27th March 2009

Dear College and Training Provider

Understanding the package of support available to employers and learners

One of the first things I have been asked to do as the new Chief Executive of the Learning and Skills Council is to ensure that colleges and training providers have a thorough understanding of the new and flexible provision that the sector is able to make available to employers and learners.

I am writing to you at a time of enormous change for the sector. These changes are magnified by the essential role the FE sector is playing during the current economic climate and the challenges this climate creates. FE colleges and training providers have a critical role to play in helping businesses and individuals through the downturn and already I have heard many examples of how the sector is demonstrating its expertise in doing this. The sector has seen both providers and colleges adopting an innovative and entrepreneurial approach to meeting customers’ needs and providing flexible services to businesses, those out of work and those facing redundancy. We will need to do even more over the coming months in response to the emerging situation.

Over the past few months, the LSC has been working closely with our partners in the Department for Innovation, Universities and Skills (DIUS), the Department for Children, Schools and Families (DCSF), the Department for Work and Pensions (DWP), and Jobcentre Plus (JCP), to develop and roll out an impressive package of new and more flexible provision. Taken together, these flexibilities will enable you to respond more quickly to the needs of businesses, young people and adults – giving them the skills and support they need now to get through the recession and to emerge stronger in the future.

This has clearly been a fast moving area, with policy continuing to develop, as we better understand employer and learner needs at this time. We want to ensure that you have the information you need to understand the full scope of the changes, and to set this in the context of the whole package of new flexibilities, delivered by the sector as part of the Real Help offer from Government (summarised in Annex A).
Support to people who are unemployed

FE colleges and providers play a crucially important role in providing training to people who are unemployed. In the context of the economic situation, and the additional activity in this area from April, now is a good time to consider what more could be done to meet the needs of the unemployed:

• We have already tendered for the additional £100m that will be invested in extra pre-employment training for at least 40,000 people, who are under notice of redundancy or who are unemployed (but ready to re-enter employment) to help them to move back into work. Contracts will be issued later this month.
• We would encourage all providers to further strengthen their relationships with JCP to promote their portfolio of provision and to review this to ensure that it continues to meet the needs of local employers and the local job market.
• An additional 75,000 Adult Learner Responsive places will be made available in colleges to support people who have been on Jobseekers Allowance for 6 months to improve their skills so that they can enter employment. We are working with Jobcentre Plus and nextstep careers advisers, so that we focus these additional places on those who will benefit most. In each region, the LSC will work with colleges and JCP to build additional provision on the ground and to work up coherent provision and communication in advance of formal contracting. Annex B provides further information on this initiative.

Early next week, Regional Directors will write to those colleges with relevant provision to provide further detail about the expectations of the type of flexible training that we want to purchase.

Access to course information

The National Learning Directory (NLD) contains a list of courses available in each part of the country, based on data submissions from colleges and providers. It is vital that this information is kept up to date. Redundancy hits people hard, and the quicker they can be supported back into meaningful, motivating activity, the better. Providing up to date information about what is available is essential in providing the support that people need.

The new flexibilities covered in this letter will complement the flexibility colleges and providers already display in responding to individual needs — but all provision should be visible on the NLD and through your own websites, not just courses which are designed to help those who have been made unemployed. The Careers Advice Service, nextstep services and Jobcentre Plus advisers need to be able to direct those seeking support to the most suitable provision, with confidence that the information they work from reflects the latest position. I would be grateful for your best efforts in ensuring that all provision on the NLD is updated once a month from this point on.
Apprenticeships

Concerns have been expressed across the sector about the impact that the recession is having on Apprenticeships. We want to ensure that apprentices who are made redundant are given the support they need to complete their framework, whilst their college or provider helps them to find a new employer. With immediate effect, an apprentice who has been made redundant will now be funded to remain in full-time provision for up to six months whilst they are supported to find a new employer and complete their framework. Guidance went out in January stating that, for learners aged 16 - 18 Hardship Funding may be available as required to support the learner in addition to their ability to apply for EMA where eligible and that they will qualify for the benefits associated with someone within that age group. For learners aged 19 - 24, Hardship Funding should be made available for a period not exceeding six months for a maximum of £80 a week, rising to £95 from August 2009.

If an individual is made redundant and is close to completing their Apprenticeship framework and has evidence of extensive and relevant employment whilst on their Apprenticeship, we would ask that SSCs and awarding bodies take this into consideration and work with the college or provider with regard to ensuring that an appropriate assessment methodology and requirements can be applied which can take account of individual circumstances whilst still recognising what has been achieved. We would expect colleges and providers and awarding organisations to review on a case by case basis the need for any adaptation of assessment methodology and ensure that can be applied on a case by case basis and without detriment to standards or quality.

A further flexibility that we have introduced is to allow individuals who have achieved an A* or A grade in GCSE or O Level Mathematics and English to also be exempt from key skills where the employer agrees. Again, we would ask that you ensure that the apprentice and employer are aware of these changes.

We appreciate that colleges and providers are concerned that redundancies may have a negative impact when we analyse their success rates against the minimum levels of performance (MLP) used in commissioning. We do not intend that MLP policy should be a disincentive to the recruitment of apprentices in sectors challenged by the economic downturn. In the interim, for 2008/09 delivery, colleges and providers should let their LSC partnership teams know about the scale and nature of redundancies that affect Apprenticeship success rates and this will be used to support a business case for exception from, or moderation of, the application of the MLP analysis of success rates in the commissioning arrangements for 2010/11.

In the longer term, we have agreed, with the Information Authority, a way to help providers to record redundancies on the Individualised Learner Record (ILR) in 2009/10 so that when the MLP analysis is undertaken we can, fairly and consistently, take account of the volume of redundancies before we consider any action in relation to a college's/provider's performance. A link to the Information Authority (IA) site on the recording of redundant learners is below. Providers will be given further guidance by the IA on how the recording should be made and a complete, amended 2009/10 ILR specification by the end of March.

http://www.theia.org.uk/News/LatestNews/Exceptional+ILR+changes+agreed.htm
Capacity-building

The Learning and Skills Improvement Service (LSIS) will continue to help colleges and providers to understand each of the policy initiatives and support them to build their capacity to respond flexibly to need. I understand that World Class Skills has been well received by the sector and can be seen to make a difference to the employer and learner experience of Train to Gain.

Over the next few weeks, LSIS will disseminate good practice, building on the recent FE Works publication as well as workshops to identify and design the most appropriate support needed at this time.

By the end of April 2009, LSIS will have completed a baseline survey of FE Colleges’ work with SMEs, to identify how they are adapting and responding to the economic climate. A refreshed bank of case studies will be available from June 2009. And over the summer LSIS will be organising a range of policy seminars. Feedback from these activities will help to shape the content of their World Class Skills programme for next year.

Managing demand

At the same time, it is important to recognise that, thanks to your efforts, we are now delivering more Apprenticeship and Train to Gain places than ever before, helping more young people and adults get the skills they need. This performance is a testament to the sector’s ability to respond flexibly to demand.

I want to personally thank colleges and training providers for their individual and collective efforts to raise volume and quality as well as continuing to meet the needs of learners and their employers.

However, left unchecked, Train to Gain and 25+ Apprenticeship activity will exceed the budget allocations we have available in the 2009-10 financial year and create further pressures in the 2009/10 academic year and beyond. It is clear that we must take action now and agree with providers offering high quality provision against agreed priorities contracts that enable growth in Train to Gain and Apprenticeships to continue, but within the levels of investment we have available.

We have been working closely with DIUS to consider the implications for these increased levels of demand. We have identified and agreed a number of measures and actions that will ensure we can continue to maintain and control, and where appropriate, expand these programmes on a sustainable basis.

You will already be talking to local LSC partnership teams about allocations for 2009/10. They will want to discuss with you how you continue to respond to the needs of local businesses and communities whilst ensuring we manage demand within available budgets. I will be writing shortly with further detail on this.
I apologise for the length of this letter, and its accompanying annexes, but I hope that you find the information helpful and that you are able to better understand the range of support available to individuals and employers and how it all fits together.

On behalf of everyone at the LSC, I would like to thank you for your continuing hard work and responsiveness to ensure that individuals and employers get the support they need in these difficult economic times. I look forward to meeting many of you over the coming months and hearing first hand more about the contribution you are making towards the skills agenda.

Yours sincerely

Geoff Russell
Chief Executive
(Agreed by and electronically signed in his absence)
### Real Help for Individuals

<table>
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<th>Flexibility</th>
<th>What is the offer?</th>
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| 1. Flexibility in the use of Adult Learner Responsive (ALR) Funding | a) FE colleges and providers able to use pre level 2 budgets to respond to local demand and help more people get the skills they need to help them find work; whilst still ensuring they continue to meet Skills for Life (SfL) targets.  
b) We have asked colleges and other training providers to look at how they can deliver against their existing targets in a more flexible way. This means building on their current work with those whose employment status changes, to ensure they are providing the continuity people need to continue and complete qualifications as they move into and out of work. This can be through Train to Gain or continued part time learning through the FE college / provider undertaken outside of work.  
c) Where there is “head room” in ALR budget above that required to deliver their SfL, full level 2 and full level 3 targets, funding can be used to support employment outcomes. This won’t affect the in-year reconciliation process as the college will be delivering activity on top of its targets within existing allocation. | Adults who are out of work             | a - c) All colleges/providers who are currently in receipt of Adult Learner Responsive (ALR) funds  
d) Proposals for pilot activity will be considered on an individual basis in line with an agreed specification which will be made available before the end of March. Pilots to start in April. | Existing budgets.                        | Adult Learner Responsive                | a - c) Existing funding methodology for delivery of courses  
d) Additional payments on achievement of job outcome to be considered. |
| 2. Additional support for the unemployed, or those at risk of redundancy | We are investing £100m of ESF, and Train to Gain to support at least 40,000 new employment-focused training places in colleges and with providers. This is targeted at people who will benefit from short individualised support – for example with interview skills, job search - to help them re-enter work. | This will be targeted at:
1) Those under notice of redundancy;
2) Newly unemployed;
3) Longer term unemployed who are ready to re-enter the labour market. | This provision has been tendered for through LSC regions. The tender closed on 2 March 2009. | Contracts will be awarded by the LSC on 30 March 2009 for delivery from April 2009. | ESF/ Train to Gain | Funding of up to £1,500 per learner is available for training of more than 75 guided learning hours and entry to a job with training (£300 paid for this). |

| 3. Additional investment of £83m for 75,000 FE places for reskilling/upskilling those unemployed for 6 months+ to enter work | To support 75,000 new training places for those who have been unemployed for 6 months or more. Training will:
- help people get the skills they need to get good, sustainable jobs with local employers;
- lead towards a recognised skills for life, level 2 (GCSE-equivalent) or level 3 (A level-equivalent) qualification - these can be broken down into short units depending on the qualifications;
- fit with conditions on benefits so people can continue to look for work; and | This is targeted at Job Seekers Allowance (JSA) claimants, who have been unemployed for six months or more, and for whom skills are a barrier to re-entering | Only those colleges which offer both ALR and employer responsive will be eligible to deliver this activity. | The LSC will negotiate with colleges to March/early April – negotiation and selection process for colleges. LSC regions will work with Jobcentre Plus and local/regional | Through negotiations and agreements in March / April. | Funding of an average of £1,100 per learner is available. Payment will, in part, be based on a job outcome and the continuation of training to |
- be delivered in a flexible manner which suits the needs of JCP customers – eg flexible start dates, full time and part time etc

Participants will be able to continue their training either through:

- Train to Gain or an Apprenticeship in their place of work, once they gain employment; or
- through part-time study outside of work.

In this way, they will continue to be supported after starting work to ensure they gain a qualification which evidences their skills and is of value to their new employer.

People who move from unemployment to work can now get funding for repeat qualifications through Train to Gain – funding for repeat qualifications is already available within the ALR budget with an expected contribution.

<p>| employment. They can be referred by JCP advisers, nextstep or providers. If they are engaged by a college or nextstep provider directly and full time training is anticipated, a 'backward referral' process is being developed by LSC and Jobcentre Plus | ensure responsive provision which is closely related to local labour market needs, is available across England. These colleges will already have good links with employers through Train to Gain so will understand their needs and the local labour market. They will need to build on or establish links with Jobcentre Plus in their area. | stakeholders to agree the provision which matches the local labour market and the anticipated skills needs of participants. Colleges will need to demonstrate that relevant provision can be delivered in a flexible and responsive way that will enable learners meet any benefit conditionality and continue training to achieve their qualification once in work. | achieve a qualification. |</p>
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<tr>
<th>4. Apprenticeships – additional £140m to fund 35,000 extra places for young people and adults</th>
<th>To support expansion of Apprenticeships in addition to those places set out in the LSC Grant Letter 2009-10</th>
<th>Both 16-18 and 19+ age groups. Initial assumption is for a 50:50 split Significant focus on public Apprenticeships</th>
<th>All those with existing contracts to deliver Apprenticeships</th>
<th>Expansion of existing contracts</th>
<th>Employer Responsive – 19+ Apprenticeships (DIUS) 16-18 budget for 16-18 Apprenticeships (DCSF)</th>
<th>In line with existing methodology</th>
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<tr>
<td>5. Additional investment to help more people get the skills they need</td>
<td>Piloting new entitlements of up to £500 towards training for people who have taken five or more years out of work to care for children or adults, to enable them to get back into work; Supporting the most vulnerable in the labour market, by piloting an offer of up to £500 to help those in work on low incomes (and claiming tax credits) to access training; Individuals in participating pilot areas will be able to check their eligibility via their Skills Account or through the advice services</td>
<td>• adults who have had caring responsibilities for 5 years or more and have not been working • adults in work on low incomes and claiming tax credits</td>
<td>DIUS will shortly agree with the LSC the details of which regions will be piloting these new offers in 09/10</td>
<td>Funding will be allocated and contracted in a manner consistent with arrangements for learner support.</td>
<td>These two pilots will be supported by a total of £4.6m of LSC funding.</td>
<td>Payments will be for a maximum of £500 or the full costs of the individual’s chosen course whichever is the lesser.</td>
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## Real Help for Employers

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| 1. Investing in skills of the future | Over £170 million for further compacts in five additional key sectors was announced in October to add to the five already in place. Development of further compacts is already underway.  
Each compact specifies the qualifications that are a priority for funding for repeat qualifications and level 2 and level 3 qualifications and sets out additional flexibilities for each sector over the three year life of the compact.  
The sectors announced in October include: the chemicals industry, pharmaceuticals, nuclear power, petroleum, engineering construction, broadcast media, property, facilities management, fashion and textiles. | The sectors announced in October. | As the compacts harness existing Train to Gain funding, this is open to those providers with a Train to Gain contract. | As before. | Over £170 million | Standard Train to Gain rates will apply unless this is specified in additional guidance. |
| 2. Specific help for small businesses | SMEs will be top priority for Train to Gain funds including the £350m growth over the next two years - comparing 2010-11 to 2008-09. Employees in third sector organisations can also access the key parts of the flexibilities from January 2009: | Employees in SMEs. | Flexibilities apply to all Train to Gain providers. | Existing Train to Gain allocation | Flexibilities are funded through Train to Gain. | According to Train to Gain funding guidance. |
- Funding for short courses and thin qualifications in areas such as 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.
- Fully funded Level 2 qualifications and subsidised level 3 qualifications, regardless of whether the employee already has a qualification at this level;
- Personalised Leadership and Management support for employers with 5-250 employees; and
- We are also looking to deliver training through clusters on business parks and through supply chains to make it even easier for SMEs to get the training that they need.

| 3. Colleges and training providers to help firms innovate and boost business | Further Education Specialisation and Innovation fund £2.5m invested in five pilot projects, to build and capitalise on the direct links between businesses and the FE sector, so that companies are able to exploit the expertise, facilities and resources available in further education colleges and training providers, helping them to innovate to boost profits and competitiveness. Pilot activity involves:
   i) City of Bristol College and the South West | Five pilots listed | Pilot participants listed. | For pilot activity, the LSC will negotiate contracts with pathfinders. This requires each pathfinder to gain support of any relevant Pilots funded through the FE Specialisation and Innovation Fund. This will support the 2 year FE Knowledge and Technology Transfer | In line with the pilot funding arrangements |
| Composites Gateway
  ii) Cornwall College, leading the College-Business Innovation Accelerator
  iii) West Nottinghamshire leading the Innovation in Sustainable Construction initiative
  iv) Barnfield College leading the Knowledge Transfer Leadership pathfinder project
  v) National Skills Academy for Financial Services leading existing regional networks of leading FE colleges and training providers | National Skills Academy, Sector Skills Council and Regional Development Agency. | projects for the first 12 months, with a requirement that the second year becomes sustainably funded from other sources. |
Annex B

New help for the long-term (6 month+) unemployed – 75,000 extra Adult Learner Responsive

DIUS have announced an investment of £83 million to fund an extra 75,000 places in Adult Learner Responsive in colleges in England from April 2009 to support people who have been unemployed for 6 months or more.

Jobcentre Plus, nextstep advisers and colleges will enable people to identify training that will help them to get a sustainable job and lead towards a portable qualification. This will improve existing skills or teach people new skills – for example, to help them get a job in a different sector.

Individuals should be able to continue their training either in their place of work, or directly with the college, once they gain employment, so they can gain a qualification which improves their skills and opportunities further, helping both them and their new employer.

This provision will only be available through colleges which offer both adult learner responsive provision and employer responsive provision. The colleges involved will already have good links with employers through Train to Gain so will understand the local labour market and the needs of businesses. These colleges will need to build upon or establish links with Jobcentre Plus in their area to ensure the offer meets the needs of both customers and local job opportunities. They will only be paid the full amount if the person being trained finds a job where their training is continued, enabling them to achieve their qualification. (The amount payable will be dependent on the number of guided learning hours but will be an average of £1,100).

This training is in addition to the existing help available to the unemployed from both LSC and Jobcentre Plus providers, for example, with short employment-focused training and in job-seeking skills like CV writing and interviews.