PROVIDER BRIEFING: SME OFFER
Background

- John Denham announcement 21 Oct set out how SMEs would be a priority for £350m of TtG funds over the next 2 years
- One of a number of Government announcements to handle economic downturn
- Further support available for people facing redundancy and for pre-employment retraining
Train to Gain – what is it now?

- Core offer remains the same:
  - all employers
  - all sectors
  - all sizes

- Brokerage support
Core Offer (1)

Fully funded

- First Level 2
- Repeat Level 2 from SSC agreed list (up to 30% of total)
- Skills for Life qualifications at all levels
- First Level 3 for 19-24 year olds
- First Level 3 for individuals without a first Level 2
- First Level 4 for 19-24 year olds without a first Level 3
Core Offer (2)

Shared investment for

- First Level 3
- Repeat Level 3 from SSC agreed list (up to 20% of total)
- English for Speakers of Other Languages (ESOL)
- Apprenticeships
- Leadership and Management

Full cost bespoke training
SME Offer

• Core offer is now enhanced through the offer to SMEs with a range of further flexibilities:

Level 2
• All First L2 and repeats on agreed SSC list fully funded
• No limits on volumes of repeat qualifications for eligible SMEs

Level 3
• For 19-24s and Level 3 Jumpers, First L3 fully funded;
• 25+ co-funded as with core offer including repeats on agreed SSC list
• No limits on volumes of repeat qualifications for eligible SMEs

• Bite size units in business critical areas
• Leadership and management extended to 5+ employees
For the purposes of the flexibilities, the SME definition will only relate to the number of FTE employees. Financial information will not be used.

The number of employees includes:
- Full-time workers within the enterprise, or on its behalf, for the entire year count as one annual work unit.
- Part time staff and staff not working for the whole year count as fractions of a unit.
- One full-time worker is considered to be a person working 35 hours or more per week.

Employer will be required to sign a declaration regarding eligibility.
Methodology will align with that for Contribution to Wage Costs.
### SME Employer Eligibility (2)

<table>
<thead>
<tr>
<th>Eligible</th>
<th>Ineligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Sector Enterprises</td>
<td>Public sector Enterprises</td>
</tr>
<tr>
<td>Private/Public Schools</td>
<td>State Schools</td>
</tr>
<tr>
<td>Private Prisons</td>
<td>State owned Prisons</td>
</tr>
<tr>
<td>Third Sector Voluntary &amp; Charity Organisation - Employees</td>
<td>Third Sector Voluntary &amp; Charity Organisation – Volunteers</td>
</tr>
<tr>
<td>Self Employed with employees</td>
<td>Branches and subsidiaries owned by large enterprises</td>
</tr>
<tr>
<td>Self Employed with no employees</td>
<td></td>
</tr>
<tr>
<td>Franchises</td>
<td></td>
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<tr>
<td>Sole Traders</td>
<td></td>
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</tbody>
</table>
SME Package

Units/thin qualifications at Level 2, 3 and 4 in ten business critical areas:

- Business improvement techniques;
- Business systems/processes;
- Team-working/communications;
- Finance and credit;
- Risk management;
- Marketing and sales;
- Customer service;
- New product design;
- Cash flow and profit management;
- IT user /IT support.

• **A total of 138 units/thin qualifications in total available from January 2009**

• List will expand in response to identified need
Funding Arrangements (1)

- Each unit/Thin qualification given a funding band
- Based on size/Guided Learning Hours
- Each funding band has a financial value
- Funding follows current Train to Gain rules
Funding Arrangements (2)

Funding bands for units or thin qualifications eligible for support:

<table>
<thead>
<tr>
<th>Funding Band</th>
<th>Funding rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>£80</td>
</tr>
<tr>
<td>2</td>
<td>£155</td>
</tr>
<tr>
<td>3</td>
<td>£225</td>
</tr>
<tr>
<td>4</td>
<td>£290</td>
</tr>
<tr>
<td>5</td>
<td>£360</td>
</tr>
<tr>
<td>6</td>
<td>£430</td>
</tr>
</tbody>
</table>

Overall value of a Full Level 2 through Train to Gain = £1226
Funding Arrangements (3)

- Individual learners able to access a package of support up to a total of 15 funding bands within a 12 month period

- There are no rules of combination associated with eligible unit activity

- Examples of maximum eligible combinations could include:
  
  2 units in funding band 6 + 1 unit in funding band 3
  5 units in funding band 3
  15 units in funding band 1
Funding Arrangements (4)

• Each unit/thin qualification allocated unique LAD entry
• Standard ILR requirements apply including Unique Reference Number for employers (EDS)
• Learners accessing units will require a Unique Learner Number
• New eligibility employer declaration required to be completed to validate SME employer eligibility for SME support package
• Learners can do units alongside full Train to Gain funded qualifications (ie SfL/Level 2/Level 3)
Funding Arrangements (5)

- Funding follows current Train to Gain rules

- Payment made using existing split between on-programme monthly payments (75%) and achievement payment (25%)

- N+1 arrangements will also apply

- Expected that most delivery will take place across 1 or 2 funding periods
Funding Arrangements (6)

- Current Contribution to Wage Contributions arrangements continue

- Will apply to Companies with Less 50 FTE employees for all full qualifications including wider volumes of repeats

- Applicability of Contribution to Wage Contributions for units and thin qualifications being investigated
Contract Implications

• Eligibility for providers to deliver the SME package extended to all Train to Gain providers from 2\textsuperscript{nd} Jan 2009

• SME package will be subject to review but expected to be available into 2010

• Delivered within existing contract value

• Will be a feature of regular performance management arrangements

• Continue to monitor 70/30 and 80/20 splits for non-SME delivery
Minimum Levels of Performance

- 08/09 continues as trial year for MLP within Train to Gain
- Unit success will be reviewed separately from full qualifications
- Expectations for success for units based on current FE rates
  - Short (5-24 weeks) – 81%
  - Very Short (< 5 weeks) – 93%
- Success rates monitored as part of contract review process
Progression and QCF Unit Trials

- Progression onto full qualifications is important
- Unit availability within SME package now becomes Qualifications and Credit Framework (QCF) unit trial for Employer Responsive Funding
- Needs to be monitored as part of broader QCF and unit trial arrangements and alongside Adult Responsive arrangements
- Additional ILR Requirements therefore are:
  - Use of Unique Learner Number (ULN)
  - A51a for discounting progression
  - A59 – Planned Credit Value
  - A60 – Credit Achieved
Provider Capacity to Deliver Units/Thin Qualifications

- Initial mapping work being undertaken to look at position

- Spatial and individual qualification coverage

- Individual providers need to work with regional LSC to examine existing capacity and coverage

- Expansion of responsive process in relation to units/Thin qualifications being developed.

- Possible tactical procurement approaches by regions to close any gaps in coverage
Capacity Building (1)

- £30M Provider Capacity Fund
- Announced by Secretary of State at AOC Conference on 18th November
- Available from February 2009
- Last chance Transformation Fund for Colleges and Training Providers

Capacity building activity could include:
- Staff recruitment and retraining costs, restructuring costs, assessor training,
- Preparation costs re: TQS,
- Delivery and promotion of SME offer,
- Costs of equipment, software, CRM upgrades etc
- Must complement support available via LSIS World Class Skills Programme and LSC regional capacity building activity
• Allocation based on 07/08 starts (min 50) including those from FE NVQs
• Allocation between £20K and £200K
• Eligibility criteria likely to include an Ofsted grade of at least Grade 3; no notice to improve and not be in a position of financial failure
• Plan of spend must be completed and available for review
• Success measures?
• Clawback methodology?
Clustering

Support for groups of SMEs working together
  • Business parks
  • Supply chains
  • RDA clusters

  – Two phases (Existing groups/ new groups)

  – Short-term capacity building funding (?)

  – Proposed Targets
    • Phase 1 – 5 clusters/region x 30 SMEs/cluster
      » - 5 supply chains

    • Phase 2 – 250 clusters nationally
## Clustering Timetable

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>WHO</th>
<th>WHEN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PHASE 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identify Targets</td>
<td>LSC / RDA / LA’s LSC / NES / SSC</td>
<td>End Dec 2008</td>
</tr>
<tr>
<td>- Spatial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Supply Chain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop delivery process</td>
<td>LSC</td>
<td>End Dec 2008</td>
</tr>
<tr>
<td>Initial engagement and needs analysis</td>
<td>LSC / Brokerage / Others</td>
<td>Commence Jan 2009 (then ongoing)</td>
</tr>
<tr>
<td>Training providers identified</td>
<td>LSC / Brokerage</td>
<td>February 2009 (then ongoing)</td>
</tr>
<tr>
<td>Identify possible areas for LSC Regional Capital Fund</td>
<td>LSC</td>
<td>February 2009 (then ongoing)</td>
</tr>
<tr>
<td>Delivery Commences</td>
<td>Training Providers</td>
<td>March 2009 (then ongoing)</td>
</tr>
<tr>
<td><strong>PHASE 2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identify Targets</td>
<td>LSC / RDA / LA’s LSC / NES / SSC</td>
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</tr>
<tr>
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<td>LSC / Brokerage / Others</td>
<td>Commence Mar 2009 (then ongoing)</td>
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<tr>
<td>Training providers identified</td>
<td>LSC / Brokerage</td>
<td>April 2009 (then ongoing)</td>
</tr>
<tr>
<td>Delivery Commences</td>
<td>Training Providers</td>
<td>May 2009 (then ongoing)</td>
</tr>
</tbody>
</table>
Response to Redundancy

- Ministerial Submission – 3/11/08
- Regional action in a national context
- Ministerial leadership – DWP/DIUS/DBERR
- Communication – Regional Ministers and MPs
- ESF Windfall and leverage of mainstream
- Labour market intelligence & comms
- Timeline
- Closely linked to Train to Gain SME Package but not limited to SMEs
- Targeted at newly redundant, those under threat and those further from the workforce
In every region

- Initial Joint Plan by mid December – 3 key target groups
- ESF as a ‘springboard’
- £79m ESF revaluation & match from Train to Gain

**Mass redundancy plan**
- Funding, roles and responsibilities, ways of working, protocols driven by Regional Directors JCP/LSC and RDA/

**Newly Redundant**
- DWP Offer – Modular eg CV writing, confidence building etc
- JCP Screening – Nextsteps Skills Health Check
- LSC provision – 2-8 weeks – LEP type activity, travel, workplace entry support, business start up?, No ‘First’ or ‘Full’ restrictions for ESF, flexible to fit around interviews, benefit regulations and ongoing once in work
- IAG via Nextsteps, diagnostics, action plan, referral
In every region

**Long Term Unemployed**
- DWP Offer – 6 months+ or disadvantaged eg life challenges, using resources etc
- LSC Offer - mainstream? Original ESF?

**More creative** e.g.
- Skills Hubs – including public service hub for newly redundant
- Pre-redundancy wage support – 4 weeks IAG and training
- Linked to SME package – free, intensive, unit based training in return for commitment to retain to the end of the training
- Free Train to Gain training for every Job Centre Plus client entering work (linked to SME package) ......and subject to availability
- Apprenticeship clearing houses
### Timing

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>November</td>
<td>Meetings with Regional Ministers</td>
</tr>
<tr>
<td>Mid December</td>
<td>Joint Regional Plans complete including approval of ESF plan</td>
</tr>
<tr>
<td>26th January</td>
<td>ESF ITT issued, contracts extended</td>
</tr>
<tr>
<td>2nd March</td>
<td>ESF ITT returned</td>
</tr>
<tr>
<td>17th April</td>
<td>New ESF contracts awarded</td>
</tr>
</tbody>
</table>
Communications and consultation

- Leadership and Management extension – already available
- Rest of package available from Jan 09
- £30m capacity building fund was announced at the AoC conference in November
- Consultation with key partners on implementation issues, especially on units
- DIUS keen to emphasise SME offer in the context of the whole – i.e. core Train to Gain offer, NES, NAS, redundancy package, Strategic Skills: Right skills, Right place, Right time
- And that all offers are easy to access and non-bureaucratic
New Flexibilities and Brokerage

- Broker transition plans in place in all regions to support transfer to RDA from April 2009
- Further review of expectations of brokerage service being undertaken in light of economic situation
- Light touch arrangements will continue as need for holistic package of employer support even more critical in current climate
- Key role for brokers to play in supporting overall package of support including:
  - Communicating offer
  - Supporting cluster arrangements
  - Soft intelligence regarding gaps in the offer, potential redundancies and vacancies
Compacts : Key Flexibilities

- Implications of new flexibilities on Sector Compacts

- Compacts remain the source of:
  - Additional flexibilities to enhance the core Train to Gain offer for **all** employers in a sector
  - SSC commitment and action to drive up demand for skills from employers
  - Qualifications identified as eligible for funding as repeats at L3

- The additional support funded by the LSC for marketing and communications within the compact will focus in particular on ensuring that Train to Gain support reaches SME employers
Discussion

• What are key challenges and issues?
  – National
  – Regional

• What help and support do you need from LSC to deliver the package?
QUESTIONS?