

A new future for a streamlined funding system

Keith Smith

**Skills
Funding
Agency**

**Department for Business
Innovation & Skills**

Simplified funding

Why do we need to change?

- A streamlined system that is more efficient and provides better value for money.
- Reduces bureaucracy for the sector – process, systems, audit and data.
- More transparency – learners and employers can understand government contributions.
- Builds on freedoms and flexibilities for the sector to deliver and do what's right.
- Tests new ways to link funding for job outcomes.
- A system we can all understand!

Simplification – the wider system

Not just about funding formulas and rules – this is a new approach to the wider system.

New levels of cooperation:

- Openness

- Transparency – also critical for learners and employers – 24+ Advanced Learning Loans

- Customer led thinking

- Gold Standards – not minimum standards

**Skills
Funding
Agency**

**Department for Business
Innovation & Skills**

New accountabilities and cooperation

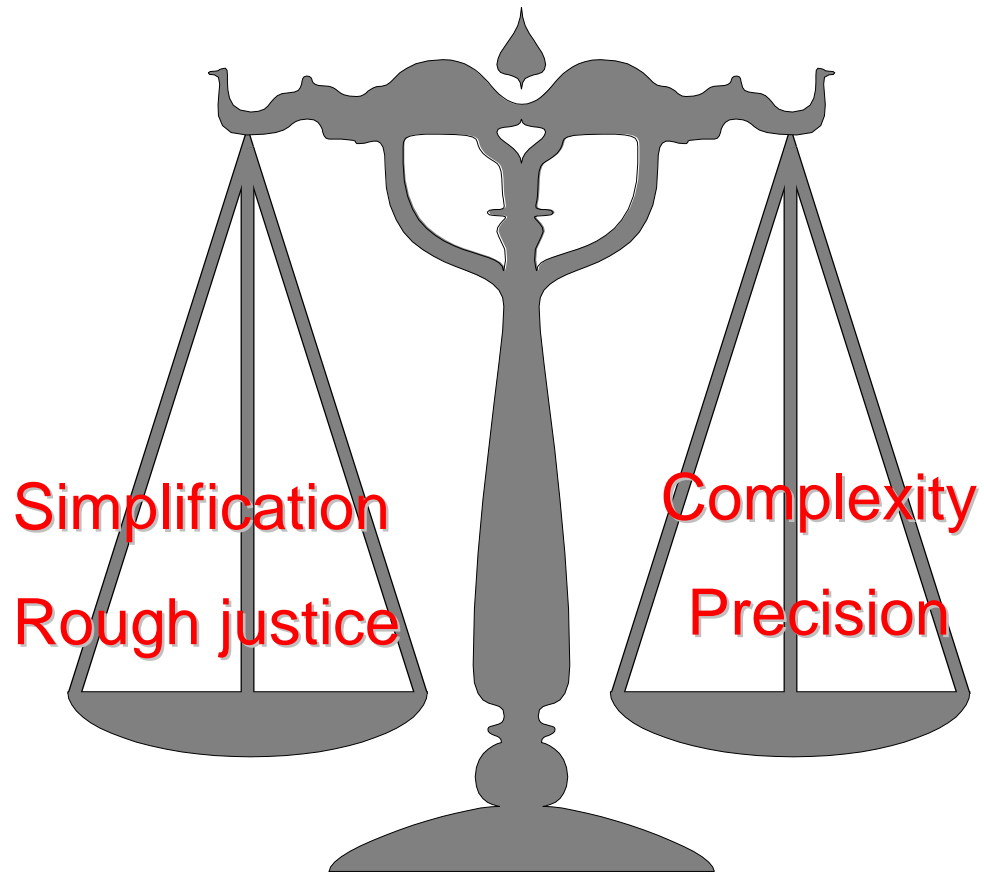
Agency:

- Transparency and openness.
- Developing systems that meet providers' business needs.
- Sharing early versions of software.

Providers:

- Testing beta versions of software
- Trialling simplified rates and funding methodology
- Feeding back about shadow working
- Responsibility and self regulation

The right balance



**Skills
Funding
Agency**

**Department for Business
Innovation & Skills**

How are we simplifying?

- Single adult skills budget to respond to local needs.
- Simplification that works and not just for the sake of it.
- A simple funding formula (£ only!).
- A new basis on which to set rates (credit).
- Simplified funding rates – an end to 000s of variables.
- A single earnings methodology covering all provision.
- Streamlined support funding – ALS/Learner Support.
- New funding rules and associated evidence requirements all in one place.

Next Steps

- New funding system runs in shadow alongside the existing Demand Led Funding system.
- Providers paid based on the current methodologies but prepare for full implementation in 2013/14.
- Final funding policy announced in January 2013 for 2013/14.
- Commit to continue to work openly and transparently with the sector on all new funding policy.

A new future for a streamlined funding system

Keith Smith

**Skills
Funding
Agency**

**Department for Business
Innovation & Skills**