

Priority 2: Improving adult skills

Adult skills are recognised as being vital to increasing national and international competitiveness for employers, and increasing economic and social inclusion. They are at the heart of government policy and provision is undergoing rapid, large-scale change to increase responsiveness to the needs of individuals and employers. These changes have been accelerated to respond to the current economic climate, where there is a need to support employers and individuals in more flexible ways.

Flexibility in responding to a changing economic climate

In the immediate term, as part of the Government's response to the toughening economic climate, we will direct government resources to programmes and actions that seek to support the most vulnerable and at risk from the downturn. In particular, we are focused on:

- encouraging employers to continue to invest in skills and training, when their financial and human resources are under increased pressure
- enabling individuals to develop their skills to increase their flexibility in the labour market.



As announced on 21 October, we will implement new flexibilities in Train to Gain focused on private sector small- and medium-sized enterprises. We will support the Government's announcement on 15 October to spend £100 million to tackle redundancies. This will include targeted use of the European Social Fund (ESF) to flexibly support those at risk of redundancy, or made redundant, as well as use of Train to Gain funds to help employers provide potential employees with the skills they need to enter the workforce. There will also be support for those most at risk from the economic downturn by providing additional advice and guidance through *nextstep*.

Given the significant challenges posed by the current economic climate to employers and individuals we will create greater flexibility for providers to respond to needs by varying the mix and balance of their provision. While we will continue to agree with providers a statement of the targets to be delivered in the coming year, providers will have flexibility to respond to emerging needs and demand from both employers and learners.

Employer-focused provision

Our aim is for all employer-focused provision, including Train to Gain and Apprenticeships, to operate as a coherent and flexible single offer to employers. We will, in particular, ensure that Train to Gain and other programmes are used flexibly to support the needs of learners and employers arising from the current economic situation.

Delivering further success in Apprenticeships

Recent years have seen remarkable progress in Apprenticeships with success rates now at 63% and with greatly increased levels of participation. However, we want to push this figure higher.

April 2009 will see the launch of a fully operational National Apprenticeship Service, which will be responsible for increasing the size of the Apprenticeship programme including achieving the ambition that, by 2019/20, one in five young people will have started an Apprenticeship before the end of the academic year in which they reach their 18th birthday. We expect to see a steady increase in demand from 19- to 24-year-olds and have set our expectation for Apprenticeships for those over 25 at a much higher level than originally assumed, following a very successful first year of the offer.

Housed within the LSC, the National Apprenticeship Service will incorporate a field force and the National Apprenticeship Vacancy Matching Service (NAVMS). The field force will focus on helping more employers to offer Apprenticeships and ensuring that advisers to business and individuals have the information and resources about Apprenticeships they need. The NAVMS is a web-based system that will enable employers to find potential apprentices and vice versa. We will use the management information provided by NAVMS to monitor the extent to which potential apprentices' aspirations are being met through the site.

As part of its goal to promote the availability and quality of Apprenticeships to employer and prospective apprentices alike, in its first year the National Apprenticeship Service will:

- ensure that Apprenticeships for adults grow in response to demand and meet the priority needs of people facing significant employment and skills challenges
- work to stimulate demand, particularly given the downturn in the economy
- increase employer take-up, especially in the public sector
- work with sector skills councils (SSCs) to maximise the breadth and increase the flexibility and responsiveness of Apprenticeship frameworks
- improve the quality of advice, including working closely with Skills Brokers
- improve progression routes into Apprenticeships and from Apprenticeships into higher level skills
- oversee the increase of the minimum wage for apprentices from £80 to £95 per week from August 2009
- run the trials planned in World-class Apprenticeships, including developing Group Training Associations to encourage more smaller businesses to offer Apprenticeships.

Our National Employer Service will also work with blue chip companies to maximise their involvement.

We are also committed to ensuring that full-time vocational courses enable learners to progress to employment as soon as practical. In line with *World-class Apprenticeships*, we will prioritise funding to colleges who deliver vocational education that reflects the real working conditions of the target employment sector and who measure their success by progression to an employed Apprenticeship. We will also:

- ask Ofsted to amend their reporting for these programmes to focus on progression to employment
- ensure that Apprenticeships support progression into HE and to higher level skills.

World-class Apprenticeships has confirmed Apprenticeships bring significant benefits to employers and they are the Government's preferred work-based route for all young people aged 16 to 24. To support this, we will work to ensure that providers and employers offer Apprenticeships to as many employees in this age group as possible.

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Introducing more flexibility and funding for Train to Gain

Train to Gain is the Government's flagship service to help all employers get the support they need to increase the skills of their workforce and improve the performance of their business. We will implement flexibilities in Train to Gain delivery to respond to the needs of employers and individuals resulting from the economic downturn. We will offer more flexible support on specific qualifications and activities, and we will also strengthen the support for individuals to enable them to progress from pre-employment training to continue their training through Train to Gain once in employment. This builds on the approach begun with local employment partnerships and integrated employment and skills trials.

Funding for 2009–10 will be £926 million; this will support substantial learner achievements at all levels and ensure higher numbers of employers are engaged.

As part of a government-wide package, the support available through Train to Gain has been tailored and enhanced to better meet the needs of smaller businesses. A new package of support will help small- and medium-sized,

private sector businesses to get the help they need to help them survive and prosper during tougher economic times.

Some key elements of the new flexibility package for private sector small- and medium-sized enterprises (SMEs) are:

- from January 2009, smaller, focused training programmes in subjects demanded by businesses including business improvement, business systems and processes, team working and communications, sales and marketing, IT user, IT support, customer service, new product design, finance and credit, cash flow and profit management, and risk management
- from January 2009, fully funded Level 2 qualifications and partly subsidised Level 3, regardless of whether the employee already has a qualification at this level
- from November 2008, funding for leadership and management training extended to businesses with between 5 and 10 employees.

This offer will be supported by high-quality learning responding to the particular needs of private sector SMEs and we will be working with colleges and providers to deliver training in a place and way that makes it as easy as possible for private sector SMEs to

access the training they need. We will work with the sector to stimulate, as well as respond to, employer demand through an investment of some £30 million to support the capacity building of the provider base, in addition to the support available through the LSIS World Class Skills programme.

We have worked with SSCs to develop Sector Compacts, which focus support for employers on the most relevant qualifications for that sector. This means that funding is prioritised around the qualifications that best meet industry needs. At the same time, we are working to stimulate demand for higher volumes of skills in return for flexibilities in the Train to Gain service offer to employers.

For 19- to 24-year-olds, Apprenticeships remain the preferred route within Train to Gain, so we will ensure that providers and employers offer Apprenticeships as standard to this age group.

From April 2009 the Skills Brokerage Service will transfer to Business Link. Brokers will continue to work with employers to help them identify their skills needs in the context of their business requirements, and help them to identify the providers and funding to best meet their needs.

Integrating employment and skills

As part of our commitment to introducing greater flexibilities in the way that Train to Gain and other funds are used in order to address the needs arising from the current economic downturn, we will particularly focus investment upon supporting people who are unemployed to progress into sustainable employment with training.

In *Work Skills*, the Prime Minister clearly stated that 'when someone signs up for benefits, they also sign up for skills'. The publication also set out an aspiration for the financial year 2010–11 to see 'over 100,000 people helped to gain sustainable employment and to achieve a recognised qualification'.

In addition to these policy announcements, from summer 2009 pilots will be run to test circumstances where it will be compulsory for jobseekers to take skills health checks and attend suitable provision. The recently published welfare reform Green Paper, *No one written off*, contains further proposals to extend these requirement to other benefit claimants. If implemented, this would mean that colleges and providers will need to be equipped to respond to these referrals with flexible and relevant provision.

Colleges and providers will need to be in touch with the needs of the local labour market and tailor their offer accordingly. Common barriers to learning experienced by those seeking work often require an offer of flexible start dates, part time provision, and the ability to continue with their learning at the point of entering work.

However, integrating employment and skills services is about more than just helping individuals into Entry Level jobs. Instead, it aims to engage people in the development of their skills to improve their ongoing career prospects and help them enter sustainable employment. As part of our ongoing response to this, throughout 2009/10, we will expand trials of an integrated employment and skills (IES) service with a view to a national roll out by 2010/11.

In the early trials of IES in five regions from 2008/09, and in the national roll out by 2010/11, we will expect providers to build strong relationships with Jobcentre Plus and with employers to ensure that they are aware of the needs of the local labour market. This will enable them to play an active role in linking pre and post employment programmes and ensuring that learners experience a seamless journey, even if they secure employment before finishing their course. Colleges and providers should focus their offer on delivering the skills needed to provide learners with the best possible chance of sustainable employment and progression.

At the same time, we need to encourage employers to not only train but to recruit and train. Colleges and providers can help to do this by ensuring that the local labour pool is equipped with the skills employers and the local economy need, and by working with the LSC and Jobcentre Plus to further develop employer-led provision for those that are out of work, such as through local employment partnerships. We will work with Jobcentre Plus and the advice services to ensure there is mutual understanding of our respective offers and funding opportunities. That in turn will enable providers to offer a seamless recruit and train service, backed up by the developing adult advisory and careers service. The result will be a coherent overall offer to adult learners and jobseekers.

A new £100 million package to support newly redundant workers over the next three years building on IES trials was announced in October. The funding will be available for people who are currently facing redundancy and those looking for work to help them retrain and develop their skills, and will enable people to access a range of approved training providers with the aim of helping them move quickly back into sustainable employment.

2012 Olympics and Paralympics

The LSC is developing a national Olympics and Paralympics strategy that will support the raising of skills across all sectors, creating opportunities for the disadvantaged and providing relevant capital investment, to ensure the events are successful and that they leave a sustainable legacy of programmes and facilities.

Adult Learning

The Education and Skills Bill currently going through Parliament will amend the Learning and Skills Act 2000 to place new duties on the LSC in relation to adult learners. Subject to the successful passage of the Bill, it is intended that the new duties will come into force in readiness for the 2009/10 academic year. We will work with DIUS to implement these changes.

Level 2 and Level 3 learning

We have skills indicators for 2011 to significantly expand the proportion of the adult population qualified to at least Level 2 (79%) and Level 3 (56%) as part of the Government's commitment to world-class skills.

While there will be a strong focus on meeting more flexibly the skill needs of small businesses and learners threatened with unemployment, the Government's ambition on raising the skills of the adult population remains. Qualifications at Level 2 and Level 3 provide a firm foundation for business productivity, for sustained employability and progression.

Improving literacy and numeracy

We will ensure that by 2010/11:

- 390,000 learners achieve their first Entry Level 3 or above numeracy qualification
- 597,000 learners achieve their first full Level 1 or above literacy qualification.

To boost numeracy achievement, we will be encouraging providers to offer numeracy assessments to their literacy and language learners. We will also be encouraging more embedding of literacy and numeracy as part of a number of actions supporting the refreshed Skills for Life strategy which will be set out in DIUS' forthcoming delivery document.



English for speakers of other languages

Following the public consultation on focusing ESOL more effectively on community cohesion, we will test and roll out a new approach to ESOL provision. We will prioritise the engagement and progression of those people identified at local level as being the most vulnerable and at risk of exclusion and for whom better English skills will improve employability, access to services and integration. Provision will be shaped to respond to these locally identified priorities and contribute to improved community cohesion.

Developing the Foundation Learning Tier

In 2009/10, Progression Pathways within the Foundation Learning Tier (FLT) will become part of mainstream provision. This will have an impact on both 16–18 and 19+ provision. Progression Pathways support the FLT strategy to increase engagement among young people and adults, raise learner achievement and improve progression into further learning and/or employment, such as a first full Level 2, skilled work (including an Apprenticeship), or supported employment or independent living.

It is expected that, over time, all learners working at Entry Level and Level 1 will be doing so within the context of a Progression Pathway.

During 2009/10, Progression Pathways will begin to replace current programmes like Entry to Employment and Foundation Learning in FE. As a guide, in 2009/10 we expect at least 30% of starts in Foundation Learning to start on Progression Pathways. The revised Prospectus for Progression Pathways provides the 'blueprint', identifying what options there are for learners within Progression Pathways and how learners should be supported to progress. An accompanying catalogue will identify the full range of eligible and appropriate qualifications for inclusion in Progression Pathways.

Investing in Developmental Learning

We will continue to invest in Developmental Learning, to support additional curriculum flexibility. We expect a key priority for funding in 2009/10 will be provision for LLDD whose needs may not be met by Progression Pathways, Skills for Life or provision at or above Level 2. Developmental Learning will also support trade union provision and broadly maintain the current volume of Level 4 learning.

Supporting Adult Safeguarded Learning/ Former External Institutions and Specialist Designated Institutions

In recognition of the importance of learning for its own intrinsic value, in 2009/10 we will maintain the annual budget available to support Adult Safeguarded Learning – that is, learning for cultural, leisure, community development and personal fulfilment purposes. In line with the principle of general access to personal, community and developmental learning (PDCL) provision, appropriate levels of fees should be set and collected from learners who can afford to pay.

The PCDL partnerships formed in 2007 have matured into coherent co-ordinating bodies for PCDL activity and are working to create an offer of needs-led, high-quality and cost-effective programmes. The next

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phase in the development of the partnerships is to expand their planning remit to the other components of adult safeguarded provision in their area.

Safeguarded learning also covers activities such as Neighbourhood Learning in Deprived Communities (NLDC) and Family Literacy, Language and Numeracy (FLLN).

We have undertaken a review of Specialist Designated Institutions and Former External Institutions funded through the adult learner-responsive budget. Many of these providers play an important role in delivering adult safeguarded provision, and the review has highlighted the important interdependencies between the personal and community development curriculum and the wider FE offer. Recommendations falling out of this review, therefore, will be taken forward in line with the outcomes from the consultation on informal adult learning.

The funding for adult safeguarded provision will be maintained for 2009/10.

Supporting offender learning

Offenders in custody and those serving their sentence in the community are among the most disadvantaged groups in our society – not least because disproportionately high percentages have no qualifications, inadequate literacy and numeracy skills or suffer from mental ill health. As such, offenders remain an important investment priority for us.

We will continue to work closely with the National Offender Management Service to ensure that offenders have access to a core learning and skills offer that reflects the offer in the wider mainstream learning environment.

The process for re-tendering the Offender Learning and Skills Service will be completed by August 2009 when new five-year contracts will be in place in each of the nine English regions.

Setting up the Adult Advancement and Careers Service

Following the publication of the White Papers *Opportunity, Employment and Progression* (2007) and *Work Skills* (2008), we are working towards establishing a new Adult Advancement and Careers Service (AACS) in England by autumn 2010. In preparation, we have put in place enhanced careers and information and advice service, branded *nextstep*, and transferred the learndirect national telephone and web careers advice service to the LSC, where it has become the Careers Advice Service. We will:

- strengthen the capability of local *nextstep* services and the links with young people's information, advice and guidance services
- develop the national Careers Advice Service
- build referral systems to ensure that transfer between national and local systems is seamless.



In addition, we have commissioned ten 'prototypes' for the AACS (as announced in the prospectus *Shaping the future – a new adult advancement and careers service for England* published on 29 October 2008).

The prototypes will test innovative ways of joining up wider sources of advice at local level. Findings from these will help to shape the new service going forward.

The new AACS will be the place to which people turn when they need advice and support on anything involved in getting on in learning, work and life. Through telephone, web and face to face services, it will provide a universal offer – for all those in and out of work – and will also provide targeted support, focusing on those who face specific barriers to progression, including the low-skilled in work and those facing redundancy. It will also work hand in hand with Jobcentre Plus to provide a seamless service for those who are out of work and on benefits, to help them into sustainable employment.

Introducing Skills Accounts

Skills Accounts are being developed during 2008/09 and 2009/10 for full roll out from 2010 through to 2015. They are an integral part of the offer to individuals, together with the adult advancement and careers service, and will over time become the single way in which individual adults access public funding to support their learning. They will also be a key vehicle for raising demand amongst all adults.

Skills Accounts will give people:

- early confirmation of how much financial support they could be entitled to and a voucher with which to request training from a provider
- a record of their skills and qualifications that they can take with them through life
- a clear statement showing how much the state, employers and they are investing in their training.



They will also be offered to all Jobcentre Plus clients receiving an integrated employment and skills offer in partnership with *nextstep* services, to support further progression when in work.

We will operate trials in all regions in England in 2009/10, involving online access to Accounts and working with colleges to extend the use of Skills Account vouchers as a trigger for course enrolment.

Balancing costs between government, employers and learners

We will continue to focus on ensuring that colleges and other providers secure financial contributions towards the costs of learning from employers and learners. The aim is that, where learning is not fully funded, the costs for learning are shared 50/50 between government and the employer or individual. We have been working towards this level since 2004. In 2009/10, the assumed contribution from employers or individuals will be 47.5% and we will reach our ambition of 50% in 2010/11.

In 2008, we introduced a national framework for setting and monitoring income generation targets for adult learner responsive provision across college providers. This introduced national consistency and a robust benchmarking system. We also included targets for fees and privately generated full-cost income on the principal funding schedule in the Summary Statement of Activity for each provider.

We are now reviewing progress against our ambitions and assessing the impact of policy changes such as the extensions to the Train to Gain service. For 2009/10, we will concentrate our efforts on supporting those colleges and other providers whose relative performance on income generation is below the national average.

Our programme of support will continue and intensify over the next two years and we will:

- conduct further work into target setting and fee structures
- review and communicate examples of good practice
- further develop the supporting toolkit and support package
- review how performance on income generation is assessed within the Framework for Excellence.



Priority 3: Reforming the FE system

To underpin the major changes in policy across programmes for young people, adults and employers we will implement a range of changes to the FE system.

Supporting specialisation

Specialisation policy is about helping providers respond more effectively to employer needs. We will sponsor a range of programmes to support increased specialised training provision, including National Skills Academies, the Training Quality Standard, capital funding to support specialisation and innovation, and Innovation Pathfinders.

Targeting capital investment

Capital investment is a key part of our drive to boost productivity, innovation and competitiveness. We will build upon the major success of recent years and will invest £2.3 billion to 2011 to support modernisation, reorganisation, the creation of world class facilities and enable colleges and providers to respond to strategic skills needs. We will ensure that through DIUS and DCSF's college and school building programmes that successful contractors have a formal training plan in place and provide access to Apprenticeships for their project workforce.

In particular the capital programme will support the following objectives:

- delivering transformational change in the learning environment and experience for learners and employers, including (where appropriate) access to other services through co-location of facilities on school and college sites
- securing the right organisational solution in each local area
- ensuring that qualifying 14–19 capital projects in the FE and schools sector are funded appropriately
- supporting projects to enable colleges and providers to offer specialist training to respond to strategic skills needs
- supporting sustainability and reduction of the FE sector's carbon footprint and encouraging innovation in sustainable design and construction
- ensuring capital investment as a catalyst for community regeneration
- extending the availability of capital to private providers and encouraging new providers as part of securing new high quality provision
- enabling appropriate partnership working at local level so that maximum value can be secured from both LSC and Building Schools for the Future (BSF) investment to deliver the 14–19 offer across an area.

Raising quality and delivering the Framework for Excellence

The quality of learners' experiences is of paramount importance to us. The sector has continued to mature and demonstrate improved standards, but there is further to go. Our expectations remain high, and we want to secure continuous improvement across the sector.

To do this, we will implement the Framework for Excellence (FFE). As part of our strategy to commission the best provision, we will continue to analyse providers' success rates against minimum levels of performance and apply these levels to the latest available full-year data.

Minimum levels of performance represent the absolute minimum success rate performance, and as such will continue to be reviewed annually and raised and differentiated to reflect improvements made by the sector.

For 2008/09, we set an indicative minimum level of performance for Train to Gain. This indicative level will continue for one further year, giving colleges and providers more time to familiarise themselves with the success rate methodology introduced in 2007. The minimum level will then be applied to 2008/09 performance data for all employer responsive provision (excluding Apprenticeships, which will operate under a separate minimum level). This will ensure a consistent approach across all colleges and providers.

For Apprenticeship provision, our decisions about continued contracting, growth and tendering will be driven by performance at sector subject area level rather than framework level. This approach links better to our desire for sustainable relationships with colleges and providers by allowing us to focus our attention on performance in the context of their wider capacity and capability.

We are also supporting more coherent approaches to quality assurance of school sixth forms. Building on the work undertaken to date as part of the School Sixth Form Challenge and Support programme, we are working on the development of comparable data on achievement and retention for all post-16 provision. This data will be used to inform the joint LSC/LA dialogue and assist LAs in briefing their school improvement partners to help school self-assessment. We will ensure that the FfE is aligned with the balanced scorecard approach announced by the Secretary of State for Children, Schools and Families.

Reforming the vocational qualification system

The development and implementation of the new Qualifications and Credit Framework (QCF) is the centrepiece of vocational qualification reform and the LSC has now formally been given responsibility – working with QCA, OfQual, SSCs and Awarding Bodies – for the delivery of the QCF service.

Table 1: Minimum levels of performance for 2008/09 and 2009/10

Programme/qualification type	2008/09	2009/10
FE long qualification Entry and Level 1	55%	60%
FE long qualification Level 2	55%	60%
FE long qualification Level 3	55%	60%
A-levels	75%	75%
FE long qualification Level 4 or higher	55%	58%
FE short qualification (all levels)	62%	62%
Apprenticeships (full framework)	45%	50%
Advanced Apprenticeships (full framework)	45%	50%
Train to Gain	65%	65%

We are working with key partners to ensure that the planning, funding and performance systems to support the QCF are put into place and that all parties have a full understanding of how to use the framework. This is particularly important in relation to current information, advice and guidance services and the new adult advancement and careers service, so that they are able to support employers and learners to make the right choices. We will also be looking to integrate as far as possible the developing IT systems for QCF with Skills Accounts and on-line learner registration structures to create an integrated approach.

The QCF will be based on Sector Qualifications Strategies (SQS). All 25 sector skills councils (SSCs) have started the work of writing their own SQS, setting out the strategic requirements for qualifications within their sector. The SQS also includes an action plan which advises us which qualifications are priorities for public funding.

From August 2009, we will start to actively focus funding on qualifications that are within SQS action plans, accredited into the QCF and which meet our criteria for funding. We will publish a list of all QCF qualifications (where available) identified as priorities for public funding, alongside those National Qualification Framework (NQF) qualifications which will no longer be supported.

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Simplifying systems and processes

We will implement a range of measures in pursuit of simplifying systems and processes in the interests of learners and businesses. In 2009/10 we will:

- implement an integrated allocations process for 16–18 provision
- embed the fairer funding methodology to ensure more equitable funding for common activity across 16–19, adults and employers
- operate through a single contract with larger providers
- ensure the Train to Gain skills brokerage service is effectively embedded in the new integrated brokerage service to be offered by Business Link from April 2009
- develop and implement an employer engagement strategy to ensure employers receive a joined-up service
- implement the new Qualifications and Credit Framework
- apply the Framework for Excellence as a single performance management framework.

Supporting self-regulation

The LSC will support self regulation in and by the sector. We will continue to work with the FE sector through the Single Voice for Self-Regulation (in Further Education) to understand the proposition for self-regulation. In particular we will:

- consider the appropriateness of external versus self-regulation as we develop policies and processes that have a regulatory impact
- engage with the sector-led gatekeeping groups (*the information authority*, the Bureaucracy Reduction Group and the FE Communications Panel) to ensure that regulation is transparent, accountable, proportionate, consistent and targeted only where action is needed
- support development of self-assessment and peer review mechanisms
- implement commissioning and funding policies that give greater autonomy and freedom to individual colleges and providers to respond to the needs of the individuals and communities they serve.

Supporting equality and diversity

Since the publication of our Single Equality Scheme in 2007, we have delivered a comprehensive programme of support to providers to help them take a single equality approach. This has been welcomed by providers, particularly in light of the proposed Equality Bill. To harness the best practice shared through this programme, we will produce a new toolkit for providers in 2008/09, and focus on ways to help the sector meet the needs of their diverse communities. We will particularly address the inequalities and under-representation in Apprenticeship provision, and work to break down occupational segregation and stereotyping.