

LSIS Brief Guide

LSC Statement of Priorities



Introduction

1. This paper summarises the LSC's annual statement of priorities for 2009-10, published in November 2008¹. This statement of priorities is found in a document entitled *Government Investment Strategy 2009-10, LSC Grant Letter and LSC Statement of Priorities*. This paper briefly reviews the grant letter and then focuses on the Statement of Priorities.

Background

2. The Learning and Skills Council (LSC) was created in 2001, succeeding the Further Education Funding Council (FEFC) and the Training and Enterprise Councils. It is responsible for the planning, funding and performance management of the further education sector in England.
3. Each fiscal year, the LSC receives a grant from the Government, and publishes a statement of its priorities for the coming year. This year's grant comes in the midst of the ongoing economic crisis. The Government has committed to supporting skills training and investment in a bid to combat the economic downturn and maintain Britain's competitiveness in the global market.

The grant letter

4. The LSC will receive a total grant of £12,157,882,000 from the Government for the 2009-10 fiscal year. This is an increase of more than £475 million in absolute terms from the 2008-09 budget (LSC, p. 21).
5. The budget is largely divided between 'youth participation' and 'adult participation' segments. Almost £6.7 billion will go towards youth participation activities. Of this, about £3.5 billion will go to 16-19 FE, about £2.1 billion to sixth forms, and £675 million will go towards apprenticeships (LSC p. 20).
6. The adult participation budget comes to more than £3.3 billion. This is divided under three headings. 'Adult learner responsive' programmes, including Skills for Life and full Level 2 and 3 qualifications, gets £1.7 billion. 'Employer responsive' qualifications will receive £1.3 billion, further divided between Train to Gain (£926 million) and apprenticeships (about £366 million). The remainder of the budget will go to adult safeguarded learning (£210 million) and offenders' learning (about £125 million) (LSC p. 20).

¹ Available at: <http://readingroom.lsc.gov.uk/lsc/National/nat-statementofpriorities200910-nov08.pdf>

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7. The LSC will fund about £1.1 billion in learner support and development, and £819.8 million in capital grants (LSC, p. 21).
8. The LSC also forecasts its outputs for the coming fiscal year. These include:
 - a total youth participation of 1,484,000;
 - adult participation of 3,277,000, including 254,000 post-19 apprenticeships and 949,000 through Train to Gain;
 - 129,000 apprenticeship completions (LSC, p. 22-3).

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9. In their foreword, the LSC's chair and chief executive state that the Statement of Priorities underlines *our commitment to respond to the prevailing economic conditions. In learning and skills, our focus must be on ensuring that government investment is directed towards areas of greatest need, for the benefit of young people, adults and employers*'. This includes *'growing a learning and skills offer that is relevant and attractive to all'* and making the sector more flexible and demand-led (p. 24).
10. *'A particularly significant area of investment is numeracy: government funding will support an increase in numbers of learners here, as part of the new Foundation Learning Tier'* (p. 25). The new Adult Careers and Advancement Service will focus on *'learner progression'* (Ibid.)
11. The LSC sets itself three priorities for the coming fiscal year:
 - *meeting the needs of young people;*
 - *improving adult skills;*
 - *reforming the FE system* (p. 26).

Meeting the needs of young people

12. The Public Service Agreement which governs the LSC's work defines *'young people'* as those aged 16 to 19, but the LSC's own definition also includes its programmes aimed at learners aged 14 to 16, and *'those aged between 19 and 25 with learning difficulties and/or disabilities (LDD)'* (p.26).
13. In meeting the needs of its young constituents, the LSC commits to the following work plans:
 - *continue to identify groups of young people facing complex and deep-rooted barriers to learning, and work with partners to overcome those barriers;*
 - *'alongside LAs [local authorities] and providers, deliver the September Guarantee as part of our work to reduce the numbers of young people described as not in education,*

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employment or training (NEET), involving ‘a new approach that concentrates on re-engagement, combining a targeted two-day programme of personal and social skills and functional skills development, with the wider Key Stage 4 (KS4) curriculum’;

- *alongside LAs and providers, deliver the September Guarantee as part of our work to reduce the numbers of young people described as not in education, employment or training (NEET);*
 - *‘encourage more flexible and responsive provision for young people’, including the continued implementation of the Foundation Learning Tier, nurturing the 14-19 Diploma programme and its delivery consortia, and piloting ‘the highly successful Young Apprenticeship Programme using Higher Diplomas as the underpinning qualification’;*
 - *tackle equality and diversity issues in work-based learning;*
 - *‘increase the number of Apprenticeships, particularly in occupational sectors which currently offer proportionally fewer places’, which incorporates the establishment of the National Apprenticeship Vacancy Matching Service (NAVMS), ‘which will make it much easier for all young people interested in Apprenticeships to find out what opportunities are available in their area or occupation’;*
 - *‘better meet the needs of learners with learning difficulties and/or disabilities’, including increasing the numbers of these learners who participate in apprenticeships, implemented the ‘refreshed’ Mental Health Strategy, using Investment for Change funding to improve local provision for those with learning difficulties, and finding ‘better ways to identify young people in learning who have LDD and their carers, so that they are aware of the full range of provision and support available to them’;*
 - *deliver, through providers and partners the 14–19 entitlement, as described in ‘Delivering 14–19 Reform: Next Steps’;*
 - *‘deliver learner support which helps young people participate and attain’, involving work with 14-19 Partnerships, local authorities and guidance services, and the introduction of a ‘common application process’ by 2010;*
 - *continue to increase the numbers of young people achieving Level 2 and Level 3 qualifications by age 19, and;*
 - *narrow the gap in attainment at every level between those in high-income and low-income households (p. 26-28).*
14. The LSC will also work to ease the transition of control over 14-19 provision from itself to local authorities. To accomplish this, the council will:
- *work with LAs and in 14–19 partnerships to deliver the 14–19 reforms set out in the DCSF document ‘Delivering 14–19 Reform: Next Steps’, published in October 2008;*
 - *support providers to ensure that the system maintains its effectiveness and efficiency, delivering value for money throughout the transition and once the new arrangements are in place;*

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- *work with LAs throughout the transition year to help them better understand the planning and commissioning process and build their expertise* (p. 26).

Adult skills

15. The LSC also establishes an ambitious and wide-ranging agenda to improve adult skills, as follows:

Reforming Train to Gain

16. The LSC avers that *'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'* (p. 30).
17. One part of the LSC's programme is maintaining *'flexibility in responding to a changing economic climate'* (p. 30). Under this strand of work, the council will encourage both employers and employees to enroll in training courses to maintain and increase their competitiveness in the wider market. To encourage this, the LSC is reforming Train to Gain to allow employers and learners to receive funding for courses that do not add up to a full qualification, among other reforms. *'From January 2009,'* the LSC will fund *'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'* (p. 32).
18. Other Train to Gain reforms include (from January 2009), *'fully funded Level 3 qualifications and partly subsidised Level 3, regardless of whether the employee already has a qualification at this level'* and the extension of funded leadership and management course to small enterprises (those with *'between 5 and 10 employees'*) (p. 32). Also, Train to Gain funding has been increased significantly, at least in absolute terms, from £797 million in 2008-09 to £926 million in 2009-10 (p. 20).
19. Although the Government has agreed to fund training courses that do not lead to qualifications, the LSC states that *'the Government's ambition on raising the skills of the adult population remains'*, adding that *'qualifications at Level 2 and Level 3 provide a firm foundation for business productivity, for sustained employability and progression'* (p. 34)
20. From April 2009, Train to Gain's brokerage service will be transferred 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'* (p. 32). Business Link is a Government website, whose advice services are funded by the Regional Development Agencies (RDAs)

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Apprenticeships

21. The biggest initiative under the heading of adult apprenticeships is the establishment of the National Apprenticeships Service (NAS) in April 2009, *'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.'* It will comprise *'a field force'* and the National Apprenticeship Vacancy Matching Service (p. 31).
22. The LSC statement includes a work plan for the first year of the NAS. The 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* (p. 31).
23. The LSC's National Employer Service will work to increase the number of apprenticeships provided by *'blue chip'* companies. The LSC will also ensure *'that full-time vocational courses enable learners to progress to employment as soon as practical'* (p. 31).

Integrating employment and skills

24. The council ties itself to the wider Government agenda to integrate the provision of benefits and employment services with skills and training. For example, *'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'* (p. 33).

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25. For its part, the LSC *'will expand trials of an integrated employment and skills (IES) service with a view to a national roll out by 2010/11'* (p. 33). In addition, *'a new £100 million package to support newly redundant workers over the next three years building on IES trials was announced in October'*. The LSC will work closely with Jobcentre Plus to implement the new IES service, and will also work with that body and local councils to increase employer-led provision and ensure the correct mixture of skilled workers for each local authority (p. 33)The Adult Careers and Advancement Service and Skills Accounts
26. An Adult Advancement and Careers Service (AACCS) will be operational from autumn 2010. It will provide a *'universal offer'* for those in or out of work, and also targeted support for those who face barriers to learning or work, or who have been made redundant. It *'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'* (p. 36).
27. In preparation for the establishment of the AACCS, an *'enhanced careers and information and advice service'* called nextstep has been established, and learndirect's careers advice helplines and website have been transferred to the LSC and renamed the Careers Advice Service. The LSC will continue to develop these services, and is establish 10 pilot programmes that will inform the development of the AACCS. It will also establish *'referral systems to ensure that transfer between national and local systems is seamless'* (p. 36).
28. The LSC will also continue to develop Skills Accounts, which will be trialled in 2009/10 and fully introduced between 2010 and 2015 (p. 36-7). By the end of this period, they will be the *'sole way'* learners obtain public funding for training (p. 36). They will also be offered to all Jobcentre Plus clients *'receiving an integrated employment and skills offer'* (p. 37). The accounts will include:
 - *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* (p. 36).

Division of costs between employers, learners and the state

29. The LSC is continuing to adjust the formulae by which training costs are shared between individual learners, their employers, and the government. In 2009/10, the LSC has set a formula by which *'the assumed contribution from employers or individuals will be 47.5 percent and we will reach our ambition of 50 percent in 2010/11'* (p. 37).
30. *'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'*. In 2009/10, the LSC will focus on supporting those providers *'whose relative performance on income generation is below the national average'* (p. 37)

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Other adult skills measures

31. The LSC has targets on literacy and numeracy, namely that *'390,000 learners achieve their first Entry Level 3 or above numeracy qualification'* and *'597,000 learners achieve their first full Level 1 or above literacy qualification'*. Providers will be urged to assess learners' numeracy skills (p. 34). In a related vein, the LSC is also committed to meeting the Government's overall target to increase Level 2 and Level 3 attainment (to 79 and 56 percent of the working-age population by 2011) (p. 34). The LSC is also continuing to develop the Foundation Learning Tier, and in 2009/10 the Progression Pathways aspects of this programme *'will become part of mainstream provision'* (p. 35).
32. The LSC is also developing a skills plan for the 2012 Olympics and Paralympics *'that will support the raising of skills across all sectors, creating opportunities for the disadvantaged and providing relevant capital investment'* (p. 34)
33. Regarding offenders, the LSC, through the Offenders' Learning and Skills Service (OLASS) *'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'*. A process of re-tendering all of OLASS' contracts will be completed in 2009 (p. 36).
34. The LSC *'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'*, and *'will continue to invest in Developmental Learning, to support additional curriculum flexibility'* for people with learning disabilities (p. 35).
35. Finally, the LSC will adopt a new scheme for ESOL provision, which *'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'*.

Reforming the FE system

36. The final priority for the LSC in the coming fiscal year is to participate in the continuing reform of the FE system. There are seven areas in which the LSC will work to support the continued transformation of FE, as follows:.

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1. Specialisation

37. The LSC believes that increasing specialised provision helps FE institutions respond better to employer needs. To this end, the council will aid *'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'* (p. 38).

2. Targeting capital investment

38. The LSC will spend £2.3 billion on capital projects in FE to 2011. Its goals in pursuing this programme of spending are:
- *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 organizational 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 (p. 38)*

3. The Framework for Excellence

39. The LSC will implement the Framework for Excellence. It will also *'continue to analyse providers' success rates against minimum levels of performance and apply these levels to the latest available full-year data'* (p. 38).

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40. Regarding Train to Gain, the Statement of Priorities notes that for 2008/09, *'we set an indicative minimum level of performance for Train to Gain'*, and adds that *'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'* (p. 38) *'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'* (p. 39), while *'more coherent approaches to quality assurance'* for sixth forms will be considered (p. 39).

4. Vocational qualifications reform

41. The centrepiece of this effort is the new Qualifications and Credit Framework (QCF). Responsibility for implementing this has been given to the LSC, jointly with Ofqual (the new qualifications regulatory), the Sector Skills Councils and awarding bodies. The council *'is 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'* (p. 39).
42. The QCF is based on Sector Qualification Strategies (SQSs) drafted by the 25 Sector Skills Councils. The councils have begun compiling these strategies. From August 2009, *'the LSC 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'* (p. 39).

5. Simplifying systems and processes

43. The LSC has a detailed action plan around simplification, under which it 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 (p. 40)*

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6. Supporting self-regulation

44. The LSC undertakes to support the FE sector's self-regulation project. Specifically, it will *'consider the appropriateness of external versus self-regulation as we develop policies and processes that have a regulatory impact'* and engage with sector-led groups like 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'*. The LSC will also *'support development of self-assessment and peer review mechanisms'* and adopt funding and commissioning mechanisms that offer providers more autonomy to meet local needs (p. 40).

7. Supporting equality and diversity

45. The LSC developed a Single Equalities Framework in 2007. It *'will produce a new toolkit for providers in 2008/09'* on equalities and diversity, and *'particularly address the inequalities and under-representation in Apprenticeship provision, and work to break down occupational segregation and stereotyping'* (p. 40)

Conclusions

46. The LSC's priorities, as one might expect, continue recent proposals to implement the Leitch agenda around improving skills and implementing a demand-led system, as well as establishing a unified adult careers and advancement service. The LSC is also committed to carrying out the policies announced in the machinery of government reform plan, which see the transfer of funding responsibility for 16-19 provision from the LSC (which will be abolished) to local authorities.
47. The LSC is also energetically pursuing the Government's commitment to expand the apprenticeships programme, a major policy theme throughout the year. The new agencies in charge of handling apprenticeships will be under the LSC until its dissolution (when they pass to the Skills Funding Agency).
48. Perhaps the most interesting part of the Statement of Priorities for FE professionals is the council's commitment to self-regulation, including a pledge to consider the sector's self-regulatory proposals its designing its own rules, regulations and commissioning rules. At the same time, it does not go into a great deal of detail as to how this pledge will interact with other aspects of its agenda to reform FE.

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49. The LSC also commits to £2.3 billion in capital funding to 2011. It is not clear from the document whether this is the same capital spending that the Chancellor of the Exchequer, Alistair Darling, pledged to bring forward into the 2009-10 fiscal year in his Pre-Budget Report², which was published the week after the Statement of Priorities.

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² http://www.hm-treasury.gov.uk/prebud_pbr08_repindex.htm

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