

LSC Delivery Report

March 2007

**LSC Management
Group Report to
Council**

Agenda item 6
Paper LSC 09/2007

Of interest to everyone involved in improving skills and
learning opportunities across England

Introduction

This report provides National Council with an update on performance against Public Service Agreement (PSA) targets; strategic priorities and the development and implementation of policy and strategy from across the LSC. The report pulls together all of the information, setting out our latest achievements and challenges.

Section 1: Key highlights since last report

Adult Level 2 PSA target milestone has been achieved

Published figures from the latest Labour Force Survey at the end of 2006 confirm that 73.9% of economically active adults have achieved a Level 2 and 52.4% a Level 3. This equates to 17.5 million adults at or above level 2, which corresponds to a rise of 1,141,000 since 2002, meaning that we have exceeded the PSA interim target for 2006 by a margin of 141,000.

Young People Level 2 target has been achieved

Published figures made available on 27 February confirmed that in 2006, the number of young people with a Level 2 qualification has increased to 71.4%, which is an increase of 5.1 percentage points from 2004. The LSC has therefore exceeded the first part of the PSA target which is to increase by 3 percentage points. In addition, 46.8% of 19-year-olds have a level 3 qualification, an increase of 4.3% from those aged 19 in 2004.

Leitch Submissions

DfES have clarified the four submissions to be put to Ministers in order to clarify the Government response to the Leitch report. They will cover:

- Train to Gain and Learner Accounts
- Economically Valuable Skills
- Sector Skills Councils and Sector Skills Agreements
- Employment and Skills Programme and Commission for Employment and Skills

Progression Research

We have awarded a contract to the company Inclusion (in partnership with BMRB and IES) to interview a sample of around 10,000 learners from the last 2 years on LSC funded programmes who were out of work or claiming income support when they started their course. The main aim of the research is to understand what has been the impact of learning on the individual's employment. The data should demonstrate which courses (levels, subject etc) have the greatest economic impact on the learner. The secondary aim is to understand for the same group what the wider benefits of learning have been in terms of motivation and other social benefits. It is expected that the first research report/findings will be available in September 2007.

Apprenticeships

The LSC, SSDA and Apprenticeship Ambassadors' Network have been remitted by Ministers to develop plans to raise Apprenticeship numbers to 400,000 in England by 2020 in line with the Leitch ambition.

Key Risks and Issues

Comprehensive Spending Review (CSR07)

DfES have made the final CSR submission to Treasury during the first week of March. CSR07 covers the period from 2008/09 to 2010/11. Current indications are that the final spending settlement will provide a 1.8% real terms increase in each year. Modelling undertaken as part of the baseline reviews suggest pressures in the region of £187m/£100m/£48m even before any of the Leitch ambitions are accounted for.

Train to Gain

Delivery performance across Train to Gain remains a significant concern for us. We are working closely with Regional Directors to ensure that each region continues to meet expected target levels by the end of the academic year. In particular we are concerned to ensure that the bigger regions continue to increase performance levels, and in particular that employer engagement and learner achievement targets are met.

UK VQ Reform Programme

There are ongoing concerns over the capacity and capability of Sector Skills Councils to deliver in a timely manner on reformed sector qualification strategies as part of the Vocational Qualification Reform partnership with Qualifications and Curriculum Authority, Sector Skills Development Agency and awarding bodies representatives.

Higher Level Skills

Higher Education Funding Council for England (HEFCE) and the LSC have received a commissioning letter from DfES to develop a joint and shared strategy for higher level skills in the context of the Leitch recommendations. HEFCE are presently concerned to commit to a strategy framed in the context of Leitch prior to formal agreement on aspects of the recommendations to be taken forward.

Tackling NEET

Concerns continue to be raised by the LSC with the DfES about the reliability of the Connexions data on young people who are not in education, employment or training and the inability of the CCIS system to provide accurate and timely data.

ESOL

There is a continuing campaign by the Unions and others to change recent decisions on ESOL funding. The Departmental position should be clarified by the time of the Council meeting and we will ensure Council members are kept fully informed.

Section 2: Update on delivery of PSA Targets

This section provides an update on our latest progress toward the delivery of our PSA targets. **In this report, new information is provided on attainment of both Young People and Adults at Levels 2 and 3.**

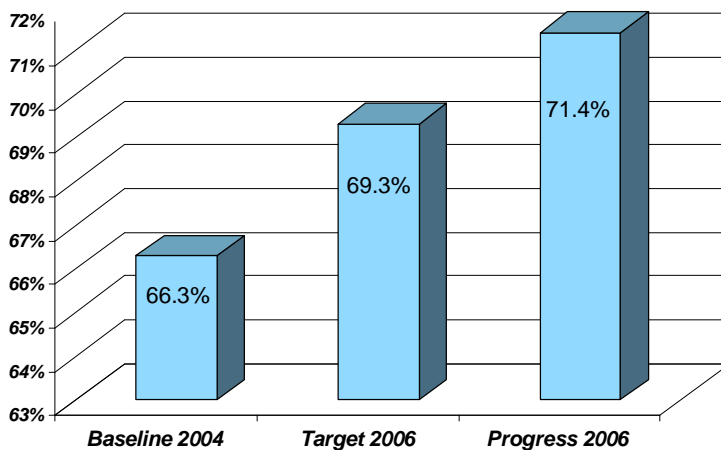
Young People

Our PSA target for **Young People** is to:

Increase the proportion of 19 year olds who achieve at least level 2 by 3 percentage points between 2004 and 2006, and a further 2 percentage points between 2006 and 2008 and improve attainment at level 3

On 27 February 2007, the DfES published the latest Statistical First Release (SFR) in relation to our performance on the Level 2 at 19 PSA target. This SFR confirmed that we have exceeded the first part of the PSA target. The main points from this performance report were:

- 71.4% of people aged 19 in 2006 were qualified to at least level 2.
- The baseline for the target has been revised downwards slightly as a result of improvements in data quality – the latest figures show that 66.3% of people aged 19 in 2004 were qualified to at least level 2, down from the 66.8% reported last year. Therefore the 2006 target has also been revised downwards slightly, to 69.3% from 69.8%.
- **The 2006 target has been significantly exceeded - there has been a 5.1 percentage point increase in attainment of people aged 19 between 2004 and 2006.**
- The baseline for the 2008 target is set at 71.4%, and so the target is for 73.4% of people aged 19 to be qualified to at least level 2 by 2008.
- Level 3 attainment at 19 has increased from 42.1% in 2004 to 46.8% in 2006 – an increase of 4.7 percentage points.



Adult Skills

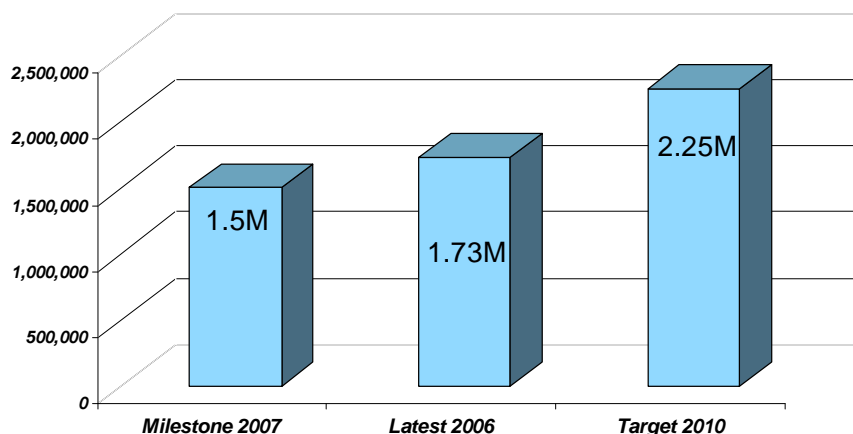
Our **adult skills** target is comprised of two elements:

Increase the number of adults with the skills required for employability and progression to higher levels of training by:

Improving the basic skill levels of 2.25 million adults between the launch of Skills for Life in 2001 and 2010, with a milestone of 1.5 million in 2007;

The Target is to improve the basic skills of 2.25 million adults between 2001 and 2010, with interim targets of 750,000 by 2004 and 1.5 million by 2007. Latest estimates from October 2006 show that the 2007 milestone of 1.5 million adults with improved skills has already been exceeded one year early. A recent announcement by Phil Hope MP was recently made to this effect. The latest performance figures for 2005/06 confirm that by the end of July 2006, 1,619,000 achieved first

qualifications that count towards the target. Along with a further 110,000 estimated achievements in 2005/06 (where exam results are not yet available), this gives an expected cumulative total of 1,729,000 achievements by the end of the 2005/06 academic year.



The **second element** of the adult skills target is:

Reducing by at least 40 per cent the number of adults in the workforce who lack NVQ 2 or equivalent qualifications by 2010. Working towards this, one million adults in the workforce to achieve Level 2 between 2003 and 2006.

In the last quarter of 2006, the proportion of economically active adults in England qualified to at least NVQ level 2 or equivalent was 73.9%. This represents around 17.5 million adults from an economically active population of 23.7 million.

There has been an increase of 0.8 percentage points since the equivalent quarter in 2005 and a small increase (0.2 percentage points) since the third quarter of 2006. It corresponds to an increase of 1,546,000 since the fourth quarter of 2001 (the PSA target requires an increase of 3.6 million by 2010), and **an increase of 1,141,000** since the fourth quarter of 2002. These results show that the 2006 milestone has been achieved.

Apprenticeships

The DfES/ LSC performance indicator is to increase the number of apprenticeship framework completions by 75% by 2007/08. This means 75,500 apprentices completing their framework in 2007/08. The latest data for 2005/06 shows 98,700 Apprenticeship completions in the year, thus exceeding the 2007/08 target two years early. The large increase in completions results from another significant increase in the full framework success rate - the success rate for 2005/06 was 53%, up from 40% in 2004/05 and 24% in 2001/02.

Section 3: Delivering our Priorities

Priority 1: Raise the quality and improve the choice of learning opportunities for all young people to equip them with the skills for employment, further or higher learning, and for wider social and community engagement.

Take up of EMA by 16 year olds in full time education in 2006/07

This has exceeded expectations, with more 16 year old learners already benefiting from EMA payments than in the whole of 2005/06. This amounts to over half a million learners (201,452). We continue to monitor closely the position on take-up with Apprentices. Concerns initially raised by providers have now been alleviated as the extension beds in.

We are changing the EMA application process to help young offenders to make a smooth transition to learning following a custodial sentence.

Care to Learn

As at 02 February 2007, 5,627 young parents are benefiting from Care to Learn. This figure is a cumulative total for the whole of 2006/07 and is on target for 7,000 young parents.

Dance and Drama Award

A review of the Dance and Drama Awards Scheme is currently being carried out. This will result in a submission to DfES ministers outlining recommendations for changes to the scheme from 2010. These are likely to be contentious within the dance and drama sector as some schools may not receive funding. As at the end of January 2007 1,572 Dance and Drama awards have been granted so far this year.

Learning Agreements

Recruitment to pilots remains behind profile, although progress is encouraging, due in part to an increase in operational staff, increased marketing and awareness of the pilots, and clarification of eligibility rules for learners, employers, and provision.

Priority 2: Raise the skills of the nation, giving employers and individuals the skills they need to improve productivity, employability and social cohesion.

Delivering World Class Skills in a Demand-Led System

The LSC has launched a major consultation, jointly with the DfES, on the reforms required to the FE system to meet the challenges set out in the White Paper 'Further Education: Raising Skills, Improving Life Chances' and the Leitch Report. Proposals for the way in which a 'demand-led' system will work, in particular changes to funding arrangements, have been set out in a consultation document, which responses required by 30 March. The consultation is being supported by a series of regional and national events for colleges, schools with sixth forms, independent providers and the voluntary and community sector. The events include inputs from the DfES, regional directors, and the funding policy division of the Resources Group. The proposals agreed following the consultation are scheduled to be implemented in the 2007/08 business cycle, for 2008/09 funding year.

Commission for Employment and Skills

The advertisement for the Chair of the new UK Commission for Employment and Skills went into the Sunday press on 25 February. The Commission will be responsible for strengthening the employer voice on skills and increasing employer engagement and investment in skills. The Leitch report also envisaged the Commission taking over the work of the Sector Skills Development Agency and the National Employer Panel.

Delivering Train to Gain to employers

As at the end of January, more than 25,000 employers have been engaged with the service, of which more than 21,000 are new employers brought to Train the Gain by skills brokers and providers. The proportion of hard to reach employers has risen to 67%, considerably higher than the target of more than half.

More than 15,000 employers have learners who started on LSC-funded qualifications since April 2006, and there have been more than 89,000 learner starts on basic skills, level 2 and level 3 qualifications for the year to date, with the significant majority – 78,000 – undertaking a level 2 qualification.

Skills Envoy

Sir Digby Jones has started his role as Skills Envoy with a number of visits and roadshows. Hilary Chadwick and the National Employer Service are providing him with support in his activities, and he has recently been very complimentary about changes in the LSC and the FE system.

New ESF programme 2007-13

Funding has been approved for new ESF programme 2007-13. This additional funding for the UK, albeit reduced from the current funding available, will support the achievement of key government priorities around skills and employability, and supports the direction of the Leitch Review. The LSC is working closely with partners and government departments to ensure the programme is developed to maximise opportunities to address worklessness and skills issues, with minimum bureaucracy. We expect that the operational programme will be agreed by the European Commission in time to begin contracted delivery through the LSC in late 2007 or early 2008.

National Skills Academies

On 31 January Phil Hope announced formal approval of the National Skills Academy for Food and Drink Manufacturing. It will open in April 2007 and is forecast to provide learning for 28,000 employees during its first four years, through a network of approved academy training centres. We continue to work with the round 2 approved NSAs on business planning and agreeing learner volumes. Expressions of interest for round 3 closed on 5 March, and the employer panel process started on 7 March.

Adult Learning Grant (ALG)

As at 31 January 2007 9,217 adult learners had been awarded ALG in the academic year 2006/07. This is on target for 11,000 learners benefiting from ALG over the course of the year.

Agreement from Ministers to develop the 'big skills' campaign

Ministers have now agreed to the running of our skills campaign. This marketing and communications campaign has been developed by the LSC, DfES and SSDA to create an overarching message to raise awareness and kick start a positive change in the attitudes of consumers, employers and stakeholders so that we can achieve, over time, a step change in the way that the country thinks, feels and acts about learning and skills.

Learners with Learning Difficulties and/or Disabilities

In line with the three key priorities highlighted in the LSC's strategy for learners with learning difficulties and/or disabilities, *Learning for Living and Work*, we have:

- Commissioned needs analyses to enable regional understanding of demand to enable appropriate development of provision;
- Started discussions within the LSC (Train to Gain, Skills for Jobs, Skills Coaching) and with external partners (colleges and the British Association of Supported Employment) to take forward the priority of increasing economic participation for learners with learning difficulties and/or disabilities through sustainable employment;
- Published the results of our survey into the effects of the reprioritisation of adult funds for learners with learning difficulties and/or disabilities. (Copy available on request).

Priority 3: Raise the performance of a world-class system that is responsive, provides choice and is valued and recognised for excellence.

Framework for Excellence

The LSC has agreed with Ofsted that we should seek to converge the Common Inspection Framework with the Framework for Excellence to produce a single quality and performance framework. A joint policy document (DfES, LSC, OfSTED, QIA and) is currently being developed with the intention to publish in March.

School Sixth Forms: Support & Challenge

The LSC has been asked by Ministers to take forward action to support and challenge schools over the student outcomes from their sixth forms. A working group comprising partnership team representatives, regional colleagues and policy leads at National Office covering both quality and 14-19 policy has proposed a way forward.

The intention is to identify, with local authorities, priorities in order to improve student outcomes and quality in 2007/08. The LSC is keen to ensure discussion goes beyond performance and achievement to focus on a school's curriculum offer, retention activity, added value and its contribution to increasing participation and reducing the size of the NEET cohort.

Minimum Levels of Performance

Since the publication of the final guidance on the application of minimum levels of performance, we expect 18 colleges to receive a Notice to Improve (Ntl). Of these 18, there is only one Sixth Form College and 3 Specialist Designated Institutions, the rest are General FE Colleges. The number of External Institutions we expect to have an Ntl is 62, many of which are local authorities. Final figures are to be confirmed once we have final data.

Apprenticeship provision is not covered by the same Ntl arrangements. Apprenticeship provision in each sector subject area failing to meet the minimum framework completion level will be subject to competition. Based upon performance in 2005/06 we expect in excess of 500 providers to have some element of their provision failing to meet the minimum performance level.

UK VQ Reform Programme

Confirmation of acceleration of timescale for UK VQ reform programme in response to Leitch review with first qualifications available from 2008. On behalf of the three funding bodies, the LSC to lead on designing the system for funding body/Sector Skills Councils/Bodies (SSC/Bs) dialogue and criteria for funding approval for priority qualifications within a qualifications and credit regulatory framework.

Sustainable Development

Work has just started on the development of a toolkit for the FE sector to help providers understand and embed effective practice in sustainable development in all aspects of their organisation. This will be based on the four themes of the LSC's strategy for sustainable development: positioning the sector, buildings and estates, curriculum, and community.

Priority 4: Raise our contribution to economic development locally and regionally through partnership working.

Skills for Jobs

As reported in previous reports to Council, 'Skills for Jobs' is our umbrella term for a range of different activities that link skills and employment. The ambition is that it should include our current activity such as skills coaching, basic skills for Jobcentre Plus customers and the adult learning option but it would also encompass new activity focused on both skills development and sustained employment. Our main target group would be low skilled adults who are not in employment but who want to work. We are still in discussion with the Department on this programme of activity.

Creating a demand led system (January to March)

In addition to the Leitch/FE reform regional roadshows, the LSC and DfES are managing a series of demand-led system consultation events aimed at independent providers, principals, finance directors and operational managers in colleges. These one-day events will cover various aspects of creating a demand-led system as well as workshop sessions exploring the implications of the proposed future funding models, or the technical aspects that underpin them.

EQUAL project supporting offender learning

After detailed negotiations the LSC has been successful in securing an additional £13.9m from the EQUAL EU Community Initiative (ESF). The project will allow the LSC to pilot and test a number of actions to enhance OLASS delivery by enabling direct support for offenders to increase their skills, improve their employability and ultimately secure employment. Actions will include accrediting unpaid work experience, mentoring, training by employers and for employers to meet skill shortages and job brokerage to secure employment outcomes. The project ends in December 2007 and aims to deliver a range of demonstrably successful approaches to offender employability that will influence future mainstream delivery or services.