

CORPORATION OF KIDDERMINSTER COLLEGE

Notes from SFA presentation to the Governors/SMT Strategic Forum held on Thursday 18th November 2010 at 17.30 hours

Present	Jonathan Grice, Chair Annie Conway-Petr Mick Cooper David Cory Paul Crowley Andy Dobson Stella Hammond Derek Harrison Tim Mason Anna Place Adrian Ward
In Attendance	Angharad Hale, Clerk to the Corporation Henry Seaton (Head of Provider Accounts, SFA)
Apologies	Sonia Farnaby Harry Grove Kerry Houghton Kevin Sant Karen Stevens Kim Thornywork (Regional Director, SFA) Carol Warren

Presentation from Henry Seaton, Head of Provider Accounts, Skills Funding Agency – ‘*Future Scenarios : Facing up to the challenges*’

The presentation covered 4 areas, shown in bold.

1) Background: Coalition government priorities and role of Skills Funding Agency

The Skills Funding Agency’s intention is to exercise a stewardship and regulatory role for the sector, offering colleges more autonomy and responsibility / greater freedoms than under LSC.

The coalition government have committed to reducing public spending. The budget announced a £17 billion in departmental spending by 2014-15.

Government key goals and ambition have been set out as follows :

- Supporting progression and strengthening supply of technician level skills, particularly through Level 3 Apprenticeships
- Reducing the number of 18-24 year-olds who are NEET
- Opportunities for the unemployed to get the skills needed for work-readiness and sustainable employment
- Inform and empower individuals and employers through independent careers guidance and Lifelong Learning Accounts whilst giving colleges and training organisations the flexibility to respond

- Increased participation in adult and community learning

Colleges will be expected to take on more active role in local communities, for example, in Local Enterprise Partnerships

A range of freedoms and flexibilities for colleges has been announced :

- Removal of the Summary Statement of Activity for post-19 provision
- Single budget for post-19 Adult Learner Responsive and Employer Responsive provision
- No in-year performance management or reconciliation for the activity within the single budget
- No Ofsted inspection for colleges with outstanding performance (in line with the policy announced for schools)

2) Investment in Further Education and Skills: key trends and issues for the sector

The impact of the Comprehensive Spending Review is still unclear and colleges are still working to a range of scenarios, including the possibility of cuts around 25%. The number of colleges with inadequate financial health is forecast to double in 2010/11. Colleges with higher dependency on ALR saw themselves as more at risk.

- For 16-19 funding, colleges will need to take account of the increased competition for the declining 16-19 cohort and the pressure to reduce funding rates in this area. This could mean a reduction of up to 10% for some providers, depending on these factors
- ESF income could also be under pressure due to changes in exchange rates leading to a potential reduction of up to 5%, and procurement will be subject to OCT therefore funding is not a given
- HE will also be under pressure and is facing greater budget cuts as 19+ FE, leading to reductions in rates. It is also possible that HE institutions will cut back on the volumes delivered through FE.
- Savings will be expected to be met as far as possible from efficiencies, not frontline services. There is a Skills Funding Agency £15m shared service development programme to help realise these efficiencies and SFA will be undertaking a benchmarking exercise to highlight potential areas of efficiency.

Examples of actions governing bodies are either taking or considering include; reducing staffing costs through redundancies, reducing use of variable hours staff, staff pay, improve floor space utilisation, upgrade facilities, more effective procurement – such as joint procurement, including for example exam fees, other delivery options

Other organisational models with colleges and other bodies include, taking on new sub-contractors, Federations, more shared services, mergers.

3) How does your college compare?

Key benchmark data for small colleges alongside Kidderminster College data was presented. It was noted that income from 'other' at Kidderminster College is double the average. Governors noted that there are issues for the college in terms of increasing enrolments on apprenticeships, such as employers being unwilling to release staff to come into college and a high percentage of small employers in the Wyre Forest. It was confirmed that Train 2 Gain will be replaced by targeted funding for SMEs in 2011/12.

4) Summary: key issues

Following the presentation summary, issues were raised regarding how realistic SFA policy is in expecting employers and individuals to contribute to training, particularly in lower income sectors.

It was noted that the loans for F.E. that are planned for adult learners in 2013, will work on the same basis as student loans i.e. loan repayments will be contingent upon a specified minimum income.

It was indicated that the only new money likely to be available is European Social Funding. The government has committed to ESF running through to 2020 / ensuring match funding is available. The focus is on hard to reach groups with the 2 priorities being getting people into work / helping those in work to get on.

Issues were raised regarding agreeing priorities with local communities, as Kidderminster College works with diverse communities, some of which are spread nationally. The college was encouraged to consider options for involvement in a Local Enterprise Partnership (LEP) despite the fact that the Worcestershire LEP has not been successful.

Full copies of the presentation can be made available on request to the Clerk to the Corporation.