

Specific measures to combat the crisis

16. Since October 2008, when the full scale of the financial crisis first became apparent, the Government has opened new funding streams and support programmes to help workers and businesses cope with the downturn. This section will be regularly updated as new measures are introduced and as more details become available about how they will be implemented.

17. In chronological order, these are:

October 15th

18. DIUS and the Department for Work and Pensions **announced** that they would divert £100 million of European Social Fund (ESF) money to support the unemployed. This will fund retraining and skills courses for workers who are made redundant. The money will be carefully targeted, for example on people from sectors experiencing significant job losses and on people who need support to move back into work. The £100 million will be disbursed over three years.

October 21st

19. The Department of Business, Enterprise and Regulatory Reform (BERR) **unveiled** a package of measures designed to support small and medium enterprises (SMEs). These included a commitment that the Government would pay all contractors within 10 days, and offers of health checks and information on credit and financial management.

October 22nd

20. DIUS **announced** a £350 million package for SMEs, to *'help small businesses get through the tougher economic climate by building the skills and expertise of their workers'*. This money is derived from the Train to Gain budget. The definition of SME includes all private businesses with 250 employees or fewer, and excludes the public sector. A key element is that DIUS will allow funding to be used for *'bite-sized chunks - small units or modules of qualifications in subjects known to be important to SMEs, such as business improvement, team-working, customer service, and risk management'*. Unaccredited training, however, will remain ineligible. Other measures in the package include:

- increased Level 3 funding;
- giving SMEs access to DIUS' management and leadership programmes;
- offering skills diagnostics and audits to companies, conducted by skills brokers; and,
- a new communications campaign on the benefits of training;

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21. A major feature of this programme is that it allows funding for courses that do not lead to a full qualification, a major departure from previous Government policy. The Leitch Review placed a heavy emphasis on increasing the proportion of the working-age population with full Level 2 qualifications, and Government policy had tended to focus on that goal and restrict funding to courses that did not lead to a full qualification.
22. The DIUS scheme also includes more funding for Level 3 qualifications, and gives managers at SMEs access to DIUS management and leadership programmes. It also funds skills diagnostics and audits for companies, conducted by skills brokers.

October 24th

23. In a speech to the Confederation of British Industry (CBI), John Denham, the DIUS secretary, [announced](#) £98 million for training in key sectors. These include the chemicals industry, pharmaceuticals, nuclear power, petroleum, engineering construction, and the broadcast media. The funds will be used to deliver bespoke training for (a) the chemical, pharmaceutical, nuclear, petroleum, (b) engineering construction, and (c) broadcast media industries. The money will be drawn from the existing Train to Gain budget and builds on seven existing compacts in important sectors including engineering, technology, hospitality, process and manufacturing. This money is also drawn from the Train to Gain budget.

November 12th

24. DWP [announced](#) a doubling of the budget for Jobcentre Plus's Rapid Response Service, to £6 million. The Rapid Response Service provides services including *'skills matching, help with job search skills and access to training and reskilling opportunities'* to employees who are made redundant in large-scale layoffs (involving 20 or more employees). The announcement was released jointly with the latest unemployment statistics, which show a 0.1 percent increase in unemployment in the third quarter of the year, with 99,000 new unemployed (though unemployment remains at a lower level than it was at this time last year). Tony McNulty, the employment minister, said, *'Every time a worker loses their job it is a personal tragedy and the Government is doing everything it can to get those people who have become unemployed back to work as quickly as possible'*.

November 24th

25. Alongside the PBR, the Chancellor of the Exchequer, Alistair Darling, [announced](#) that the Government would be allocating £1.3 billion to Jobcentre Plus *'to continue delivering effective support for the unemployed to find a new job'*. The chancellor also said the Government would be establishing a National Employer Partnership with major employers to combat joblessness. Twenty-five Jobcentres destined for closure were reprieved, and plans were made to retrain 2,000 Jobcentre Plus staff as employment counsellors.

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December 1st

26. On December 1st, DIUS **stated** it would be funding a £10 million Apprenticeships Extension Programme, to support private employers who offer high-quality apprenticeships. The funding will allow them to take on more apprentices, who can be placed with other firms in the business's sector of the economy or its supply chain. The funding *'will cover the additional costs associated with the trials such as the wage, training and management costs of learners'*.
27. In a related story, DIUS announced on December 8th that private employers had agreed to create 10,000 new apprenticeship places, despite poor economic conditions. These include 7,000 that will be created in the construction industry as a consequence of Government procurement requirements. Superdrug and Phones4U will each be creating 1,000 apprenticeship places, while Tesco is slated to provide 800 places and Sainsbury's 465. The Government may also extend an apprenticeships requirement to procurement contracts with IT sector businesses.

December 8th

28. The Welsh Assembly Government **follows** London's lead with a stimulus package, including a £45 million Business Growth programme to *'provide a high level of one-to-one support through a specialised relationship management service for SMEs including social enterprises'*. The Welsh government also announced new support for training for those facing redundancy or joblessness, and brought forward £23 million in capital spending, some of which is for schools and colleges.

December 17th

29. Another £158 million **is allocated** to the unemployed, also from the European Social Fund (it is not clear if this includes the £100 million announced two months earlier). The money will fund 40,000 places in short-term pre-employment training, provide extra financial support to employers to take on new workers, and fund improved careers and training advice, delivered through Jobcentre Plus and Learndirect. The money will fund 40,000 places in short-term pre-employment training, provide extra financial support to employers to take on new workers, and fund improved careers and training advice, delivered through Jobcentre Plus and Learndirect. The money will also help fund better regional co-ordination on reacting *'to ensure that local bodies and colleges react much quicker to redundancies so that people losing jobs can be quickly notified of relevant opportunities and suitable training organised'*. Half the £158 million will come from DWP's budget, the other half from DIUS's.

January 5th

30. The Government **announced** it is considering raising the participation age to 18 immediately, rather than in 2013 as planned. The proposal is designed to combat youth unemployment – of the 137,000 people made jobless in the last quarter of 2008, 40 percent were aged between 18 and 24. The unemployment rate in this age group is 14 percent, while 26 percent of 16- and 17-year-olds are currently unemployed

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January 7th

31. DIUS **budgeted** another £140 million to fund 35,000 apprenticeships places in the private and public sectors. This is in addition to £1 billion to be spent in the coming year on apprenticeships. The Government expects more than 250,000 apprentices to begin courses during the 2009-10 financial year. The programme was announced by Gordon Brown in Derby, where he was visiting the local Rolls Royce¹ plant. Rolls Royce will take on an extra 50 apprentices under the plan.
32. The announcement comes as McDonald's said it would offer Level 2 apprenticeships to all its employees. It expects to be funding 10,000 apprenticeships a year by 2010.

January 9th

33. The Scottish Government **announces** it will bring forward £230 million in capital spending into the next fiscal year, including £90 million for housing and schools. Scottish Labour, the main opposition party, charges not enough money is being spent on skills and training. The money was originally budgeted for 2010-11. The move is part of a UK-wide effort to push forward capital spending to stimulate the economy – Westminster announced a similar plan in late November's Pre-Budget Report, and the Welsh Assembly Government also pushed up capital spending in December. The funding includes £90 million in spending by local councils on schools and housing.

January 12th

34. DWP **announced** the largest intervention yet, with £500 million to support those who have been unemployed for more than six months. This money includes £83 million to fund 75,000 new training places. Employers who hire new workers may be given £2,500 'golden hellos'. The programme also provides extra funding for training places to help unemployed people get new skills to maximise their chances of getting jobs from the 500,000 vacancies in the economy; opportunities to volunteer to help people back into work habits, and; help to set up a business – advice on creating a business plan, plus funding for the first months of trading

January 13th

35. The Cabinet Office paper *New opportunities* was published, detailing the Government's plans to increase social mobility. Economic and educational measures under this plan include:
 - the **expansion** of the career development loans scheme, with the number of loans available tripling from 15,000 to 45,000 within two years. The maximum size of the loan available for training will be increased from £8,000 to £10,000, and interest rates will be lowered;
 - the establishment of 10 apprenticeship training associations, to provide as many as 10,000 apprenticeships by 2014/15;
 - a review of how financial support for students aged 16 to 19 is delivered;
 - new £500 allowances for training for long-term carers and for low-income families;

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- more access to training for agency workers, and more support for workers with learning or mental health disabilities;
- a [commission](#) under former health secretary Alan Milburn to examine ways to make the professions more accessible to people from low-income backgrounds, (list of members [here](#)) and;
- a commitment *‘to work with colleges and other training providers on how they can use their existing budgets more flexibly to support learners into sustainable employment and to progress in employment’*

January 21st

36. The Higher Education Funding Council for England (Hefce) [announced](#) a £50 million package of support to providing training or retraining to businesses and the unemployed. Half the monies will be directly from Hefce, and half in matching funds from the universities delivering the programme. The scheme will support employment-focused projects, including retraining graduates for new careers. The programme’s rules will require universities to propose ways of working with employers and the jobless to meet job market needs – for example, unemployed business people with science degrees might be retrained to work in the sciences. Each programme will get up to £500,000 from Hefce.

January 28th

37. The Government [announced](#) £35 million in new Train to Gain money for the automotive industry, as part of a £2.5 billion package of support for that sector. UK-based automakers with a turnover of at least £25 million will be eligible for the Train to Gain money. The Government is also announcing £2.3 billion in loans for investment in low-carbon technologies. The automotive industry employs about 1 million British workers. UK-based automakers with a turnover of at least £25 million will be eligible for the Train to Gain money. Mandelson said, *‘The car industry can and should be a vibrant part of that future. The steps we are taking today will help companies speed their way to becoming greener, more innovative and more productive. This is the route to securing jobs for the long term as we build a more balanced economy for Britain’s future’*. About a million Britons work in the automotive industry.
38. Also on January 28th, London Councils, the umbrella organisation for London local authorities, [announced](#) that its member councils had agreed to provide 2,000 new apprenticeship places over the next three years. The apprentices will combine college studies with work for the sponsoring council, either in town halls or in delivering services out in the community. The apprenticeships will run for one to three years, and will be available to youths and adults.

February 4th

39. The Scottish budget for 2009 [included](#) funding for 7,800 apprenticeship places, totalling £16 million. The funding is part of a £2.8 billion education budget, and will continue even if employers themselves can no longer afford to employ the apprentices. The Scottish Government will also convene a summit on lifelong learning, to be chaired by the education secretary.

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February 9th

40. *The Guardian announced* that the Government will provide a £40 million bailout fund for the third sector. This is less than a tenth of the £500 million that charities first requested in November 2008. The package includes a £15.5 million ‘community resilience fund’ for small and medium-sized charities ‘offering debt advice and supporting families and young people in deprived areas’, and a £16.5 million pot for larger organisations, which will be helped to merge or partner with one another. The money comes from DWP (£9 million), the Treasury and the Department of Health. Liam Byrne, the Cabinet Office minister, said ‘We’ve doubled government help to charities, voluntary group and social enterprises from £5.5 billion to over £11 billion. That means these vital groups face the downturn with unprecedented strength. ... We’ve been monitoring daily what’s happening to donations and demands for new services, and ... we’re launching a laser-targeted package of help with tens of millions extra for charities providing employment advice, mental health and family support services in the most deprived areas of England and Wales’.

February 13th

41. The European Commission *approved* regulations that will allow British public-sector bodies to give up to €500,000 (about £450,000) to businesses affected by the credit crunch. The commission’s ‘measure enables limited amounts of aid to be granted in 2009 and 2010 to businesses in difficulty as a consequence of the crisis or facing funding problems because of the credit crunch’.

February 19th

42. The Department of Health and DWP *announced* a \$13 million programme to fund pilots to encourage workers on sick leave to return to employment. The pilots will ‘test out how sickness absentees can be helped to recover and supported to get back to work more quickly than would otherwise be the case’. Phil Hope, the minister for care services, said, ‘Good health for the workforce is good for business - every employer knows that. In the current economic climate it’s even more important that we cut the £100 billion cost of worklessness caused by ill health.’

February 23rd

43. DIUS *announced* that the Government would be providing 21,000 apprenticeships in the public sector. Among the programmes and organisations participating are the Building Schools for the Future (BSF) programme, which will provide 1,000 places, the National Health Service (5,000), further education colleges and universities (2,500), local government (7,500), schools and children’s services (4,500), the Ministry of Defence (1,000) and central government departments (more than 600). The Government is requiring local authorities and construction firms in the BSF programme to take on extra apprentices.

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March 8th

44. The Department for Work and Pensions (DWP) and the Department of Health **announced** they would be attaching employment support workers to an expanded network of therapy services for unemployed workers suffering from depression or other problems. The support workers will be attached to a network of 'talking therapy services', which provide counselling (specifically, cognitive-behavioural therapy) to workers with depression or on long-term sick leave. The Government plans to have such therapy services available nationwide by 2010. The Government will be providing £13 million towards the programme, and plans to train 3,600 new therapists over the next three years.

March 9th

45. DIUS **published** a strategy to update the Skills for Life programme, which provides literacy and numeracy education for adults. DIUS said the new strategy would help *'improve the numeracy and literacy skills of one million adults to help them to get and keep jobs'*, specifically improving the literacy skills of 597,000 adults, and the numeracy skills of 390,000 adults, over the next three years. Key features include work to *'increase the opportunities for people to do Skills for Life learning embedded in wider vocational training programmes so that, for example, people learning carpentry learn numeracy at the same time'* and *'support for colleges and providers to make Skills for Life learning more flexible so it meets the needs of individual learners and fits in with their busy lives'*.

March 17th

46. The Department for Work and Pensions (DWP) **announced** £8 million for the Access to Work programme, which helps people with disabilities remain in employment. The Government plans to double funding for this programme to £138 million by 2013-14. Jonathan Shaw, the minister for disabled people at DWP, said, *'This extra funding will help disabled people stay in work or take up a firm job offer. This forms part of the £2 billion package we are investing to give people real help in these tough times'*.

March 20th

47. The Scottish education secretary, Fiona Hyslop, **announced** that her government would be providing £5.6 million for skills and employment programmes in the Scottish Highlands and Islands⁴. The money will come from the European Social Fund, and will benefit 33 programmes in the area that provide skills training and help jobless people back to employment. The Scottish Government expects the funding to help about 7,000 people in the region. The education secretary said *'It is crucial that we equip our workforce with the right skills to reach their potential and so they can play their part in Scotland's future economic success, including helping it recover from the current downturn'*.

⁴ This is likely equivalent to the Highlands and Islands electoral district for the Scottish Parliament. This includes the Highlands council area and most of Moray and Argyll and Bute councils, as well as three island groups (the Hebrides, Shetlands and Orkneys). Or, in other words, where they shot *Monarch of the Glen*.

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March 23rd

48. The Department for Work and Pensions (DWP) announced that **it is offering** £22 million of European Union funds to support programmes that increase skills and employment opportunities. The money will be allocated to 32 programmes, which have been selected through a bidding process and which will receive the money provided they successfully complete the contracting process. The funding will run for three years.

March 24th

49. The housing minister, Margaret Beckett, **announced** that her department will supply £1 million to enlist 'green apprentices', who will be employed in parks and gardens. The Department for Communities and Local Government (CLG) will fund one or two apprentices in 47 local authorities, who can apply *'for a traineeship scheme that will offer them the opportunity to improve their skills and make sure our towns and cities stay green'*. The apprenticeships will be open to people of all ages.

April 15th

50. The Welsh Assembly Government **has announced** it will give that country's FE sector an additional £8.93 million in funding. Sixth forms will be included in the new funding. According to the Welsh government press release, *'the effect of this additional allocation is that, in almost every case, FEIs and local authority sixth form provision will be funded at or above the same level for 09/10 as they were for 08/09'*. The release also said the money would fund at least 2,500 new FE places for youths and adults. John Griffiths, the deputy minister for skills, said, *'We have listened to the concerns of the sector and the issues they face in light of the recession. The government has responded swiftly and positively and remains committed to supporting FE so that they can deliver the necessary training in readiness for the upturn when it comes'*.

April 18th

51. The Scottish Funding Council (SFC), which supplies FE and HE in Scotland, **announced** that it will grant £572 million for Scottish colleges for the 2009-10 fiscal year, including a package of support to handle the recession. The bulk of this will go to paying teachers (£401 million for *'teacher provision'*). The monies include £79 million for bursaries, child care and discretionary spending, a 9.3 percent increase, as the council redirected £6.7 million to help colleges support students during the recession.

April 23rd – Budget 2009

52. The 2009 Budget is unveiled, with considerable new spending for job creation and to support the unemployed. The Budget **promises** £3.1 billion for the unemployed. From January 2010, *'every 18 to 24 year old who is approaching 12 months unemployment or more will be guaranteed a new job, training or paid work experience place'*. This guarantee will be made possible through a Future Jobs Fund of £1 billion, which will fund 150,000 jobs in *'local communities and across the voluntary sector'*.

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53. In addition, the Government will create 100,000 jobs in sectors of the economy which the Government expects to grow. This includes 50,000 jobs in social care through a Care First programme, *'with a £1500 recruitment subsidy offered for sustained employment and training'*, and 50,000 jobs in other sectors, *'with pre-employment training and £2000 recruitment subsidy'* such as hospitality. *'An additional £1.7 billion set aside for the Department for Work and Pensions to sustain the high numbers of individuals currently moving off Jobseeker's Allowance in the early months of each claim and provide support for the minority who remain unemployed for longer periods'*. The Budget also promises £260 million for training and subsidies for areas of the economy that are expected to see further growth, but it's not clear whether this includes the subsidies in the jobs programmes mentioned above.
54. Building on the new industrial strategy [announced](#) on April 20th (*Building Britain's Future: New industry, new jobs* – see Policy Update Number 13), the Government announced a *'£750 million Strategic Investment Fund, ensuring that the UK remains well positioned to emerge from the downturn in a globally competitive position'*. One-third of this money will go towards low-carbon technologies. The fund also includes £50 million for the Technology Strategy Board, a public body sponsored by DIUS, *'to significantly expand its work with business, fostering innovation and new technologies'*, and £10 million to support exporters through UK Trade and Investment. The fund is part of the Government's new policy of 'industrial activism', which calls for providing support to strategic sectors of the economy. It will be echoed by a 'skills activism', which will identify and support the economy's strategic skills needs.
55. The budget announced a £10 billion *'working capital scheme'* for small and medium-sized enterprises, which will include £5 billion in *'trade credit insurance'*. Charities will also receive additional aid worth £20 million, in the form of a Hardship Fund *'to provide grant support to front-line third sector organisations in England adversely affected by the recession, with demonstrable resource constraints due to cash flow difficulties or increased demand'*. This is in addition to £42.5 million announced in February to assist charities (see LSIS Policy Update Number 10).

Also on April 23rd

56. The Department for Communities and Local Government [announced](#) more than £250 million funding for the 2009-10 and 2010-11 fiscal years for the New Deals for Communities (NDC) programme. The programme helps create jobs and fight crime in poorer communities. The programme will receive £186 million in 2009-10, and a further £70 million in 2010-11.
57. Finally, the Scottish Government has opened a £1 million fund [to provide](#) work placements for young people from low-income backgrounds. The Social Entrepreneurs Fund will help *'get new social enterprises off the ground, enabling them to help get people into work and keep Scotland's economy moving'*

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April 24th

58. The Welsh Assembly Government **announced** the creation of a £150 million fund to expand small and medium-sized businesses and create a projected 15,000 jobs in that country. The fund is supported by £75 million from the EU's JEREMIE fund (Joint European Resources for Micro to Medium Enterprises), as well as £60 million from Cardiff's share of European Regional Development Fund monies

April 27th

59. DIUS **has begun** accepting bids for a £7 million fund to set up '*apprenticeship training agencies*' (ATAs) to deliver up to 15,000 apprenticeships by the 2014/15 academic year. ATAs '*are companies or partnerships acting as a recruitment agency, hiring out apprentices to 'host' employers and other organisations*'. This provides extra protection to the apprentices, who can reassign apprentices should the original host employer be unable to keep them on. The £7 million will fund as many as 10 of these ATAs.

April 28th

60. University graduates on unpaid internships **will be entitled** to Jobseeker's Allowance as DIUS prepares for a period of higher unemployment. Under the terms of an agreement between DIUS and the Department for Work and Pensions (DWP), graduates who are on internships of up to 13 weeks will be eligible for benefits, if they have already been claiming the allowance for six months during their initial postgraduate phase of job-hunting. The Government is trying to encourage more small businesses and charities to offer internships, in a bid to reduce unemployment.

May 7th

61. In its annual financial guidance, the LSC **was granted** £122 million '*to respond more effectively to the needs of young people who are unemployed (£49 million in 2009-10 and £73 million in 2010-11)*'. DIUS expects £340 million in efficiency savings from FE and skills, including '*a reduction in the costs of intermediary bodies and administration to deliver no less than £100m without a direct impact on day-to-day learning*'.

May 12th

62. The LSC **announced** a £75 million programme to cover childcare costs for parents to allow them to access training and enter the workforce. The programme is open to families with children under 14 (or under 18 if there is a child with disabilities) in which only one parent works, and which earn £20,000 a year or less.