AoC Speech

1. Introduction (Mark)

Why we are doing it differently?

- Delighted to be here…Hard to believe it’s the fifth time I’ve stood here…Thought you must be getting bored with me by now…Thought we would ring the changes…So pleased to do this session jointly with Chris…In having my chairman with me – hopefully we are demonstrating the importance of exec and non-exec working closely together – particularly in time of change…similar to how principals and governors need to work together

Challenging context

- Want to begin by reflecting on the fact that the last few years have been a period of restless, relentless and extraordinary change across the sector
  - there’s been a veritable blizzard of reports, reviews and white papers
  - there’s been the LSC’s Agenda for Change…there’s been Foster, FE White Paper and Leitch…parts one and two
o there’s been of course an **ever increasing and sharper focus** of government **funds on specific targets** spelt out each year through our Statement of Priorities

o there’s been the **first moves towards a fundamental shift** across the whole system in creating a more demand-led system, including the **launch** of Train to Gain

- It’s important we understand – as I’m sure we do…

- **All of this** change and the spotlight of attention that comes with it is a **reflection of the fact** that the **expectations placed on the FE sector have never been higher**

- Quite simply, FE is seen as crucial to delivering greater economic prosperity and supporting wider social inclusion…

- And so **all the efforts** and all the initiatives have been about trying to ensure that FE is in the **best possible shape** to deliver to those expectations
Throughout this period the FE system as a whole and the college sector in particular has shown what it always shows – a huge capacity for absorbing and managing its way through whatever changes come their way.

And now, with the Machinery of Government changes announced in the summer we now have new challenges to wrestle with, new opportunities to explore.

We have the creation of the two new Departments (DCSF and DIUS); we have the transfer of funding for 14-19 provision to local authorities and we have the review of the post-19 delivery landscape.

Don’t want to spend time today talking about these changes because they form part of the discussion I am having at a series of roadshows with college principals and other providers up and down the country.

But I do want to take the opportunity to pay tribute to the resilience and professionalism of people working across the system.
• And in particular, pay tribute to my own people, the staff of the Learning & Skills Council who responded magnificently as we came through our own major reorganisation last year and are responding just as magnificently again as we manage our way through the Machinery of Government changes.

• What unites everyone across the system is our shared determination to tackle the challenges we face. Regardless of the institutional landscape, we are all seeking to deliver more for young people, adults and employers…with more people participating and investing in their learning and skills.

We know that there is a platform of sustained success to build on

• I say this every year….but, no other part of the public sector can boast such a track record of delivery and improvement – together we have met or exceeded every PSA target we have been set.
  o And as a consequence we have record numbers of young people participating in learning.
  o We have record success rates.
  o More than 1.7m people have gained the basic skills they need for success in life and work.
And in the last year more than 52,000 employers have engaged with Train to Gain, with almost a quarter of a million employees starting on new training programmes. Workers and employers are similarly positive about their experiences, with high levels of satisfaction and clear benefits identified for both groups.

Each year the sector has proved it can deliver what government wants, what employers want and what learners want. Increasingly, it is also showing that it can get more people and more businesses to invest in their learning too.

**LSC focus as we go forward**

- We want to keep building on this record of achievement – and help to support you to do what you do best: change people’s lives, through the power of learning.

- In that context there are three things Chris and I want to talk about today – for us the three main challenges for the FE system…
  - What can we do to reach out to the most disadvantaged members of our communities?
How can we increase the way we respond more fully and flexibly to the needs of individuals and employers?

How can we deliver more for young people?

What can we do to reach out to the most disadvantaged members of our communities? Joining up employment and skills (Chris)

- Thank you Mark…

- I am delighted to be here today and to be sharing the platform with Mark…and although we have spoken together before, this is certainly a new departure for the AoC and I hope that you find it works for you…I am sure you will tell us if it doesn’t…

- I just wanted to kick off by saying that last Friday the LSC received its Grant Letter from DCSF an DIUS, setting out our priorities and budget for the next 3 years. At the same time, we published our statement of priorities which sets out our plans for that investment in more detail.
• Some of you may have seen the press coverage that highlighted the fact over the course of the next 3 yrs we will be investing over £35 billion pounds. This investment will be focused on the following 3 key areas:

  First: creating demand for skills from young people, adults and employers

  Second: ensuring that the system is responsive to that demand and

  Third: bringing the skills and employment systems together in order to give people the skills they need to get a better job and ultimately a better life.]

• And as Mark has said…[ it is within those priorities that we would like to focus on what we see as the] 3 main challenges.

• And although we should be in no doubt about the scale of those challenges, they are also real opportunities…opportunities for the sector…and also opportunities that could change the lives of thousands of individuals…

• Mark talked about the power of learning to change lives –something which I’m sure many of you are passionate
about - for some of you, it may even be the reason why you entered the profession.

• It is certainly why I got involved with this world.

• Through my work on the New Deal taskforce and subsequently as a member of the National Employment Panel - I realised just how important it was for individuals to gain the right skills and qualifications – not just to help them get a job… but to get a good job with prospects.

• Without this focus on skills and employment, too many people enter into a “revolving door” of low paid work with no or low skills, that soon sees them back out of work and back onto benefits….and pushed increasingly to the margins of society.

• Did you know that if you have been on Incapacity Benefit for more than a year, you are more likely to retire or die than get a job?

• This can’t be acceptable. And that is why I think we have to do much more to truly integrate activity to improve skills and help more people into employment,
especially if we are to **reach out to individuals in our communities**, who need our help the most.

- **The good news is that there is a growing consensus across government** about the need to align the employment and skills systems much more closely.

- **We are moving beyond the pretty sterile debate about ”work first” versus “skills first”**. More people are buying into the need for us to do both and for the first time work will begin this year to clarify and set in train a new joint PSA target between DWP and DIUS to move more people into sustainable employment. This, I hope will provide the right sort of incentives for the LSC and the Jobcentre Plus to align their work and really underpin the integration of employment and skills services.

- **But that doesn’t mean to say that we should sit back and wait for the joint target**; and already, across the country, there are many many examples of the ways in which we have already joined up with jobcentre plus and others to integrate our actions.
• The truth of it is that so many of their clients are ours too…. we know that FE delivers learning to over 300,000 benefit claimants each year, and we also know the benefits this brings.

• Research undertaken by the LSC shows that two-fifths of learners who were unemployed at the start of their FE course subsequently found work. This is great and shows, again, how learning can transform lives….but we have to do more.

• Locally, working with you - we need to engage much more with Job Centre Plus to demonstrate that LSC funded provision can meet their customers’ needs.

• This will include working with Local Employment Partnerships –and training people with the skills that local employers need to fill their vacancies, but also giving people from local communities genuine opportunities to get off benefits and really change their lives.

• Then – crucially - continuing to support those people in work through the Train to Gain service
• At the moment, such activity is patchy rather than systemic and in a system which is driven by PSA targets and levels of qualification it is often hard to extend our focus on to those who are most excluded, and who are still some way off getting a qualification.

• And whilst we must retain our focus on Skills for Life, Level 2, Level 3 and beyond.

• We also want more people on these courses to come from the groups – that need our help the most.

• And to ensure this, we have to have the provision in place – below level 2 – that will engage more people and support their progression. That is why more flexible provision – such as the Foundation Learning Tier and ESF funded learning - will be so critical – helping to ensure that we can engage those that are most excluded – and helping them to progress to further learning and to employment.
• At the same time, we also know – as you do – that there is **massive demand for learning from adults** in each locality. **More demand than government can fund.** We therefore need to be **much clearer about getting those who can pay, to pay**; ensuring we focus public funds on those who are hardest to help.

• All of this is a much more **complex message** to get across….but it’s one that we **must understand** and cannot afford to ignore.

• I also think we need to talk about it as a **further dimension of our drive for skills for competitiveness.** Economic prosperity and social inclusion are not mutually exclusive. They are the different sides of the same coin.

• Giving more people the skills they need to succeed is **crucial to both social and economic well-being.**

**Becoming more demand-led (Mark)**

• That leads us to the second of our themes today – becoming more demand-led…
• I began today by talking about change – but it’s not change for changes sake – it’s about making sure the system is flexible and responsive to individual and employer needs

• We want to give individuals and employers greater ownership and choice over their learning…This year we are introducing new funding models – for adult learners and for employers - which we believe will help the FE system to become more demand-led

• In doing so, we want to build on the strengths of the sector but do so in such a way that more employers and more individuals are choosing what and where they want to train. We believe that is crucial if we are to really drive up demand for skills and, at the same time, get more employers and people investing in training.

• Our latest survey of employers shows that the number of employers providing training has increased since 2005.

• In 2005, approximately 900k establishments provided training; in 2007 the figure is 978k.
• Business investment in training has also increased too - up from £33bn in 2005 to £38bn in 2007

• All this is good but we still have a huge challenge in expanding and enhancing Train to Gain further….. We have announced flexibilities to the programme to extend its reach, but we need the numbers of companies and employees involved to increase massively if we are to deliver our ambitions for this service.

• We know that there is more we need to do to streamline and simplify the processes around Train to Gain – we have to look at delivery from the perspective of the employer and make sure that it is accessible and clear from end to end. We have to simplify things for you – getting rid of unnecessary bureaucracy that makes it harder for you to engage.

• We have to make sure that more employers are engaging and doing so positively – with real desire to transform the skills of their workforce and not just take whatever is free or government funded.
• We also need to ensure that Train to Gain is integrated within our work to join up employment and skills – if we are to deliver the wider benefits that Chris has talked about.

• But the FE system has to do more too. Colleges in particular need to raise their game if you are to meet this demand and, importantly, take up this opportunity.

• I know that many of you are doing this already – really driving ahead with a clear focus on how you are going to engage more employers and deliver the skills they need. But too many are not....

• My concern is that those colleges that ignore or are indifferent to Train to Gain will suffer financially.

• Currently the budget for Train to Gain is 15% of the adult FE budget – by 2010 that will rise to 60% of the overall adult budget.

• Colleges that aren’t engaging in this agenda will see their adult budget fall dramatically.
• And they will miss out on the opportunities that Train to Gain offers institutions – by 2010 Train to Gain funding will be almost a billion pounds. That’s a budget increase of almost 300%!

• This year we are also introducing adult responsive model – the majority of the adult FE budget will be demand-led. We will agree indicative allocations with you but, as with Train to Gain, actual payment will be much more dependent on learners turning up.

• Again, this will place increasing pressures on institutions to respond to demand. Just to give you an idea of the scale of the change…in future, the average college that chose not to respond to Train to Gain or target priorities would see the number of adults engaged fall by over half….

• At last year’s conference I spelt out my belief that colleges need to reinvent themselves to survive and prosper in this more demand-led world. I know that many of you are doing just that – reviewing and changing your business models, your workforce strategy, your economic mission….
• I want to know what more it is that we can do to support you. I believe that we have to work together to encourage more people and more employers to contribute towards the cost of their learning.

• This isn’t just about agreeing fee targets – rather it’s about a shift in culture and a belief in the value of learning – a belief that means where people can afford to, they should expect to pay more. Where learning is both a right but also a responsibility.

**Young people (Chris)**

• This brings me to the 3rd and final area that we are going to cover today...**how do we deliver more for young people?**

• Actually, I feel that this is something that we have always asked of ourselves. What more can we do for all young people so we can ensure they are equipped with the skills and qualifications to succeed in work and in life. Our vision has always been one of a 100% for the 100%.
• And…as we look to the future, we have the opportunity to deliver this….

• We know as the demographics change, the total number of young people in England starts to fall next year. This means we have to do more to drive up participation, work harder to engage those who have not traditionally engaged or stayed in learning after the age of 16.

• It also means keeping our focus on those already in the system, continuing to drive forward achievement of level 2 and level 3 by the age of 19.

• Thanks to the progress of the sector, we certainly have a good platform on which to build.

• And as we move towards 100% participation – with the Raising of Participation Age - we need to develop more innovative and personalised approaches that truly excite and motivate young people to learn. For example, by using volunteering, enterprise and high quality work experience, as a way of engaging more learning that can transform their lives.
• I think it was Bill Rammell who said not so long ago, that we will look back and wonder how we ever thought it to be acceptable that any young person could leave formal education or training at the age of 16, just as we do now when we think back to when it was socially acceptable for young people to leave school at 14…

• And the key point that we ALL have get to across – particularly to the media - is that this is not about raising the school leaving age… but about extending the whole range of options for young people up to the age of 18, whether that’s staying on in school, going to a college, or a sixth form college, taking up an apprenticeship, or going into work with formal training.

• We therefore need to build a truly diverse curriculum that meets the needs of all young people – and the introduction of diplomas and the expansion of Apprenticeships are a key part of that.
• **Diplomas**, are of course new territory for all of us…but we need to make them work for the benefit of those young people who are taking this path. Key to their success will be getting buy-in from employers – diplomas must be related to the world of work to be credible.

• LSC can help support that crucial interface between the employer and provider, making sure it happens.

• **Apprenticeships**, on the other hand, are already a real success story; and with greater success comes greater expectation… the challenge here is to increase participation and success rates….not one at the expense of the other.

• And we want to achieve all of this at the same time as moving to new arrangements for 14-19…..ensuring we maintain our focus on all young people, and help to construct really successful new arrangements for delivery that can support these wider ambitions…. and help to transform the lives of all young people.
Close (Chris)

- So there is a massive agenda to deliver – everything is a priority. You have achieved so much – but we all have to do more for young people, for adults and for employers….

- And given the progress that has been made… and the critical role that the sector has to achieving a successful economy and inclusive society…how do we ensure that the sector gets the reputation it deserves?

- I do believe we need to do more to build the national reputation of FE, to build a sector that is vocal, strong and confident and to build networks of powerful and influential employers and stakeholders who are proud to act as advocates of FE. I really welcome the work that Alison Birkenshawe and colleagues are doing with the FE Reputation Steering group, in taking this forward.
• These are clearly challenging times – for the LSC and the sector – but they are also a time of immense opportunity. In moving forward with the development of new delivery arrangements we have to make sure that we are thinking creatively and imaginatively…and actively looking for opportunities to simplify and streamline, building on a sector that is strong and increasingly self-governing.

• Our aspiration should be to build a system that makes it easier to change lives – by doing more for those that need our help the most, by being more responsive to demands; and by delivering more for adults, for employers and for young people.

• We look forward to working with you to achieve this.

• Our future, it’s in our hands.

• Thank you……I would now like to invite questions