

19th June 2008

Dear Train to Gain Provider and College

Train to Gain: Significant Enhancements to the Service

I am pleased to inform you that Ministers have agreed to a number of additional flexibilities to enhance the delivery of the Train to Gain service. These additional flexibilities build on those announced in *A Plan for Growth* which we published last November.

The new changes represent a further significant improvement to Train to Gain and will support the rapid expansion of the service confirming its major role in delivering the Government's skills strategy and ambitions. By 2010/11 more than £1bn of public funding will be routed through Train to Gain and the service will support in excess of 950,000 employees each year.

The proposed changes will ensure employers have the widest possible range of support to upskill and qualify their workforce to improve the performance of their business.

They will also give colleges and training providers more freedom to respond to employer demand. This should build on the already high levels of employer satisfaction with the service and support an increase in the overall volume of employer demand and learner numbers.

Taken together, these changes and those described in *A Plan for Growth*, provide colleges and training providers with a clear signal of the importance we place on delivering and expanding the Train to Gain service so that it is able to work with more employers to address the skills needs of their whole workforce and make a significant contribution to the ambitions described in *World Class Skills* – the Government's response to the Lord Leitch report.

The new trajectories are particularly challenging and will require a concerted effort from all of us if we are to achieve the significant levels of growth needed. This is particularly true for the 08/09 academic year when we will need to more than double the 320,000 starts we forecast we will achieve in the 07/08.

The key changes are:

- To help stimulate provider engagement with Train to Gain and their capacity to deliver the service, we will increase the base funding rates by an additional 3 % in each of the next 3 years, over and above the previously planned 1.5% per annum increase in rates.
- To enable us to respond to employer feedback on the types of qualifications we should support through Train to Gain, DIUS and the LSC have agreed a sector compact with SEMTA. We will agree further compacts with other Sector Skills Councils by September to ensure that they impact on performance in the 08/09 academic year. We will support a proportion of 'additional' Level 2 and 3 qualifications through compacts. The balance of first and 'additional' Level 2s/3s will be agreed with each college and training provider.
- We will also support a proportion of 'additional' full Level 2s in relation to qualifications that are identified as priorities in Sector Qualification Strategies or where they are approved onto the Qualification and Credit Framework. The balance of first and 'additional' full Level 2s to be supported through this route will be agreed with each college and training provider.
- Building on the successful approach in the West Midlands we will increase the public service sector take-up of Train to Gain through public service skills compacts.
- Employees with higher levels of prior qualification who have a literacy or numeracy need will be able to access Skills for Life support through Train to Gain. This is consistent with our wider approach to Skills for Life, and supports the delivery of the PSA.
- Whilst retaining our focus on learners who have the greatest need, we will support and fund Skills for Life qualifications at all levels.
- Following the rebalancing of higher and lower funding rates for Train to Gain, we have reduced the threshold for higher level payments from 20 to 15 hours.
- The recently announced Level 3 entitlement for learners aged 19-25 will be available through Train to Gain.
- A refreshed marketing and communications strategy with three key elements:
 - National marketing campaign, supplemented by activity in each region as well as increased sector-based activity
 - Enhanced stakeholder communications to ensure that Train to Gain is recognised, better understood, and utilised by key opinion formers
 - Enhanced 'delivery chain' communications to ensure that everyone involved in the delivery of Train to Gain understands the objectives, policy intent, and imperatives of the service.

In addition to the above changes, DIUS have asked us to develop proposals for a large national contract for Skills for Life provision. We will publish more information on this proposal in the next few weeks.

We have already made a number of changes to streamline the procurement and contracting processes as a response to the difficulties described by colleges and

training providers. We recognise the need to ensure that these changes are clearly understood by the sector and that the LSC implements them consistently across the country. This will be a major focus of our work over the coming weeks in preparation for the new contracting year. The changes to the procurement and contracting processes include:

- Successful colleges and training providers who are awarded contracts as part of this year's Open and Competitive Tendering exercise will be offered three year contracts, extendable to five.
- Existing contracts for Train to Gain or Apprenticeships can be negotiated to include both elements. This will be based upon the needs assessed in the local area or region, and is an important step forward to enable those employers engaged in Train to Gain to benefit from progression into a full Apprenticeship offered by the same college or training provider.
- Colleges and training providers that do not currently have a Train to Gain contract but come to the table with employers will get contracts immediately, subject to financial, quality and health and safety approval. This will also apply to Apprenticeships provision.
- Where training is addressing the needs of learners and employers, successful colleges and training providers will be able to increase their contracts both in their existing region and across the country, without the need to go through a further tendering exercise.
- The creation of a single funding stream for all 19+ employer based NVQ provision at Levels 2, 3, 4 and above, as well as the Foundation Learning Tier provision, including those previously delivered through the FE funding stream.

Clearly, all awards will be subject to financial, quality, and health & safety approval.

In addition to this streamlining, we intend to review the whole procurement process in Train to Gain. DIUS will establish a Review Group with the LSC, colleges and training providers to develop proposals to radically affect the way Train to Gain is delivered.

These new changes supplement those announced following the publication of *A Plan for Growth*, which included:

- Extending Train to Gain to cover volunteers and the self employed (both from January 2008), and offenders nearing the end of their sentence (from August 2008)
- Offering second Level 2s free of tuition fees to learners recruited through Local Employment Partnerships (available from January)
- Making Skills for Life qualifications a freestanding option (from October 2007 – previously Skills for Life was available only as part of a package leading to a full level 2)
- Increasing leadership and management in Train to Gain from £4m to £30m.

To support the significant expansion in Train to Gain, Ministers intend to make a further investment in provider capacity. The LSC will work with the new Learning and Skills Improvement Service and DIUS to shape this investment, so that it builds on their new programme - *World Class Skills – developing responsive provision*, commissioned by the Quality Improvement Agency and delivered by KPMG. This additional investment will take into account the findings from the LSC's Supply Chain Review which is due to conclude in July. Colleges and training providers will also want to consider adopting the Training Quality Standard as a framework for effective employer engagement.

There is still significant urgent work to be undertaken to clarify the policy, and operational issues (including systems and payments) arising from these changes. The funding and audit guidance for the 08/09 academic year will be reviewed and published – we anticipate by 30th June. We will continue to work closely with AoC and ALP as we develop the guidance.

On 30th June, we will also be launching a new Train to Gain page on the LSC's internet site. The page will contain up-to-date information on all of these changes as well as other helpful information. In the meantime, we will continue to communicate with you in a timely and effective way through your Partnership Manager and regional Train to Gain team.

We are finalising the regional Train to Gain allocations and the Employer Responsive Framework document this week. Partnership Managers will be arranging to discuss these changes with you in the near future and we aim to be in a position to conclude the majority of funding agreements by 30th June.

Finally, I would like to take this opportunity to thank you for your commitment and contribution to Train to Gain since it was launched nationally in August 2006. Through your combined efforts, we have worked with more than 80,000 employers and, this month, the cumulative number of learner starts has exceeded 450,000 – a strong platform on which to expand the service over the next two years.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Haysom', written over a white background.

Mark Haysom CBE
Chief Executive

(Agreed by and electronically signed in his absence)