Delivery of £83m Skills Provision for those reaching 6 months of unemployment.

1. Introduction

At the recent Employment Summit the Prime Minister announced a package of four measures aimed at ensuring that individuals reaching six months of unemployment are offered continuing and relevant support to get back into work quickly. The options making up the package are:

- A recruitment and training subsidy of up to £2500 for companies that take on new recruits, made up of £1000 recruitment subsidy and typically £1500 of training through Train to Gain once in work
- A self-employment package, developed by DWP and BERR based on an enhanced offer via Jobcentre Plus and Business Link.
- A new approach to volunteering, which is likely to be supported by specialist brokers.
- A new training package building on the existing IES approach that will offer a more intensive type of tailored support for those whose skills levels have proved to be a barrier to a quick re entry into employment. The provision will have a strong labour market focus and will be promoted as the gateway for people to take a significant step up in their skills levels, thereby opening up previously inaccessible career opportunities.

This document sets out more detail on the training package.

2. Context

The skills response to downturn

The training offer for those unemployed for 6 months must align to those packages previously announced as part of the skills based response to the economic downturn. Individuals who have been unemployed for 6 months will already have had access to a range of support, including the additional £100m worth of ‘Response to Redundancy’ employment-focused provision aimed at the newly unemployed and those under notice of redundancy described below. It is therefore important that this offer provides a distinctive and more substantial level of support to both avoid duplicating other offers and to deliver a significant impact on an individual’s chances of achieving a sustainable job and longer-term career progression.

The LSC’s Response to Redundancy programme provision will deliver training specifically tailored to local labour market opportunity and will be launched in April 2009. The total package of £50m from ESF and £50m from Train to Gain is being tendered through a single procurement exercise to those providers pre-approved to bid for employer responsive provision. This offer is aimed at
delivering a short, sharp, employer-driven intervention to equip an individual with the skills needed to be immediately more effective when they start work in a particular sector and is specifically targeted at:

- Those under notice of redundancy,
- The newly unemployed, and
- The longer-term unemployed who are ‘job ready’.

**Key aspects of the training offer after 6 months of unemployment**

The provision under the 6 month training package will be targeted at local labour market opportunity but will offer more intensive skills support for those facing more significant skills barriers. After six months of unemployment, the individual will already have had (and will continue to have) access to various short targeted interventions such as those provided through local employment partnerships and the £100m. However, the barriers faced by individuals who have been unable to get a job for six months are likely to be significant and to require a more sustained intervention to improve their chances of gaining sustainable employment. The focus will therefore be on providing accredited and approved training that leads to a full Level 2 or full Level 3 qualification or in exceptional circumstances adult basic skills provision,¹ that can be continued in-work and is funded through either the Employer Responsive (ER) or Adult Learner Responsive (ALR) funding streams.

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¹ Adult basic skills literacy, numeracy and ESOL provision can only be funded under this provision offer, where one or more subject is the only barrier to an individual being able to undertake a specific job.
with ongoing learning towards a qualification funded through either the employer responsive or adult learner responsive mechanisms so that the learner experiences a seamless journey. This will enable colleges to manage training at the level of the individual and employer, delivering a much more responsive offer. A question and answer brief at Annex A explores some of the issues raised around this offer in more detail.

In order to maximise the effectiveness of this offer, it is likely that learners in receipt of out of work benefits will need to be able to access longer periods of full-time provision.

Where employers take on candidates who have benefited from the 6 month training option, they would also be entitled to receive the recruitment subsidy of up to £1000. Through the 6 month offer, Colleges will be funded (£300) specifically for entry to a job with ongoing learning towards a full Level 2 or full Level 3 and in exceptional circumstances Adult Basic Skills qualification, funded through the ALR or ER funding streams.

**Related activity**

In addition to the activity focused around the 6 month offer DIUS and the LSC committed in *Priorities for Success 4* to explore how we could further focus adult responsive provision on supporting the unemployed to prepare for and progress in work. The provision currently available through the mainstream adult responsive budget carries no reward to the provider for sustainable job outcome. We will instigate pilot activity with a number of colleges and providers in 2009/10 which will allow us to develop the achievement of sustainable job outcomes as a priority for mainstream adult learner responsive provision in the future.

The West Midlands region, through the NVTP pilots, has also developed a process of ring-fencing a proportion of ALR budgets allocated to colleges for delivery of short, sharp employment-focused provision. We will in time evaluate the 3 different approaches; the 6 month offer, the West Midlands NVTP offer and the mainstream pilot activity to inform any changes in ALR funding priorities for 2010/11. For this reason we are distributing the £83m over a 16 month period from April 09 to July 2010 with the intention that mainstream adult budgets in academic year 2010/11 will reflect any required change in priorities.

**3. Target audience**

The training package will be available to individuals claiming Jobseekers Allowance (JSA) who have been unemployed for 6 months or longer from April 2009. It will cover those JSA claimants that are already at that stage of their claim, as well as those reaching it thereafter. The candidates could be identified through a number of routes:
a) By Jobcentre Plus advisers working with customers in the 6 – 12 month unemployed window who refer directly to local college provision;
b) Through nextstep advisers identifying suitable candidates as part of their skills action planning;
c) Colleges directly recruiting appropriate individuals.

In all cases, the college will be expected to advise individuals to ensure that the training programme they undertake conforms to their benefit conditionality and to check with JCP if there is any uncertainty. JCP would need to formally approve individuals’ engagement in full-time provision. A non-bureaucratic process to ensure JCP has the appropriate involvement and processes in place in all three route ways is being jointly developed at present.

4. Principles of the training offer

The training available must prepare individuals for real employment opportunities within the local labour market, through both current vacancies and future job opportunities forecast using local intelligence on growth sectors and inward investment. The offer must be agreed at headline level jointly between the agencies on a regional basis ensuring alignment with local labour market conditions. The offer will complement both the nationally announced packages and the local provision agreed by Regional Implementation Boards (or LSC and JCP where Boards are not yet in place) to support the introduction of the Integrated Employment and Skills service. The aim will be for full coverage across England, with LSC regions working closely with colleges and learndirect to ensure any potential gaps are covered.

Funding will be distributed based on need at regional level by aligning the distribution to the current JSA claimant count and adjustments for area uplift factors; LSC regions will then prioritise funding at the level of local labour markets. Regional Implementation Boards (or LSC and JCP jointly where Boards have not yet been established) will be responsible for ensuring that provision for those unemployed for six months reflects the needs of local employers and labour markets.

The limited level of average learner funding available through the £83m additional budget (£1,100) will constrain the number of hours of training available. However, contracting provision through colleges in receipt of mainstream adult responsive funding will allow longer periods of more intense support to be delivered to those most in need by joining up funding from several sources. Depending on the person’s circumstances, colleges will be expected to draw on either employer responsive or their mainstream ALR funding if the person secures employment with a committed employer, to continue their training and achieve an economically valuable and portable full Level 2 or full Level 3 or, in exceptional circumstances, an Adult Basic Skills qualification increasing their chances of sustainable employment in the future labour market. This complementary approach to aligning the offers means that the suitability of the option is determined by customers’ circumstances rather than set programme parameters.
Shared responsibility for successful delivery through regular reporting and robust joint local management arrangements (already in place for IES trials activity) is desirable. The LSC would expect to report on the numbers taking up the offer, the number entering employment with progression into Train to Gain or apprenticeships and unit or qualification attainment. JCP would report on the number of individuals referred to the provision and those leaving the register after benefiting from the offer.

Comprehensive evaluation of this offer, and related activity, such as the FE pilots, needs to be planned at an early stage. We will need to ensure that the success of this training is robustly evaluated in terms of both meeting the needs of the learner and also increasing the focus of employer responsive and mainstream provision through ALR on those seeking to gain sustainable employment and career progression as their primary aim. The evaluation process must complement arrangements already in place for IES trials, and those to be implemented to assess the other ALR pilots with a small number of colleges. Assessment of the impact of sustained intervention on medium and long-term employment history and career progression should be an important influence on future policy development.

5. Details of the training offer

Colleges already deliver a comprehensive range of basic skills and vocational training at levels 2 and 3 across a wide range of sectors. The expectation is that provision for those unemployed for six months will be based on those parts of the current offer which meet the needs of the local labour market, tailored to address the individual’s skills barriers to getting a job and focused on entry to employment with continued training (leading to a qualification) as the key outcome. Participating individuals will be trained in the skills they need to enter or re-enter the work place by high-quality skills providers.

Characteristics of the 6 month training package:

- Training activity reflects current local job opportunities and projected labour market demand
- The individual’s programme is focused on their employment-related skills needs and aimed at achieving a sustainable job and a recognised qualification
- Programmes are flexible and responsive to individual’s circumstances, offering, for example, multiple start dates, continuous provision throughout the year, roll on roll off delivery, part and full-time options
- Provides a significant intervention that will raise the individual’s skill levels, opening up previously unreachable employment opportunities
- Individuals are encouraged to move into employment (with training) as early as possible and continue the achievement of their qualification whilst in work
- Programmes will lead to a recognised full level 2 or full level 3 or, in exceptional circumstances, an Adult Basic Skills qualification which could be broken down into short units depending on the qualification
pursued. The provision will not be limited to ‘first’ qualifications at any level

- The opportunity for individuals to refresh skills in a sector, or begin the work of retraining for a new sector
- Focused on moving candidates into long-term sustainable employment, and continuing their development in the workplace through Train to Gain or apprenticeships
- The providers will work effectively with JCP to minimise the burden on the customer of any bureaucratic requirements.

The 6 month offer and ALR

As a stand alone package the average funding is insufficient to deliver substantial periods of training or full qualifications. Colleges will need to combine this offer with their mainstream delivery to ensure a more substantial package of provision leading to a job and progression to achieve a qualification through part-time study funded by employer responsive or adult learner responsive budgets.

Qualifications gained count towards the college’s adult skills targets and the £83m package includes a £300 payment to the provider for achievement of a job outcome with training, thereby ensuring an incentive for the colleges to help the individual to achieve both employment and a portable qualification.

The 6 month offer and full-time training

JSA claimants can currently participate in full-time (over 16 guided learning hours per week) training for 2 weeks with the agreement of JCP. We have determined that a more substantial skills intervention is needed for this audience where skills have been the main barrier to gaining employment prior to reaching the 6 month stage. A separate communication regarding any change to benefit conditionality will follow.

6. Providers

A number of FE colleges in receipt of adult responsive funding have risen admirably to the challenges presented by economic downturn and are working to support employers and individuals to re-enter the workplace quickly. We will use the offer of training to those unemployed for six months to maximise the impact of this provision and lever further activity from those colleges who can do more.

The provision will be delivered by colleges in receipt of both adult responsive and employer responsive funding. Limiting the provider base in this way will deliver several benefits and embedded drivers for provider behaviour.

- Providers in receipt of ALR funding will be able to use their ALR budgets to supplement the £1,100 average funding rate to deliver a more substantial intervention
Providers in receipt of ALR will also have clear level 2 and 3 targets as well as Adult Basic Skills targets and will therefore have an incentive to ensure that individuals engaged via this programme progress to achievement of qualifications.

The £83m package will provide an outcome payment for a job with training (£300) thereby introducing the additional incentive to combine the two objectives.

Providers with employer responsive contracts will have strong links with local employers already thereby ensuring a robust labour market focus and the gateway to vacancies which may not be notified to JCP.

Providers incur significant costs in learner acquisition, this will provide the mechanism for the providers to join up learning for individuals with ongoing training in the workplace thereby reducing their costs of learner acquisition and facilitating a seamless journey for the individual to continue learning with the same provider if their circumstances change.

The college/provider must be able to offer the following range of skills interventions tailored to the needs of the individual. It is recognised that not all of these will be needed in each case:

- Training Needs Analysis and Individual Learning Plan
- Skills for Life diagnostics (including ICT) and delivery of appropriate training
- Embedded IAG and learner support
- Training to update skills needed for a specific employment sector and/or employer leading to a recognised level 2 or level 3 or, in exceptional circumstances, an Adult Basic Skills qualification
- Training to provide skills to enter a different occupation or sector leading to a recognised full level 2 or level 3 or in exceptional circumstances an Adult Basic Skills qualification
- Regular progress reviews
- Exit interviews and customer tracking.

7. Funding and contracting

Funding will be allocated at a regional level based on the current JSA claimant count, adjusted to area uplift factors, and distributed to those colleges who have strong employer links through Train to Gain and are therefore close to the local labour market. Further details on the funding approach are given in Annex B.

Colleges will need to demonstrate the ability to deliver flexible provision tailored to the needs of their local labour market and the cohort of individuals in their area. They will be expected to ‘join up’ funding routes both pre and post employment to offer individuals a seamless progression route. In addition, this activity will stimulate greater flexibility and responsiveness in colleges’ offer to adults, for example, multiple start dates, flexible modes of
delivery (full and part time), continuous programmes enabling roll on, roll off participation and training available throughout the year.

National coverage of England will be ensured by the LSC regions and the colleges involved will already have existing close links to local employers and communities. They may already work closely with the relevant JCP district, but joint working will need to develop further. Both JCP and LSC will need to ensure on a regional basis that the appropriate links between local providers and JCP districts are made and strengthened over time. This will not only support the processes needed to ensure that individuals are aware of all the skills opportunities available to them but will also potentially open up recruitment activity to JCP for those employers already engaged in Train to Gain and vice versa facilitating a much more joined up approach to the ‘employer offer’.

LSC will allocate the £83m of additional funding alongside the ALR budgets of participating providers. Contracting in this way will allow performance management and discrete reporting for this element of the offer without imposing significant additional bureaucracy on providers. Contracts for delivery will run from April 2009 to July 2010. The provision will be paid via a monthly reconciliation model allowing LSC to redistribute funding if required as a result of underperformance or through changes in demand due to economic circumstances in specific areas. This method of contracting will also allow a regular review of the success rates of providers with the potential to open up to other providers should the need arise in the future.

Due to the changing economic and political landscape, the LSC and JCP approach and associated processes may change during the life of any contract. In such circumstances providers will be expected to adapt their offer and processes accordingly.
Annex A

Q: What do we mean by ‘suitable training already on offer’?

The curriculum offer and course content we require for this group of individuals will already be on offer through colleges around the country. There is work to do in identifying the specific sectors in each area which are likely to provide the greatest employment opportunities in both the present economic circumstances and also in the future. Any assistance from JCP to build this evidence base would be very valuable. In the short term, Colleges with Train to Gain contracts will already have robust employer links and therefore will have an intelligence base of recruiting employers.

We will need to ensure however that we have not only the correct curriculum offer but also that the training is available in a way which offers the flexibility needed to match the circumstances of this particular audience eg flexible start dates, part-time or full-time to match benefit conditionality etc.

Q: What proportion of the funding is attached to job outcome and ongoing learning?

£300 of the average £1,100 (27%)

Q: Contracts monitored monthly – how will that work?

Providers will agree monthly profiles of activity with LSC, data from JCP on referral numbers by district will be crucial to inform those profiles. Funding will be paid on actual claims from an indicative budget by provider. We will monitor performance based on starts, outputs and funding usage based on those profiles and end of year projections. LSC will review performance and funding usage monthly and will, if necessary, redistribute budgets on a (likely to be on a quarterly basis) to reflect any underperformance/under utilisation of budget or change in demand profiles by region or area.

We are in the process of agreeing with JCP the processes for reporting of monthly performance to ensure that data is linked and provides a holistic but detailed picture of progress.

Q: How does wraparound funding work? With job outcome?

Of the £1,100 average funding, £300 is attached to an outcome of a job with training and ongoing learning towards a full Level 2 or full Level 3 or, in exceptional circumstances, an Adult Basic Skills qualification evidenced and funded either through employer or adult learner responsive mechanisms. The remaining funding will vary according to the number of guided learning hours that the individual completes under this programme up to a maximum of £1500.
At the outset, the individual will agree with the provider via their individual learning plan, how much of the required learning for the ultimate qualification is achievable within the limits of the amount of funding available through the 6 month offer.

The cost of full qualifications vary in the way they are paid to ensure that we are not paying for learning that the individual has already completed or does not need. Therefore when the individual has exhausted the funding available under the 6 month package, they can be transferred onto ALR funded provision which will automatically take into account their prior achievement and fund the delivery of the remaining learning to achieve the qualification. This can be done in work via Train to Gain or Apprenticeships if the employer agrees that the qualification is relevant to the needs of their business or, if not, it can be done via ALR budgets by the individual continuing to learn outside of working hours. It is in the interests of the provider, in order to claim the job outcome payment to encourage continued learning towards a full Level 2 or full Level 3 or, in exceptional circumstances, an Adult Basic Skills qualification evidenced and funded through employer or learner responsive mechanisms. The achievement of the qualification will count towards the Colleges mainstream skills targets.
Annex B

Funding Approach

*Fundable Outputs*
Entry to a job with Training, funded through Train to Gain or Apprenticeships.

*Unit Prices*
Funding to support provision for learners up to a maximum of £1,500 per learner.

Funding for delivery based on guided learning hours and the production of an Individual Learning Plan:

- Between 9 and 14 glh: £270
- 15 to 44 glh: £500
- 45 to 74 glh: £850
- 75 glh or more: £1,200

Funding for outputs:
£300 for a successful job start outcome and evidence of ongoing learning towards a full Level 2 or full Level 3 or, in exceptional circumstances, an Adult Basic Skills qualification funded through either the employer responsive or adult learner responsive mechanisms.

*Payment Method*

Funding for delivery will be triggered via Individual Learning Record returns and/or completion of a Delivery Statement via the Provider Gateway. Providers must evidence both the job entry and evidence of ongoing learning towards a full Level 2 or full Level 3 or, in exceptional circumstances, an Adult Basic Skills qualification funded through either the employer responsive or adult learner responsive mechanisms.