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.

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.

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.

I am also pleased that we are starting to see the effect of our skills campaign, which is helping to create a culture in which learning and skills are increasingly seen as a way for people to take control of their lives.
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.

Christopher N Banks CBE
Chairman
Learning and Skills Council
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.

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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

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