due to the LSC being 'disbanded' and LAs not being 'on board yet'.

## Building FE and skills knowledge

In terms of actually commissioning, LA interviewees recognised that they needed to increase their knowledge of FE and how colleges operate. There was also a suggestion (see sections 2.1 and 3.2) that LAs lacked experience of the skills agenda and the complexity of FE provision in terms of the range of courses offered to meet the needs of employers and different types of learners (and, as mentioned above, this impacted on both collaborative working and needs analysis, as well as the commissioning process). One college principal believed that it was 'not a problem' if the LA steered provision provided it was based on sound knowledge of what young people want and need: 'But I'm not sure that they [the LA] will have the sophistication to be able to make those decisions.' The principal pointed out that the only information available at present was the targets provided by the government which all providers have to work towards but that these do not supply the necessary underpinning detail: 'If they [the government] are not careful, this could result in an increase in those people who are NEET [not in education, employment or training] because the provision, that those young people want, is not being commissioned [...].'

Training providers also questioned whether LAs have the capacity to develop their skills and business knowledge especially in light of the fact that they do not have 'the well-established links that the LSC have'. It was also pointed out that LAs do not, at present, operate within the 16–19 employment market and that once in the commissioning role they would have to be able to respond quickly to issues raised by the skills agenda.

## Meeting the timeframe

The timescales for the transfer were universally seen as challenging, and on the whole, there was acceptance that it would be met, even if more preparation time would have been appreciated. A 14–19 strategy manager said: 'The timescale is tight but it is right. If you stretch it over too long, everyone will be in a state of anxiety over what will happen. More planning up front would have been better, and a whole schedule rather than bit by bit.' However, there was a view expressed by a couple of interviewees that quality may have been compromised by the challenging timescale.

It was also pointed out by a 14–19 strategy manager that there was no room for 'slippage because we need to go into dialogue with the institutions in the autumn'. Further caution was expressed by a DCS.

*There is no doubt about it that it [time] is tight especially given that we were late receiving the stage two guidance and that we are still missing some fundamental bits of information to help us talk to partners about what it will be like in 2010. Obviously we still have some time but the clock is ticking.*

Director of children's services

Another DCS felt that stages one and two were 'the hard bit because the rest just follows on'. However, he went on to warn, 'providing you have the capacity and at the moment we don't know if we will have the capacity because no one has told us what the resource levels are – either human or financial'.

Furthermore, in one LA the LSC school visits, which were scheduled for autumn 2008, had not taken place in February 2009. In another LA, the assistant DCS explained that shadowing had not taken place as much as he had hoped: 'Part of the problem was that we didn't know about the dates of the meetings between the LSC and the colleges until it was too late to attend.' In addition, some unease was expressed that further timetable delays might impact on the overall transfer agenda, as explained by an LSC interviewee.

*The risk is there is a delay in the process and this builds in uncertainty. The responsibility doesn't actually pass to the LAs until April 2010. If there is a delay it will lead to greater uncertainty for LAs in terms of staffing levels for these functions. The risk is LAs start to recruit to these roles independently when they should be matched to LSC staff through transfer.*

LSC interviewee

## Overcoming the current lack of available resource

At the time of the visits, the majority of interviewees considered LAs to be lacking the capacity required to manage the transfer, despite some having the will to embrace the change. Most LA and LSC interviewees explained the current lack of available resource in terms of LA staff, to shadow and get involved in sufficient depth to go beyond the planning phase, has

held back advancement of the transfer process as illustrated by a LA 14–19 strategy manager: ‘The hope is that there will be further work [regarding] shadowing, but the difficulty is there aren’t many of us here at X, and it’s actually how we physically manage it. The LSC are over in Y, so it’s time consuming and there are resource issues.’

The LSC largely concurred with the LA view, as expressed by one regional manager: ‘We have kept the LA up to date and walked them through the process but as yet the LA have not attended any of the FE/LSC meetings as they do not have the capacity’. A colleague from another region concurred.

*There should be shadowing at FE regional meetings, but diaries can’t always be coordinated and LSC sometimes have to go to meetings on their own. There needs to be a quick turn-around in discussions with colleges, so the LAs can’t always be involved as much as they would like to be.*

LSC interviewee

The lack of funding in order to employ a dedicated resource was identified as the crux of the issue, and LA interviewees explained that tasks were being shared amongst employees and performed on top of existing commitments. Furthermore, the lack of information

about how many, and the level, of LSC staff that will be available, has also hampered progress. One 14–19 strategy manager explained: ‘We’ve had some sessions where the LSC have got to know a little bit about working in an LA and how different that is [...] but until we have the figures of the breakdown of staff, it’s difficult to move much further.’

However, one DCS admitted that they did not expect the resource transferred to be huge so they were ‘not relying on it to solve everything’, while another pointed out that this particular issue is, in some part, ‘contingent upon understanding how the capacity that is already in the sub-region [...] and other partners, is re-distributed’.

In summary, the funding transfer was reported to have presented many challenges to all stakeholders, such as surmounting obstacles to the building and progressing of collaborative relationships at all levels and between all stakeholders and planning who will analyse what data and at what level. Further challenges included creating a common understanding of what ‘commissioning’ means, building a unified understanding of the FE system and the skills agenda, and building capacity through the transfer of staff and upskilling of current LA staff in time for the transfer.

## 4 The future

This chapter seeks to build on the reported progress achieved in terms of preparation for the 2010 transfer of funding from the LSC to the LAs and the challenges interviewees viewed lay ahead. The chapter outlines interviewees' perceptions of the opportunities the funding transfer offers and the future risks if the challenges are not addressed. The chapter also presents views on support and ways forward.

### Key findings

- The main opportunities that the transfer of funding were perceived to offer included the potential for more effective planning for the phase, which could then respond better to the individual needs of young people and would allow more flexibility for learners in terms of learning opportunities and progression. Additionally, the potential for highlighting local needs and raising participation was recognised. There was also some optimism that the young person 'as a whole' could be understood and their needs catered for by more joined-up services.
- There was also some recognition that the transfer might provide an opportunity for LAs to recognise equality amongst all providers and might open up opportunities for future provision.
- As well as the general risk to smooth transition that the uncertainty and lack of clarity were causing, interviewees appeared to be concerned that previously identified challenges may turn into risks, such as short-term destabilisation of the FE sector, increased complexity and bureaucracy, and the possibility that the complexities of the FE system and the skills agenda may not be fully appreciated by LAs.
- Such risks could be minimised through more central, detailed information and guidance

about how the new commissioning process was going to work in practice and be applied on a regional basis, the role of the LA and the SRG, the functions of organisations and groups external to the LA, and the need for direction with regard to the staffing transfer. Clarification, in terms of the structure of the LA under the new commissioning regime, would also be welcomed.

- Overall there appeared to be a need for effective communication between all parties, allied with trust and transparency. An important component of this communication would be two-way dialogue, for example, between senior LA staff and senior college staff.

Overall there was considerable reported lack of understanding of the detail of how the transfer will be implemented, and what the consequence will mean to all those institutions involved. In general, then, there was a general lack of clarity regarding the perceived future impact.

However, the following three distinct (but strongly interrelated) themes emerged as central to shaping future progress:

- the establishment of clear and workable FE funding structures at the LA and sub-regional level
- the relationship that the LA currently has with providers or forges in the future
- the level of understanding of young people's needs in relation to FE and resultant priorities.

These themes underpin the following discussion on future opportunities and potential risks.

## 4.1 Funding transfer opportunities

A number of interviewees took the view that, in the long term, workable systems at the local level might have positive impacts for young people. Interviewees in half of the areas visited pointed out that bringing together responsibility for the whole 14–19 funding phase should mean more effective planning for the phase, better responsiveness to the individual needs of young people and more flexibility for learners in terms of learning opportunities and progression.

Interviewees in most areas, and particularly from the FE sector, could see the potential that the funding transfer might have in highlighting local needs and raising participation. One LSC member of staff articulated this perception: 'If the strategic and economic analysis really start to influence the commissioning process then we could get much better opportunities locally for the NEET group.' On this subject a vice principal in one FE college said: 'it will be nice to speak to someone in [area X] about [area X] – the LSC has become an increasingly regional service.' Another explained his hopes for local decisions on commissioning.

*I hope the impact will be formalising and mainstreaming those areas which are big issues for most cities – I call it the engagement curriculum. If a young person is pregnant or has been thrown out of their home, taking a nationally recognised qualification is not always their first priority. There are other ways we can engage them [...] but we are only funded for those young people on a nationally recognised qualification.*

FE college vice principal

There was also some optimism that the young person 'as a whole' could be understood and their needs catered for by more joined-up services, with one LSC interviewee giving the example of 'bringing the education and training agenda more closely aligned to targeted youth support'. Another pointed out that it may mean young people are better able to access a range of local infrastructure to support learning and skills, such as schools, libraries and community centres. An LSC interviewee was keen to point out: 'I think the LSC has been effective in what it has undertaken but this is a structural change which could lead to a more responsive system. I am quite positive about it.'

Despite the worries of some that LAs may not have the understanding of FE required and, thus, favour certain institutions and qualifications, one LSC interviewee saw the transfer as an opportunity for LAs to recognise equality amongst all providers, and in turn change the relationship they have with schools. He felt that it might 'help them [LAs] to be more robust in terms of making challenges to schools'. Some felt it may offer the chance to promote equality between school sixth forms and colleges in terms of closing the funding and pay gaps. Others were optimistic that the transfer could open up new opportunities, particularly for training providers.

## 4.2 Funding transfer risks

Overall, there was evidence that the lack of clarity, with regard to the detail of the transfer, was causing some uncertainty about the future. This was in terms of the challenges discussed in chapter three as well as in terms of changing current behaviour.

### Example of uncertainty changing behaviour

A training provider was providing courses for increasing numbers of students but could not get a decision from the LSC whether the funding for the courses would be covered or not. This was perceived to be due to the uncertainty engendered by the funding transfer. The training provider was, therefore, unsure whether to sign up students and hope to receive funding or whether 'to become more prudent and hang back a bit'. Ultimately they decided 'to delay advertising courses, just in case' as they had completed a reconciliation of student numbers and recruited twice as many students as the LSC had budgeted for. The training provider remained unsure whether they would receive future funding due to the new commissioning arrangements.

This example highlights the impact of the lack of certainty with regard to the number, type and range of courses that might be commissioned in the new process.

Generally, it appeared that in LAs where there was less clarity about how the transfer would be implemented, FE and training provider interviewees were more uncertain and concerned about the implications and potential impact as described by one training provider from such an area: 'The uncertainty, I think is a major problem.'

As well as the general risk to a smooth transition that the overall uncertainty, lack of clarity and short-time scale of transition were causing, interviewees appeared to identify three main risks associated with the challenges outlined in chapter three:

- the short-term destabilisation of the FE sector
- the possibility of increased complexity and bureaucracy unless the SRGs are fully utilised
- the possibility that the complexities of the FE system and the skills agenda may not be fully appreciated by LAs.

### **Short-term destabilisation of the FE sector**

Interviewees, predominantly from the provider sector, expressed unease about the short-term impact of the funding transfer on FE colleges. The concerns and challenges identified in chapter three were viewed as potentially impacting in the following ways.

**Lack of understanding of the new system** would possibly contribute to short-term destabilisation. One FE 14–19 strategy manager outlined that if the LA were not 'geared up for implementation' then the college might not receive any funding because the mechanisms would not be in place and 'staff won't get paid'. A college principal from another LA expressed concern that the LA might 'put a ring around' the LA and minimise travel-to-learn from other counties. In another area, a training provider believed the LA had little understanding about how the interface between LA commissioning, funding agencies and work-based learning would work, 'so it is very difficult to know what effect it will have on our contract and on the amount of work that we do'.

Pre-existing provider relationships with the LA would possibly influence commissioning. One training provider, who chairs a work-based learning network, described how members expressed 'uncertainties about

contract size: would it depend on their relationship with the LA or on what they are currently providing?' A college principal, based in another LA, believed that it would be unhelpful for LA councillors to 'get involved in the decision-making process'. The following example highlights the concern with regard to the complexities of provider relationships with LAs.

### **Example of concerns over provider relationship with LA**

An FE principal believed there was a real problem with commissioning by LAs when they are also providers. This is the case within a local authority, which has its own private training agency (which means that it is commissioning from itself). This raises the question as to whether the LA would commission from itself more favourably than commission from the college. The principal thought that such problems were less likely to arise in her area due to existing good relationships with the LA. However, she was aware that other colleges in other LAs were not in such a fortunate position: 'If there isn't a good relationship, you may be in a position where you are constantly fighting to get the money that you need to keep your college going, or make your college viable.'

**FE colleges might lose business, and funding, to other institutions.** For example, one college principal was concerned that in his area academies and schools with new sixth form units would be 'first in the queue for places' and, as they offer predominantly A Level places, 'there is a big risk that there will be an over commission of A Level programmes that won't leave sufficient funds for lower levels of provision'.

**Further training and staff development in colleges would be needed** in order to enable staff to understand the change in culture which goes alongside the funding transfer, and to prepare them for developing stronger and better collaborative partnership working with, for example, other colleges, providers, schools and academies.

**FE might lose the flexibility** it now has in terms of using funding streams interchangeably between, for example, adult and 16–18 provision. Furthermore,



there was some feeling that a strong relationship between the FE sector and the LSC had allowed the commissioning organisation to act with *discretion* when it came to decisions over courses, and that, should this relationship not be in place, the flexibility that it allowed may not continue to exist once LAs take over.

### Increased complexity and bureaucracy

Interviewees in almost all case-study areas, believed LAs to be overly bureaucratic and that this could potentially risk a slowdown in decision making and lead to inefficient practices in the future. One LSC interviewee explained this risk: 'The LSC makes decisions very quickly. In LAs you have to write your report, then go through your corporate management teams, then to cabinet, then to scrutiny, then it has to be signed off by full council.' An FE college principal supported this view.

*The job of the DCS is just too big, it is a massive department. There will be no coherence in this bureaucratic machine [...]. There will be many conflicting priorities. The LA is dysfunctional. It is a misconception that the LA is the glue that holds it altogether. The glue is the institutions in the community.*

FE college principal

Not only were the workings of individual councils seen to add complexity to the new system, but also the feasibility of bringing decision making down to the local level was questioned (and demonstrated that the age-old debate around subsidiarity was relevant to this change).

*The process has been managed by one national organisation; this is a totally different scenario to managing the process through over 140 LAs, all of which have a role to play. This could result in fragmentation and differing outcomes at the local level.*

LSC interviewee

One training provider was anxious about how his organisation was going to engage with the high number of LAs in which it worked.

*We live in a joined-up world. We have G20 this week which is pushing us hard on the fact that we need globalisation and global trade. Well, here we are talking*

*about an activity which takes you back down to the local level – it's totally at odds with the world we live in.*

Training provider

Clearly there was little appreciation of the role of the SRG in commissioning, and the risk appears to be that if the SRGs are not fully utilised then there is a real possibility of increased complexity due to the number of LAs involved in the process.

### Lack of understanding of FE complexity and the skills agenda

As discussed in section 3.3 there was some concern expressed, predominantly by FE and LSC interviewees, with regard to the extent of LA understanding of FE institutions and the skills agenda in general.

An example of the reported risks associated with this concern was whether or not LAs would prioritise the A Level (which some FE staff claimed LAs saw as the 'gold standard'), and thus direct more funds to those institutions delivering this type of qualification. Some LSC and FE staff were worried that those young people wanting alternative provision, both in terms of courses and institutions, would be given a lower priority. Additionally, the imminent increase in the participation age means that these types of learners at risk of disengagement, in particular, would need targeted alternative (to A Levels) provision, information, advice and guidance in order to access it. The following case-study extract demonstrates this risk and the apparent lack of communication between partners which may have informed it. It highlights the importance of collaborative communication to ensure that all parties fully appreciate the issues associated with 14–19 provision and are in agreement with regard to how provision is approached.

### Example of the complexities of FE and the skills agenda and the need for dialogue

An FE vice principal spoke with passion about the benefits of vocational education and voiced concern that this would not be shared by the LA.

*The LA may fund the courses such as the A Level because it is seen as the gold standard.*



*But the needs of the city are actually at Level one, Level two and even entry level [...]. We argue that we don't want them to just fund what has been previously funded – it has to be done around need. Vocational courses allow us to develop their numeracy and literacy skills alongside their social skills – and that particular vocational route they have chosen becomes incidental because they are gaining so much more from it [...]. Usually, programmes which target need have to be funded from weird and wonderful pots of money – I would argue that they should be seen as part of the mainstream and come from mainstream funds.*

Despite the fears of this vice principal, the DCS based in the same LA area stated that their priority would be to take into account a range of concerns and factors when analysing need.

*To me a 'needs analysis' is not a 'provision analysis'. This was where the money was before – you would provide something you were not yet covering. We are anxious not to – and the credit crunch shows why it is important not to – turn young people into fodder for the economy. We don't want to steer them into something just because the economy needs it. Especially for young people in [this area] who are likely to have had a lot going on in their lives. We want their futures to be balanced in line with the five ECM [Every Child Matter] outcomes. Core skills, transferable skills are needed. People who are trampled into particular vocational skills may now find they are of no use. What's more important to me are almost emotional resilience skills, the ability to redirect. So IAG [Information, advice and guidance] and listening to young people will be important.*

Therefore, it would seem that this particular DCS and vice principal did indeed share the same priorities for 16–19 education. The fact that the latter was unaware of this perhaps demonstrates the apparent lack of communication between partners at this stage and suggests that some of the concerns held by FE interviewees might be relieved once dialogue improves.

Further to the need for full understanding of the FE system, the skills agenda and the need for comprehensive and open dialogue, is the need for provision to always cater for the learners' best interests. There is a risk that if the agenda is not fully appreciated the learners may not be considered as central. There were some perceived longer-term concerns expressed by a few interviewees which appear to reveal a perception that the funding transfer may not be ultimately in the long-term best interests of the learner. It was argued by one principal that the transfer could reduce student choice as the new system might increase the choice of institution but may decrease the range of provision. Furthermore, other interviewees believed that there was a possibility that LAs might try and steer provision (towards diplomas in contrast to the above example) which would not necessarily be in the best interests of the learner.

### **Example of long-term concern regarding LA steering provision not being necessarily in the interest of learners**

A college principal believed that initiatives, such as raising the participation age and Diplomas, have been introduced and may steer proceedings: 'My worry is that funding will be used to make colleges do things that might not actually be in the best interests of learners.' For example, the principal said that the LA was very committed to Diplomas. The college offered these at Level three last year and this year, but there has been a lack of interest from learners.

According to the principal, learners prefer to do something that is already established, that works well and is a proven pathway to get them into university.

*My worry is that the local authorities will begin to use funding to drive the decisions that they want, so if they want Diplomas they will say to colleges that we are not going to fund you for anything else, you have got to do a Diploma. With funding comes the ability to drive decisions and make decisions.*

This risk of LAs not fully understanding the complexities of FE, may be further compounded if senior FE staff are not included in dialogue as early as possible. Many FE interviewees were keen to point out that they would like to have more of a say at the planning stage in order to better influence commissioning priorities; one vice principal of a college remarked: 'We risk commissioning the same old thing.' Furthermore, another issue was whether or not LAs would struggle to keep partners on board. One LSC interviewee said: 'If commissioning is based on the needs of the borough, some institutions may end up delivering something they don't want to.'

Finally, it was also noted that the characteristics of the overall local provision was reported to potentially contribute to the perceived impact of the funding transfer. For example, academies or the presence of strong training provision would mean that there was more competition for FE colleges and it was felt to be important that LAs appreciated this.

### 4.3 Support

This section seeks to document the support that has been received in relation to the funding transfer by both the FE and LA sectors, and identifies the outstanding and continuing support needed to minimise the risks associated with the transfer.

#### **FE sector: support received and continuing needs**

The majority of FE interviewees reported that they had received no, or very little, support. Two interviewees described the support received from their LAs as good, and explained that they had been to several meetings and had been in receipt of written information. Others explained that they had been proactive in order to find out about the changes, as information from the LA had 'not been forthcoming'. A couple of FE staff said they had received newsletters and briefings from the Association of Colleges (AoC), and one vice principal believed the information from the AoC was extremely useful in terms of understanding the most important milestones.

The main support that FE interviewees said they required from their LA was information about how the new commissioning process was going to work in

practice: 'I'd just like to know the operational way they intend to manage it and all I seem to get at the moment is strategy. I think we have gone past the point of strategy – we heard about this in April 2007.' Examples of where operational information was lacking were:

*'How will the ILR transfer?'*

*'Who do we talk to and when?'*

*'How will individual institutions be assessed?'*

*'Who will advocate quality and standards?'*

One interviewee pointed out that it would be helpful if this information was disseminated throughout the sub-region consistently so that all institutions are in receipt of the same knowledge.

FE interviewees also wanted to input into the change and were keen to point out that they did not simply want to be on the receiving end of information, as one vice principal commented: 'I want more than to be told what's happening; I want to influence what's happening.' This point about dialogue between senior LA and FE staff, discussed in chapter three, was emphasised in terms of mutual support that comprehensive communication brings, as a 14–19 manager explained: 'I'm not sure support is the right word. We need some effective dialogue between the college senior staff, the SRG and the LA.' Concerns over the best way this could be achieved have been explored already in section 4.2. With regard to the future, one college vice principal asked: 'How will the colleges be represented at the SRG level – individually or collectively [...] and what should we be doing to prepare?' Indeed, a few were keen to point out that the FE sector could itself be a source of support and would be more than willing to provide capacity and information to the LA.

#### **LA sector: support received and continuing needs**

It appeared that the LAs have received more support than FE colleges, and only one interviewee reported receiving no support. Support received by LAs in relation to the funding transfer included meetings and information via government offices for the regions, information from DCSF and DIUS. One DCS

commented that support received around partnership working had been particularly useful. Others highlighted the support from the Association of DCSS (ADCS) and REACT who, they said, had 'interpreted information from DCSF' via regular newsletters. A couple mentioned that they had employed the assistance of consultants, while others felt this was a waste of resource when they should be making use of LSC expertise. A few commented that they have built on support received around the 14–19 agenda and partnerships as a whole.

Written literature and time for local or regional meetings seemed the preference over national events, which some did not have the capacity to attend. Others complained that information and events were organised by many different bodies and that they would be able to better engage if the support offer was made 'more cohesive [...] Nobody has the definitive view'. Specific events that were found to be of use included:

- a two-day training event on commissioning by the Office for Public Management (OPM)
- regional development days hosted by REACT (one activity found to be of particular use was where LA staff were encouraged to think of 10 scenarios of potential disputes to discuss within their SRG before they occur)
- a 'knowledge transfer' event organised by one SRG which lasted two days and was funded by the LSC.

LA future support needs were focused around the following.

- **The requirement for central, 'concrete' and 'detailed' guidance.** The majority of LA interviewees were adamant that the question over the transfer of LSC resources and capacity was one which needed to be answered soon so that they could make use of it and move on. Clarification of the role of the YPLA was also a priority. Some felt that their SRG should be doing more to coordinate resources at a sub-regional level saying: 'We could be making use of shared resources.' Such guidance could be area-specific but centrally led as one LSC representative said: 'What is needed is publication of the end-to-end commissioning process. It's as simple as that.'

While a few requested greater clarity at sub-regional level about the timeframes for the transfer and the ways in which the new commissioning role would fit into the present LA 14–19 structure, others were keen to move on from the more strategic issues and required more information on the 'nitty gritty' such as how financial resources would transfer to the LA. It was hoped that the National Commissioning Framework (NCF) template and the LA blueprint of functions and responsibilities would provide more opportunity to understand the detail.

- **The potential to avoid duplication of effort.**

It was suggested by a number of interviewees that the dissemination of key processes, policies and procedures relating to commissioning would be useful to avoid: '150 LAs doing the same pieces of work' and to ensure that the task was done 'correctly' first time round. Some felt this should be coordinated nationally, while others suggested it might be best left to, or filtered by, the SRG.

- **The need to build internal capacity.** In addition to the transfer of LSC expertise (which has been well documented throughout this report), LA interviewees explained that their own skills and knowledge could be improved. While there were some specific requirements such as data analysis skills, the majority of suggestions centred around the need for facilitated sharing of best practice and the development of relationships and roles (such as mentors or coaches) in order that partnerships might develop with their own tailored solutions.

LSC staff were also asked to comment on what they felt were the support needs of LAs. The majority of interviewees highlighted a concern that, whatever support is provided, the offer must be consistent across LAs. For this reason they suggested support is directed through each SRG and coordinated at the national level by either the YPLA or REACT.

Despite the challenges (documented in chapter three) and the associated risks (discussed in section 4.2) around the lack of LA knowledge of the FE sector, this was not generally mentioned as a support need by LAs but was a strong theme for ways forward. The priority for support seemed to be around the perhaps more immediate concern of how commissioning will work rather than the consideration of funding priorities. Perhaps this reflects the stage that LAs were at in the

process, but considering the level of concern expressed over this issue, it is likely to be a support need for the near future.

## 4.4 Ways forward

Interviewees were asked to reflect on what progress is now needed to take the commissioning process forward; many responses focused around the need to minimise the risks, and maximise the opportunities highlighted earlier in this chapter.

The next steps as seen by interviewees are outlined here.

The need for **effective communication between all parties**, allied with trust and transparency is seen as a key next step. This was suggested as a way to minimise the risks associated with a lack of knowledge of FE. It was also a means for maximising the opportunities associated with engaging the LSC in knowledge transfer, and updating and involving providers in the process.

*We need more information and more clarity about the situation. It's very difficult to plan even for '09-10 academic year when we can't predict what will happen with funding and if there will be a level playing field.*

Vice principal, FE college

There was also the suggestion that better communication between the LA and LSC would provide the opportunity to attract the latter to LA working environments: 'The recipient bodies need to make the proposition attractive to LSC staff [...]. It is about viewing them as a long-term investment rather than a quick fix.'

There was a suggestion made by LSC and LA interviewees that **more should be made of SRG capacity**. This strategic group was seen to be in a position to enhance and strengthen the sub-region by, for example, auditing the skills in individual LAs and possibly sharing services across the SRG. One director of children's services said officers could 'enact, procure and manage the contracting process with providers across the sub-region'. The strategic group could also minimise the risks associated with a perceived increase in complexity and bureaucracy. However, it was pointed out, this would necessarily involve **trust**

**between LAs** (considered a further area for progress) and time to embed relationships.

*In terms of building the partnerships, I think [...] it is about building the trust within the SRGs, and that's not to say there is not an element of trust already but like any partnership it is embryonic and needs to build the trust.*

LSC officer

In addition, and in summary, essential clarification was reported to be needed, such as the following.

- **The structure of the LA under the new commissioning regime**, which according to one LSC representative 'is the critical most important issue. Until DCSF and DIUS are able to share that with us we will just be in limbo'.
- **The role and functions of organisations and groups external to the LA** (such as the YPLA, SRG and RPGs). Interviewees also required clarity on the resourcing available to put in place dedicated personnel at the sub-regional level.
- **The need for direction with regard to the staffing transfer**. An LSC representative said: 'How do the LA take on responsibility when they don't have the staff until September 2009? It's a catch-22 situation. The LAs don't want to recruit staff because the LSC want the jobs and the LA want them to have the jobs.' Clear central direction and leadership would also serve to allay anxiety expressed in terms of whether suitably experienced staff would ultimately be available.

Other examples of suggested ways in which LAs could progress and move the process forward included:

- engage with the balance of provision across the SRG, for example, in terms of the number of specialist colleges
- either at LA or SRG level, appoint a member of staff to solely manage and coordinate the transfer. For example, one SRG was reported to have planned to release funding to ensure that some dedicated staff were in post by September 2009
- utilise internal experience in terms of healthcare commissioning

- convey a sense of commitment to the funding transfer to all parties concerned
- consider, initially in 2009–2010, allocating provision on historical data in order to secure stability and move into active commissioning the following year.

### **Advice to FE sector (as given by FE interviewees)**

The following highlights the advice given to both FE and LAs in relation to moving forward with the funding transfer.

- **Know your college mission and role**

*Be clear of the contribution that your college makes, both in terms of the education it provides and also in relation to the economy of the city.*

*Know your local area and your local demands before the LA tells you what they are.*

- **Keep up to date**

*Position people in partnership working so they will be well briefed and receive updates, so when opportunities come up they are able to engage with them.*

- **Partner with other FE colleges**

*Organise a college cluster locally and develop a commissioning plan and justify against the funding to the LA.*

### **Advice to LA sector (as given by all types of interviewee)**

- **Engage with the LSC, if only on an informal basis**

*Organise regular opportunities for structured meetings with LSC colleagues.*

*Bleed them [LSC] dry for every piece of information you can get.*

- **Adhere to strict project management principles**

*Plot key milestones against DCSF expectations [...]. Look at it as another project and get robust project implementation systems in place [...]. Don't worry too much about content at this stage.*

*Have a concordat between the LA and LSC to say these are the timescales, this is what needs doing and this is what we are going to work on together to achieve that.*

- **Be bold and proactive**

*Remember that no one else knows any more than you [...]. Be an advocate and design the systems.*

- **Ensure that every level of personnel is involved, is properly trained and understands their role**

*Ensure you have allocated time every month for strategic leaders to be involved.*

*Ensure that different levels of LA [staff] understand the amount and complexity of the work that is being transferred.*

*Ensure other departments across the LA are well informed.*

- **Raise understanding of FE amongst LA colleagues**

*Don't assume funding colleges will be the same as funding schools [...]. Some of the key elements needed to prepare for the transfer will go unnoticed until it is too late.*

*The LSC staff that will transfer are operational, there needs to be an understanding amongst more strategic staff.*

- **Improve bi-lateral relationships between LAs (both within and across sub-regional boundaries)**

*This is critical.*

- **Build effective relationships with partners allied with trust and transparency**

*We [the LA] tend to take for granted how well we work with schools – we need to unpick that and ask what we will need to do to grow new relationships with new partners.*

*Get a consultation strategy and communication started as soon as possible, so that partners are reassured about what's coming next and understand how they can engage with the LA and influence the emerging agenda [...]. What are the things we are going to solve together in order to build that shared responsibility?*

- **Find extra dedicated resource**

*Share resources across the LA.*

*Second people with expertise.*

*Appoint consultants.*

- **Make more of SRG capacity**

*Resources at the SRG level could be used to shape and direct.*

*A dedicated resource could be at the end of the phone offering consistent advice across the LAs.*

- **Keep up to date**

*Share information across the LA.*

*Try and stay ahead of the game.*

- **Don't underestimate the size of the change**

*We are inventing something new.*

*Don't assume this is a marginal change, this is actually going to become one of the LA's main functions and it needs to be prepared for on that basis.*

- **Embrace the change and convey a sense of commitment to all those concerned**

*It's going to happen so embrace it and think about how you can use it to affect improvement and get better outcomes for young people. Use transitional change in a positive way.*



# 5 Conclusions and recommendations

## 5.1 Conclusions

### Progress

The evidence suggests that the pace of building and progressing collaborative relationships in order to coordinate this journey towards the transfer of funding from the LSC to LAs in 2010 was noticeably reliant on pre-existing relationships. Where case-study areas appeared to be more advanced in their preparation for the transfer this did not appear to be related to geographical area or LA type, but rather to the pre-existing culture of collaborative relationships combined with direction and a positive attitude towards change.

According to LAs, progress in partnership work, particularly between LAs, was at strategic rather than operational level. However, there was clear evidence of progress since the inception of the SRGs in September 2008 by, for example, the emergence of transition groups.

It was noted that much of the current college collaborative working had emerged from leading Diploma programmes and participation in 14–19 partnerships. There was limited evidence that some FE colleges were actively involved in moving the transfer forward and, as with LAs, pre-existing positive relationships between colleges and the LAs in which they supplied provision also served to reassure colleges about the impact of this change in commissioning. Training providers echoed the FE views but also noted that, at present, relationships with LAs, within SRGs, can vary enormously, and where there was more involvement, training providers reported feeling more confident about the future.

Most LAs felt they had access to information on learner needs such as the ILR database (however, they may not have appreciated the importance of the collaboration between the LSC and colleges in terms of informing the database). Some LAs reported actively managing to progress their own needs analysis in terms of preparation for 2010, while the majority intended to rely on the LSC's historical analysis for the time being.

Some LAs reported having engaged with employer analysis, for example, assessment of LMI, use of RDA data and feedback from FE and employers. However, on the whole, LAs were, at present, relying on existing structures for employer analysis, because building links with employers was not seen as a high priority.

Overall some useful lessons from the shadowing process were reported to have been learnt. For example, most LAs believed they have developed an understanding of the broad range of activities that the LSC undertake and some said they had developed an appreciation of the complexities of both the FE system and tasks involved in commissioning 16–19 provision (although this was not the view of colleges).

There was some limited pockets of progress made with regard to shadowing of the commissioning process such as LA attendance at LSC briefings, training sessions and workshops, LSC attendance at LA 14–19 events, LA visits to other LAs within the SRG and LA staff accompanying the LSC on school and college visits.

### Challenges

In terms of further building collaborative relationships, many LAs reported the challenge of not having enough time and staff capacity to, for example, build relationships and reach SRG consensus over ways forward. Many of the more rural LAs found the lack of time for travelling to, and attending, meetings challenging.

In some SRGs the difficulties associated with collaborative working (and the current lack of capacity) were compounded by some LAs reportedly not being fully committed to the transfer, a perceived sense of competition between LAs and the absence, so far, of joint working (in contrast to information sharing). There was also seen to be a need for more information from central sources, for example, from the DCSF and REACT, and clearer communication both at LA and SRG levels.

Providers perceived LAs' reported lack of knowledge of the complex FE system, the current funding system (for example, the complexities of different funding streams for 16–19 year-olds and students over 19 years old) to be the most challenging aspect. Other difficulties included the tensions and competition between establishments, lack of provider involvement in initial partnership and transfer planning and the conflict of interest with LAs as providers (of schools) and commissioners of 16–19 provision and finally the conflict associated with FE colleges as providers and strategic partners with a wealth of experience to contribute.

The LSC were also experiencing challenges in terms of supporting LAs while fulfilling their own responsibilities, especially in the context of decreasing staff numbers.

In terms of collecting learner data, concern was reported with regard to whether the LAs fully appreciated the educational and training needs of 16–19 year-olds, knew exactly what type of data to collect, how to effectively analyse it, and how to ensure there was no duplication of effort across SRGs.

The majority of FE and LSC interviewees reported considerable concern with regard to strategic links between LAs and employers. Additionally, the matching of learner and employer needs and the significance of providing appropriate IAG for learners were also considered to be challenging.

In terms of the commissioning process, the key challenges identified by interviewees were clarifying what the term 'commissioning' means, all parties understanding the detail of the process, managing the complexities of the staff transfer, building up the knowledge of FE and the skills agenda amongst LAs, overcoming the current lack of available resource and meeting the 2010 deadline.

## **The future**

Although there was an overarching lack of clarity with regard to perceived future impact, there was also a view held by a number of interviewees that a workable system at the local level might yield positive impacts and opportunities for young people. It was believed that bringing together responsibility for the whole 14–19 funding phase should mean more effective

planning for the phase, which could respond better to the individual needs of young people and would allow more flexibility for learners in terms of learning opportunities and progression. Additionally, the potential the funding transfer might have in highlighting local needs and raising participation was recognised. There was also some optimism that the young person 'as a whole' could be understood and their needs catered for by more joined-up services.

There was some recognition that the transfer might provide an opportunity for LAs to recognise equality amongst all providers and might open up opportunities for future provision.

As well as the general risk to smooth transition that the overall uncertainty, lack of clarity and short-time scale of transition were causing, interviewees appeared to be concerned that previously identified challenges may turn into risks. Such risks – short-term destabilisation of the FE sector, increased complexity and bureaucracy (unless the SRGs are fully utilised) and the possibility that the complexities of the FE system and the skills agenda may not be fully appreciated by LAs – could be minimised through further central support and consideration of the ways forward documented by interviewees.

Key to the way forward, according to interviewees, was further support, such as more central, detailed information and guidance about how the new commissioning process was going to work in practice, and applied on a regional basis. This should also facilitate the avoidance of duplication and the ability to build on internal capacity. This need for essential clarification was perceived to be one of the main elements of the way forward. This might also serve to elucidate the potential change in structure of LAs under the new commissioning regime, the functions of organisations and groups external to the LA, and the need for direction with regard to the staffing transfer.

Overall one of the other main messages that emerged from interviewees, when asked to reflect on progress needed to take the commissioning process forward, was the need for effective communication between all parties, allied with trust and transparency. An important component of this communication would be two-way dialogue, for example, between senior LA staff and senior college staff, and colleges and training providers proactively engaging with local government

in order to fully contribute to local partnerships in their role in improving the overall provision for young people. Another consideration was that more should be made of SRG capacity as they are in the position to enhance and strengthen the sub-regions.

## 5.2 Recommendations

For transformational change, such as the transfer of funding for 16–19 year-olds from the LSC to LAs, to be successfully implemented, it is perhaps advisable that all parties are consulted and their views are, and are seen to be, listened to. This would encourage all parties to take ownership of the change. It is suggested that all stakeholders might wish to consider the importance of effective communication and dialogue, at all levels between all parties, in order to complete this journey to the successful conclusion of a seamless transition. It was notable in this research that a culture of teamwork, direction and a positive attitude towards the change were key to stakeholders' state of readiness and to building further capacity.

More specifically **LAs and SRGs may wish to consider:**

- maximising SRG development to ensure that there is no duplication of effort, that a wider skills base (where all individual LA's skills are used across the SRG) is established, that there is common understanding between all LAs and providers and that protocols are universally understood and used
- encouraging staff to embrace the change, appreciate the benefits to young people and promote collaborative working within LA departments and across LAs in a SRG, between neighbouring SRGs and between LAs and all providers (including schools)
- acquiring a comprehensive understanding of all providers, including the FE system and its culture, and the 14–19 and skills agenda and listening to and engaging in dialogue with FE colleges, other providers and employers at both strategic and operational levels

- using this as an opportunity to promote equality of provision
- engaging with the LSC to address any concerns (for example, with regard to new job specifications or a different working culture) that staff may have with regard to potentially working for the LAs.

**Providers may wish to consider:**

- dedicating staff to keeping up to date with developments in order to best embrace and contribute to preparations for the change
- engaging in dialogue with LAs and other providers at both strategic and operational levels in order to contribute to a fuller understanding of 16–19 year olds and their educational and training requirements, the complexities of different funding streams and to appreciate the role of local partnerships.

**LGA and REACT may wish to consider:**

- as a matter of urgency, clarifying the position with regard to the staff transfer and providing support and direction to both the LSC and the LAs in order to reassure them that capacity will be transferred and developed (in terms of existing, transferred and new staff) within LAs.

**DCSF may wish to consider:**

- providing detailed explanation and guidance about how the commissioning process will work and the role and functions of organisations and groups, including both the SRG and the LA and those external to the LA such as the YPLA, SFA and RPGs.

**The LSC may wish to consider:**

- how they can best continue to support the LAs not only in terms of sharing information about their business cycle but also with regard to ways to access and build on knowledge of FE, skills and employment
- engaging in dialogue with the LAs to establish the detail of how LAs operate and how their roles would change in the new environment.

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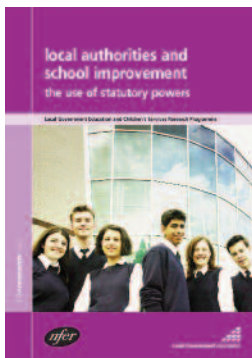
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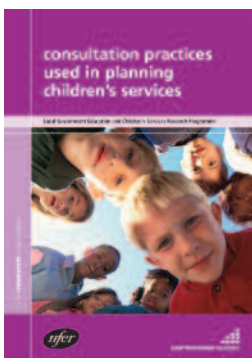
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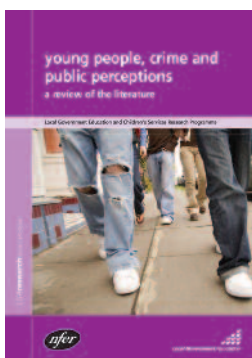
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This report draws on a series of interviews that were conducted with LA officials, school improvement partners and teachers in schools facing challenging circumstances. These interviews provide the basis of a number of key findings about how LAs have used statutory powers and other strategies to support and challenge schools, and a series of recommendations for future developments.

This research is important reading for all local authority staff, policymakers and practitioners concerned with school improvement.