Learning and Skills: Changing Lives, Improving Work
The Learning and Skills Council's Annual Report and Accounts for 2007–08

©LSC July 2008

Of interest to people and organisations interested in learning and skills
The Learning and Skills Council (LSC) invests in people to give them the skills they need for success in work and life.

It is our job to build a dynamic and successful further education system for England.

By funding high-quality education and training for young people, adults and employers, we are contributing to economic and social success.

Our budget for 2007–08 was £11.4 billion.

Our annual report covers the financial year up to 31 March 2008. It includes a review of the activities we carried out during the year and our accounts for the same period.

Throughout this report, we write financial years as 2007–08 and academic years as 2007/08.

On 28 June 2007 the Department for Education and Skills ceased to exist. The LSC is now sponsored by the Department for Innovation, Universities and Skills (DIUS).

Front cover image: Rachel Pickering, Entry to Employment programme, Rathbone (photographer: Ken Kay)
The Learning and Skills Council’s Annual Report and Accounts for 2007–08

Report presented to Parliament by the Secretary of State for Innovation, Universities and Skills, in accordance with Section 28 of the Learning and Skills Act 2000.

Accounts prepared under Schedule 1 to the Learning and Skills Act 2000 and presented by the Comptroller and Auditor General.

Ordered by the House of Commons to be printed on 21 July 2008
The Skills Campaign

In July 2007, we launched the nationwide skills campaign, the Learning and Skills Council’s (LSC’s) most ambitious communications initiative ever, to raise the ambitions of millions of people.
Driven by the LSC, our partners and the newly formed Department for Innovation, Universities and Skills (DIUS), the five-year marketing and communications campaign is designed to inspire people to take control of their future through learning.

A compelling case

In 2004, Department for Education and Skills (DfES) figures showed that there were 6.8 million adults in the UK without a Level 2 qualification who needed skills in numeracy, literacy and IT (Level 2 qualifications are equivalent to five GCSEs at grades A* to C. Level 3 qualifications are equivalent to two A-levels or one vocational A-level). Lord Leitch’s review of the UK’s long-term skills needs, *Prosperity for all in the global economy – world class skills*, doesn’t pull any punches either: ‘Without increased skills, we would condemn ourselves to a lingering decline in competitiveness, diminishing economic growth and a bleaker future for all,’ he said. ‘The case for action is compelling and urgent.’

The number of jobs in low-skilled occupations will continue to fall rapidly. For the UK to become a world leader in skills by 2020, there will need to be a dramatic increase each year in the number of adults who improve their skills and achieve qualifications – both at the basic literacy and numeracy level, but also at the higher education level (and everywhere in between).

Our progress so far

We have made significant progress over the past five years. The LSC has put into practice a wide range of plans focusing on skills to help employers and learners. These include:

- Train to Gain, the service that helps employers to find the training they need for their staff;
- the network of National Skills Academies (NSA);
- the Adult Learning Grant (ALG);
- the Education Maintenance Allowance (EMA); and
- the review of the Apprenticeships programme.

Speaking at the launch of the skills campaign, Shaun Anderson – who has gained an electrotechnical Advanced Apprenticeship and who reached the finals of the 2007 Apprenticeship Awards – said: ‘My training has given me so many opportunities and I hope that this exciting new campaign will encourage others to do the same.’

It’s in our hands

The skills campaign (whose strapline is ‘Our future. It’s in our hands’) acts as an umbrella for everything that further education (FE) can provide for employers, adults and young people. It aims to transform the way people think, feel and act.

Over time, we need to improve demand for and investment (in terms of both time and money) in learning and skills – from the basic skills level right through to Levels 2, 3, 4 and beyond.

There has never been a better time for people to develop their skills, and improve their career and life opportunities.

‘The ad is definitely one of the better ones out there – it’s clever, it’s eye-catching and the message is getting through. We have had to turn people away.’

Darlington College
Chairman’s Statement

I am pleased to report that, once again, the LSC and the FE system have either met or bettered the targets they have been set, and have made huge strides towards improving the skills of the nation.

Our progress so far

Record numbers of young people continue to take part in learning.

In the first year of the September guarantee (which means that all young people leaving compulsory education in July have an offer of an appropriate course by the end of the September of the same year), 91 per cent of learners completing compulsory education in 2006/07 received an offer to start post-16 learning.

We are continuing to work with the Department for Children, Schools and Families (DCSF) to make the Guarantee even more effective for young people in September 2008 and to extend it to 17 year-olds. This will give young people on a short course, or those who have dropped out in Year 12, a chance to re-engage.

Apprenticeships continue to be a success story. In the past year, over 184,000 people have started an Apprenticeship, and success rates are now over 60 per cent – roughly an 11 per cent increase on the previous year.

There has been good progress among adults as well, with another big increase in involvement in Skills for Life programmes: over 350,000 adults took part in one of these during 2006/07 – an increase of 16 per cent on the previous year. We have also delivered 256,000 full Level 2 achievements. This means that 74.7 per cent of economically active adults are now qualified to at least Level 2.

Train to Gain, our flagship service for employers, is growing substantially year on year and 88,000 businesses have already signed up to benefit from the skills support it provides.

Opening up access to learning opportunities

We have also seen real progress in joining up the employment and skills systems, which provide people with the skills they need to get into sustainable employment. We have been working closely with Jobcentre Plus and its partners across the country to come up with new and creative ways of reaching out to the people who need our help the most.

One way of doing this has been through Local Employment Partnerships (LEPs), which aim to give 250,000 people the skills that local employers need. They will also give people from local communities genuine opportunities to come off benefits and really change their lives.

Over the course of the past year we have built on the way in which we communicate with the third sector. It is now able to play a much more active role in delivering our programmes and services. This means that individuals – whatever their background – have the opportunity to succeed in work and in life. The third sector plays a vital role in helping the LSC to get involved with those individuals who cannot be reached through mainstream programmes.
So there is much success on which to build, but there is also a lot more to do. We must rapidly build on the steps set out above if we are to stay competitive in the global economy and build a cohesive society. And we must do all of this at the same time as moving towards the changes described in the Government’s consultation paper and summarised below.

Changes to the landscape

The Government’s consultation paper, Raising Expectations: enabling the system to deliver, sets out proposals to change how learning and skills are provided by 2010. This follows the Government’s decision in June 2007 to move funding for 16- to 19-year-olds to local authorities.

The consultation paper recognises the progress we have made. However, we know that there are huge challenges ahead in terms of increasing levels of participation and success rates among both young people and adults.

The challenges ahead

We need to raise the participation age for young people remaining in education and training, to improve achievement levels, and to deliver the 14–19 reforms and the September guarantee. Local authorities were already responsible for meeting the needs of children and young people, but transferring to them responsibility for funding education and training provision for those aged 16 to 19 extends this responsibility. A new national Young People’s Learning Agency will be responsible for controlling the budget and for helping all responsible authorities to reach agreement if this cannot be done locally.

For adults, the consultation builds on the ambitions of Lord Leitch’s report, reflecting the move towards most funding being led by demand – through Train to Gain and skills accounts. The consultation paper recognises the increased importance of creating better links between employment and skills activities, and also reflects the need for an FE system that regulates itself.

The Government will create a streamlined and focused Skills Funding Agency to respond to all of these issues – it will replace us as an organisation. It will be a funding rather than a planning organisation, will be close to Government and able to respond to demand. The Skills Funding Agency will include the new National Apprenticeship Service (to come into effect in April 2009), the LSC’s National Employer Service and a new Adult Advancement and Careers Service. It is intended that the Skills Funding Agency will come into operation in 2010.

The aim is to move towards these new structures as soon as possible, and before any new legislations are put in place. The moves are likely to be completed by autumn 2010, but the LSC has a huge job to do before then. We will invest £11.6 billion in 2008–09, £12 billion in 2009–10 and £12.6 billion in 2010–11 for the benefit of young people, adults and employers.

The future

There is still an enormous amount to achieve, and that is why I have agreed to be reappointed as Chairman of the LSC. The role of the National Council will be more important than ever, providing strong leadership to the organisation at a time of great change.

It is also why we are setting up nine new regional councils under the Further Education and Training Act. These replace the 47 local councils and will build on their good work, providing a streamlined and robust governance structure at a regional level as we move into the next phase.

Finally, I would like to pay tribute to the work of our staff, and all National Council and committee members (including members of the former Adult Learning Committee and Young People’s Learning Committee). The dedication and commitment of all those involved with the LSC and the FE system continue to be outstanding. We are all determined to improve on the progress made already, and to create a legacy that will allow improvements to continue to happen well into the future, delivering what the country needs for social and economic success.
Chief Executive’s Review

We are determined to support young people, adults and employers to develop their talent, improve their skills and realise their ambitions.

Extraordinary change

The last few years have been a period of restless, relentless and extraordinary change across the Further Education system. The LSC has been instrumental in driving forward a fundamental shift across the whole sector to create a more demand-led system.

Across England, there are now world class buildings providing world class learning facilities; there are record numbers of young people participating in learning and enjoying unprecedented success; there are more adults than ever before with the skills and qualifications they need to improve their life chances; there are thousands of employers being helped to upskill their workforce and improve their competitiveness; there is an apprenticeship system delivering results that increasingly match the best in the world.

The LSC has focused its funding on the specific targets set out in Our Statement of Priorities and has sought to make funding more responsive to local needs.

Over the past year, the FE system has continued to reach out to disadvantaged communities; reduce the number of young people not in education, employment or training; help offenders into the world of work; and improve access and opportunities for those with disabilities and learning difficulties.

But the world does not stand still. In summer 2007 the Government introduced two new departments (DIUS and DCSF) and the publication of the Machinery of Government (MoG) consultation document in March 2008 outlined proposals for a very different configuration of the post-16 landscape from 2010. There will be two new bodies that will continue to drive ahead the huge agenda that we have been charged with since 2001.

In 2010 the LSC will enter its tenth year and this represents considerable longevity in an era of constant change. At that point we will have been in existence longer than any of our predecessor bodies.

The LSC is a remarkable success story and I am proud of what it has achieved. Under its leadership, Further Education has been transformed and importantly we have shown that you can achieve success while driving down costs. Our annual running costs are now some £100m less than our predecessor bodies.

Huge capacity

These changes along with the ongoing focus on FE indicate that expectations of the system have never been higher – FE is seen as vital in delivering greater economic prosperity and supporting wider social inclusion.

The resilience and professionalism of people working across the system – in particular, the staff of the LSC who responded magnificently as we came through our own major reorganisation last year – is extraordinary.

The wider system has shown that it has a huge capacity for absorbing change and effectively managing its way through it, at the same time as delivering significant improvements in the services being delivered.

No other part of the public sector can boast such a track record of delivery and improvement. Together the FE system has met or exceeded every Public Service Agreement (PSA) target it has been set. As a result:

- rates of participation among 16 to 18 year-olds are the highest ever, at 78.7 per cent – this means 1.59 million 16 to 18 year olds in education and training
- we have record success rates for FE (78 per cent) and Apprenticeships (63 per cent), showing significant growth in the quality of this provision over a number of years
- more than 2.3 million people have gained the basic skills they need for success in life and work, meeting the 2010 PSA target 18 months early; and
- since Train to Gain was launched in 2006, almost 420,000 people have commenced a training programme that will lead to a nationally recognised qualification
All of this has been delivered through an enormous effort from everyone involved in the FE system. I believe in years to come that people will look back at this time as an important period for FE, a time of investment, of improvement, of progress and innovation.

We want to build on this record of achievement and help to support the FE system to do what it does best – change people’s lives – through the delivery of high-quality education, learning and skills.

Employment and skills

Over the next 3 years, we are investing over £35 billion for the benefit of millions of learners. This investment is focused on:

- creating demand for skills from young people, adults and employers;
- making sure that the system responds to that demand; and
- bringing the skills and employment systems together to give people the chance to gain the right skills and qualifications – to help them not just to get a job, but to get a good job with prospects.

For the first time, a new joint PSA target has been set between DWP and DIUS to move more people into sustainable employment. This is a further incentive for the LSC and Jobcentre Plus to work closely together, through initiatives such as LEPs, and to successfully join up our employment and skills services to support people as they enter employment. Our research shows that nearly two-fifths of learners who were unemployed at the start of their FE course went on to find work. We want to support more people to come off benefits and really change their lives.

The flexibility of programmes such as the Foundation Learning Tier and learning funded through the European Social Fund is essential to getting to those who are most excluded.

Demand-led

Through our new demand-led funding approach we are putting power and choice into the hands of learners and employers.

This is crucial if we are to increase the demand for skills and, at the same time, get more employers and people to invest in improving their own skills. Our latest survey of employers shows that the number of employers providing training has increased from around 901,000 establishments in 2005 to 978,000 in 2007. Investment by business in training has increased from £33 billion in 2005 to £38 billion in 2007.

Our ambitions for Train to Gain, set out in A Plan for Growth, highlight the need to expand and improve the service further. The Plan describes a number of new flexibilities to enhance the service and respond to feedback from employers. As well as a major expansion of the successful leadership and management programme, volunteers and the self-employed are now eligible for support through Train to Gain.

The Plan also describes our partnership with Sector Skills Councils and the ongoing tailoring of Train to Gain so that it is better able to respond to the specific sectoral skills needs of employers. These changes represent significant opportunities for growth for colleges and training providers. The budget for Train to Gain will be over £1 billion by 2010.

Young people

We still have more to do to drive up participation, particularly with those young people who have not traditionally remained in learning after the age of 16.

The raising of the participation age, which is not about raising the school leaving age, extends the range of options for young people up to the age of 18. It means using new and personalised approaches, and a wide-ranging curriculum, such as that offered by Apprenticeships - a growing success story - and Diplomas. The challenge now is to increase the number of young people involved in learning and improve success rates, not one or the other.

Exciting opportunities

These are clearly challenging times for the LSC and the FE system – and undoubtedly there will be further changes – but there will also be new and exciting opportunities.

Throughout the transition period we will work with and support all our staff as we move to the new arrangements. We want to ensure that the knowledge, expertise and experience they have is fully utilised in the development of the new models.

The LSC wants to leave an outstanding legacy of achievement. We will work with the wider FE system to make sure that we continue to identify new and creative ways to meet the needs of young people, adults and employers.

The next few years allow us to work with our partners and continue to build on what has been achieved so far. There are more great buildings to be completed as we drive ahead with the renewal of the FE estate; there are new and stretching goals to be achieved in Train to Gain and Apprenticeships, as well as in driving yet further participation and achievement for 14-19 year olds.

Our ambition for FE is to continue to develop a system which increasingly governs itself - is responsive and ambitious - and is recognised and valued by both individuals and employers.

Our future. It’s in our hands.

Mark Haysom CBE
Chief Executive
Learning and Skills Council
About Us

Who we are
The Learning and Skills Council (LSC) is a publicly-funded organisation with responsibility for building a dynamic and successful FE system for England. Our aim is to give young people, adults and employers the high-quality learning and skills they need for economic and social success.

What do we do?
We invest in people to give them the skills they need for success in work and in life.

We make sure that all 16- to 19-year-olds have a full range of high-quality courses to choose from, so that they gain the skills and qualifications they need to move on to further learning, including higher education, or to employment.

We encourage people from all backgrounds to take part in learning that will help them to achieve their full potential.

Why do we do it?
We know that if young people stay in some form of learning beyond the age of 16, they are far more likely to make the most of their talents and potential.

We know that improved skills lead to better jobs and a better quality of life.

We know that increasing investment in training and skills helps our country to compete more successfully in the global economy.

We also know that gaining skills is the best route out of poverty and the best way for people to provide economic security for themselves and their families.

What do we deliver?

Economic success
We want the FE system to deliver the skills that are needed by a successful economy and society.

We want all young people to move into further learning, training or employment that recognises their talents and rewards their ambitions.

We want adults to progress too, with more of them updating their skills to help them to get work and to make good progress in their chosen careers.

We want employers to fully recognise that developing the skills of their workforce will have a positive effect on boosting the productivity and competitiveness of their business.

And we want everyone to recognise the value of skills, and so invest more in gaining them.

Making the system simpler
We recognise how complicated the FE system is. We are committed to making it simpler for individuals and employers to gain the learning and training that they need – in the way that suits them best. We want to streamline our processes and bring them together so that people can find their way around more easily.
And we want to simplify our own processes for working with schools, colleges and providers. We will continue to increase our efficiency and to reduce any bureaucracy as far as possible so that we can spend more and more on delivering learning and skills. We are committed to working with the sector to identify practical ways to simplify our processes.

**Expertise**

We are uniquely placed to draw together information on skills and employment trends to help us with our investment in learning and skills, and to influence the activities of others.

We understand skills – we know where the demand is and where the gaps are. We know where excellent learning and training takes place, and we also know where there are weaknesses that need to be tackled. We use our expertise to give advice and influence others’ activities so that we are all responding to the challenges that face us.

We listen to what local communities and employers tell us they want and need in terms of skills, and we feed that through to the Government, on whose behalf we work. We are responsible for securing excellent value for money from the public funds we invest in skills.

One of our strengths is our ability to work closely with our partners at all levels – connecting local, regional and national organisations to create a truly flexible and dynamic partnership. We recognise that we are part of a wider system: our relationships with schools, colleges and providers are critical to us, and we are convinced that we can deliver more for individuals and employers by working together.

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**Our values**

We need values to do our job successfully, and below are the four that lead the way we work.

**Trust**

We need strong relationships and partnerships – both within and outside our organisation – to succeed in managing large amounts of public money, and to create a world-class FE system. Trust is at the heart of everything we do.

**Ambition**

Our ambition is to unlock the potential of every employer and learner in every community that we serve.

**Expertise**

We understand the roles of our stakeholders, the needs of the communities that we serve, the needs of employers, and the needs of individuals in education and training. We prove our knowledge and leadership in every part of our work.

**Urgency**

England’s economic success affects us all, so we need to tackle long-standing issues quickly and professionally, and be responsive.

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**Our priorities**

The Government’s 14–19 agenda, the Skills Strategy and the FE White Paper Further Education: Raising Skills, Improving Life Chances have given us the framework for what we do. And every year we publish Our Statement of Priorities, which sets out our most important goals and how we aim to achieve them.

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**LSC planned programme investment for 2008–09 (£ million)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation among young people</td>
<td>£6,373</td>
</tr>
<tr>
<td>Participation among adults</td>
<td>£3,215</td>
</tr>
<tr>
<td>Learner support and development</td>
<td>£1,093</td>
</tr>
<tr>
<td>Capital grants</td>
<td>£694</td>
</tr>
<tr>
<td><strong>Total investment</strong></td>
<td>£11,375</td>
</tr>
</tbody>
</table>

Our priorities for this reporting period were:

**Priority 1:**
Creating demand for learning and skills

**Priority 2:**
Transforming the FE system to meet demand

**Priority 3:**
Delivering better skills, better jobs and better lives
Our Achievements

We have invested over £11 billion of taxpayers’ money in education and training, and over 4 million people benefited from the learning we funded. Together with the FE system, we promote economic success for all – as better-skilled people are better able to fulfil their potential.

The Government sets us ambitious targets, and we measure our progress by the number of adults who achieve a Level 2 qualification, a Level 3 qualification or a Skills for Life qualification.

The FE system has an excellent record of meeting and beating its targets.

For example, by the end of 2007, 74.7 per cent of adults who work (18.2 million people) had achieved a Level 2 qualification and 53.7 per cent had achieved a Level 3 qualification. This is an increase of 2,130,000 adults since the end of 2001. The PSA target is for 3.6 million more adults in the workforce to have a Level 2 qualification or higher by 2010.

The PSA target is for 3.6 million more adults in the workforce to have a Level 2 qualification or higher by 2010.

The LSC Chief Executive concludes nine regional roadshows highlighting the implications of the FE reform agenda and Lord Leitch’s report.

New National Skills Academy for Financial Services launched in Yorkshire and the Humber, bringing the nationwide total to 4.

More than 500 people attended the ceremony at the London Hilton, to celebrate the success of Apprenticeships and to recognise those involved.
Investing in success

What we spent in total in 2007–08 compared with 2006–07

<table>
<thead>
<tr>
<th></th>
<th>2007–08</th>
<th>% of what we spent</th>
<th>How much we spent (£ million) 2007–08</th>
<th>2006–07</th>
<th>% of what we spent</th>
<th>How much we spent (£ million) 2006–07</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Learning participation</td>
<td>44.0</td>
<td>5,038.9</td>
<td>45.8</td>
<td>4,999.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 School sixth forms</td>
<td>17.8</td>
<td>2,038.7</td>
<td>17.9</td>
<td>1,943.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Apprenticeships and Entry to Employment</td>
<td>9.0</td>
<td>1,026.0</td>
<td>9.1</td>
<td>995.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Train to Gain</td>
<td>2.7</td>
<td>313.0</td>
<td>1.8</td>
<td>200.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Other programmes</td>
<td>24.6</td>
<td>2,812.4</td>
<td>23.3</td>
<td>2,503.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Administration</td>
<td>1.9</td>
<td>211.5</td>
<td>2.1</td>
<td>226.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>11,440.5</td>
<td>100</td>
<td>10,869.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: ‘Other programmes’ includes non-departmental spending. Administration costs are net, and include sundry income.

Where we invested our money in 2007–08

In 2007–08 we invested the following:

1. £7.1 billion to allow 1.3 million young people in school, college or work-based learning to achieve qualifications.
2. £3.4 billion in adult learning, helping 3.3 million adults to improve their skills. Much of this investment went towards the key priority areas of Level 2 (790,000 adult learners), Level 3 (610,000) and Skills for Life (680,000) qualifications.
3. £436.7 million in FE and training facilities.

Skills Campaign
The Skills Campaign is launched nationally with the strapline ‘Our future. It’s in our hands’, with the aim of bringing about a major shift in our attitudes to learning.

Adult Apprenticeships
Apprenticeships for those aged 25 or over introduced

Leitch
The Leitch implementation plan, World Class Skills: Implementing the Leitch Review of Skills in England, is published – a significant step towards making us a world leader in skills by 2020

Adult Learner Accounts
Trials of Adult Learner Accounts kick off in selected areas across the East Midlands and South East

Learning for offenders
Proposals published for developing learning and skills for offenders, with the aim of emphasising employability and reducing re-offending

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The number of young people in learning in England has increased further to its highest-ever level – 1.59 million. By 2007, 73.9 per cent of 19-year-olds had achieved a Level 2 qualification. This figure is above our target for 2008 (73.4 per cent).

Also, 48 per cent of 19-year-olds achieved a Level 3 qualification – an increase of 1.2 percentage points compared with 2006.

We have bettered the government Skills for Life target three years early. Since the strategy was launched in 2001, 2.3 million people in England have achieved their first qualification in literacy, language or numeracy. The target was for 2.25 million learners by 2010.

Since April 2006, over 88,000 employers in England have worked with skills brokers (local skills experts) through our Train to Gain service, with 80 per cent of employers satisfied with the service.

In 2006/07, we had helped 111,800 people in England achieve an Apprenticeship. As in 2005-06, this is well beyond our target of 75,500 people achieving Apprenticeships in 2007–08. Completion rates for Apprenticeships have reached their highest levels so far (up to 63 per cent).

In its first full year of operation, provisional success rates for Train to Gain were 59 per cent.

Between 2001 (when we were set up) and the end of 2006/07, success rates in FE in England have increased by 18 percentage points. Success rates now stand at their highest level so far (78 per cent).

The LSC takes on responsibility for the Skills for Life campaign. Its aim is for 597,000 people to achieve at least Level 1 literacy and 390,000 people to achieve Entry Level 3 numeracy by 2010/11.
## Targets and achievements

<table>
<thead>
<tr>
<th>Area</th>
<th>Target</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 19 – Level 2 achievement*</td>
<td>Increase the percentage of 19-year-olds who achieve a Level 2 qualification from 71.4 per cent (in 2006) to 73.4 per cent (in 2008)</td>
<td>71.4 per cent in 2006 and 73.9 per cent in 2007</td>
</tr>
<tr>
<td>Age 19 – Level 3 achievement*</td>
<td>Increase the percentage of 19-year-olds who achieve a Level 3 qualification</td>
<td>46.6 per cent in 2006 and 48 per cent in 2007</td>
</tr>
<tr>
<td>Number of Apprenticeship frameworks completed</td>
<td>Increase the number of people who complete their Apprenticeship by 75 per cent by 2007/08 (bringing the total number to 75,500)</td>
<td>In 2006/07, 111,800 people completed their Apprenticeship</td>
</tr>
<tr>
<td>Adults – Level 2 achievement*</td>
<td>Reduce the number of adults without a Level 2 qualification by at least 40 per cent by 2010. This is equal to an increase of 3.6 million more adults</td>
<td>By the end of 2007, 2,100,000 adults in work had achieved a Level 2 qualification</td>
</tr>
<tr>
<td>FE college success rates</td>
<td>FE college success rates to be 76 per cent in 2007/08</td>
<td>In 2006/07, FE college success rates were 78 per cent – over the 2007/08 target</td>
</tr>
<tr>
<td>Skills for Life*</td>
<td>Improve the basic skills of 2.25 million adults between 2001 and 2010, with a target of improving the basic skills of 1.5 million adults by 2007</td>
<td>By the end of 2007, 2,276,000 adults had improved their basic skills</td>
</tr>
</tbody>
</table>

*PSA target set by the Government
Our Focus

We have worked with the following four groups, who have very different needs.

Employers

Overview The main aim of the LSC and the FE system has been to make sure that England succeeds economically. To achieve this, we need to raise England’s position among the other world economies by providing the skilled workforce that employers need.

World Class Skills: Implementing the Leitch Review of Skills in England, written in response to Lord Leitch’s report, backed this view up. It made the case for increased investment – by employers, individuals and the state – in skills to build the country’s economic competitiveness.

Improving skills boosts competitiveness, productivity and profitability, but it also greatly improves people’s career and salary prospects. We want to help everyone – from the low-skilled to the highly-skilled – to improve their skills and their ability to get a job and to move forward in their lives and careers.

Key risks We need to increase demand from employers for the skills support that is available through Train to Gain.

Strategies and actions The Train to Gain service has expanded rapidly since it was launched nationally in 2006. So far we have supported more than 88,000 employers and 420,000 employees.

We plan to expand the Apprenticeship programme and increase the budget that is available to respond to employers’ training needs.

Nine National Skills Academies (NSA), led by employers, have been set up, and a further three prospective NSAs remain in business planning which are likely to be considered for approval over the coming months.

From summer 2007, we began introducing the new Training Quality Standard (TQS) that allows employers to assess the quality of the training available to them. We grade training providers in line with how they respond to employers’ needs and how they improve the skills of the people they train. The TQS is open to all providers not just those we fund.

Young people

Overview Our main aim has been to increase the number of people aged 16 to 18 who achieve at least a Level 2 qualification.

The percentage of 16- to 18-year-olds in learning who achieve a Level 2 qualification is higher than ever, at 73.9 per cent. And since last year, the number of young people who are classed as ‘not in education, employment or training’ (NEET) has started to reduce.

Key risks We expect the 16- to 18-year-old population to fall slightly over the coming years, so unless we keep increasing the percentage of them who are gaining relevant skills, there could be a skills gap in the future. In addition, fewer and fewer employment opportunities are available for people who do not have the basic level of qualifications (Level 2).

Even though the number of young people classed as NEET is starting to fall, we must continue to encourage more of them into FE or training so that they do not risk becoming socially or economically isolated.

88,000 employers and 420,000 employees have been involved with the Train to Gain service
**Adults**

**Overview** Adult learning and training not only contributes to building a skilled workforce, but also brings the wider economic benefits associated with health, well-being and stronger communities.

One of our main challenges is the number of adults who do not have the basic skills to get a job, and a further challenge is the increasing cost of training more people to achieve a full Level 2 qualification (to meet our targets and the economic needs of this country). And, as Lord Leitch’s report predicts, people will increasingly need to reach Level 3 qualifications if they are to move forward in their jobs.

We have focused our funding on nationally accredited provision that tackles what is needed in terms of learning and skills according to Lord Leitch’s report. This provision involves longer learning times and is more expensive to deliver than shorter courses outside these main priorities.

As a result, as we increase investment in our priority learning opportunities, we will continue to reduce the number of shorter learning opportunities that we fund that fall outside our main priorities.

We recognise the wider benefits attached to learning, so we will protect at least £210 million a year until 2010/11 for personal and community development learning and wider family learning.

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**Strategies and actions** The EMA for 16- to 19-year-olds is proving effective in encouraging young people to continue in learning. In the past year, over 540,000 learners benefited from the EMA, and in November 2007 we extended it (on a trial basis) to include more courses. The aim was to attract those young people who are most likely to be or become classed as NEET.

The Care to Learn programme is another powerful way of encouraging young people who are classed as NEET to learn (over 20 per cent of young women who are classified as NEET do not participate because of pregnancy or parenthood). The programme pays childcare costs on their behalf while they are in learning. Over 7,000 young people are now receiving this funding, and over the next three years we plan for this figure to increase.

Our local partnership teams have worked closely with local authorities, Connexions services, and providers of education and training to achieve the Government’s September guarantee. Following its introduction last year, the September guarantee has been very successful in engaging young people in education and training. We are continuing to work with our colleagues at DCSF to make it even more effective for young people in September 2008.

Our local partnership teams have also continued to work closely with providers to prepare for the introduction of the new diplomas – the first five of which will start to be taught in September 2008. The new qualifications will become a major part of the wide-ranging choice of qualifications that is available to inspire young people and to get them involved in learning.
We will work with key partners, Qualifications and Curriculum Authority (QCA), Ofqual, the UK Commission for Employment and Skills, and the Alliance of Sector Skills Councils to put the Qualifications and Credit Framework into practice. This will make sure that our qualifications system for adults is as inclusive, responsive and flexible as possible. It should be driven by the needs of employers and be able to respond to the needs of all individuals, allowing them to take small steps towards learning and to build up their achievements.

One of our priorities is to reach adults who need to learn basic skills, do not have a Level 2 or Level 3 qualification and are not currently working. We are focusing on providing information, advice and guidance for these people, as well as for those who are already in work but are aiming to progress in their jobs.

We work closely with Jobcentre Plus and have taken responsibility for its basic skills programme, designed to improve the skills of people who need a job. In the future, we expect that public funds will pay for courses that bring wider economic benefits. Those adults who are supported by public funds will follow courses that lead to nationally recognised qualifications designed to give individuals the skills they need to gain employment and to move forward in work.

The ALG gives adult learners from low-income households financial support to help them to achieve their first full Level 2 or full Level 3 qualifications. The ALG was available nationally for the first time in 2007/08, and over 21,000 adult learners have benefited, far more than the expected take-up of 17,500 for the whole of 2007/08.

**FE system**

**Overview** We work with our partners to improve standards and change qualifications, including developing the Qualifications and Credit Framework and progression pathways as part of the Foundation Learning Tier.

**Key risks** We need to push forward on raising performance at the same time as introducing more changes and increasing our expectations of the FE system.

**Strategies and actions** We use our commissioning decisions to raise standards, and have put in place the requirements set out in the Further Education and Training Act 2007.

Building on the introduction of minimum levels of performance in 2007–08, we raised the benchmarks required for the 2008–09 business cycle to reflect national performance.

We also extended the scope of minimum levels of performance to include general FE short qualifications, and set indicative minimum levels for commissioning Train to Gain provision. This meant that our discussions with providers focused on their performance. It has given those delivering Train to Gain time to become familiar with the approach before it is fully put into practice in 2009/10.

In January 2008 we published our *Proposed Statutory Intervention Policy: Consultation Document*. We will publish the final policy in July 2008 and we will, in future Annual Reports, set out how we have used the powers given to us under the Further Education and Training Act 2007. We will record the numbers of Notices to Improve issued to those not reaching the minimum levels of performance during the reporting period in question.
Delivery Across the Regions

We know that skills needs vary from one region to another – by working with our regional and local partners we can make a real difference to skills levels.

This year our national and regional teams have worked together to ensure that as policy is developed it draws on the local evidence of what is needed and what works. Regional teams have a key role to play to ensure that policy is implemented effectively and consistently across the country.

Everything we do is described in Our Statement of Priorities. We set out how we will work in each region and include our priorities for investing in learning in each region.

We work closely with our partners at all levels. A key partner are the Regional Development Agencies with whom we work closely to agree how we will invest in skills to make sure that we address regional priorities.

Jobcentre Plus is a major partner in each local area and in the previous 12 months we have worked together to develop a more integrated approach to the delivery of employment and skills support to individuals and employers. In particular we have supported the creation of LEPs which help unemployed people secure sustainable employment.

Our aim is to ensure that what we deliver meets the specific needs of young people, adults and employers in the local area.

Total learners, by region and by age group – 2006/07

<table>
<thead>
<tr>
<th>Region</th>
<th>16–18</th>
<th>19 and over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>East of England</td>
<td>(124,800/247,600)</td>
<td>372,400</td>
<td></td>
</tr>
<tr>
<td>East Midlands</td>
<td>(115,100/233,500)</td>
<td>348,600</td>
<td></td>
</tr>
<tr>
<td>London</td>
<td>(171,800/547,200)</td>
<td>719,000</td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td>(69,700/183,000)</td>
<td>252,700</td>
<td></td>
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<tr>
<td>North West</td>
<td>(187,800/418,000)</td>
<td>605,800</td>
<td></td>
</tr>
<tr>
<td>South East</td>
<td>(198,700/382,300)</td>
<td>581,000</td>
<td></td>
</tr>
<tr>
<td>South West</td>
<td>(122,000/280,800)</td>
<td>402,800</td>
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<tr>
<td>West Midlands</td>
<td>(143,600/342,700)</td>
<td>486,300</td>
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<tr>
<td>Yorkshire and the Humber</td>
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<td>403,600</td>
<td></td>
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<tr>
<td>National Employer Service</td>
<td>(21,200/46,700)</td>
<td>67,900</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(1,283,200/2,956,900)</td>
<td>4,240,100</td>
<td></td>
</tr>
</tbody>
</table>

Source: LSC individualised learner record and DCSF schools data

Note: these figures include FE, work-based learning, Entry to Employment, adult safeguarded learning, schools sixth forms and Train to Gain. They exclude Ufi data, which cannot be allocated to a region. This means that overall totals will differ from those that appear elsewhere in this document.
Working with the third sector

In January 2008, the Office of the Third Sector, DIUS and the LSC celebrated the fact that funding contracts worth a total £7.6 million had been awarded to third sector organisations (including charities, social enterprise organisations, mutuels, organisations from the voluntary and community sector, and co-operatives).

These organisations are all vitally important to the LSC in terms of its work to build involvement in learning and skills in communities that are traditionally hard to reach. Some learners prefer to begin learning through a third sector organisation.

In December 2006, the Working Together Advisory Group was set up. It brings together experts from across the third sector to advise us on policy and to strengthen our links with our partners. Its work focuses on:

- making the application process for LSC contracts simpler;
- updating tendering conditions; and
- supporting third sector organisations through the procurement process, making it easier for them.
Rachel is the pick of the bunch

Rachel left school shy, lacking in self-belief, too nervous to travel alone on public transport and not sure of what she wanted to do. It was after joining a training programme that involved a series of creative and interactive workshops, taught by local artists at Middlesbrough’s TS1 Gallery, that her confidence grew.

This first taste of education – aimed at getting young people into work-based learning – started a journey for Rachel, who was born with cerebral palsy. She has blossomed and bloomed, just like the plants she has been tending to on an overgrown allotment in Middlesbrough.

At the gallery Rachel discovered a love of art, photography and jewellery-making, and found that she could relax around other people. It was not long before her newfound confidence meant that she was recommended for a work placement at a charity shop, which she completed to rave reviews from her colleagues.

Her next challenge was joining a dozen other young people to look after an allotment. The group were encouraged to work with local businesses and fellow gardeners to get hold of the tools, gloves and wellington boots needed, and then cleared the plot up and gated it off. They even built garden furniture, bird boxes and a vegetable patch.

Rachel thoroughly enjoyed working with the other young people, and learning about how food is produced and the importance of healthy eating. When the group raised its first beetroot, Rachel was there to tell the local media all about it – she had come a long way from being the nervous girl frightened of travelling on the bus.

Rachel’s newfound sense of self-belief meant that it was not long before she landed her dream four-week work placement at Debenhams. ‘I wanted to prove to everyone (including myself) that I could be a success,’ says Rachel.

Now she is looking forward to going to college to complete a Level 2 Apprenticeship, and knows that the sky’s the limit when it comes to her career. Rachel has an appreciation of her own potential and capabilities, is able to contribute to the community and would be an asset to any employer.

What is Rathbone?

Rachel attended the Rathbone centre in Middlesbrough as part of the Entry to Employment programme. Funded by the LSC, this scheme is open to 16- to 18-year-olds in England who are unemployed or not involved in any form of learning. The programme gives young people the skills they need to move into FE, training or work.

Entry to Employment asks those involved to carry out learning in three important areas: basic and key skills, vocational development, and personal and social development. Aside from the time they spend at Rathbone centres, learners can take advantage of work placement opportunities.

Rathbone is a charity that helps people whose needs have not been met by education or who need support to overcome barriers to learning, training or employment. It helps more than 10,000 people every year to prepare for life and work, offering them choices in education and training at centres and residential projects across England, Scotland and Wales.
184,000 people have started an Apprenticeship in the past year

Raising the profile of Apprenticeships

Apprenticeships Week, which took place in February 2008, was the first of its kind. Its aims were to:

- increase awareness of the Apprenticeships programme and celebrate its success;
- stimulate discussion about the business benefits of taking on apprentices; and
- get more employers and potential apprentices involved.
The week was a great success, with 300 employers taking part in school visits, practical workshops, roadshows and a recruitment fair, and 40 stakeholders taking part in activities. Organisations including the British Chambers of Commerce, the Confederation of British Industry and the Trades Union Council expressed interest in holding future events.

An Apprenticeships Summit was held during the week to debate the effect of the review. It was attended by David Lammy, the Minister for Skills (by video link), and David Way, National Director, LSC – as well as more than 350 partners.

A new Advanced Apprenticeship in Sporting Excellence, for athletics, was also launched during Apprenticeships Week. The event took place at Twickenham Stadium and was attended by David Lammy and Olympic medallist Steve Cram, as well as representatives from many national sporting organisations and around 100 current Sporting Excellence apprentices.

The number of people completing Apprenticeships in the North East increased dramatically between 2003/04 and 2006/07, and Chris Roberts, LSC Regional Director, is keen to highlight this. But he also emphasises that there is much room for growth: ‘Our ambition is to encourage more employers to take on apprentices, and more young people to consider this career route.’

Vic Reeves’ big day out to mark Apprenticeships Week

Comedian and TV personality Vic Reeves, who was brought up in County Durham, did a mechanical engineering Apprenticeship with South West Durham Training (SWDT) in the mid-1970s. As part of Apprenticeships Week in February, he went back to his roots, spending a day visiting employers across the North East to see how they are benefiting from the programme.

Vic’s day began at the National Railway Museum at Shildon, where he met up with one of his trainers from 1975. Towards the end of the morning he moved on to the Travelling Man pub at West Boldon, where he helped apprentice Dan Sullivan to cook lunch. From there he travelled to Beamish to the Aston Workshop, which lovingly restores Aston Martins. He was able to help 19-year-old apprentice Nic Clark to file down the wing of one of the stripped-down cars before his final stop of the day – a cut-throat shave at the Middlesbrough men’s salon Rude Grooming, whose two owners are former hairdressing apprentices.

Vic thoroughly enjoyed the day: ‘I have had a great time seeing the wide variety of careers that young people can forge ahead with under modern-day Apprenticeships.’

Vic’s successful Apprenticeship with SWDT at the age of 17 was the beginning of bigger and better things. He had a job in a factory in London and then spent some time working as a shop assistant before beginning a part-time course at art college. Today he is recognised as an accomplished artist as well as a comedian.

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He was amazed by the wide variety of skills that are now covered by Apprenticeships: ‘Top-class training is available to cover a huge spectrum of young people’s ambitions. It isn’t restricted to industries like engineering any more – it now takes in hairdressing, beauty therapy, and the hospitality and catering trades.’

A boost for Apprenticeship Awards 2008

One of the main aims of Apprenticeships Week was to encourage apprentices and employers to enter the Apprenticeship Awards 2008. These recognise the employers that are using Apprenticeships to build their future workforce and to tackle skills shortages, and reward the apprentices who have made a real difference.
When the leaders of Matthew Boulton College in Birmingham decided that they wanted to move the college to the city’s new ‘learning quarter’ in the Eastside Regeneration Area, they were setting themselves a significant challenge. Their ambition was to make the college ‘an excellent, dynamic place for individuals and businesses to find the learning and skills they need in the most up-to-date purpose-built accommodation in the city’.
LSC and Royal Institute of British Architects (RIBA) FE Design Excellence Awards 2008

This year, Matthew Boulton College was the joint winner of the prestigious FE Design Excellence Awards, for which entries are judged on their innovation, excellence, sustainability, adaptability and ‘feel-good factor’. The judges praised Matthew Boulton College for creating an inspiring learning environment and for its excellent use of space.

Christopher N Banks CBE, LSC Chairman, said: ‘I am hugely impressed. The winning colleges have created state-of-the-art, inspiring places that enable world-class learning and teaching. High-quality facilities like these will increase participation and attainment, and raise standards across the FE system.’

Andy Wilson, Chair of the RIBA-LSC Forum, said: ‘Such intelligently designed facilities will enable students to enjoy a high quality of learning, and leave an excellent legacy for generations to come.’

The awards followed closely on the heels of the LSC’s national capital strategy, Building Colleges for the Future, published in March 2008. In it, John Denham, Secretary of State for Innovation, Universities and Skills announced a £2.3 billion programme to renew and modernise the FE estate. The aim is that world-class education and facilities are available for everyone. Over 150 colleges throughout England are set to benefit from the investment.

Matthew Boulton College’s new home is a landmark nine-storey building on the site where the city’s first college was established a hundred years ago. It acts as an impressive beacon and a challenge to the traditional view of FE, with the sloping site allowing access from two separate levels, and the upper levels boasting excellent views in all directions. A dramatic timber-panelled drum has been created to house the main performance space and there is a landscaped roof terrace on the third floor.

The emphasis of the new building is on openness: the facilities are all fully accessible, and there are level entrances and lifts.

Careful design and the use of natural ventilation have been used to limit the building’s effect on the environment. All of the materials were chosen with sound ecological principles in mind.

The design needed to put the learner first, and to be able to allow for potential advances in technology. But, above all, it needed to represent the college’s reputation for ‘blended learning’ – a combination of information and communications technology (ICT) and a range of innovative solutions which breaks the divide between learning and social environments. Each level provides a combination of different areas where students can pick up the learning they need, and wireless ports and ICT are in place throughout.

Matthew Boulton College has been delighted to see a huge increase in student numbers since the new building was opened, and a more positive approach among its learners. The college’s vision to ‘inspire learning and achieve excellence’ is now represented by its groundbreaking new building.
Staff on a roll at sandwich chain Subway

Building the skills of staff through Train to Gain has brought huge business benefits to Subway.

Surinder Gupta holds franchises for 16 Subway sandwich shops, employing more than 100 staff. When skills broker Alison Cowling visited Surinder to talk through his needs, he explained that flawless food preparation and excellent customer service were his two main priorities.

‘We were able to match Mr Gupta with providers very quickly. Courses were up and running within a matter of weeks of our initial meeting.’

Alison Cowling, Train to Gain skills broker

Alison very quickly identified that both English for Speakers of Other Languages (ESOL) courses and NVQ Level 2 qualifications in food preparation would be helpful to staff at Subway. She says: ‘We were able to match Mr Gupta with providers very quickly. Courses were up and running within a matter of weeks of our initial meeting.’

Surinder was delighted: ‘I was impressed with how Train to Gain dealt so well with my requirements and put them into action. They understood what I wanted and very quickly found the training providers.’
can tailor services to respond to local needs. This means that learning and skills provision is more in tune with the needs of local employers, and the skills needed by an employer are available among people living in the local area.

The initiative is also focused on making it less complicated for the most disadvantaged to get help and guidance on how to get back to work.

Challenges ahead

The leader of Birmingham City Council, Mike Whitby, is delighted with what has been achieved so far: ‘This is a remarkable achievement and proves how valuable the City Region has been in helping to co-ordinate campaigns across the West Midlands. However, we do not underestimate the scale of the challenges we face: the economy is facing a serious skills deficit – both nationally and locally.’

A survey among Birmingham Chamber of Commerce and Industry members found that (after employment legislation) the availability of trained, skilled staff is the second most important issue facing business today.

The results of the LSC West Midlands’ efforts to implement an integrated approach to the delivery of employment and skills over the last year is impressive. As a member of the Birmingham, Coventry and Black Country City Strategy consortium, the LSC is responsible for leading the campaign to increase the numbers of unemployed people getting back to work.

Nearly 5,000 people are no longer claiming benefits, 41,000 people have achieved Level 2 qualifications, and 32,000 people are involved in the Skills for Life programme.

Local skills for local employers

The City Strategy initiative is based on the belief that local organisations can be more successful if they base their efforts on shared priorities, are given more freedom to try out new ideas and

The West Midlands City Strategy consortium joins up the work of the local LSC with that of Jobcentre Plus, eight local authorities, the private sector, the voluntary sector and the community sector.

The consortium’s aims are to:

- build levels of skills in the area, making sure that the local workforce is well equipped to compete;
- use vocational training to build involvement, improve progression into work and then make sure that more people stay in work;
- encourage employers to appreciate the benefits of the area’s diverse population, and to recruit more people from disadvantaged areas and groups; and
- remove barriers to employment, helping those who are economically inactive.

41,000 people have achieved Level 2 qualifications and 32,000 people are involved in the Skills for Life programme