

 For information

**>lsc**

Leading learning and skills

# Raising our game Our Annual Statement of Priorities

The Learning and Skills Council sets out its priorities, including key actions for 2007/08

**October 2006**

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

## Raising Our Game

We are committed to simplifying the way we work. To be clear about what is driving us we have four priorities that will drive our work and investment in 2007/08.

- More and better opportunities for young people – investing around £7 billion to help over 1.3 million 14–19 year olds
- Raising the skills of the nation – investing over £3 billion to help over 4 million adults and many thousands of employers
- Building a world-class system – including investing £600 million in new buildings
- Investing in economic development – through all of the above and with our many partners

Investment for 2007/08	2007–08 (£m)
Young People's Participation	5,985
Adults	3,017
Learners with Learning Difficulties and/or Disabilities	181
Financial Support for Learners	821
Development Programmes	571
Capital Projects	596
<b>Total Investment</b>	<b>11,171</b>

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# Setting the scene



**Christopher N Banks CBE**

**In the past year we have set out a new way of working between the LSC, colleges and providers, and provided the context for a major shift in what learning and training is delivered for learners and employers; and how it is provided.**

The good news is that, alongside these reforms, collectively, we have all made some real progress in improving the skills and qualifications of learners and in providing employers with the skilled employees they need to compete. There are:

- more young people in learning, achieving more than ever before
- more apprentices in learning and more completing their Apprenticeships
- more adults with basic skills
- more adults with the right qualifications at the right level to get on at work and in life
- significantly fewer employers claiming to have a skills gap in their business.

Between 1997 and 2005, this government has increased investment in further education by 48 per cent in real terms. Over the next two years further education participation funding will increase in cash terms by more than £300 million (7.2 per cent). At the same time, we need the whole of this investment to work harder. The Leitch Review of Skills interim report confirmed both the challenges we are facing in delivering the skills employers want and the need to increase the country's productivity.

While we know that our skill levels have improved over the past 10 years, other countries have improved faster. Among OECD nations we now rank 20th for post-16 participation in education and 18th for Level 2 qualifications in the workforce. Our OECD ranking points to a simple fact: we have much more to do. We expect Lord Sandy Leitch's final report, due to be published later this year, to set out far-reaching recommendations about how we have to raise our game to meet these challenges.

One of the ways we are responding to these challenges now – as set out in this document – is how we are working with more employers to develop the skills of their workforce. Offering a breadth of high quality, relevant and responsive training provision will undoubtedly help to stimulate demand; and Train to Gain – our flagship service to help employers get the training they need to make their business grow – is key to achieving that. It is early days, but we know that Train to Gain is already proving successful at reaching those employers who are less likely to train their staff and that 75 per cent of employers are extremely satisfied with the brokerage element of the service.

In addition, the LSC's National Employer Service (NES) is working with large national employers providing a "one-stop shop" for all their skills requirements.

As well as the benefits to the employer and to the economy, having the right skills and qualifications has a positive impact on an individual's well-being and their role in society. A good job with training supports better health, enables people to keep their families out of poverty and lays the foundation for successful retirement. Better skilled people are better able to fulfil their potential and earn more.

We put equality and diversity high on our agenda and ensure it is high on the agenda for our partners and for employers so that everyone – whatever their background – has an opportunity to succeed. Some 40 per cent of individuals on incapacity benefits have no qualifications at all – this puts them at a huge disadvantage in the labour market and in life; a situation that will continue to worsen as the number of jobs requiring no qualifications declines.

Increasing opportunity and diversity goes hand in hand with our priority to become focused on the needs of employers; the broader and deeper the pool of talent and skill on which employers draw, the more efficient and competitive they will become.

Our strategy for provision for learners with learning difficulties and/or disabilities coincides with the publication of this, our Annual Statement of Priorities for 2007/08. While its publication alone reinforces the priority given by the LSC to provision for this group of learners, it also provides clarity as to the purpose of further education and training for learners with learning difficulties and/or disabilities, emphasising that it is as much about enabling economic participation (where appropriate) as it is for all other learners.

Collectively, the LSC and the post-16 system must continue to deliver what learners and employers need and much more; not only so we are equipped to meet today's challenges, but also so we are flexible enough to respond to the technological, demographic and global challenges facing us. We can expect transformation to be our normal state for many years to come. The LSC's third Annual Statement of Priorities sets out how we intend to meet these challenges and continue towards our goal of creating a skilled workforce to match the best in the world.

# Introduction

This is our third Annual Statement of Priorities. The first two were based on the same six priorities. This year we have four. This does not mean that two have been achieved or are no longer important; but in changing times we have consolidated our areas of focus to reflect the current challenges.

Since our first annual statement we have set in train our transformation programme – *agenda for change* – and achieved much already. Since last year's statement we have seen the publication of the further education reform White Paper. Our updated priorities reflect these developments and anticipate what we know about the future, with the forthcoming publication of the Leitch Review of Skills final report and the economic and social challenges the nation faces.

This year we have added two further sections, which provide the context for our funding decisions and outline the way we intend to secure the provision needed to meet our priorities. Section 2 sets out our national investment plan and funding priorities, updating *Priorities for Success* published last year. Section 3 outlines our new lighter-touch approach to planning, building on the vision we set out in *Planning for Success* 12 months ago.

As an introduction to these sections, I would like to outline some of the principles and thinking that underpin all three.

For us, learning is more than an end in itself. As Chris Banks explains on the previous page, our overriding concern is with its impact on productivity, employability and social cohesion. But these are not separate aims – we see them as interdependent. Education is the great equaliser, the cornerstone of employability, social justice and sustainable communities.

We are ambitious on behalf of learners and employers. While we must pay strong heed to other partners and stakeholders, above all we must speak up boldly for employers and learners, as it is our job to commit public investment on their behalf. We invest a great deal of public money – £11.1 billion in 2007–08. We want to be clear about not just what our priorities are but how we allocate funding to support them. You will find more detail on this in Sections 2 and 3.

We are identifying and targeting priority groups more explicitly, to tackle disadvantage more effectively. We have a vital role to play here: school attainment is rising overall, but the variation in pupils' achievement is among the highest in Europe. There is a strong correlation between educational achievement and socio-economic background, and (in the UK) social mobility has actually fallen over the past 25 years.

We will target priority groups through specific interventions and overall funding policy. We will also build clear focus into local and regional plans – identifying those individuals and groups with the most urgent need for improved basic skills and Level 2 qualifications and targeting them with appropriately tailored provision.



**Mark Haysom**

Our investment decisions are based on a clear understanding of demographic, structural and economic developments in each region and the sub-regional economies and communities within it.

Research tells us that the main factor in most learners' choice of place to study is proximity. This means that all provision, everywhere, must be of good or excellent quality. To help learners make better informed choices, we will publish transparent measures of success through a common performance assessment measure – the Framework for Excellence. To encourage and reward excellence, we intend to introduce greater competition into the system to give greater employer and learner choice and to increase quality and responsiveness. We will introduce minimum performance levels for colleges and providers and take decisive action to stimulate improvement where needed.

The priorities set out in this annual statement are interlinked, with shared aims, ambitions and outcomes. They focus on critical issues, rather than specific programmes, because we need to be clear about what is driving change and be alert to how we can best use the funds entrusted to us to achieve the transformation that our country, economy and society require.

To make the best investment decisions we can, we need to be as well informed as possible about the needs of learners, employers, the supply side and the economy. Our new structure will help us play a stronger leadership role in the system as we build our understanding of market, economic, demographic and supply issues at local, regional and national level.

# A wider context



## The White Paper

The White Paper (*Further Education: Raising Skills, Improving Life Chances*, 2006) set out a new economic mission for the further education (FE) system – equipping young people and adults with the skills, competencies and qualifications that employers want and that prepare them for productive, rewarding, high value employment in a modern economy.

As well as provision with a clear vocational or occupational focus, it also includes the general education that employers value, the stepping stone provision that helps prepare people for success in life as well as progression to Levels 2 and 3, and the skills for self-employment.

We recognise that this mission will mean different things for different providers. This new focus will inform all our decisions about which courses are funded and decisions about withdrawing support for provision that is not up to standard.

Greater specialisation will be an important means of delivering the new focus. We expect that all governing bodies will want to ensure that their mission is in line with and supporting this new economic focus. These reforms will be the foundation on which we build the new reputation for the system that we are all striving for.

## The Olympics

We have some exciting developments on the horizon. In August 2012, London will host the Olympic and Paralympic Games – they are intended to be the most spectacular, inspirational games ever. We want to use our investment in learning and skills to support the Games to deliver a model of social inclusion; creating better opportunities for both young people and adults in education, skills development and employment across the country, not just in London.

## World Skills 2007

The LSC is committed to improving performance through competition. WorldSkills provides us with an excellent opportunity to raise the profile of skills by demonstrating them in competitive action with the best in the world. We will support UK Skills to develop the skills that competitors will need to be successful at WorldSkills 2007 in Japan and will continue to do so in the run-up to WorldSkills 2011, to be held at the Excel Centre in London.

# Our targets

We are responsible for meeting two Public Service Agreement (PSA) targets:

The first is to: **"Increase the proportion of 19 year olds who achieve at least a Level 2 by three percentage points between 2004 and 2006, and a further two percentage points between 2006 and 2008; and improve attainment at Level 3."**

We have made great progress against this target, and are on track to exceed the 2006 milestone. The figures for 2004/05<sup>1</sup> showed that 69.8 per cent of young people had achieved Level 2 by age 19, an increase of 3 percentage points over the 2003/04 baseline of 66.8 per cent.

The second target is comprised of two elements: **"Reduce by at least 40 per cent the number of adults in the workforce who lack an NVQ Level 2 or equivalent qualifications by 2010. Working towards this, one million adults in the workforce to achieve Level 2 by 2006."**

By the end of the 2004/05 academic year we had delivered an increase of 841,000 adults towards the one million target. Over the duration of the target, we expect to fund 1.4 million adults achieving their first full Level 2. So far we have delivered around 400,000 first full Level 2 achievements between 2001/02 and 2005/06.

In the second quarter of 2006, the proportion of economically active adults in England qualified to at least NVQ Level 2 or equivalent was 73.5 per cent. This represents around 17.4 million adults from an economically active population of 23.6 million. These latest figures indicate that over 1 million more adults in the workforce are qualified to at least Level 2 than was the case at the end of 2002.

These figures show continued good progress towards the target. It appears that we are likely to exceed the 2006 milestone. This will be confirmed in March 2007.

The second element of our adult skills target is to: **"Improve the basic skills of 2.25 million adults between 2001 and 2010, with a milestone of 1.5 million by 2007."**

The latest Skills for Life figures (June 2006) show that the 2007 milestone is likely to be exceeded. The figures for 2004/05 show that, by the end of that year, 1.286 million achievements were confirmed as counting towards the target. Of these, 1.136 million were funded by the LSC. Latest estimates of performance for 2005/06 suggest that we will deliver 443,000 achievements in the academic year.



Supporting our headline PSA targets is a performance indicator: **"By 2007/08, increase the numbers completing Apprenticeships by three quarters compared to 2002/03."**

Latest data from providers for 2005/06 shows 91,600 Apprenticeship completions, surpassing the 2007/08 target of 75,500 two years early. These figures will be confirmed in the autumn.

## Contribution to other targets

We also recognise that we have a major contribution to make to targets owned by other parts of the system. One of these targets is, **to reduce the proportion of young people not in education, employment or training** and the other is **to increase the number of people entering higher education**. We are fully committed to the achievement of both these targets.

<sup>1</sup> 2004/05 refers to the academic year; 2004–05 refers to the financial year.

# 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.

Learning plays a crucial role in giving all young people the skills, attitudes and qualifications they need to prepare them for productive, rewarding and high value employment in a modern economy.

This applies whether their next step is straight into employment, into higher education or further education, or a combination of these. Our ambition is for all young people to leave their learning properly equipped for what comes next in a way that makes sense for employers, society and young people themselves. Their learning programmes should provide a firm foundation for their future employment, for their lives and for active participation in society.

Securing high quality learning for 14–19 year olds is a responsibility we share with our partners. Our role is to commission and assure the quality of learning opportunities for 16–19 year olds through schools, colleges and independent providers, informed by joint planning to ensure choice and relevance.

## Key actions for 2007/08

More 16–18 year olds are participating and succeeding in learning than ever before. We want to improve on this, to achieve as close to 100 per cent participation as we can. **We are now aiming for at least 90 per cent participation by 2015.** To increase participation:

- we will map the local learning offer and inform young people of their options through the publication of area prospectuses, and
- where there are gaps in provision or where learner choice is limited, we will apply the principles of competition to secure new provision.

This may mean expanding provision that is good or outstanding, building on existing high quality partnerships, or tendering competitively for new provision. It will include competitions for new provision for 16–19 year olds, where there is a significant demand (200 or more places) or where there is a need for significant structural change; and effecting the Government's presumptions in favour of new 16–18 provision in excellent schools and colleges.

We will pay the Education Maintenance Allowance (EMA) to more than 500,000 young people so that finance is not a barrier to participation.

We want all young people to get the learning that is right for them. This means **delivering a broader curriculum** offer by:

- increasing the range of high quality courses below Level 2, including the introduction of the Foundation Learning Tier
- encouraging innovative ways of combining elements of academic and vocational learning at all levels
- developing with local authorities the local partnerships of schools, colleges, providers and employers necessary to offer a wide choice of learning for all young people in their local area
- working with the Department for Education and Skills (DfES) to support the effective introduction of the new Diplomas, particularly supporting the Diploma Gateway which will select the partnerships that will be the first to teach the new Diplomas in 2008, and
- ensuring that learning programmes are personalised to meet individual needs.



Participation is only half the story.

**We want success rates for all young people and all types of learning to keep rising.**

We have made good progress on Level 2 attainment and increased Apprenticeship success rates, but there are still too many types of learners and programmes where success rates are below the agreed benchmarks. We will:

- agree plans with providers that focus on improving success for every young person, regardless of their characteristics or the level or type of programme
- continue the drive to increase Apprenticeship success rates further to above 60 per cent over the next two years, and
- enhance our target to increase the proportion of 19 year olds with at least a Level 2, by including a focus on improving performance in English and maths.

We recognise the importance of **modern foreign language** skills to employers to improve their competitiveness in the global economy. However, participation rates in these subjects are declining.

- Providers delivering these programmes will play a key role in reversing this trend by stimulating demand and revitalising the curriculum to equip more young people with modern language skills.

Young people **not in education, employment or training** still account for around 11 per cent nationally. This is a priority group of individuals for us. We will:

- use borough level and local area intelligence to understand who and where they are, and their particular needs and aspirations
- in partnership, implement the "September Guarantee" so all learners who have applied for a place in learning are offered a suitable opportunity
- work through partnerships with Children's Trusts between schools, post-16 providers and others to offer a more seamless and effective transition at ages 16, 17 and 18
- work regionally with the Prince's Trust and other Third Sector organisations to share expertise on the issues and provide a range of opportunities that meet young people's needs, and
- actively promote and target EMA and other financial support to remove barriers to learning.

We will also ensure that **the needs of children in care** and young people up to the age of 25 making the transition from care are taken into account in developing and delivering local learning opportunities.

There is increasing demand for provision for young **learners with learning difficulties and/or disabilities**.

We know that this group can have a restricted choice of places to study, compared with peers without learning difficulties or disabilities. We will:

- invest to develop more high quality, learner-centred provision and increase the number of opportunities for learners to choose to study locally.

Another target group for us is **young people in jobs without training**. About 40 per cent of these are not qualified to Level 2, and, of these, 16 year olds are the least likely to have a Level 2.

We will:

- use Learning Agreement Trials to target these young people and their employers and bring them back into learning while still in employment, and
- set new benchmarks for the progression of learners from E2E into work with training.

# Priority 2

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

Effective delivery of learning and skills plays a key role in increasing the productivity of businesses, the employability of individuals and the cohesion of society. We want every pound of public money we spend to achieve the best results in pursuit of these aims.

We have a strong base on which to build. The Skills Strategy is in place to provide direction, and a range of programmes and provision including Train to Gain now support it. But we still need to pull everything we and our partners deliver into a coherent and progressive system that moves individuals from pre-employability through to higher level skills. Mapping this skills offer for individuals and employers at all levels – and aligning the investment we and our partners put behind it – will be a powerful force in changing the nation's skills landscape.

We will pay close attention to all three main areas of the skills continuum:

- fixing the lower end, England's long tail of low skills, by providing pre-employability and "skills for life" provision
- strengthening the intermediate level – Level 2, which is the platform for employability, and
- delivering higher level skills including leadership and management to improve employer competitiveness and productivity and to help individuals maximise their potential, including progression to higher education.

At all levels, we know that increasing individual skills increases individuals' life chances and earnings potential.

### Key actions for 2007/08

The **relative balance of skills** to underpin employability, productivity and community cohesion will differ by region and locality. We will:

- use our local plans to set out our key areas for action
- deliver national and regional skills priorities and targets while retaining sufficient flexibilities to respond and prioritise action according to local needs and circumstances
- use data and market intelligence to inform decisions – working through the Regional Skills Partnerships to engage with all partners to capture this intelligence, and
- map the local and regional offer to learners and employers and explain clearly how services like Train to Gain and programmes such as Apprenticeships support the delivery of skills. We will demonstrate how this offer integrates and builds on the offer for young people.

### Putting **employers centre stage**

is imperative for us. Investment in Train to Gain will increase by 62 per cent to £460 million for 2007–08. We will continue to develop it as a holistic service to employers, understanding and helping them to meet their needs from Skills for Life through to the highest levels. It is also important because it is changing the way training is delivered to meet the needs of businesses. Through this service we want to increase the choice to employers and employees. We will do this by:

- increasing our service to employers through Train to Gain
- increasing investment in Level 2 and Level 3 through additional funding for employer skills delivery and continual re-prioritisation of FE funds
- introducing additional money and places to support Apprenticeships for Adults
- piloting the higher education extension of Train to Gain
- linking with Jobcentre Plus through the Train to Gain vacancy referral process which connects local employers with skills shortages to local job seekers and then provides the training they need to succeed
- using our leadership and management programme and our wider provision offer to deliver the formal qualifications that employers regard as essential
- supporting the virtual languages academy as part of our commitment to meet employers' business language needs
- supporting 12 national skills academies to be operational by 2008, working with Sector Skills Councils and employers, and
- extending the principle of sectoral excellence by trialling a new standard for employer responsiveness and vocational excellence from February 2007.



The importance of **higher level skills** will be emphasised by the forthcoming Leitch Review of Skills final report. We will work with the Higher Education Funding Council (HEFCE) and higher education institutions to develop and improve links between further and higher education to increase progression. As the prime investor of public funding in Level 3, we will increase the number of higher level skills delivered by:

- using our influence to support employer and learner choice in each region and locality
- targeting the sectors and qualifications that we know need more help, and
- introducing an entitlement for people aged 19–25 who do not have a Level 3 qualification to study for one.

The **public sector**, which employs about a quarter of the nation's workforce, remains a priority for us. We will:

- continue to work with the public sector to improve its skills base so that it delivers public services more efficiently and plays an active role in upskilling the wider workforce, and
- work with partners on a joint approach to funding to maximise the impact of public funds.

We will also increase our work with large blue-chip employers through our **National Employer Service (NES)**. We want to build on these relationships to:

- maximise Apprenticeship opportunities with large employers
- tackle low skills in the workforce, and
- inform and guide our work with employers generally.

Working closely with **Sector Skills Councils**, we are putting our weight behind qualifications and training that lead to effective progression to higher level skills and employment.

- We will only commission qualifications that employers want as set out in Sector Skills Agreements.

In addition to our employment-led offer, we also fund a range of learning opportunities for **adults as individuals**. We will make sure our investment is targeted on the skills challenges that we face and we are reviewing carefully what we support, considering what should be supported collaboratively with other agencies and what is fully funded by individuals to ensure that our investment is targeted at government priorities. To increase the choice for individuals we will:

- increase the number of opportunities for Skills for Life, Level 2 and Level 3 qualifications
- set out clearly what is available to adults in each locality

- use the introduction of the Qualifications and Credit Framework to make sure that the offer includes a range of provision including appropriate first steps and Foundation Learning Tier opportunities, with progression to employment and higher level learning, and
- safeguard funding for personal and community development learning (PCDL) to the same levels as we did last year.

We will continue to give priority to provision for groups of individuals both in the workplace and in the community who are in **greatest need of learning**. We will:

- continue to prioritise Level 2 learning and progression routes to Level 2 learning for those who have not already achieved this standard
- agree with colleges and providers the number of "first" Level 2 qualifications they will deliver, and
- support adults in their learning by making the Adult Learning Grant available nationally in 2007/08. This will impact on the retention and achievement of adult learners who are studying full time for their first Level 2 or Level 3.



We also recognise the need for people to re-skill and upskill to **higher level qualifications**. We want colleges and providers to increase the number of opportunities offered for this group – but this learning will be subsidised rather than free. Rebalancing public and private contributions remains essential if we are to collectively rise to the challenges of the economy.

We will continue to build on the successful roll-out of the **Offenders' Learning and Skills Service**. Offenders often have limited skills or qualifications and are often among the most socially deprived: qualifications that are relevant to employment are their key to social mobility and this will be the focus of our delivery. Within this we will:

- improve the quality and content of learning and ensure that it is geared to maximising individuals' chances of gaining sustainable employment when they re-enter the community
- increase the numbers reaching Level 2 and continue to address the huge literacy and numeracy need through Skills for Life qualifications
- further develop our cross-departmental and cross-agency working to support transition from custody to community, and
- enhance the service by increasing the appropriate use of the LSC's mainstream budgets and by leveraging in other sources of available funding.

For adult learners with **learning difficulties and/or disabilities**, we will focus our investment to enable learners to participate as fully as they can in their communities. In taking this forward we will:

- challenge the continuation of courses that merely recycle or occupy learners and instead actively support programmes that enable individuals to progress to meet their aims and aspirations
- work with the DfES, the Department for Health, the Department for Work and Pensions and ministers to create national protocols for shared funding responsibilities. This will help ensure that agencies work collaboratively so that learners have access to appropriate provision which meets their needs and that the costs of this provision are shared appropriately.

# Priority 3

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

"World class" is a moving target: witness the leaps made by China and India on to the world's economic stage. We want to put our FE system on the world map alongside our widely respected HE system.

Through *agenda for change*, we are reforming FE to realise its potential as a key driver of economic growth and competitiveness and as an engine of social justice and equality of opportunity. But to realise this ambition we will have to make the system work together better – uniting ourselves, our many partner organisations and other government departments. This is no mean feat, but we have begun the necessary transformation.

## Key actions for 2007/08

In our last two annual statements we spoke of making learning more demand-led. As we continue to do this we want to extend the same principle to the whole FE system, to its culture, and to the opinions and attitudes of employers and individuals.

Our role is to create a **competitive market**, using our policies and levers to deliver government priorities through this market. To achieve this we will:

- stimulate market behaviour in the supply side through policy and funding approaches
- work through our brokers, the Skills for Business Network and other employer representative organisations to stimulate demand
- intervene directly by securing provision to meet the needs of those least able to articulate them, to protect vulnerable learners and to ensure equality of opportunity, and
- let market forces drive the big blocks of employer skills training such as our Train to Gain service, responding directly to user choice.

In support of this role we will introduce a new **light touch planning** approach that is driven by learner and employer demand and underpinned by economic analysis. We will:

- introduce greater competition by routinely market testing adult skills provision, aiming for a position where 40 per cent of adult skills funds are channelled through demand-led mechanisms
- trial approaches to learner accounts
- open opportunities for new high quality providers to enter the market, and
- reward excellent providers with greater investment and a lighter touch planning dialogue focusing on specialisms and growth.

We will use our **research and evaluation** to underpin decisions at all levels across the organisation:

- in policy direction and implementation, and
- in commissioning, planning and investment decisions locally and regionally.

And we will further develop our evaluation to measure the impact of our policies on wider social and economic goals.

We are intent on **excellent provision**, for the benefit of employers and learners alike. As a route to excellence:

- we will seek to expand excellent provision where this is the choice of learners and employers
- we will demand improved success rates from colleges and providers where they are satisfactory or coasting
- we will discuss specialisation with all our providers – and expect them to start working towards at least one area of specialisation in 2007/08
- providers may consider dropping areas where performance is only satisfactory, if learners and employers can already find excellent provision locally
- we will publish minimum levels of performance and issue notices to improve where provision is unsatisfactory



- we will intervene swiftly and robustly to tackle underperformance, and
- we will work with the Quality Improvement Agency (QIA) in taking forward the improvement strategy.

We want colleges and providers to offer a range of provision matched to their mission and specialisms to ensure the system is providing **maximum choice for individuals and employers**. Our ambition is that colleges and providers will develop a full portfolio of learning and skills training that is partly subsidised and partly funded by learners and employers. This will include:

- greater expansion into higher level courses – both higher education and professional qualifications
- increased delivery of shorter training courses for employers – in most cases this work will receive either partial or no government funding and will require employers and individuals to invest in their learning, and
- colleges, providers and employers working together to ensure there is choice in full cost provision, so that a comprehensive offer is available in all local areas.

We will want to gather a fuller picture of changes in **private investment** in education and training and will discuss this with colleges and providers. As part of our dialogue with providers we will:

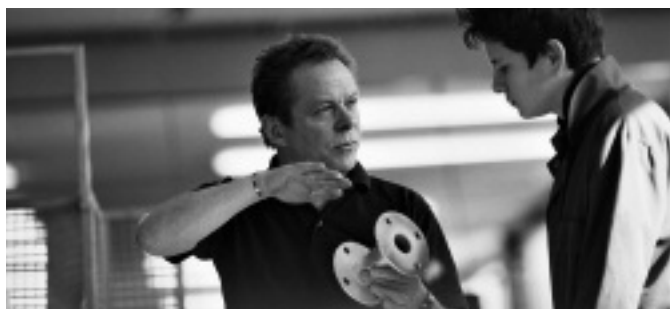
- agree fee income measures, including a measure of fees earned through full cost courses
- evaluate the impact of fee changes on individuals and the provision that is offered, to help guide future policy and investment priorities, and
- test fee levels for higher level learning through Level 3 trials.

We want all **buildings to be world class**. We have already committed over £4 billion of building projects, renewing over 50 per cent of the college estate. We will:

- continue to renew the buildings of colleges and school sixth forms through capital investment that is clearly aligned to mission and specialisation and other investment priorities, and
- proactively link our investment with Building Schools for the Future programmes and other public investment to ensure the best possible infrastructure for 14–19 learning.

Overall we need the system to work better together. We have been pursuing this aim through the **agenda for change** and to continue the transformation we will:

- work with the FE system to develop the principles of self-regulation
- introduce the Framework for Excellence – a holistic performance assessment framework for all colleges and providers. This will be a comprehensive basis for self-assessment that will recognise excellence and enable underperformance to be identified
- introduce a communications gateway as part of our continuing drive to remove unnecessary bureaucracy – this will be a single distribution channel to make sure only relevant, clear and important communication is sent to colleges and providers
- consult on funding arrangements for young people and adults in late autumn 2006 – building on the 16–18 funding approach we have developed through the *agenda for change* programme as the basis of a common system for schools, colleges and providers, and introducing a new funding approach for adults, so that funding is driven directly by learner and employer choice



- trial funding and payment approaches that support responsiveness to employers and individuals – the first of these, learner accounts, will be trialled in 2007/08
- continue our reforms to data gathering – the next step is to establish the Further Education Information Standards Agency (FEISA), which will revolutionise our approach by acting as a gatekeeper, setting information standards and data, and reporting requirements for the whole sector, and
- continue to develop and accelerate the *Provider for the Future* model, to embed the use of learning technology across learning and business processes.

To be world class we need **expertise** in every part of our organisation and across the FE system. We have invested in the structure of our organisation and expertise of our staff, and believe we are now much more locally focused, flexible and responsive. We have the right calibre of people to interact at senior levels in local, regional and national partnerships, lead change and deliver real impact. We will:

- continue to invest in our staff and build our relationships with partners so we can secure our ambitions for learners and employers
- expect colleges and providers to invest in the development of their own staff and governors – we see governors of colleges as critical partners in our drive for transformation and quality improvement and will work more closely with them
- actively support and invest in the reform of the FE system's workforce so that teachers and support staff will meet the necessary standards through the achievement of approved qualifications, and
- streamline our own governance arrangements – focusing the formal elements at national and regional levels while strengthening our engagement with stakeholders at all levels and, crucially, at local level.

We know that any transformation of the system needs to be for the benefit of learners and employers and communities. And we know how much can be achieved the more we **listen** – as we learned through listening to colleges and providers to shape *agenda for change*. At all levels in the organisation we will:

- listen more to learners: we are setting up a national learner panel to capture their views, but we also want learners' voices to be integral at all levels – informing course tutors, colleges and providers, and policy at local, regional and national levels.
- listen to employers' voices especially through Sector Skills Agreements, Regional Skills Partnerships and skills and employment boards, and
- listen to employers at regional and local level to understand concerns and issues, and to direct them to brokers who can help identify the best solutions for their training needs.

# Priority 4

## Raise our contribution to economic development locally and regionally through partnership working.

We are committed to working effectively with partners to support economic development by enhancing the delivery of skills relevant to employment. We see learning and qualifications as a key aspect of raising local, regional and national economic performance and social inclusion.

We want to play a full and active part in **regional and sub-regional strategies**, including New Deal for Towns, Cities and Regions, local area agreements, Regional Skills Partnerships and city strategies. We see our partners – including local authorities, Jobcentre Plus, Regional Development Agencies and local employers – as key to delivering our shared objectives. Neither we, nor they, can achieve our ambitions for improved productivity and inclusion alone. So we want to work positively with all partners to align objectives and link our work coherently to deliver beneficial change.

Through our investment and the way we work with partners, we aim to contribute to the broader picture of public sector reform in these key areas:

- providing more choice for customers
- tailoring services to meet individuals' needs
- encouraging innovative new providers to enter the market
- taking robust action to deal with poor quality, and
- giving more autonomy to the excellent.

### Key actions for 2007/08

The delivery of learning and skills is a key contributor to **regional and local economic development and regeneration**. We will ensure that the learning and skills provision we fund is clearly aligned and directly contributes to:

- local area agreements
- city region and city strategies, and
- skills and employment boards.

Our reforms are helping us to become more responsive and faster on our feet. But we still need a long-term vision so that we can build capacity for the challenges ahead set out in **Skills in England**. To prepare for the challenges:

- regional commissioning plans will set out a vision for each region and its localities
- we will aggregate critical trends and forecasts to anticipate what the labour market will look like, and what we need to do to prepare young people and meet employability and productivity needs, and
- we will use the good data we have on the supply of learning and skills, overlaid with excellent demand-side data from ourselves and partners, to anticipate potential gaps and pre-empt them.

We also recognise that there are particular issues relating to learning and skills and **rurality**.

- We will support the energising of market towns and, through local area agreements, align our investment to tackling deprivation.

We have a clear focus on addressing low skills and reducing skills gaps. Skills are the key to sustainable employment: around half the adults with no qualifications are not in work, compared with only one in five with Level 3. **Low skilled individuals who are not working** are a priority for us. Since 2005 we have been developing joint plans with Jobcentre Plus to address their needs.

- From 2007 these joint plans will be integrated into our local and regional plans.
- Through these plans we aim to increase our input to the shared objective of moving more people off benefits into jobs.
- We will work with providers to make sure appropriate learning opportunities are available and actively marketed to this group, with start dates throughout the year.
- Learners' subsequent success in getting jobs and moving into jobs will be a key quality indicator – we will view success as more people moving off benefits, into learning and on to sustainable employment.
- We will use our European Social Funds (ESF) to support innovation in this area, and expect good practice to impact on mainstream delivery where relevant.



**Low skilled individuals in the workplace** are also a priority. If we are to narrow the productivity gap and improve competitiveness, we need to harness the potential of all individuals. To increase the engagement of this group we will:

- build on the important role that Trade Unions are playing in supporting learning and skills in the workplace – we will continue to work with the TUC to engage more members who could benefit from study and to support the expansion of union learning representatives, and
- ensure skills brokers target those employers and employees who are hardest to reach, as this is where the greatest likelihood of low skills exists.

We have an important job to do in helping **socially and economically disadvantaged** people to gain sustainable employment. Learning opportunities and qualifications can do much to narrow the gap between the most deprived communities and their neighbours. We will:

- aim to share resources with partners through local area agreements to remove barriers to employment, including increasing the number of supported employment opportunities for learners with learning difficulties and/or disabilities
- use our considerable flexibility in funding at local level, and
- use ESF funding to fill gaps.

But we will be rigorous and pragmatic; our objective is to ensure the learning delivered is sharply focused on increasing employability.

We also recognise the importance of **personal learning** and learning for its own sake. We will:

- maintain our commitment to PCDL, and
- guide our investment by giving local communities a greater say in what is offered and how it is delivered.

Through our investment we have a role to play in helping to develop **sustainable communities**. We will:

- continue to work to understand the skills needs of all groups in the community, particularly deprived and migrant groups
- continue to work with partners including the voluntary and community sector (VCS) to increase their skills and economic inclusion by giving them access to appropriate learning, and
- review our strategy for working with the VCS to ensure that it fits with the principles of the White Paper and keeps pace with the way the LSC is transforming itself.



## 2: Investing in our Priorities

11 ADAM JONES

SPECIAL METALS

W/E 08/04/2005

DARREN SEYMOUR

NGTA

08/08/04/2005

11 MARK JURY

SPECIAL METALS

08/08/04/2005

# Introduction

In October 2005, *Priorities for Success* introduced some significant changes to LSC funding policy for 2006/07 and 2007/08. The FE system has responded positively to these changes, which have allowed reallocation of resources towards our priorities. In 2007/08 we will continue to rebalance funding where required to support emerging priorities, introduce new policies and ensure we get best value for money from public expenditure.

This section provides an update on the implementation of policies introduced in *Priorities for Success* and planned expenditure in 2006/07 and 2007/08. It outlines a number of changes designed to meet ministerial requirements published in the LSC's Grant Letter and to ensure that funding is focused on the priorities and targets set out in Section 1 of this document.

## Government investment

Between 2001–02 and 2006–07 the Government has invested £4 billion of additional funding in the learning and skills sector. This represents a real terms increase in excess of 34 per cent. This investment is planned to increase by a further £716 million in 2007–08. Funding for 2008–09 and beyond will be determined through the Comprehensive Spending Review process, but the Government has already announced an additional £100 million of capital funding for 2008–09, and a further £250 million for 2009–10.

In 2006–07 £2,852 million has been invested to support 756,400 16–18 learners in FE. This is an increase of 7 per cent on 2005–06, funding an additional 18,000 places. School sixth forms have received £1,871 million (up 5 per cent), supporting 365,000 pupils (6,000 more places). Funding for work-based learning delivery will support an increase in Apprenticeships to 265,000 and continuing improvements in framework achievements.

As set out in *Priorities for Success*, public funding for adult learning has been redirected towards key priorities – Skills for Life, first full Level 2 and Train to Gain – while safeguarding learning for personal and community development, continuing to prioritise provision for learners with learning difficulties and/or disabilities, and encouraging increased contributions from employers and individuals. Overall, funding for adults in 2006/07 is planned to support around 4.2 million learners. In addition, many colleges and providers are also expanding full cost courses, including courses that are no longer eligible for public funding.

The additional £716 million being invested in the 2007–08 financial year will enable us to continue making significant progress on our priorities and objectives. In particular it will allow us to:

- meet the trajectories agreed with Government to deliver the Public Service Agreement (PSA) targets for Level 2 achievement by young people, Skills for Life and adult full Level 2 attainment
- fully support Train to Gain and Level 3 skills pilots
- increase first full Level 2 achievements by over 75 per cent to 295,000
- support the development of higher level skills, in particular by implementing the new entitlement for 19–25 year olds to receive free tuition for a first full Level 3 qualification
- fund an additional 26,000 16–18 year olds in colleges, school sixth forms and work-based learning
- increase base rates for 16–18 provision in FE by 3.7 per cent, in line with the Minimum Funding Guarantee (MFG) in schools
- increase base rates by 2.5 per cent for work-based learning for 16–18 year olds, Entry to Employment and 19+ provision in FE
- begin implementation of our strategy *Learning for Living and Work*, which is our response to the Little report on provision for learners with learning difficulties and/or disabilities



- support the second phase trials of the Qualifications and Credit Framework, and the phased implementation of the Foundation Learning Tier (FLT) including the proposed Learner Progression Pathways
- maintain progress as envisaged in *Priorities for Success* towards closing the 'funding gap' between 16–18 year olds in school sixth forms and those in FE, and
- maintain the safeguarded funding for personal and community development learning at the level specified in *Priorities for Success*.

In 2007–08 we will allocate £16.7 million to further expansion of Apprenticeships for Adults, funded through efficiency savings as a result of the restructuring of the LSC and the creation of local partnership teams. This demonstrates our commitment to direct and immediate recycling of administration cost savings into front-line activity. The continuing expansion of the Apprenticeships programme, for both young people and adults, is a priority for us. We are committed to this funding for Apprenticeships for Adults in future years, and will review the implications for the pattern of overall LSC expenditure in light of the outcome of the 2007 Comprehensive Spending Review.

**Table 1: Summary of LSC funding 2001–02 to 2006–07 (financial year)**

	2001–02 Actual £000s	2002–03 Actual £000s	2003–04 Actual £000s	2004–05 Actual £000s	2005–06 Actual £000s	2006–07 Planned £000s
Learning Participation	4,655,151	5,085,444	6,155,040	6,396,611	7,129,302	7,348,573
School Sixth Forms	1,345,300	1,399,134	1,525,453	1,654,764	1,783,093	1,939,702
Local Intervention and Development Fund (LIDF)	316,572	504,427	331,784	277,997	148,090	127,918
Capital	146,831	233,031	299,531	372,316	376,902	468,800
<b>Total (excluding AME)*</b>	<b>6,463,854</b>	<b>7,222,036</b>	<b>8,311,808</b>	<b>8,701,688</b>	<b>9,437,387</b>	<b>9,884,993</b>
AME	0	0	0	20,781	406,613	570,011
<b>Total (including AME)</b>	<b>6,463,854</b>	<b>7,222,036</b>	<b>8,311,808</b>	<b>8,722,469</b>	<b>9,844,000</b>	<b>10,455,004</b>

**Table 2: Planned LSC expenditure 2006–07 and 2007–08 (financial year)**

	2006–07 Planned £000s	2007–08 Planned £000s
Learning Participation and LIDF	7,476,491	7,931,716
School Sixth Forms	1,939,702	2,052,881
Capital	468,800	595,800
<b>Total (excluding AME)*</b>	<b>9,884,993</b>	<b>10,580,397</b>
AME	570,011	591,000
<b>Total (including AME)</b>	<b>10,455,004</b>	<b>11,171,397</b>

\* AME refers to annually managed expenditure that provides Education Maintenance Allowances for young people.

# 16–18 funding



## Numbers and unit costs

Growth assumptions of 16–18 participation have been reviewed in the light of up-to-date information, resulting in a small increase (£17 million) in planned expenditure in 2007/08 compared with projections in *Priorities for Success*. The total funding for 16–18s will provide for an additional planned 12,000 places in FE and 6,000 in school sixth forms.

The 2006/07 planning and allocations process indicated some continuing pressure on unit costs per 16–18 learner. For 2007/08 we will continue applying the maximum level of funding per learner in colleges and schools, as developed in 2006/07. This is designed to support challenging programmes of study while discouraging additions to courses that are of limited benefit to learners. Our budget plans for 2007/08 include real terms growth of 1.5 per cent in 16–18 unit costs, which must cover improvements in success rates and any further shift from part-time to full-time study. We will be looking closely at these costs in each institution in the funding round.

## Funding in schools and colleges

In July 2005 the Government announced that it would examine the scope for resolving the technical anomalies between school sixth forms and college funding methods. For 2006/07 we have withdrawn the in-year pupil adjustment in school sixth forms, and introduced a more consistent approach to setting the maximum level of funding per learner. From autumn 2006, schools will be providing pupil level data that will enable the same method of calculating retention and achievement to be applied in schools and colleges from 2008/09. These are key steps towards developing a common approach to 16–18 funding across schools and colleges, based on *agenda for change*, as envisaged in the FE White Paper. We will set out detailed proposals in the consultation on 14–19 and adult funding in late autumn, as outlined in Section 1.

The measures taken in 2006/07 and 2007/08 will help to narrow the “funding gap” between 16–18 provision in schools and colleges from an estimated 13 to 8 per cent. In this context ministers have determined that the MFG already announced for schools will apply to 16–18 provision in FE in 2007/08. This will increase base rates for 16–18 funding in FE by 3.7 per cent. However, this does not mean that 16–18 budgets will necessarily increase by this figure: the actual amounts institutions receive will depend on a range of factors, including numbers of learners and the programmes they are studying. The collection of pupil level data will allow us to take further steps to narrow the funding gap between schools and colleges by a further 3 percentage points from 2008 as set out in the FE White Paper. When resources allow, further steps will be taken.

# Learning programmes and support



## Apprenticeships

The success of Apprenticeships continues to exceed expectations. Apprenticeship framework achievement rates have improved from 40 per cent in 2005 to over 53 per cent by summer 2006. Some 91,000 apprentices have achieved their full framework in the year, significantly exceeding the target of just over 64,000.

Improvements in retention and achievement create pressures on the available budget, which are being contained by targeted rate reductions. A review of rates, conducted with advice from provider representatives and Sector Skills Councils, has identified some duplication between NVQs and technical certificates, and between NVQ levels. Framework rates have been adjusted to reflect actual activity, involving reductions to some frameworks and additions to others. This review is continuing and further adjustments will be included in the rates document published in January 2007.

Base funding rates for 16–18 Apprenticeships will rise by 2.5 per cent in 2007/08. For apprentices aged 19 and over, employer contributions have been reviewed, as indicated in *Priorities for Success*. The contributions will be brought into line with the Government's wider policy on fees, which will mean increasing the employer contribution to 50 per cent by 2010/11. As a step towards this, rates for 19+ Apprenticeships will only increase where the rate is already 50 per cent or less than the 16–18 rate. The best method of moving towards the 50 per cent employer contribution is being developed in consultation with providers, and details will be set out in the January 2007 rates document.

## Programme-Led Apprenticeships

The LSC has introduced Programme-Led Apprenticeships with colleges and providers over the last two years. Through this strategy, Sector Skills Agreements and the UK VQ reform programme, we will align vocational qualifications delivered through further education with the requirements of Apprenticeships frameworks. This will improve opportunities for learners to progress successfully to Apprenticeships and enable further education provision to respond more effectively to employers' needs. As part of the planning round for 2007/08, the LSC will be asking FE colleges and providers to review their occupational provision for young people in the light of the Programme-Led Apprenticeships strategy. The strategy document is available on the Apprenticeship and LSC websites.

## Entry to Employment (E2E)

Base funding rates for E2E will increase by 2.5 per cent for 2007/08, but there will be no other major changes to the funding arrangements. The transition to Education Maintenance Allowances (EMAs) for trainees will be completed in January 2007, after which no further supplementary funding will be available. However, the E2E/EMA Hardship Fund will continue and an allowance will be made in provider allocations. During 2006/07, in line with our remit to develop the Foundation Learning Tier (FLT), we will set out timescales for assimilating E2E into the FLT.

## 2012 London Olympics/Paralympics

The 2012 London Olympic and Paralympic Games are generating additional demand for Apprenticeships and Level 2 qualifications. Working with SkillsActive, we have developed and are implementing an Advanced Apprenticeship in Sporting Excellence to support the vocational and educational needs of aspiring competitors. To help competitors and other young people to participate in sport, we will also give priority

to the development and qualification of employed and volunteer coaches. LSC London has allocated £3 million in 2006/07 to Olympic-related activities, increasing to £5 million in 2007/08.

## Learners with learning difficulties and/or disabilities

Public funding for learners with learning difficulties and/or disabilities is substantial – in 2004/05 nearly £1.5 billion supported 640,000 learners. These learners remain a priority. We will continue this investment and expect each institution to maintain the proportion of learners with learning difficulties and/or disabilities in their overall learner numbers. Institutions should discuss any major planned changes in provision for this cohort with their local partnership teams.

The independent review of provision for these learners, led by Peter Little OBE, published in November 2005, was widely welcomed. Following consultation on its recommendations we have published a strategy, *Learning for living and work*, that, over time, will improve the quality, relevance and cost-effectiveness of this provision across FE and specialist independent colleges. In the latter institutions, our budget for this area of work has increased by 14 per cent to £157 million in 2006–07 and will grow by a further 15 per cent to £181 million in 2007–08.

## Learner support

We spend over £775 million of our budget on learner support, helping young people and adults who would otherwise be unable to continue in education. This spending includes EMA, which supported 425,000 young people in 2005/06 and is projected to grow to £591 million in 2007–08. In addition, Learner Support Funds (including the Adult Learning Grant, which will be available nationally) will grow by 12 per cent to £230 million in 2007–08, helping young people and adults with the cost of books, equipment, transport and childcare.

# Adult learning



The steps taken in 2006/07 to redirect adult funding towards government priorities will continue in 2007/08. Public funds will support more Skills for Life and full Level 2 learning, and the new White Paper entitlement to free tuition for a first full Level 3 for 19–25 year olds. Ensuring that good quality provision is available for adults with learning difficulties and/or disabilities will remain a key priority. Although employers and individuals will increase their contributions to the cost of other adult learning, public funds will continue to meet around two thirds of the cost.

## Rebalancing adult funding

To meet our budget goals – including increasing investment in adult first full Level 2 provision, and raising the base rate of funding for adult learning in FE by 2.5 per cent – we must realign £51.5 million on adult learning that contributes less directly to priorities. This will be achieved by building on the policies set out in *Priorities for Success*, in particular withdrawing funding from provision that should be paid for by employers and individuals. This will include continuing to make qualifications that do not meet current standards ineligible for funding. We will also be making other changes in Skills for Life and English for Speakers of Other Languages policy to meet ministerial requirements and improve the quality and relevance of provision. These changes are outlined below, and full details will be given in our operational guidance document in January 2007.

## Train to Gain

The Train to Gain service, building on the experience of Employer Training Pilots, was launched in April 2006 and extended to all areas in August. It has made rapid progress in engaging hard-to-reach employers and, through skills brokers, enabling them to receive the training they require for their employees. The Train to Gain budget will grow by 62 per cent to £460 million in 2007–08, enabling us to make substantial progress towards our target of helping 500,000 adults achieve a Level 2 qualification in the workplace by 2010.

Successful colleges and training providers have been awarded contracts to deliver Train to Gain in 2006/07. Train to Gain is 100 per cent contestable and all providers must win employers' business to realise their contract's value. We are holding back 20 per cent of the total £230 million as a rapid response to new opportunities as they arise in the year. However, colleges and providers have the opportunity to realise significant investment with nearly 150 colleges and nearly 200 training providers successfully bidding for Train to Gain contracts.

**Table 3: FE allocations and potential Train to Gain earnings through colleges that were successful in bidding for TtG contracts 2006/07 (number and %)**

% Change in funding compared to 2005–06	FE funding only – no Train to Gain		FE funding plus Train to Gain	
10%+ increase	19	13%	35	24%
5%–10% increase	26	18%	50	34%
0%–5% increase	72	48%	55	37%
<b>Any increase</b>	<b>117</b>	<b>79%</b>	<b>140</b>	<b>95%</b>
0%–5% reduction	30	20%	8	5%
5% + reduction	1	1%	0	0%
<b>Any reduction</b>	<b>31</b>	<b>21%</b>	<b>8</b>	<b>5%</b>

The table above refers to colleges which have been successful in a bid for Train to Gain, either as a sole bid or as lead of a consortium. Funding is not guaranteed; colleges will need to win the employers' business to earn the full amount.

**Table 4: Distribution of Train to Gain contracts by value for non-college providers**

£0–99k	£100–249k	£250–499k	£500–999k	£1m–2m	£2m–5m	£5m+
20%	36%	19%	15%	5%	3%	2%



FE allocations and Train to Gain together offer 95 per cent of these colleges the opportunity to earn more than in 2005/06 with 58 per cent earning 5 per cent more than last year. Providers could realise earnings ranging from £20,000 to more than £6 million. Table 3 shows the distribution of FE and Train to Gain for those colleges which were successful in their Train to Gain bids. Table 4 shows the distribution by value for 192 other training providers that were successful in bidding for Train to Gain contracts.

### Level 2 growth

A key adult PSA target is to reduce by at least 40 per cent the number of adults in the workforce who lack a Level 2 or equivalent qualification by 2010. We have committed to contribute at least 1.4 million first full Level 2 qualifications to this target. In addition to the progress being made through Train to Gain, colleges and providers have prioritised their courses to achieve a 28 per cent increase in full Level 2 numbers to 208,000 by 2005/06 compared with 2001/02. To maintain progress towards our demanding PSA target, we will direct a further £29 million towards this provision in 2007–08. This will support the additional 127,000 first full Level 2 adult achievements we expect to deliver in 2007/08 compared to 2006/07.

In 2007–08 we expect to invest approximately 16 per cent of the adult FE budget (£1.9 billion in total in 2007–08) on full Level 2 provision. While many colleges and providers are already directing this proportion of their adult allocations towards this priority, there are a number where the proportion is substantially lower. For 2007/08, the LSC will expect colleges and providers receiving significant adult funding to direct a minimum of 10 per cent towards full Level 2 activity. It is vital that all relevant colleges and providers contribute to the PSA adult Level 2 target. Over time we envisage that the proportion of funding allocated to full Level 2 provision will need to increase further.

### Level 3 entitlement for 19–25s

The Government announced in its 2006 budget and FE White Paper that from 2007/08 it would make £25 million available to provide free tuition for 19–25s working for their first full Level 3 qualification. The funds will benefit some 45,000 learners who currently are eligible to pay fees, enabling more young adults to achieve higher level technical and professional qualifications. The new Adult Learning Grant will help learners to take advantage of this entitlement.

Courses leading to two or more AS/A levels or Access to Higher Education certificates (validated by the Quality Assurance Agency) will also be eligible for funding. Full details of eligible courses will be given in our January 2007 operational guidance document.

### Skills for Life

Good progress continues to be made towards the PSA target of improving the literacy and numeracy levels of 2.25 million adults between 2001 and 2010, with a milestone of 1.5 million by 2007. By summer 2006, we estimate that over 1.7 million learners will have achieved qualifications contributing to the targets. However, the proportion of non-accredited Skills for Life learning opportunities remains high: only 55 per cent of Skills for Life enrolments lead to approved qualifications, compared with the expected 80 per cent. Non-accredited basic skills courses do not offer learners the essential qualifications they need for employment and progression to a first full Level 2 and above.

At Skills for Life Levels 1 and 2, providers have had ample time to adapt programmes to deliver approved qualifications in a way that caters for learners' needs. From 2007/08, only approved literacy, language and numeracy qualifications at Levels 1 and 2 will be eligible for funding as basic skills provision. At pre-entry and entry level, courses that do not lead to approved qualifications will continue to be funded at the enhanced weighting provided they are based on the Skills for Life standards and curriculum framework. We will work with colleges and providers to ensure that 80 per cent of Skills for Life enrolments lead to nationally approved qualifications, as intended.



### English for Speakers of Other Languages (ESOL)

ESOL provision and funding have expanded well beyond the expectations in the original Skills for Life strategy – but demand has risen even faster. Given the scale of demand and the pressure on resources, we must focus public investment on provision for those most at risk of disadvantage; and we should not support large-scale demand from those who can pay for their language learning. This is in line with the Government's strategy for rebalancing costs of adult learning, and the principle that public funding should be directed towards those with the greatest need for support.

From 2007/08, ESOL learning will no longer attract automatic fee remission. Free tuition will only be available to priority groups – primarily people who are unemployed or receiving income-based benefits – for whom access to ESOL provision is important both for community cohesion and integration and economic purposes. Further details on how changes to ESOL will be implemented will follow.

To extend learner choice and provide suitable qualifications for people studying English language mainly for work, the Qualifications and Curriculum Authority is accrediting a range of new ESOL international qualifications. These will support a shorter, more job-focused, practical approach to English-language skills that is particularly attractive to migrant workers. The new qualifications are expected to be available for August 2007.

These new qualifications will be eligible for funding in the same way as other language qualifications – with a programme weighting of 1.0 and no automatic disadvantage uplift, rather than the enhanced weighting for basic skills.

### Jobcentre Plus customers

To reflect the priority attached to Jobcentre Plus customers who need to improve their basic literacy, numeracy and English-language skills as a route into employment, a new £23 million basic skills and employability programme is being developed for roll-out from August 2007. ESOL provision will be a key part of this programme.

### Asylum seekers

The Government has been reviewing the public support available to asylum seekers awaiting the outcome of their applications, to ensure consistency of access to benefits. To bring FE funding into line with other government departments, ministers propose that asylum seekers aged 19+ should no longer be automatically eligible for publicly funded FE provision from 2007/08. Only those who are granted refugee status, humanitarian protection or discretionary leave by the Government will be eligible. Asylum seekers aged 16–18 will remain eligible for funding.

### Provision to meet employer responsibilities

In *Priorities for Success* we established the principle that employers should bear the full cost of specific and stand-alone training for staff to meet their statutory or other responsibilities. Following consultation with key partners, we have withdrawn funding for first aid at work, health and safety, and food safety linked to employers' responsibilities, as well as courses in these areas outside the national qualifications framework. In many cases, colleges and providers have continued to offer this provision to employers at full cost. The limited flexibility available to micro-businesses in 2006/07 will stop.

For 2007/08 we are exploring whether this principle should be extended to two further areas:

- other specific stand-alone provision where the employer has a mandatory obligation – for example other health and safety related training such as manual handling, and
- updating of qualifications to comply with health and safety regulations – for example CORGI registration renewal within the NVQ.

Details will be given in the January 2007 operational guidance document.

We will also expect employers who have recruited workers from outside the UK to bear the full cost of any necessary English-language training. We are consulting with key stakeholders and will provide full details in the January 2007 operational guidance document.



### Review of breadth of adult courses

Analysis of learner records shows that significant numbers of learners (primarily studying IT courses such as CLAIT) are pursuing additional units or modules beyond those required to complete their main learning aim. We are doing further work to quantify this activity. As part of the 2007/08 planning round we will be asking colleges and providers to ensure that optional units beyond the minimum required to complete the learning aim are fully funded by the learner or employer.

### Fee contribution

Surveys conducted by the Learning and Skills Development Agency (LSDA) and DfES indicate that colleges and providers are responding positively to the increases in the fee assumption in 2005/06 and 2006/07. They are setting higher fee levels and plan to increase the amount of teaching charged at full cost. In particular, some institutions have successfully transferred courses that are no longer eligible for LSC funding (such as short courses designed to meet employers' statutory obligations) to their full cost offer.

Agreeing fee income targets with colleges and providers will continue to be a key element of our planning framework for 2007/08. At present these targets focus on fees collected for LSC-funded courses. To reflect the increasing importance of full cost courses, we propose to extend the targets to include income from full cost provision, and to collect better data about learners using such provision. This will enable colleges and providers to show more clearly the wider contribution they are making to adult learning, beyond provision funded by the LSC. Technical details will be provided in the ILR and finance record guidance.

For 2007/08 the fee assumption will rise to 37.5 per cent of the base rate, as stated in *Priorities for Success*. This will raise the average level of fees paid to £2.05 an hour, from £1.73 in 2006/07. Public funding will continue to meet at least 62.5 per cent of course costs, up to around 76 per cent in the case of higher cost provision in areas such as construction and engineering.

Mori polling suggests the majority of adults think that taking a further education course is a good investment. When asked about who should pay for courses, around half of all adults thought that they or their employer should pay at least 50 per cent of the cost of vocational courses, a proportion that rises significantly for leisure courses. So we believe that learners will understand and accept the approach to fees, especially if they are better informed about how much the public purse contributes to their learning.

### Personal and community development learning (PCDL)

As set out in *Priorities for Success*, we are managing a major change to the way we plan and fund PCDL. We have set out our principles for this reform, confirming that those who have benefited least from the education system, or who are in most financial need, should have the greatest access to public funding for PCDL. We are now working with the DfES and others to develop partnerships to plan and review delivery of this area of learning, including family and neighbourhood learning. Meanwhile, funding is safeguarded for 2006/07 and 2007/08 at £210 million.

In 2006/07 and 2007/08 we will be asking the new PCDL partnerships to map all the adult provision available in their area to determine the best focus for LSC-funded provision. Wherever possible, they should aim to combine LSC funding with funds from other sources to ensure best use of public money, taking account of the local government White Paper where appropriate. We will assess the results of this mapping exercise alongside other data on factors such as adult population and disadvantage, to provide an objective basis for future allocations.

Specialist Designated Institutions (SDIs) also deliver PCDL. For 2007/08 we will ensure that the volume of PCDL they deliver is similar to the volume delivered in 2006/07. This arrangement is separate from the safeguard for PCDL, but aligned with it. It should secure a range of PCDL for adults that cuts across local and regional LSC boundaries, and maintain a range of residential provision for adults. We will work in partnership with the SDIs to develop a shared vision of their contribution to learning and skills in the longer term.

### Redirection of non-participation budgets

We are continuing our policy of reviewing and refocusing all our budgets to support frontline provision. In 2007/08 there will be increased mainstream funding for 14–19 activity and workforce development (primarily through Train to Gain), which had previously been funded from the LIDF. This will allow us to reduce the LIDF budget by up to £20 million. We will also be reducing other non-participation budgets by around £12 million, as LSC restructuring under *agenda for change* will cut a number of administration costs. In total, £57 million of non-participation budgets will be redirected to support participation.



Table 5: Forecast LSC expenditure 2006–07 and 2007–08

Budget line	Baseline (Pfs1)	Planned Allocations 2006–07	Anticipated Grant 2007–08	% change year on year 2006–07	% change year on year 2007–08
£000s/Financial Year	£000s	£000s	£000s		
School Sixth Forms*	1,785,800	1,939,702	2,052,881	9%	6%
16–19 FE	2,666,667	2,851,604	3,081,134	7%	8%
16–18 Work-based Learning	605,611	607,823	631,730	0%	4%
E2E	220,084	214,206	219,615	-3%	3%
<b>Youth Total</b>	<b>5,278,162</b>	<b>5,613,335</b>	<b>5,985,360</b>	<b>6%</b>	<b>7%</b>
19+ Work-based Learning	269,125	256,880	273,580	-5%	7%
19+ FE (includes local authority non-PCDL activity)	2,009,815	1,910,108	1,896,753	-5%	-1%
Train to Gain/ETP	161,027	283,497	460,608	76%	62%
Personal and Community Development Learning (PCDL)	210,000	210,415	210,000	0%	0%
<b>Adult Total</b>	<b>2,649,967</b>	<b>2,660,900</b>	<b>2,840,941</b>	<b>0%</b>	<b>7%</b>
Specialist colleges for Learners with Learning Difficulties and/or Disabilities	138,252	157,574	181,311	14%	15%
Learner Support Funds	191,454	205,337	229,859	7%	12%
Ufl/learndirect	201,225	170,430	175,532	-15%	3%
14–19, Adult Skills and Quality Reform	447,549	516,703	522,706	15%	1%
Capacity and Infrastructure	166,246	91,914	48,888	-45%	-47%
Capital Grants	393,800	468,800	595,800	19%	27%
<b>Total DEL expenditure</b>	<b>9,466,655</b>	<b>9,884,993</b>	<b>10,580,397</b>	<b>4%</b>	<b>7%</b>
AME expenditure	403,000	570,011	591,000	41%	4%
<b>Grand Total</b>	<b>9,869,655</b>	<b>10,455,004</b>	<b>11,171,397</b>	<b>6%</b>	<b>7%</b>

\* The increase in School Sixth Form Funding includes an additional £69 million and £71 million in 2006–07 and 2007–08 respectively, which relates to payment of the Teachers' Pay Grant to Local Authorities. This funding was previously channelled directly from DfES. Excluding these amounts, the like for like increase in funding is equal to 5 per cent and 6 per cent between the respective years.



### Impact of funding changes

Additional investment and our rebalancing of funding will enable us to continue meeting government priorities and achieving our targets in 2007/08.

The number of 16–18s in school sixth forms, colleges and providers of work-based learning will be the highest ever – in excess of 1.335 million. Train to Gain will expand significantly to support 353,000 learners, and the total number of adults achieving first full Level 2 qualifications across all funding streams is also planned to grow to 295,000.

We are still maintaining the overall volume of supported adult learning as our investment in provision for adults continues to increase. However, the shift in planned provision towards longer and more expensive courses for adults seeking the skills they need for employability and further progression into learning will continue. This means that the number of publicly funded places on shorter courses that do not offer progression and contribute less directly to our targets will fall, but many colleges and providers will still offer them on a full cost basis. The reduction in publicly funded short courses will be offset by a growth in longer Skills for Life and full Level 2 programmes for adults. The net loss of fully or partly funded adult learner numbers between 2005/06 and 2007/08 is expected to be around 200,000 – less than the reduction of 230,000 estimated in *Priorities for Success*. This redirection will be offset by full cost recovery courses. Each college and provider will be expected to maintain the proportion of learners with learning difficulties and/or disabilities within its adult learner numbers. Tables 5 and 6 summarise the main changes to LSC spending in 2007–08 and the estimated learner numbers it will support (2007/08).

Table 6: Learner numbers 2005/06 to 2007/08

Learner volumes	2005/06	2006/07	2007/08
<b>Young people</b>			
FE	738,000	756,400	768,700
WBL – young people (AiL)	163,000	164,100	171,700
E2E (AiL)	24,800	24,100	23,900
School Sixth Forms*	359,100	365,130	371,340
<b>Total</b>	<b>1,284,900</b>	<b>1,309,730</b>	<b>1,335,640</b>
<b>Adults</b>			
WBL (AiL)	102,900	100,900	109,000
FE	2,636,000	2,310,000	2,262,000
ETP/Train to Gain	179,600	310,470	353,280
UFI	500,000	500,000	500,000
Learning formerly known as ACL (includes PCDL)	958,000	958,000	958,000
<b>Total</b>	<b>4,376,500</b>	<b>4,179,370</b>	<b>4,182,280</b>

### Key PSA Target-related outputs

Adult level 2 – First full level 2 achievements – all streams	114,800	167,850	295,200
Total full level 2 achievements in FE	99,780	121,230	136,310
Skills for Life – annual achievements – all streams	443,000	443,000	443,000

\*The figure for School Sixth Form Pupils in 2005/06 has been rebased to the 2004/05 level to compensate for the effect of the removal of the in-year pupil adjustment mechanism in 2006/07.

School Sixth Form numbers do not include number from academies – as these are not LSC funded.



# 3: Planning



# Introduction

The previous two chapters outlined the priorities for the further education system. To deliver these, and in line with the FE White Paper, *Raising Skills, Improving Life Chances*, we intend to build on and develop the proposals set out last year in *Planning for Success*. Our aspiration is for a planning approach that is light touch within a system that is demand led. We want a new relationship with colleges and providers, one that releases their energy to focus more on improvement and meeting the needs of employers and learners.

At the heart of this will be a simplified system for planning and funding provision. This will make clear the links between national priorities and local action, enabling colleges and providers to play more fully to their strengths.

In 2007/08 our goals are to:

- continue the development of strategic relationships with strong autonomous institutions
- encourage collaboration among providers where that is to the benefit of learners, employers and providers
- simplify and streamline planning arrangements with colleges and providers
- deal robustly with any remaining poor quality or underperforming provision
- develop the market through encouraging demand-led responses and the entry of new, high quality provision, and
- ensure that government funding is focused on priorities.

Our intention is to invest in the best provision – rewarding good colleges and providers with greater freedoms and lighter touch strategic relationships. At the same time, we remain committed to addressing underperformance and will remove funding from provision that persistently lets learners and employers down.

## Delivering choice

We want to put the customer – whether learner or employer – in charge of their learning or training solutions. To do this, we need the FE system to provide greater choice, diversity and specialisation. This can only be achieved by allowing greater freedoms to the system: allowing it to respond flexibly and creatively to meet the needs and challenges of its local economies and communities.

For 2007/08 we are therefore introducing a lighter touch approach to planning. At national level this document sets out high level priorities for learning, informed by learner and employer choice. Within that framework, at regional level we will set out our priorities for investment, to build the capacity needed to deliver the 14–19 agenda; to respond flexibly to learner and employer demand; and to address areas of “market failure”. By this, we mean prioritising investment in broad blocks of provision in government priority areas: Skills for Life, Level 2 for adults, and so on.

Each region will publish a regional commissioning plan by December 2006. This will articulate the priorities determined at national level – in our Annual Statement of Priorities (see Section 1), by Sector Skill Agreements and in the LSC Grant Letter; and at regional level – through Regional Skills Partnerships and including joint plans with Jobcentre Plus – and set these in the context of local economies and local area agreements.

# Regional commissioning plans



Regional commissioning plans will outline the areas of specialisation required to develop the region's capacity to respond to learner and employer demand, underpinned by a clear and coherent strategy for capital investment. These plans will set the context within which colleges and providers can address their own mission and contribution.

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## Employers and learners will be in the driving seat: shaping the supply of education and training

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Collective **employer demand** will be articulated through Regional Skills Partnership priorities, Sector Skills Agreements preferred qualifications and anticipated changes to the mix of provision across sector subject areas. These will be captured in each region's commissioning plan and determine investment in capacity. The decisions of individual employers will then inform supply directly through routes such as Train to Gain and Apprenticeships.

Regional commissioning plans will identify **priority learners** – those that are socially, educationally and economically disadvantaged – at regional and local level. This will reflect local equality and diversity impact measures and will enable local flexibilities in delivering national priorities and targets by focusing support for particular communities or geographic areas.

In line with the White Paper commitment, the LSC will issue a notice to improve for inadequate provision. This will be identified through the work of Ofsted and other evidence of poor or failing provision, for example arising from the analysis of success rates.

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## We will continue to develop strategic relationships with strong autonomous institutions and providers

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We believe in a strong, autonomous sector providing high quality services, where colleges, providers and stakeholders respond to and stimulate demand for learning and skills.

Our new partnership teams will engage with colleges and providers in robust and strategic discussion about how they best meet the skills needs of local employers, learners and communities. This should recognise the knowledge, professionalism and strengths of particular institutions and the focus on vocational specialisations. However, it should be suitably differentiated. We expect very light touch arrangements with those institutions delivering high quality provision, reflecting regional priorities and responding to employer and learner choice. Where there are concerns about the quality or relevance of provision, we will intervene swiftly and robustly to protect the interests of learners and employers and through due process remove funding from poor quality provision.

All LSC-funded colleges and providers will continue to agree development plans, which will flow from this strategic planning dialogue. However, the requirements will be significantly reduced for those colleges and providers that can show they are delivering higher performance levels and are responding to employer and learner needs. Increasingly, the best colleges and providers will only need to provide a "summary statement of activity".

This proportionate approach is part of the continuing transformation of our relationship with colleges and providers – from one based on contracting, monitoring and reconciliation to one based on planning, dialogue, partnership and trust.

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## We will encourage collaboration among all providers where that is to the benefit of learners and providers

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The development of partnerships between colleges, schools, sixth form colleges, employers and other providers of education is an essential requirement for the effective delivery of 14–19 reforms and the skills strategy. We want to build on the many examples of successful collaboration in delivering Train to Gain and other areas of provision.

We will continue to encourage new and innovative delivery models and promote collaboration to give learners and employers more choice of ways to meet their learning needs.



## We will simplify and streamline planning arrangements with colleges and providers

The responsibility for quality and improvement remains with each college and provider. Self-assessment continues to be at the heart of the strategic planning dialogue. Our aim is a system where colleges and providers are able to focus fully on their own improvement and on delivering more effectively to learners and employers. We expect governing bodies, heads of institutions and directors to be clear about the performance of their respective organisation, and to have a thorough understanding of how they are delivering against government and local priorities.

At the heart of this new relationship is a simplified process for agreeing what each college and provider will receive public funds to do. To underpin a more strategic relationship with strong autonomous institutions, therefore, we will only set out high level regional priorities for broad blocks of provision at Level 4, Level 3, Level 2, Skills for Life, Sub-Level 2 and PCDL. These blocks will include the full range of provision for young people, adults and employers, including Apprenticeship and Train to Gain provision.

This will enable us to support successful provision and address areas of market failure; maintain a clear line of sight between government funding and national PSA targets and priorities; and retain sufficient flexibility for colleges and providers to reflect local needs and circumstances.

This will give colleges and providers the autonomy to determine the mix of learning offered within broad blocks of priority provision. It will enable colleges and providers to develop a learning offer that can respond flexibly to local demand. In particular, this will provide a better focus for provision that supports progress into and the achievement of learning at Level 2 and Level 3 (the Foundation Learning Tier).

In most cases, the plan agreed with a college or provider in 2007/08 will fill as little as three pages. It will have three sections:

- strategic summary
- improvement indicators, and
- summary statement of activity.

The **strategic summary** will be considerably reduced from previous years' plans. It should clearly link to a college's or provider's business and financial plans, including a summary of their priorities, specialisation, capital plans and full cost plans. It should also outline any key client groups and indicate the focus of provision to address local priorities.

**Improvement indicators** will apply to those areas of provision falling below minimum performance levels. These should identify explicit areas for improvement and should reflect the college or provider's own self-assessment. Other key quality concerns should also be set out in the improvement indicators. (Please note that improvement indicators are separate to a notice to improve, which will be triggered in a small minority of cases – see below for further information.)

The **summary statement of activity** provides high level articulation of expected volumes in areas such as full Level 2 and Level 3 and the resources agreed to deliver them. It should offer a "clear line of sight" between a provider's expected delivery and our delivery priorities. Further details and a template for the summary statement can be found at <https://teams.lsc.gov.uk/pam>

While we are not going to agree detailed volumes of provision, we will want to discuss the mix in priority provision areas such as Level 2 and Level 3 and will certainly discuss specialist areas, CoVE provision or sectors where the college or provider is delivering significant volumes. These conversations will centre round relative increases and decreases rather than absolute volumes.

There are no changes to the arrangements for provider self-assessment for the year ending 31 July 2006.<sup>2</sup> The date for uploading reports to the provider gateway is 31 December 2006.

<sup>2</sup> Details were set out in *Quality improvement and self-assessment*, published in May 2005, and *Planning for Success – a framework for planning and quality* published in December 2005.




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## We will deal robustly with any remaining poor quality or underperforming provision

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We will work with Ofsted and the QIA to eliminate inadequate or unsatisfactory provision across the learning and skills sector by 2008.

### Minimum levels of performance

We will assess performance against new minimum levels using the most recent validated performance data available. This will be supported by the provider's self-assessment report and the most recent college data. Minimum levels of performance will be based on the existing success rate methodology and in future will be used by Ofsted as part of the college and provider performance report. The actual benchmarks for minimum levels of performance will be published by the end of October.

Where Apprenticeship provision falls below the minimum performance level we will look to re-tender this provision to protect the interests of learners and employers.

### Notice to improve

A notice to improve will be issued where a substantial proportion of provision is identified as inadequate or underperforming, either through inspection or following up on other existing evidence.

In these circumstances, we will issue the notice to improve and undertake a strategic options review to protect the future interests of learners and employers. Ofsted and the QIA will inform and advise this review and the terms within the notice to improve.

Further guidance on how improvement notices and minimum levels of performance will operate will be published shortly. In addition, the QIA's Improvement Strategy sets out the support available to colleges and providers to help them improve their quality, performance and capacity to respond to priorities for strategic change.

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## We will develop the market through encouraging demand-led responses and the entry of new, high quality provision

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We are committed to eliminating poor provision and creating structures that help the best colleges and providers to spread their influence. New arrangements will make it easier for new providers to enter the system where significant expansion of high quality provision is needed.

This is not competition for competition's sake. Rather, in certain circumstances, we will introduce competitive tendering for provision to help the best colleges and providers extend their range, and attract new providers into the system to increase diversity, improve quality and stimulate innovation.

There will be four triggers for competitive tendering:

- new investment – for example in Train to Gain, or to meet growth in demand for services
- restructuring of provision or delivery model restructuring – for example Offenders' Learning and Skills Service
- significant gaps in provision – including 16–19 competitions or where provision is not available to meet the demands of learners and employers, and
- poor quality – when colleges or providers or elements of provision fail to meet minimum performance levels and/or are deemed inadequate by Ofsted.

Tendering will be coordinated regionally in line with the published business cycle. Competitions in the categories listed above will be notified in the regional commissioning plan.

To avoid colleges and providers bidding for several elements of provision at various times throughout the year, we will aim for all tendering for adult provision to be carried out in one exercise. This may not be feasible with 16–19 competitions, but we will try to bring them as closely into line with the business cycle as possible.




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## We will ensure that government funding is focused on priorities

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The funding to support an agreed development plan will be allocated only when delivery priorities and responses from all colleges and providers have been considered together across the local area. It will be allocated on the basis of agreed participation and achievement levels, reflecting the specific changes to the funding policy set out in Section 2. We will provide reports to help colleges and providers understand the impact of these policy changes on their own institution.

### Managing finances

Colleges and providers are responsible for managing their finances so that they can meet the commitments in their funding agreements with us. Equally, we need to ensure that learners' interests are not put at risk by a provider's financial failure, and that public funds are used for the purposes intended.

We require colleges to submit detailed three-year financial plans and also audited annual accounts. In between these formal submissions we review their financial position as needed. As part of the new relationship with colleges and providers, this process will be integrated with the strategic planning dialogue. In line with this commitment, Section 2 of this document sets out details of changes to funding policy to enable early financial planning for 2007/08.

Where it is clear that a college's financial stability is threatened, we may seek an early review to ensure that both we and college managers and governors are aware of its true financial position before it becomes unable to meet its commitments. If it has already become unable to meet its commitments, we will seek a recovery plan – and possibly a wider review of options for longer term viability.

For business and charitable providers, we also review financial capacity based on their published and sometimes unpublished financial results. This enables us to set a recommended financial exposure limit beyond which we should not seek to fund the provider. As with colleges, we seek to monitor their financial capacity during their contract and if they become, or are likely to become, financially unable to meet their commitments, we will take steps to secure the interests of learners.

For other government providers, including higher education institutions, either financial capacity is not an issue or we take comfort from reciprocal arrangements with equivalent bodies: it will be up to them to respond in cases of financial concern.

# Next steps



The preceding sections have set out the LSC's priorities for 2007/08, its intention to invest in these priorities and to ensure that they form the basis of a lighter touch strategic planning dialogue with colleges and providers.

Further details and guidance on a range of related policies will be available shortly. The timeline for these is set out here.

<b>Publication of minimum performance levels</b>	31 October 2006
<b>Guidance on the use of improvement notices and minimum levels of performance</b>	31 October 2006
<b>Consultation on future funding arrangements for 14–19 and adults (for 2008/09 onwards)</b>	late autumn 2006
<b>Changes to funding rates</b>	January 2007
<b>Operational guidance on changes to funding policies (for example ESOL)</b>	January 2007



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